

Genius Group Limited
First Half 2023 Financial Results Conference Call
September 29, 2023

Presenters

Flora Hewitt, VP of Investor Relations and Mergers and Acquisitions
Roger Hamilton, Chief Executive Officer
Erez Simha, Chief Financial Officer

Q&A Participants

Hunter Diamond – Diamond Equity

Operator

Greetings, welcome to the Genius Group First Half 2023 Financial Results Conference Call.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the prepared presentation. If anyone should require operator assistance during the call, please press “*”, “0” on your telephone keypad.

As a reminder, this conference is being recorded.

At this time, I would like to hand the call over to Flora Hewitt, Vice President of Investor Relations, Mergers and Acquisitions. Thank you. You may begin.

Flora Hewitt

Hi, everyone, and thank you for joining our first half 2023 earnings conference call. With me today is Roger Hamilton, Genius Group’s Chief Executive Officer; and Erez Simha, our Chief Financial Officer.

Following their prepared remarks, we will open the call for questions. Our press release, including financial tables, was issued pre-market opening and is posted on our investor relations website, located at ir.geniusgroup.net, where this call is being simultaneously webcast, and where versions of our prepared remarks and supplemental slides are available.

During this call, we will present both IFRS and non-IFRS financial measures. Please note that all gross percentages refer to year-over-year change, unless otherwise specified. Additionally, all statements made during this call relating to future results and events are forward-looking statements, based on current expectations.

These forward-looking statements include, but are not limited to, statements regarding trends and their potential impact on our industry and our business, our ecosystem, platform, content,

and partner relationship, our strategy and priorities, and our business model, mission, opportunities, outlook, and long-term financial framework.

Actual results and events could differ, materially, from projections, due to a number of risks and uncertainties discussed in our press release, SEC filings and supplemental materials. These forward-looking statements are not guarantees of future performance and plans, and investors should not place undue reliance on them. We assume no obligation to update our forward-looking statements.

With that, I'd like to turn it over to Roger.

Roger Hamilton

Thank you, Flora, and good morning, everyone. I'm excited to be sharing with you the progress our company has made in 2023. Genius Group is an EdTech company that is disrupting the education industry by delivering a global AI-driven personalized entrepreneur education system that prepares students for the 21st Century. And we're providing a lifelong learning curriculum that can be accessed anywhere, anytime, and at any age to prepare them for the future.

We have been listed on the New York Stock Exchange, American, for 18 months, and the company has had great results, to-date. In the first half of 2023, we have grown our student and user base by 41% on an annualized growth rate. We have grown our revenue by 121%, year-on-year, and increased our gross margins to 52.6%.

In the last six months, we also signed multiple strategic partnerships, launched a million-dollar scholarship program, recruited new senior executives and reached multiple technological milestones with the launch of the company's Genie AI and Genie Metaversity, to only name a few.

We have been holding monthly investor calls with our shareholders to be more transparent and provide detailed information about each of our company developments.

So, considering the large amount of activity in the past six months, we'll be providing an overview of our business and focus on our latest corporate updates and financial results. But I also invite you to listen to our monthly investor calls on our Investor Relations website, so that you can have more details about each of our other corporate developments that have happened in the past six months.

Our strong growth is underpinned by favorable industry dynamics and trends. The global education and training industry is one of the industry's most in need of disruption and upgrading. The education market intelligence firm, HolonIQ, forecast the industry to grow by 4.3% CAGR to \$10 trillion by 2030.

This growth is driven by population growth in developing markets, which fuels expansion and technology, which underpins unprecedented reskilling and upskilling in developed economies.

According to HolonIQ, the next decade will see an additional 350 million postsecondary graduates and nearly 800 million more K12 graduates than today. So the world will need to add 1.5 million teachers per year on average, and the role of teacher will represent more of that of a mentor or coach.

And in addition to a strong growth in edtech spending and the growing number of students globally, we believe that the entire schooling system is also being disrupted by the shift to more online learning. This growth to digital schooling is taking place alongside a surge in homeschooling, as parents discover the benefits and ease of educating their children from home. And this can be seen from the high penetration rate of online learning platforms in the next five years, as it will reach 11.4% by 2027.

Another trend that is worth watching closely is the growing gig economy and entrepreneurship markets. We have seen a constant growth in the number of new businesses being opened in the U.S. over the past 10 years, and projected gross volume transactions of the gig economy is projected to grow at 17.4% CAGR by 2023.

Moreover, Statista published that, today, 35% of U.S. workers are involved in the On-Demand gig economy, and this statistic will grow to 50% by 2027. Everyone who is seeking ways to generate their own income or additional income is seeking education on the best strategies to achieve this. And this is what Genius Group delivers.

This growth in the gig economy is also reflected in our numbers, as we are witnessing a growing demand for entrepreneurship and financial related courses in our program. Our students are exploring avenues like initiative indoor adventures, making strategic investments in the financial markets or real estate, or tapping into the gig economy by offering freelance services. This inclination to diversity income sources -- to diversify income sources is a direct response to the economic challenges many face, today.

With inflation still driving the economy, high interest rates and salaries showing little to no growth, individuals are compelled to seek alternative means of income generation.

The number of students and partners on our platform have been growing steadily over time and at the end of June 2023, we have 5.4 million students and users on our platform. This represents a 41% annualized growth rate since December 2022. And certainly, our paying students grew to 179,149 in the last six months, representing an 8% annualized growth rate.

The number of partners on Genius Group that grew to 14,942 since December 2022, representing a 2% annualized growth rate. So, the continued increase in the number of

students and partners in our platform is also a testament to the quality of our platform of courses across our subsidiaries.

We expect to continuously increase the number of students and partners as we step up our organic growth efforts by mainly increasing marketing spend and improving our customer experience and continue our inorganic growth by making further acquisitions.

The education industry, today, faces challenges at all levels. The education system is a test focused, classroom based and one size fits all system. Schools are generally local and flexible with location, teachers, subjects and standards. Schools and colleges are under resourced. Colleges and universities are unaffordable; teachers are underpaid and underappreciated.

In summary, the current education system today is standardized, expensive and out of date, and it is need of a drastic change, where a new future education system is inclusive, universal, affordable, and relevant for the future of work.

Genius Group is creating a new system where we deliver a universal, personalized, lifelong learning education system with an AI driven edtech platform and a 21st century curriculum to prepare students with the leadership, entrepreneurial and life skills to succeed in today's market. And our edtech platform, GeniusU, will give each student a personalized learning path at every stage of their education, with an intention for this to be delivered at every age from early age to 100 years old.

Currently, our platform includes personal profiles for students to present themselves, dashboards to measure progress, their learning and earning metrics, communication circles to connect with other students and mentors and a full range of continually upgraded learning modalities and assessment tools to suit each student from micro courses to certifications and graduate degrees, delivered by a combination of global and local faculty.

AI has revolutionized the way we do business and for the company to maintain a competitive edge in the dynamic edtech landscape and to stay ahead of the competition in the edtech industry. We ensure that AI integration became a cornerstone of our strategic planning and execution. And in April 2023, is marked a significant milestone for us with the unveiling of our very own Genie AI.

This AI tool is ingeniously designed to be an academic ally for students navigating their educational journey on GeniusU. At its core, Genie AI's objective is to harness the transformative capabilities of artificial intelligence to craft bespoke learning trajectories for our students.

It factors in individual attributes like your talents, your passions, overarching purpose, your genius and specific personal objectives to chart out the best learning journey for you. Since the launch of our first version of the Genie AI, we've witnessed an overwhelmingly positive

response, the daily user count has scored--has scored, testament for the tool's efficacy and appeal.

Genie AI offers a multifaceted experience from trading daily learning suggestions tailored to individual needs, to fostering networking by connecting users with peers who share similar interests and ambitions. And perhaps most impressively, it operates as a virtual personal coach and mentor, dedicatedly assisting students in their quest to realize their professional aspirations.

As the future of AI looks very promising, Genius Group will continue to embrace the technology integrating the latest developments to provide our users and partners the best possible customer experience on our platform.

The second key project has been the use of AI and improvements within our partner portal. In September 2023, we partnered with Groove Digital, a leading software as a service platform for digital commerce, used by over 400,000 online educators, retailers, and service providers. They launched Groove AI, an AI driven content builder, to accelerate the build time and optimization for digital entrepreneurs to launch and scale their businesses, globally.

As we believe that it's far more effective to attract 100 influencers and thought leaders who believe in our mission and we each have a million students to join our platform, but to get to 100 million students, student by student, our top priority was to strengthen our partner portal to give educators the tools they need. And by signing a joint venture with Groove Digital, we will be delivering AI powered tools to GeniusU partners and faculty through the partner portal.

The joint venture's plan is to launch a new AI driven SaaS platform, Genius Group Inc. The joint venture company, under 50-50 ownership, will integrate Groove Digital tools, and Groove AI's large language model engine with GeniusU's partner portal to give all of our partners AI driven tools to build their global classrooms.

This will provide unique AI driven drag and drop components to enable Genius Group's partners, faculty and educators to rapidly build and scale global classrooms, integrating GeniusU's freemium and premium courses, building tools, and with Groove's end to end marketing video, communication building and online commerce tools. The company anticipates Genius Group Inc. will be market ready and delivering an AI educated fast solution to Geniuses 14,000 partners and faculty by Q1, 2024.

Genius Groups AI educated faculty solution will also be open to educators globally, from schools and universities to corporate trainers, speakers, authors and influencers delivering online courses.

The third major product released in the past six months is Genius Metaversity. We first launched it in June 2023, during our Impact Investor Summit in partnership with Vatom and

later on, released our second version at the Global Entrepreneur Summit in September 2023, with the additional Genius X partnership. This new version is inspired by Stargate Atlantis, a city and mothership of discovery and virtual reality enabling those on board to teleport to any part, place or anytime.

Genius Metaversity 2.0 has a partner portal and four campuses, a school campus, university campus, entrepreneur campus and investor campus. Each campus will have its own freemium and premium neighborhoods, Central Avenue with global classrooms run by the partners and a main square for live master classes workshops and summits.

Each student will be able to take courses, earn gems, connect with mentors and students in a combination of 2D and 3D environments, while being guided by their Genie AI.

We are excited to be partnering with two leaders in virtual reality and mixed reality for this Metaversity. Vatom is providing us with the operating system for the build, as they are at the forefront of combining digital avatars with the most immersive virtual environments and blockchain based assets. They achieve this in a seamless process that gives all our students an easy way to learn in the Metaverse without the need of a headset, as a 3D environment can be accessed on a laptop in the same way most players have Fortnite or Minecraft access to 3D gameplay on a 2D screen.

Their plug and play system will allow us to give all of our partners the building tools and library of architecture, learning experiences, certificates and rewards to build their own global classrooms in our campuses. And their blockchain based assets have already been developed for the largest companies in the world to join the metaverse, including Verizon, Vodafone, Unilever, Procter and Gamble, Nestle, Intel and PepsiCo.

On the other hand, Genius X is a leading company in mixed reality that built Retreat VR, a leading learning app on the Meta Store. They have since built strategic relationships with the leading headset manufacturers in VR and AR, including magically, an Apple. Genius X will be working with Genius Group and Vatom on building out the architecture of our campuses, which we will be refreshing and updating on a quarterly basis as the world moves towards a rapidly changing learning environment led by AI and AR.

We believe that by maintaining a first mover advantage within these emerging technologies gives Genius Group, our partners and our students an opportunity to be at the forefront of what we see as a coming education revolution. The immersive nature of the Metaverse has been captivating our students in making their curiosity and motivating them to learn more.

Combined with their own Genie AI, which itself will continue to advance with AI technology, we'll be able to deliver on the promise of a truly [Audio gap] for each student, one that is globally accessible, reduces barriers to education, provides dynamic and relevant learning and

nurtures gamified and engaging connections between students, entrepreneurs, investors and the companies seeking the talent they need to grow.

The release of the three tech projects that I just discussed are strategic moves aimed at solidifying Genius Group's position in the industry and ensuring long-term growth and sustainability. Genius Group is a fully hybrid edtech company students and partners in more than 20,000 cities and 200 countries attend.

Our courses are accessible both online and in person, as some of our subsidiaries have physical campuses. This means that students from all continents can join our courses at any time of the day and the year. Moreover, the courses offered on our platform are decentralized, as the courses are ranked by our students in terms of popularity, relevance and quality.

This ensures that the most relevant courses are delivered to students at all times without having a centralized entity intervene in the curriculum. Also, we suggest courses to our students based on their interests and values so that the personalized learning pathway can be delivered to them.

Genius Group aims to have an educational system where learning is inclusive with a university--universal curriculum that is decentralized and personalized to every student. Our curriculum also applies to students of all ages. Our subsidiary, Education Angels, caters to early age students, E-squared, caters for K-12, UAV, caters for university students, pin caters for adults and reveal films and Genius cater for all groups.

Our students can therefore sing and grow and learn within our group without interruption between each age group. And this allows for a high level of continuity in their personal learning journey.

Moreover, from a business perspective, this large Genius Group have a longer customer lifecycle where we can continuously sell our products, as they grow on their journey with the group.

We have a three-phase strategy that allows us to disrupt the education industry, our first phase, which was from 2015 to 2020, was focused on educating entrepreneurs that are willing to self-fund their education. This has enabled us to grow, globally, to over 1.4 million members and now, as you've just heard, over 5 million students and to self-assess our growth with the same entrepreneurs that we have been educating.

Our second phase from 2020 to 2025, which we're in now, is focused on expanding our curriculum to schools and colleges through acquisitions, partnerships and licensing agreements with education companies that add valuable courses, content, accreditation campuses, faculty, and students to the group, while continuing to grow our Genius School programs.

And then our third phase, from 2025 to 2030, will be to have our Genius Group curriculum accredited in not just the U.S. but also UK as an alternative to the existing Cambridge and K12 curriculums. This third stage is an inspirational goal and it's not assured as it is dependent on the success of our second phase and depending on our succeeding and getting accreditation from the accrediting bodies in the relevant countries.

We currently are in the second phase of our growth strategy and our plan is to grow both, organically and inorganically. And when we acquire a company, we go through a four-step process-acquisition, integration, digitization and distribution. And its worth saying that while last year, we had plenty of acquisitions, this year our financials are not including, at this point, any acquisitions, or any that then take place in our final quarter.

By acquiring companies, we are able to combine each company's courses and products into our curriculum and GeniusU and tailor them to the needs of our students.

We believe this will increase the lifetime value of our students and reduce the student and partner acquisition costs for each level of our curriculum. So, by digitizing the courses and products for online delivery, we aim to scale each company's product offerings, globally. And providing the courses in a modular form, we believe it provides partners and faculty with the opportunity to participate in marketing and facilitating the delivery of each company's courses and products in the countries and cities where we have all of our Genius communities.

The integration of acquired company to GeniusU will help accelerate the speed, size and scale, increasing their involvement and capacity to deliver courses and increase their student retention through personalized education pathways.

And also, as we are integrating them into the same freemium model and student and partner pathways on GeniusU, we are expecting them to improve on their operational metrics, such as the cost per student or partner, revenue per student, or partner and our RAS which is our return on acquisition spend which, in turn, will improve Genius Group's operational metrics.

This Phase 2 of our growth strategy will continue over the next few years. And we aim to grow at a 50% rate, year on year, with 30% coming from acquisitions and 20% from organic growth.

And as I mentioned earlier, all of the growth you're seeing right now is all from that organic growth. We will continue to grow inorganically, by acquiring curriculum, campuses and edtech companies and integrating them into our GeniusU platform and will launch new products by GeniusU.

We have already reached all of our internal goals for 2023 from a product point of view with the launch of Genius Metaversity, the Genius AI and also our MBA programs. And looking forward, we're already working on development of the partner portal with Groove AI and the

improvements of our Metaverse, but we will also be aiming to grow our special courses in areas of Greentech, EdTech, MedTech, FinTech and SpaceTech.

We are very excited about what the next five years will bring us, as we are already on the core technologies required for our growth strategies, and we will also continue to build upon them to improve our customer and partner experience.

Since November 2022, the group has been actively engaged in the tourism notable corporate activities to defend our shareholder interests against potential manipulation of our shares. In November 2022, we hired two law firms to investigate the trading history of our ordinary shares and in January 2023, announced the results of the investigation indicated that certain individuals and or companies appear to have sold but not delivered a significant amount of the stock of the company.

Following this announcement, the company created an internal task force to actively pursue all possible actions to protect shareholders. One of the actions currently ongoing as legal action against anyone recently believed to be involved or suspected of being involved in any type of market manipulation relating to the company's ordinary shares to seek to recover liquidated damages for the cost incurred on the company.

Genius Group also got approval from the Board and shareholders for share buyback and reverse stock split, two corporate actions that can be used by the company at its discretion to discourage illegal trading activity. And Genius Group also issued a \$10 coupon per trade per share to all shareholders in March 2023. And this coupon rewarded the investors of Genius Group with valuable credits that can be used towards Genius Group's range of entrepreneur education and investor education courses and products for a period of six months.

Genius Group listed as shares on the Blockchain exchange upstream in March 2023. As a way for shareholders to hold their shares on the Blockchain, we've delisted from it in September due to complex securities regulations arising from a dual listing on Upstream and NYSE. And all those decisions were made with a vision for the future, ensuring the company's stability and growth and assertively defending our shareholders' interests.

The last corporate action that we have undertaken in the past six months is a Spinoff of Entrepreneur Resorts. Entrepreneur Resorts is the leading group of resorts and cafes and beach clubs where entrepreneurs can co-work, co-learn, and co-live in various locations around the world. Our Entrepreneur Resorts has been growing into a cafe and a hotel in Bali to gain lodges in South Africa and the City Center location coaching in central in Singapore.

Both Entrepreneur Resorts and Genius Group decided to spinoff Entrepreneur Resorts to streamline and rationalize Genius Group's operations and focus 100% on edtech. And also enabling Entrepreneur Resorts to grow separately with a focus on scaling its hospitality licensing model. The Boards approved the spinoff in January 2023. And then in May

shareholders also getting their approval, and in early August 2023, the Singapore high court approved the corporate action.

The spinoff will be completed on October the second 2023. And from this date onwards, Genius Group will run completely independently from Entrepreneur Resorts, which means that Entrepreneur Resorts will have its own separate growth path and expansion plans, while continuing its venue partnerships with Genius Group for retreats and programs run at Entrepreneur Resorts locations.

Genius Group companies and Entrepreneur Resorts operated at arm's length over the past few years, charging Genius Group companies with accommodation, food and beverage. And after spinoff, both companies will continue to operate closely with one another throughout partnership.

For example, we'll be running an upcoming Entrepreneur Dynamic Masters at Vision Villas in October and running an Impact Investor Retreat at Tau Game Lodge in South Africa in December, together with Ilab Entrepreneur Accelerator programs at all our locations later this year and in 2024.

Now, I would like to turn it over to Erez, so that he can give an overview of our financial performance.

Erez Simha

Thank you, Roger, and good morning, everyone. In the first half of 2023, we generated a total revenue of \$11.8 million, which is 120.7% increase from the \$5.3 million in the first half of 2022.

The strong growth was driven by an increase of 159.5% in education revenue to \$8.96 million and the 50% increase in campus revenue to \$2.83 million. The strong increase in two segments was due to the revenue from our acquisition and an increasing demand leads to capacity expansion and operations coming back to normal after COVID.

Our pro forma revenue 2023 was \$9 million in the first half of 2023, after excluding the spinoff results revenue. The Group's gross margin has increased to 52.6% in H1 2023, compared to 42% in the first half of 2022.

Our cost of revenue declined in percentage terms in 2023 as a result of improved results from our campus business and the acquisitions, we had higher gross margin, the marketing spend and investment in development assets in the first half of 2023 is consistent in the comparison to the first half of 2022.

To date, we have been maintaining a balance between growth and positive gross margin, it means we are not being overly aggressive in our marketing spend, and this is reflected in our

current gross margin. In the first half of 2023, the pro forma cost of revenue was \$4.63 million giving us a 48.33% gross margin.

By owning the majority of curriculum and courses across all companies and acquisitions, we are focused on maintaining a low cost of content and high gross margin. The cost of revenue that we do incur is mainly our customers acquisition cost and our faculty cost. In the future, we will continue to focus on further improving our overall gross margin through synergies and higher efficiencies.

The Group had net operating expenses of \$15.36 million in the first half of 2023, compared to \$5.68 million in the first half of 2022. On a pro forma basis, the operating expenses in the first half of 2023 was \$13.75 million.

Approximately 40% of our operating expenses is our stock cost, with the remaining in development, marketing, rental, legal, audit and general expenses. The increase in our operating expenses is the result of growth in our operation, acquisitions of companies, legal and other professional expenses, which are required as a listed company.

As with our cost of goods sold historically, we have been managing our overhead to maintain sustainable growth rate to allow additional funds raised to be invested largely in acquisitions.

The Group had negative adjusted EBITDA of \$7.32 million in the first half of 2023, compared to a negative adjusted EBITDA of \$1.96 million in H1 2022. The negative adjusted EBITDA was \$7.32 million in the first half of 2023, is partially due to further group investment in development marketing spend, legal and other professional services.

Turning to our cash performance and the balance sheet. The Group current assets decreased from \$24.25 million in December 2022 to \$9.33 million in June 2023. The primary reasons for decline is usage of restricted cash for the repayment of convertible notes, acquisition use and operational losses in the first half of 2023. The largest current assets, I can now see our accounts receivable of \$3.84 million, cash and cash equivalents of \$2.62 million, refurb expenses of \$1.24 million and inventory of \$1.7 million.

The Group's non-current assets decreased from \$67.01 million in December 2022 to \$66.05 million in June 2023. The decrease is mainly due to the amortization of acquired tangible assets. The Group current liabilities decreased from \$23.38 million in December 2022 to \$17.48 million in June 2023.

The largest item in our current liability was deferred revenue of \$5.05 million, convertible note of \$3.77 million and accrued expenses and other current liabilities of \$3.39 million, accounts payable of \$2.22 million, operating lease liability of \$5.33 million, due to related parties of \$1.01 million and other remaining items amounting to \$0.67 million.

The Group's non-current liabilities decreased from \$63.92 million in December 2022, to \$51.77 million in June 2023. The decrease was due to the between convertible loans payable of \$0.13 million in June 30, 2023, compared to \$2.22 million in December 2022, which was due to repayment and conversion of convertible loan during the first half of 2023.

The Group shareholder decreased from \$13.95 million in December 2022 to \$6.03 million in June 2023. The reduction in equity is due to the loss of \$10.7 million in the first half of 2023, an increase in capital by \$3.68 million, mainly due to the conversion of convertible loan to equity and the recording of stock-based compensation expenses.

In July 2023, Genius Group signed and executed and delivered a bridge note with an accredited investor in the face value of \$3.2 million, which has \$200,000 original issue discount. The company has received \$1 million interest payment in July and August, respectively.

As of August 31, 2023, the company had an outstanding principal value of \$53,343 in the secured convertible note out of the original amount of \$18.13 million that was closed in August 2022. During July and August, the company had the principal value and accrued interest of \$11.03 million and issued 22,192,694 shares as a result of the debt conversion by the lender.

Looking ahead to the future, we will make (inaudible) in our initial operational focus, which predicts an engagement of between 5.7 to 6 million students and users by the end of 2023. The confidence stems from a persistently high demand, with the business with our range of services and courses offering, the specialization and growth and financial education, which is in line with the trend that Roger mentioned earlier.

Despite strong demand in our services, we have decided to review all financial guidance for 2023 due to the range of different internal purposes.

First, we are in the process of spinning off our subsidiary Entrepreneur Resorts equity. This strategic move is consequential in shaping the financial direction of reporting and reporting in Genius Group. So, in light of this statement, we found it imperative to make adjustments to our financial guidance, which means that the previously projected revenue and profit that incorporate Entrepreneur's entity contribute contribution will now be executed.

Also, as Roger explained earlier, the release of 3D tech product this year, which was the result of recent realization of some of our projects, which resulted in delays in certain product launches and the establishment of partnership and acquisition. It was therefore necessary for us to revise our initial revenue projection, where the applicable revenue shifted from 2023 to 2024.

We also decided to restructure the business model of our last acquisition (inaudible) to ensure the quality and integrity of our purchase. As a result to this approach, we've had to realign some of our top line projections and cost synergies, moving them from 2023 to 2024.

Lastly, Roger enumerated a series of cooperation activities undertaken by Genius Groups to defend the shareholders, which resulted in an increase of professional costs which impact our bottom line 2023 financial needs. It is crucial to understand that all of those decisions made by Genius Group, while having immediate financial implication, or maybe divisions for the future, ensuring the Group's stability and growth.

We previously announced that the 2023 earnings would be heavily weighted towards the second half of this year. This aspect of the financial guidance has remained the same. As we accelerate the integration of our acquired company, we have a growing operating leverage driven by top line synergy from our asset platform and the digitization of our portfolio product.

All these factors combined, reinforce our confidence and second half waiting for 2023 earnings in our strategic direction.

Overall, we are happy with the Genius Group of corporate and financial developments for the first six months of 2023. We continue to expand our operations' content and customer base. We are innovating in launching new technologies to continue to be the technology leader in the education space, and we believe that the fruit of those investments will be reflected in our operational financial metrics, over time.

With that, we thank you for joining the call today. And I'd like to open it up now for questions. Operator.

Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press "*", "1" on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press "*", "2" if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset, before pressing the star keys. One moment please while we poll for questions.

Our first questions come from the line of Hunter Diamond with Diamond Equity. Please proceed with your questions.

Hunter Diamond

Hi, everyone, congratulations on the strong quarter. My first question, I wanted to see if I could get more color on the joint venture with Group Digital; you touched on it. But more importantly, how investors should think about the ventures going forward in the business, and whether we can expect more ventures, over the near term?

Roger Hamilton

Hi, Hunter, thanks for the question. Yes, the relationship with Group Digital, I think, is a perfect example of the kind of way that we start with partnerships that provide content. And then from

there, and then deep into the partnerships, that could be joint ventures, and then eventually even potential acquisitions.

So, in the case of Group Digital, which was founded by Michael Filsaime, Michael Filsaime is a veteran in the industry. When it comes to digital marketing, he's amassed a big following on his own. And we actually had him as one of our mentors, within our mastermind program before we even approached him in terms of a joint venture.

And this is what we are seeing is that many of the companies that are already providing exactly the kind of tools that those who are looking to be able to build their businesses or supplement their incomes, and that they're seeing us as a key attraction point for them to come and build their programs into what then can be accredited curriculums.

So, for example, in the case of Mike Filsaime, he had just launched his Groove AI, which basically allows anyone who might have a retail store online, or anyone who has, you know, a course, programs online, that they can now use the AI to build out their webpages, create their ads, answer the customers they have, create their emails. All the good things that we see online that AI can now do, he was already in the advanced stages of building that.

And of course, he has done that with a huge team, he has got 40 in his development team just building this out. And so, when we said, well, this is exactly what we're looking for, as well, and rather than us building it all ourselves, which comes with great expense, let's joint venture together, where we can take all of the value key cells and its IPE and connect it directly towards educators with a similar SaaS solution. And then what we provide to that is our entire community, globally. And then we then can build and grow that together.

And because we're also building our own reputation, within the circles of influences that are attracting our students, bestselling authors that are attracting students, then from there, it was a natural fit for us to build a 50-50 partnership. So, we can see that in itself by keeping as a separate company, but that can also be building substantial value within the group.

And the answer is yes, you can definitely expect to see many more of these joint ventures, where it makes sense for us to do have acquisitions, and this is the first year in some time we have not been doing any acquisitions. Largely, acquisitions have a lot to do with when we find the right fit based on our share price, which will make sense.

And if we're in the process of recovering share prices that made more sense to have a joint venture at this point, and still get all the benefits for our students, by us actually working together with the best in the industry. So hopefully, that answers the question.

Erez Simha

I want to add one more point. And I think it's one of the considerations that we had was buy versus maybe credit. Once we agreed on the direction, we were looking for the fastest way to

go to the market in a way that it's a win, win for both sides. And I think the data and the joint venture position us really, really well in going much faster to the market than doing it ourselves.

Hunter Diamond

Great. No, that makes perfect sense and appreciate the color from both of you. So, I guess my second question, then I'll open up the line. Can you discuss student growth and partner growth? I know those are metrics you disclose to investors and are monitored. Do you expect sort of the growth to continue along historical levels? Would you expect sort of the student growth to outpace the partner growth given it's a larger market? I'm just curious how you view investors should look at those sort of metrics, not formal guidance but just, you know, the industry or how do you expect growth, largely?

Roger Hamilton

That's a great question. And what I would say on that one is, everything that we are doing right now stems right back to when we first launched the company. Some five years ago, we said if we could be growing at 50% a year and continue on that growth plan, that we would hit 100 million students by the time we get to 2030, right.

So that was like an aspirational goal. We have some of our partners and our faculty members that already have reached that goal. So for example, Salman Khan, who was one of our summit speakers, was sharing how he got Khan Academy up to 100 million students, and that was specifically just on K12.

And so, we definitely believe there's a great market out there and the real question is, you know, what is the smartest way for us to be able to get to that number where we are able to support that number of people, especially because there are so many different partners out there that are already reaching, you know, those same groups. So you notice that, you know, the fact that we've had this 41% growth, within six months, which far outstrips anyone else that we're seeing as a public company in the EdTech industry.

A large part of that is because we are actually looking not just for the partners that are coming in that may have no students, and then are partnering with others on the platform, or those who basically have got already a large group of students. And we're seeing examples of where you'll have someone we partner with that'll have many students.

I mean, give an example, like Groove AI, where they already have gotten many different educators on their platform. And those educators also have got their students. And we haven't counted any of the activity happening within the group digital site and what that could create. And that's just starting with one partner.

So don't expect what I would say is don't expect the partner growth to be the same as the student growth because the partners that we are bringing on board, each can bring on board many, many more students with them. And as we grow, we believe that we're going to see

partners that could be bringing tens, hundreds or thousands, or even maybe potentially millions of students with them on their platform.

To give you some examples, without going into the details of things we haven't yet announced yet, if anyone was to look at where their own children might be learning from, there's a very good chance that they're not learning from textbooks, they're learning from YouTube, or they're learning from TikTok or Instagram, or they're or they're picking up a book from a bestselling author who has got some incredible learnings that they're actually sharing out at scale.

And when that's happening, and you're getting those types of people, including podcasters that are actually out there interviewing others.

And they're learning when they're actually going through that, but they're not getting any credits, right, they're not getting any contribution towards their own high school diploma, or the university degree. Imagine a world where they are. And eventually, what we are providing can be an entire alternative to basically having to go to school and then do your learning in your spare time.

So yes, to answer the question, you definitely can see both growth, but the students will grow at a faster rate as we get bigger and bigger partners on board. And if I can just add one other thing on this as well. When we talk about partners, I think it's important because we didn't go into depth in our presentation, but for anyone listening and thinking, okay, well, it's interesting that we're talking about education.

We're not talking about teachers; we're talking about partners. And that's because we believe that education has got three big bottlenecks that each gets solved with partnerships. So yes, one of them is that we do need more teachers around the world, 1.5 million per year. We see those as what we call faculty partners.

And so, faculty partners are those who say, I don't need to bring the content because I'm already getting world class content. And I don't need to be connected to a school because I could have schools around the world that could actually be using me as a teacher. But as long as I'm at the platform with Microsoft with a good rating, then if someone wants to pick me as their mentor, as their teacher, then they can do that.

If AI recommends me, then great. And I can then be building an entire community of students that I can be serving from my hometown, wherever I happen to be in the world by doing this, virtually. And so, as a result, any good teacher anywhere can get a global classroom.

The second type of partnership, and those are where we have many people every single day. That's why we went from 12 million, sorry, 12,000 to 14,000 of our partners, and most of those were fitting in the category of the faculty partners.

The second type of partner, which are the content partners, and the content partners are the ones as you're hearing me talk about things like bestselling authors, the people who have the content but don't have the time to be actually teaching everyone one on one.

So, when you connect the content partners who bring in their content, and we then run full customer pathways, and we've had examples of that this year, we've announced Peter Diamandis, who runs the XPRIZE in Singularity University, who basically now is bringing his content on the platform.

Philip Ismail, who already consults with the top exponential organizations around the world who's bringing his products on the platform, each--Mike Filsaime was a good example I gave earlier. These are all people that actually would like to have an army of teachers around the world that can be sharing what they have to share in places they wouldn't otherwise reach and also in different languages. So that is the content partners.

And then the third type of partners are the ones who are the delivery partners, or what we call the community partners, and they fit in two categories.

One, the people who say, well, I'm not going to be the one teaching, and I'm not going to be the one that has the content, but I am going to be the one that has a local school, even if it's just a micro school at a cafe, a group of children at my home. So, anyone can sign up to what we call a community partner where they can be a city leader, a country leader, or just basically have their own school.

And we take the three big bottlenecks, which is that in education generally, the best teachers cannot be reached by everyone. This breaks up that bottleneck. The best content isn't accessed by everyone or isn't even allowed in the curriculum and textbook that gets old by this.

And finally, that people in places where they can't access the best schools, they can now actually create their own schools and build from there. And obviously, the other part of delivery is technology. And that's where all these different technology partnerships that we've been talking about can allow us to scale dramatically, as well.

Final thing I'll just say on technology partnerships. I think many people may have seen yesterday that there was a podcast with Lex Fridman, and the founder of Meta, Mark Zuckerberg, which was conducted fully in virtual reality. And we are seeing this massive growth and shift in this area. And just knowing that by our partnerships with Vatom and Genius X, we are already at the forefront of the development that's taking place towards this new world of learning.

That's super exciting because it means that we can continue on this growth path and just continue to find the right partnerships that we can get attracted as we go forward, where a lot

of right now is about positioning. But we're very lucky because while most technology companies in the same field, our early revenue, we have positioning while at the same time generating revenue and building our student and partner base, as well.

Hunter Diamond

Great. Thank you for the comprehensive answer. And again, congratulations on the results and appreciate you taking my questions.

Roger Hamilton

Thanks very much.

Operator

Thank you, we have reached the end of our question-and-answer session. With that, this does conclude today's teleconference. We appreciate your participation. You may disconnect your lines at this time. Enjoy the rest of your day.