

Genius Group Ltd.
First Half 2022 Financial Results
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Presenters

Flora Hewitt – Vice President of Investor Relations
Roger Hamilton – Chief Executive Officer
Erez Simha – Chief Financial Officer

Q&A Participants

Hunter Diamond – Diamond Equity Research LLC

Operator

Greetings and welcome to the Genius Group First Half 2022 Financial Results Conference Call.

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

As a reminder, this conference is being recorded.

I would now like to turn the call over to Flora Hewitt, Vice President of Investor Relations and Mergers and Acquisitions. Thank you, you may begin.

Flora Hewitt

Hi, everyone, and thank you for joining our First Half 2022 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 table was issued premarket 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 financial slides are available.

During this call, we will present both IFRS and non-IFRS measures. Please note that all growth 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. The 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 relationships, 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.

Our listing on the New York Stock Exchange American represented a major milestone in the ongoing growth of Genius Group and our GeniusU EdTech platform. So, I'd like to start this call by saying that I am very proud of our entire team and global community who have played a role in making this achievement possible.

I would also highlight a few important hires that we made recently.

After having joined our Board of Directors in January 2022, we appointed Mr. Richard Berman as our Audit Committee Chair in March 2022. Richard's business career spans over 35 years of venture capital, senior management, and merger & acquisitions experience. Over the past decade he has served on the board of 5 companies that have reached over one billion in market capitalization – Cryoport, Advaxis, EXIDE, Internet Commerce Corporation, and Ontrak; and he currently is a director of four public NASDAQ companies, Cryoport Inc., COMSovereign Holding Corp., BioVie Inc., and Context Therapeutics Inc. We are thrilled that Richard has taken the important role of Audit Chair and believe that his appointment is a tremendous addition to our Board of Directors and that his extensive public company experience will be greatly beneficial to Genius Group.

Our second addition to our Board of Directors is Mr. Tim Murphy in September 2022. Tim has 30 years of leadership in the global law enforcement, compliance, intelligence, and business communities. He currently is the President and CEO of Consortium Networks, a cyber security and networking company, and serves on the Board of Western Union and Ferris State University. He previously was the President of Thomson Reuters Special Services and a Special Agent and Executive in the FBI where he held a number of operational positions in a variety of field offices nationwide, investigating matters as diverse as counterterrorism, intelligence, cyber and organized crime. And he eventually became the Deputy Director of the FBI, a position

he held until retiring in 2011. We are excited to have Tim join our Board as we believe that his technology and compliance expertise and his wide global network will be tremendous assets for furthering our mission.

We also hired our new Chief Financial Officer, Erez Simha, in July 2022 to accelerate Genius Group's global growth. Erez brings over 20 years of experience and a proven track record of scaling high-tech disruptive companies in multiple industries, including food-tech, blockchain, 3D printing, and digital assets. He held CFO and COO positions at multiple companies including Stratasys Ltd and Just Inc. Throughout his career, Erez brought these companies into the mainstream and has helped them globally by implementing infrastructure and building global teams and networks. He also brings with him intensive M&A and post merger integration experience, which will serve Genius Group in its current strategy of growth through inorganic expansion. We are pleased to have Erez join the Group as his track record of working in disruptive tech is a perfect addition to the team, and his role will be instrumental in taking Genius Group to its next stage of growth.

We also brought in Mr. Rav Karwal as our new Chief Revenue Officer in June 2022. Rav is an entrepreneurial executive with a successful track record of leading revenue, sales, and other go-to-market strategies at early to later-stage tech ventures, including HGM, Hyrecar, Exela, Apprion, and Scholast iSoft. During his time working with portfolio companies in private equity and as a cofounder of two start-ups, Rav has consistently driven exponential revenue growth. We believe that his track record of growing revenues of global tech platforms through innovative growth strategies is stellar and think that he will provide immense value to Genius Group as we scale our operations.

We believe that the strong executive team that we have at both the Genius Group and subsidiary levels will help drive our mission to disrupt the current education model with a more student-centered, entrepreneurial, life-long learning curriculum.

The global education and training industry is one of the industries most in need of disruption and upgrading. The education market intelligence firm HolonIQ forecasts 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 re-skilling and up-skilling in developed economies. According to HolonIQ, the next decade will see an additional 350 million post-secondary graduates and nearly 800 million more K-12 graduates than today. So the world will need to add 1.5 million teachers per year on average, and their role of teacher will represent more of that of a mentor or coach.

On the other hand the Education Technology market, Edtech, is expected to grow at a much faster rate of 16.3% CAGR by 2025 to reach US\$404 billion, which represents 5% of the global education expenditure. This surge in Edtech spending has been accelerated by the impact of Covid-19 and is expected to re-calibrate to a longer-term integration of digital technologies and transition to a much higher adoption of online education.

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 US 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 US workers are involved in the on-demand gig economy and this statistic will grow to 50% by 2027.

Every worker that chooses to find ways to generate their own income is seeking education on the best strategies to achieve this. We believe that self-funded lifelong education has become a significant growth sector in the midst of the COVID19 pandemic.

We believe that the education market has traditionally led to one of two pathways. Either to further academia or to potential employment. Education today does not prepare students for the increasingly viable third option, starting a business.

And this is where Genius Group comes in. We are developing our own curriculum as a supplement to the existing education system, and in time we aspire to create a fully accredited alternative to the traditional U.S. school and university pathway. Today we are the only company providing an alternative path to the current education system and we aim to teach individuals how to create their own job rather than learn to get a job.

Genius Group delivers a universal, personalized lifelong 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.

On our Edtech platform, GeniusU, we are developing our Genie AI virtual assistant to 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 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.

Our freemium revenue model has allowed Genius Group to attract students and partners to join the platform for free and build a community and content that encourages them to stay. Then over time a percentage of them upgrades to paid courses, products and certifications.

GeniusU also delivers each teacher a web store, events platform and micro-degree learning platform to offer their entire product range in one place. This in turn gives them the ability to grow, manage and engage multiple communities around multiple courses, tapping into our ever-growing community of engaged students.

This model results in multiple benefits including rapid scalability, low marketing cost per student and heightened platform activity. This network effect enables us to deliver courses to a much wider and more global student body than we would with a traditional enrolment process.

The number of students and partners on our platform has been growing steadily over time. At the end of H1 2022, we had 2.8 million students on the GeniusU platform with 6,500 new students joining each week in 2022. This represents a 13% annualized growth rate since December 2021. Similarly, our paying students grew to 39,124 in the past six months, a 9.44% annualized growth rate. These student numbers are prior to the integration of our IPO acquisition companies with GeniusU. On a pro forma basis, we had a 4.2 million students and users at the end of H1 2022.

The number of partners on GeniusU grew to 10,622 since December 2021, a 7.9% annualized growth rate. On a pro forma basis we had 12,391 partners on GeniusU.

We expect to increase both the number of students and partners to grow overtime 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. We believe that our free student community represents a significant business opportunity for us to bring them in and through the personalized paid path.

While some students join through word-of-mouth or referral, students also join through our direct marketing spend via Google and Facebook. And for our partners, most of them begin as students, and then choose to join our faculty or partnership program. Similarly, we also run marketing campaigns to attract faculty members and partners to GeniusU.

We track our student and partner intake, acquisition cost and activity over the first 24 months, and measure their average spend over these periods as this helps us measure the effectiveness of our marketing campaigns. And historically, our marketing campaigns have been very effective.

Our student marketing activity generates 20.5x ROAS. Every \$1,000 in student marketing cost has generated \$20,501 in revenue in the first 24 months as they purchase their first courses and

later on upgrade to higher priced courses and diploma programs. This equates to a \$0.75 marketing cost per student and \$15.46 revenue per student in the first 24 months.

Similarly, our partner marketing activity generates 46.7x ROAS. Every \$1,000 in partner marketing cost has generated \$46,702 in revenue for GeniusU in the first 24 months. This equates to a \$26 marketing cost per partner and \$1,229 revenue per partner in the first 24 months.

The effectiveness of our marketing campaigns are even better if we look at specific student pathways. Our Genius Test generates 58x ROAS after 18 months while our festivals, which include the 5 day free challenge and a 2 day summit, respectively result in 44x and 188x ROAS after 18 months.

Those statistics show the effectiveness and scalability of our marketing campaigns and as we step up our organic growth efforts by increasing marketing spend and improving our customer experience, we are expecting those statistics to improve overtime.

We have a three phased strategy to disrupt the education industry.

Our first phase, 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 to self-fund our growth with the same entrepreneurs that we have been educating.

Our second phase, from 2020 to 2025, 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.

Our third phase, from 2025 to 2030, will be to have our Genius Group curriculum accredited in the U.S. and the U.K. as an alternative to the existing Cambridge and K-12 curriculums. This third phase is an aspirational goal and is not assured, as it is dependent on the success of our second phase, and dependent on us succeeding in getting accreditation from the accrediting bodies in the relevant countries.

Now, as we are in our second growth phase, let's focus on our acquisition and partnership strategy for the next 3 years.

Companies that we identify as potential targets are curriculum, campuses or Edtech companies in the U.S., the U.K., Asia or Australia with revenues in the range of \$2 million to \$25 million per annum. All targets will already benefit from a loyal student base, strong leadership, and a leadership position in their industry. They should also contribute to our entrepreneur education curriculum, faculty, campuses or complement our platform and user base. Our final criteria is

that each acquisition should be able to digitize their curriculum and globalize it throughout the platform.

With this acquisition strategy in mind, we have completed the acquisition of five companies in 2022 as of today, four at the time of IPO and one this October.

Our first acquisition was the \$1.9 million acquisition of Education Angels, a provider of in-home childcare, which enables children from birth to five years to flourish in a caring environment tailored to their needs. The company maximizes children's learning potential and builds their emotional intelligence with the intention that they develop confidence, creativity, and the desire for lifelong learning. We acquired Education Angels to expand its model globally on our Edtech platform and because it allows Genius Group to target students of a new age group, which contributes to its corporate lifelong learning goal.

Our second acquisition was the \$2.6 million acquisition of E-Squared Education Enterprises, a South Africa-based, entrepreneur-focused primary and secondary school and vocational college. It runs three institutions that share the same goal as Genius Group, which is to produce self-motivated individuals who are ready to tackle the next phase of their lives, be it at an education level, in the corporate world or as an entrepreneur. We acquired E-Squared to further enhance its offering and bring campuses and a range of trusted programs to their portfolio by integrating it on GeniusU. Also, it allows Genius Group to target students of a new age group in Africa, a country that has seen a dramatic increase in entrepreneurs over the last decade.

Our third acquisition was the \$13 million acquisition of U.S. based University of Antelope Valley. It is an accredited university in California that offers career-focused on-campus and online programs at the master's, bachelor's and associate degree level, as well as certificate and continuing education programs in several high-demand sectors. We acquired UAV to grow the university campus and build a Metaversity to deliver tertiary education globally in an immersive and engaging way.

Our fourth acquisition was the \$19.1 million acquisition of Property Investors Network, a U.K. based property networking organization. PIN is the largest property investor network in England that connects new and experienced property investors across 50 different cities. We acquired PIN to expand its model to investors globally through Genius Group's community of partners and students.

The last acquisition, completed this month, was the \$10 million acquisition of U.S. based Revealed Films Inc. It is a media production company that specializes in multi-part documentaries. We acquired Revealed Films to enhance and supplement Genius Group's always-evolving curriculum with high-quality entrepreneurial education videos.

Those five acquisitions have expanded Genius Group's education offerings into new age groups so that our entrepreneurial curriculum now extends from early learning through primary school, secondary school, university, adult learning and corporate training; therefore improving educational opportunities in a lifelong learning curriculum from early age to 100 years old.

However, our acquisition strategy is not only to acquire content to supplement our core curriculum, but to also acquire industry certifications and government accreditations and funding.

The purpose of acquiring education companies with courses that have earned certifications and accreditations is first for our students to obtain industry-recognized certifications that will enable them to be recognized within their chosen career whether they choose to start their own business or take a job with companies operating in the industry. Secondly, it is for the Genius curriculum to progress from a supplement to the traditional education system to a replacement of it. Third, it will allow Genius Group to shorten the multi-year process of establishing accreditations ourselves. And lastly, it is to obtain funding where available to bring down the cost burden of their education.

With three of the five acquisitions, we are one step closer to achieving those goals. Education Angels is approved and licensed by the New Zealand Department of Education, and the government funds 50% of the education while E-Square's schools are approved by the South Africa Department of Education. And UAV has a dozen certifications, including the SEVP certification enabling the participation of foreign students, the WASC Senior College & University Commission accreditation and the approval for Title IV federal loans, grants and other federal, state and private financial aid.

Now that those acquisitions have been closed, we are in the process of integrating them onto our platform and global ecosystem, through a four-step process: acquisition, integration, digitization, and distribution.

By acquiring them we are able to combine each company's courses and products into our curriculum and GeniusU Edtech platform, and to 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 cost for each level of our curriculum. By digitizing the courses and products for online delivery, we aim to scale each company's product offerings globally. By 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 our Genius communities.

The integration of those companies to GeniusU will help accelerate their speed, size and scale and increase their enrollments and capacity to deliver courses and increase their student retention through personalized education pathways.

Also, as we integrate 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 cost per student or partner, revenue per student of partner and ROAS, which in turn will improve Genius Group's operational metrics.

Our goal is to ensure we can significantly grow their valuation from their purchase price from the first year of acquisition. We believe that we have a strong acquisition and integration team to ensure that each acquisition is able to align rapidly with the culture and leadership systems of the Group.

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. We will continue targeting curriculum, campuses and Edtech companies and integrating them onto our GeniusU platform.

In addition to our acquisition, we have begun the process of partnering with thought leaders and companies that are aligned to our mission, that bring with them new students and course content, and may lead to potential acquisitions in the future. For example, in November we are hosting an Impact Investor Festival with 20,000 registered students in partnership with popular educators including Brian Jung and Jaspreet Singh, both Investor Educators each with over 1 million subscribers on Youtube.

In December we are hosting our Global Entrepreneur Summit featuring: Futurist Peter Diamandis, co-founder of Singularity University and the X Prize, Salim Ismail, author of Exponential Organisations and founder of OpenExo, a global training organisation teaching entrepreneurial skills to companies including Airbus, P&L, Unilever, Visa and HP, and Verne Harnish, founder of the YEO, now known as the Entrepreneurs Organisation, and co-founder of Scaling Up. Each bring with them star power, students and world class course content.

Similarly, our latest acquisition, Revealed Films, attracts viewers and students through its library of documentaries featuring well known entrepreneur and investor educators including New York Times Bestselling Authors Robert Kiyosaki, James Rickards and Garrett Gunderson.

By building an Edtech-enabled link between thought leaders and educators who already attract a global following of lifelong learners, and certified courses that can in time be integrated with government certified high school diplomas, company-sponsored certifications and university degree programs, our partnership strategy combines with our acquisition strategy to accelerate the growth of our student base and improve our operational metrics.

Another pillar of our growth strategy is to invest in technology as we believe that engagement will be much higher when they can use the same environment to not only learn but also connect with others, share their learning, and run challenges on the platform.

One of the main technology projects that Genius Group is working on is the creation of a Metaversity which will combine gamified learning, a digital credit system and augmented and virtual reality.

Our plan is to extend courses and programs to interactive learning environments in the metaverse, with students and faculty connecting and learning in global classrooms and virtual 3D environments. We are building six campuses, each with a vibrant community, lead mentors and course content to service six types of members and partners on GeniusU. We also plan to integrate each student's AI-based virtual assistant as 3D virtual assistants that accompany each student on their personalized journey. Moreover, student credits earned on the platform will also be integrated into the metaverse so that students can spend them on products and services within GeniusU as well as counting towards their certifications.

Considering our mission is to develop an entrepreneur education system that prepares students for the 21st century, we believe that Web3 and the Metaverse will provide students and teachers with an enhanced way to interact and learn in a global classroom. The goal is to develop a blended solution of real-life, online and virtual learning to gamify learning and make it far more engaging and fun, working with students in real time around the world.

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. We continue to demonstrate strong growth across our platform, expanding the number of students as well as the number of partners and this is reflected in our financials for the first half of 2022.

In H1, we generated a total pro forma revenue of \$16.57 million which was the combination of \$7.44 million from the Group, and \$9.13 million from the five acquisitions.

Our two main revenue segments are Education Revenue and Campus Revenue. Education Revenue consists of Digital Education Revenue, where the courses are delivered virtually on GeniusU, and In-Person Education Revenue, where the courses are delivered to our students with the aid of our faculty in-person. Campus Revenue consists of revenue we generate from our locations through accommodation, food and beverage charges.

Genius Group's revenues on a standalone basis grew by 17.2% year on year. This internal growth of 17.2% is faster than both the global education market growth of 4.3% and the global edtech market growth of 16.3% that Roger presented earlier, which demonstrates the strength of our Edtech platform. This internal growth was driven by a 48% increase in Campus Revenue and 9.4% increase in our Digital Education Revenue. The strong growth in Campus Revenue was due to an increase in demand from the gradual lifting of COVID-19 restrictions. Our revenue on a pro forma basis reached \$16.57 million in H1 2022.

The Group's gross margin has increased to 29.97% in H1 2022. Our group margins have increased due to improved results from our campus business which has a higher gross margin. To date we have been maintaining a balance between growth and a positive gross margin in which we are not being overly aggressive in our marketing spend and this is reflected in our current gross margin.

Genius Group's pro forma gross margin is 48.49%. By owning the majority of our own curriculum and courses across all companies and acquisitions, we are focused on maintaining a low cost of content and a high gross margin. The cost of revenue that we do incur is mainly our customer acquisition costs and our faculty costs. In the future, we will continue to focus on further improving our overall gross margins through synergies and higher efficiency.

The Group had net operating expenses of \$5.2 million and \$10.86 million on a proforma basis. Approximately 60% of our operating expense is our staff costs, with the remaining in development, marketing, rental and general expenses. The increase in our operating expenses is the result of the growth in our operations, acquisition of companies, the expansion of our curriculum and preparations for our IPO and listing. As with our cost of goods sold, we have been managing our overheads to maintain a sustainable growth rate and have additional funds to invest in acquisitions.

The Group had a negative adjusted EBITDA of \$1.96 million in H1 2022 compared to a negative of \$0.62 million in H1 2021. On a pro forma basis, our negative adjusted EBITDA was \$0.95 million in H1 2022. This negative adjusted EBITDA is due to an increase in investment made in marketing and senior leadership positions. We will continue to maintain a delicate balance between growth and infrastructure and aim to improve our operating leverage as we grow. Now turning to cash performance and the balance sheet.

The Group's current assets increased to \$18.93 million. The largest current asset items in our Group is cash and cash equivalents of \$7.58 million, other accounts receivable of \$6.3 million, prepaid expenses of \$2.87 million and due from related parties of \$2.03 million. Our Group is largely a positive cash generating business with customer payments made at the time of enrollment and often in advance, with the exception of our annual memberships and education programs, where payment is made in installments. Genius Group's pro forma total current assets in H1 2022 was \$21.75 million of which \$6.64 million was cash.

The Group's non-current assets grew to \$41.63 million mainly due to the acquisition of PIN, Education Angels and E-Squared and the investment in University of Antelope Valley. On a pro forma basis, Genius Group's non-current assets was \$56.78 million. These non-current assets are largely the result of intangible assets, right of use assets and goodwill related to the UAV and Revealed Films acquisitions.

The Group's current liabilities increased to \$9.77 million with largest items being accrued expenses and other current liabilities which grew from \$2.06 million to \$3.62 million. Other significant components included deferred revenue at \$2.50 million and accounts payable at \$1.61 million. Genius Group's pro forma total current liabilities in H1 2022 was \$12.03 million.

The Group's non-current liabilities increased to \$3.19 million due to an increase in loan payable related to two of the acquired companies. The pro forma figure was \$11.9 million. The largest pro forma components were \$8.03 million in right of use liabilities of which \$7.2 million is an adjustment due to the GAAP to IFRS adjustment for UAV on their operating lease liabilities, and \$2.8 million in loan payable from an acquired company in H1 2022.

The Group's shareholder's equity grew to \$47.59 million, which reflects management's strategy to grow sustainably through acquisitions and organic growth. The company issued \$2.5 million worth of ordinary shares in exchange for cash, issued 3.7 million shares for its IPO and received net proceeds of \$18.06 million. Moreover, Genius closed three acquisitions and issued shares for a total of \$21 million; and also recorded \$0.15 million in expense for stock-based compensation expense for employee share options and deferred compensation.

Genius Group's pro forma total shareholder's equity was \$54.6 million, which includes the issuance of shares for the acquisition of Revealed Films of \$7 million.

We also have sold a senior secured convertible note at the end of August to an institutional investor with a principal amount of \$18.1 million for a purchase price of \$17 million, which is a discount of 6%. This will enhance our current cash position.

We are very happy with Genius Group's development for the first 6 months, we completed our IPO in April; we expanded our operations, content and customer base through acquisitions; we hired new board and senior team members with strong hyper growth operational experience to help lead the company forward, and finally we started putting in place the infrastructure to grow our operational leverage and maximize synergies.

Looking forward, the short term and long-term drivers of our business have not changed. Individuals are increasingly turning to online learning to complement their education and supply themselves with the digital skills required in today's economy. We believe that current trends in the economy, job market and investment markets will lead to an increased demand in entrepreneurial and skills-based education that we provide. Having said that, given that we are taking a more conservative approach to our current acquisition plan in the current market, and may or may not complete on any further acquisitions before year end, we are maintaining our 2022 pro-forma adjusted EBITDA guidance at a lower pro forma revenue range.

With that, we thank you for joining the call and would like to open up now for questions. Operator, please.

Operator

Thank you. We will now be conducting the 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 start keys.

One moment, please, while we pull for your 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 results. So, I want to ask more about the acquisitions. How do you think about whether to develop an offering internally or pursue an acquisition, and what kind of strength are you seeing in the current acquisition pipeline?

Roger Hamilton

I could answer that one. So--hi, Hunter, and thanks for the question. We are looking at the acquisitions from the point of view of which ones are providing the educational content together with the actual student base where we know we can digitize it and take it globally.

So, in the ones that we have already done, so for example, like with the university, it's actually very exciting times as we actually start integrating the different courses that they have and expand them, around the world.

The good news about the way that the degree programs work in the U.S. is that there is a level of flexibility where we can take, for example, a business degree, which already has the Department of Education approval, and we can give it a concentration.

So, for example, we can have a business degree in blockchain or business degree in Fintech. We can also do degree programs in areas like Spacetech.

So, for example, the partnership that got put together with NASA for UAV enables us to be able to work with companies and with those companies then attract those from overseas that would like to actually get a leadership position, within the space industry.

So, these are the kind of areas in which there is a much demand from students who actually want to be learning about these areas as there are companies that are looking for the talent to actually join them, as well.

So, the most important thing about this is this is the vision that we have when we're actually doing an acquisition of working with the founders to be able to then move into a new curriculum and to have co-created curriculum, moving forward.

We're going to see the results of that in the coming years and every acquisition that we're looking at, we're looking for those connections to actually enable that to happen.

As you can see in the way that we've managed our guidance, we don't want to count our chickens, before they hatch.

And so, one thing that's really important is for us to really make sure that we're doing the right level of due diligence going forward.

But we certainly have got a very strong pipeline of companies that we are considering. And one thing for sure is that for all the opportunity that's out there in the market, it very much, we believe, is a buyers' market, especially because in the education field, there are a lot of education companies that have a huge amount of potential, but may be struggling after COVID, right.

And so, that really is something which is really playing in our favor.

And a final thing that I would just add as well is, while I'm talking specifically at this point about education companies, as you heard when we went through the criteria, there are also technology companies and channels of distribution--I think Revealed Films is a good example of that--where we already have got great faculty that are coming on board, but where they don't have the benefit of a certified pathway, which is what we can now provide to them, as well.

So, that would be my answer. Erez, would you add anything in addition to that on our acquisition pipeline?

Erez Simha

No, I think you covered it entirely, Roger.

Hunter Diamond

All right. Thank you.

Roger Hamilton

Hunter, did that answered the question okay for you?

Hunter Diamond

Yes, perfect. Just one follow-on question. In terms of, I guess, the current market environment, higher education is, as you know, extremely expensive. So, I would think an offering like yours for starting businesses would thrive in a market like this.

If we potentially head into a recession or whatever happens near-term with the economy, are you seeing the same trends demand wise? And do you have the same sort of view that in a market like this, Genius Group maybe ideally well positioned?

Roger Hamilton

Yes. There is a clearly big conversation taking place in the U.S. around the level of student debt that is out there at the moment and the extreme cost of education, as well.

And so, the fact that we are now at what \$1.7 trillion moving closer to almost like \$2 trillion in student debt, which is huge, and even with the Biden Administration working hard to forgive student debt where they've forgiven somewhere in the region of \$300 billion to \$400 billion this year, or that maximum would be that amount.

But with close to 20% increase in student debt every year, that's already like less than the entire student debt from one-year alone that gets added.

So, next year, there'll be the addition, again. And why is that happening? Largely, because of the inflated price of a college degree that is out there, right now.

And so, we definitely believe that it is possible with our platform to be able to bring that price point down considerably and give people the option to be able to come on board at a much lower price offline and then pay extra if they'd like to have an accelerated pathway or to get tutors that can support, in addition.

And that's very much the whole freemium model that we really are focusing at, as well. And we have started that process already with a \$1 million scholarship program that we extended in the summer at our university, which was very, very popular, and we are going to see a lot more of that, going forward.

So that this in itself, as you mentioned, gives us something, which is quite unique and also at the same time, puts us in a very competitive position where everything we're doing is student led and is there to ensure that students are getting the right education which is relevant but also at the right price.

Erez Simha

Hunter, I think also that you mentioned recession and possible recession. I think that if we're really going into a recession and education cost will be a factor and we receive more mobility of employees between jobs and employees who wants to acquire new skills and have more time to acquire new skills, I think that we are probably one of the best platforms that is positioned for this period because of the cost, because of the variety of product that is also on the platform.

And you won't see any other business focus or entrepreneurs focus a platform that can drive such an answer to those employees that are looking for greater skills to acquire.

Hunter Diamond

Great. And that makes perfect sense. Again, thank you for taking my questions.

Operator

Thank you. There are no further questions at this time. 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.

Erez Simha

Thanks, everyone.

Flora Hewitt

Thank you.

Roger Hamilton

Thanks, everyone.