



**ONE GREAT STUDIO  
COMPANY LIMITED**

# **Q2 2023 SHAREHOLDERS REPORT**

**APRIL TO JUNE 2023**

# Contents

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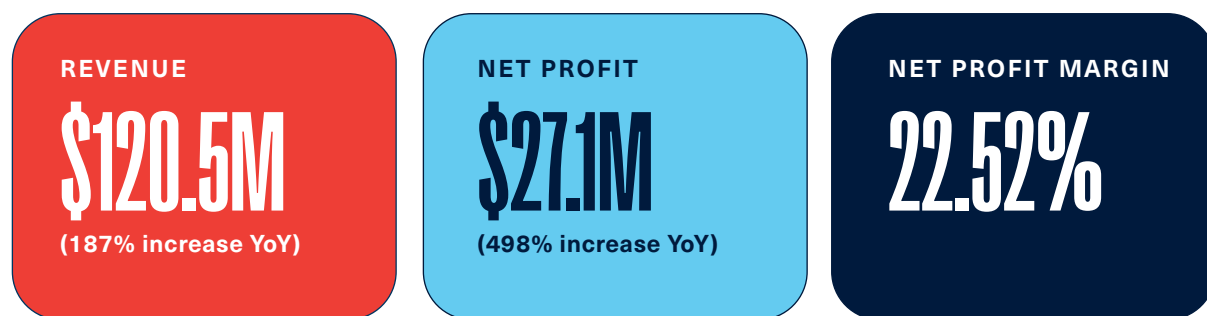
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## Shareholders Report & Management Discussion & Analysis

One Great Studio Company Limited (1GS) is pleased to report a 187% increase in revenues and a 498% increase in net profit for the three (3) months ended June 30, 2023 (Q2 2023). Our commitment to innovation, strategic vision and exceptional client service has yielded strong year-over-year (YoY) results, with the June 2023 Quarter marking another period of impressive growth.

### Q2 Performance Overview (3 Months Ending June 30th)



Income Statement	Q2 2023	Q2 2022	Change %
Revenue	120,512,796	42,023,956	187%
Profit Before Tax (PBT)	32,549,949	5,768,543	464%
Net Profit	27,141,756	4,538,072	498%
Operating Profit Margin	35.62%	21.50%	
Net Profit Margin	22.52%	10.80%	

### Q2 Revenue up 187% YoY

During the quarter, 1GS recorded revenues of \$120.5 million representing an increase of 187% when compared to the same period in 2022, and a 4.5% increase over Q1 2023. This increase was primarily driven by the SEO business line which contributed \$91.2 million for the period. The Web & App Development segment represents the second largest revenue earner, which continues to grow and improve year-over-year. Over the last three quarters, we've seen an increase in revenue each quarter. The most recent increase can be attributed to an improved client renewal rate along with a strong performance by our sales team making June 2023 our best month to date.

### Q2 Operating Profit up 375% YoY

Though operating expenses increased to \$19.7 million for the period, operating profit also increased by 375% to \$42.93 million when compared to the same period in 2022. This translated into a higher operating profit margin of 35.62%, primarily driven by cost management and operational synergies from the integration of the SEO business.

## Q2 Net Profit up 498% YoY

Net profit attributable to shareholders for Q2 2023 was \$27.1 million representing an increase of 498% when compared to Q2 2022, and an 18% increase over Q1 2023. Our efforts to optimize resource allocation, streamline processes and boost productivity resulted in the **net profit margin for Q2 2023 improving YoY to 22.52%**.

## Q2 Key Client Metrics



## 84% of revenue attributable to retainer contracts

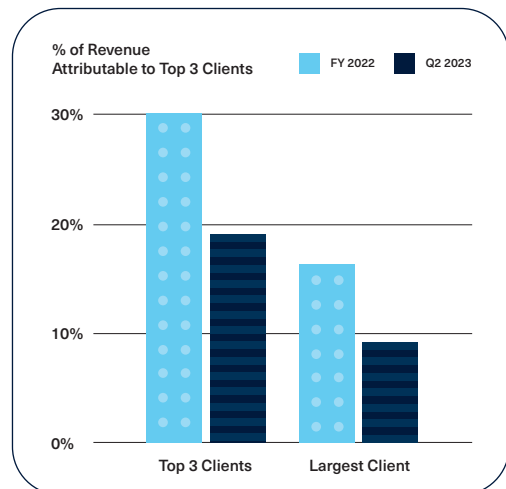
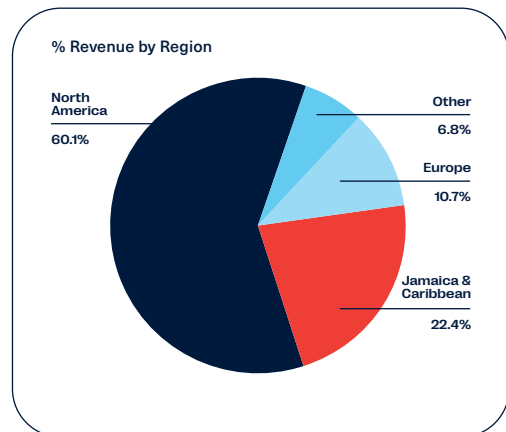
In Q2 2023 we served a total of 82 clients with the average customer spend being J\$1.47 million. Approximately 84% of our revenue originated from retainers which are recurring in nature, providing regular and predictable profitability and cash flows. Additionally, in Q1 and Q2, we executed client acquisition and retention strategies which have already started to translate positively in our client metrics.

## Strong revenue outside of Jamaica

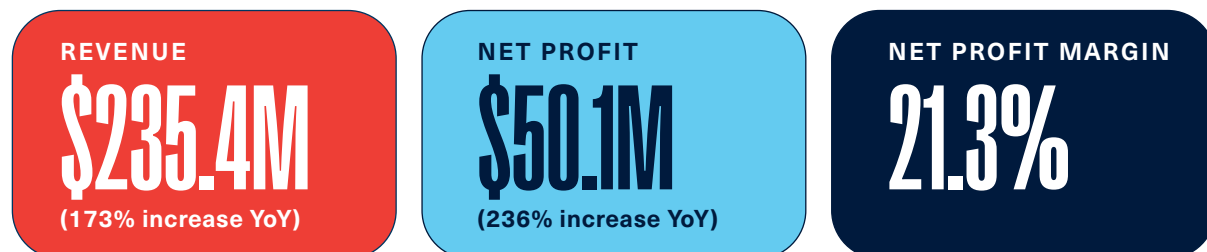
We continue to focus our efforts on generating income outside of Jamaica. During this period over 80% of our revenue originated from outside of Jamaica. For Q2 2023, 60% of our income originated from North America, 22% from Jamaica & the Caribbean, 10% from Europe & the remaining 7% from Asia & Oceania regions.

## Client Concentration Risk continues downward trend

As at June 30, 2023 our top three (3) clients accounted for approximately 19% of our revenue (down from 30% at December 31, 2022), and no single client accounted for more than 9% of our revenue (down from 16% at December 31 2022) on a trailing twelve month basis.



## YTD Performance Overview (6 Months Ending June 30th)



## Income Statement: Optimization & Integration

Income Statement	YTD 2023	YTD 2022	Change %
Revenue	235,449,232	86,254,983	173%
Profit Before Tax (PBT)	61,067,375	18,948,228	222%
Net Profit	50,133,628	14,906,435	236%
Operating Profit Margin	34.80%	26.49%	
Net Profit Margin	21.29%	17.28%	

Revenues for the 6 months ended June 30, 2023 (YTD 2023) grew by 173% YoY to \$235.4 million. This increase in our topline bolstered our net profitability which is up by 236% YoY. **OPEX ratio for the half year was 17.29% compared to 32.24% for the comparable period last year.** Lower relative operating costs resulted in our operating margin growing from 26.49% to 34.80%. Our net profit margin also increased from 17.28% to 21.29%. **Net profits for the first half of FY 2023 are now more than the net profit made for the full year 2022.**

For YTD 2023 we focused on cash management, optimising our revenue structure, and strategically integrating HVSEO into the group. This has continued to reap great benefits for our shareholders, evidenced in higher revenues, profits and cash flows.

## Cashflow: Shareholder Focused Cash Management

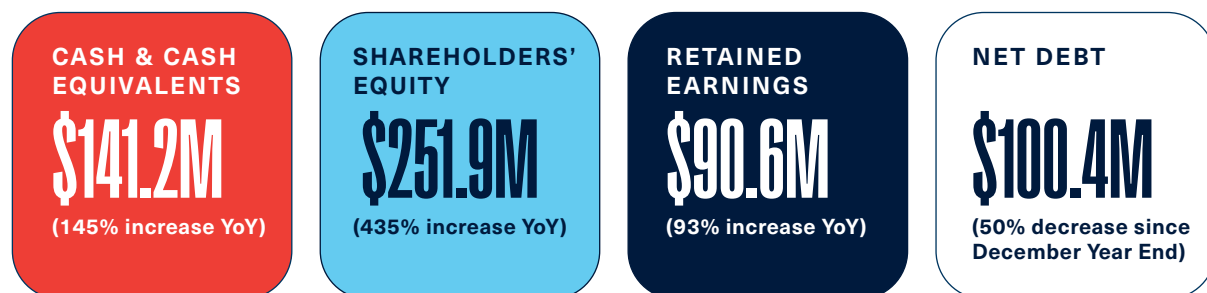
### Cash Flow Performance (6 Months Ended June 30th 2023)



Our Cashflow from Operations (CFO) over the first 6 months for FY 2023 grew by 265% to \$68.2 million. This operating cash performance was driven by the increase in our after-tax profitability. We expect the performance of operating cash inflows to continue improving on the back of a continued growth in pre-tax profitability and a significant reduction in corporate income taxes upon listing on the Junior Market of the Jamaica Stock Exchange. The company closed the quarter with \$141.2 million in Cash and Cash Equivalents.

## Balance Sheet Resilience: A Greater Platform For Growth

### Q2 Balance Sheet (3 Months Ended June 30th 2023)



\*Net Debt = Total Debt – Cash & Cash Equivalents

We are very proud to report that our 2nd quarter Balance Sheet reflects continued resilience.

- Our cash & cash equivalent position is \$83.6 million stronger;
- A 498% increase in Net Profits increased shareholder equity to J\$251.9 million;
- Net Debt now stands at J\$100.4 million, 50% down from December 2022

Balance Sheet	June 30 2023	June 30 2022	Change %
Current Asset	207,328,390	82,474,003	151%
Current Liabilities	63,802,123	26,660,621	139%
Cash + Cash Equivalents	141,205,979	57,643,362	145%
Non-Current Asset	345,022,430	11,452,736	2913%
Non-Current Liabilities	236,620,578	20,211,133	1071%
Shareholders' Equity	251,928,120	47,054,985	435%

Current Assets as at 30 June 2023 were \$207.33 million compared to \$82.47 million at the end of June 2022, an increase of \$124.85 million. This increase was primarily driven by an increase in Cash and Cash Equivalents of \$83.6 million along with an increase in accounts receivable of \$28.6 million.

### Funding Base: Strategic Capital Structuring

Our Current Assets can cover Current Liabilities more than 3 times and our Cash and Cash Equivalents cover Current Liabilities more than 2 times. We will continue to expertly manage our Cash resources to maximise shareholder value.

Non-Current Liabilities increased by \$216.4 million from \$20.2 million to \$236.6 million at the end of June 2023 compared to the same period last year. This increase was largely due to a loan that we received to finance the acquisition of the SEO business. Importantly, there was a significant reduction of \$50.7 million in that loan balance during Q2 2023. During this period, Barita also increased its equity position in 1GS through a share option agreement which resulted in Paid-In Capital increasing from \$110.6 million at the end of Q1 2023 to \$161.4 million at the end of Q2 2023. Post the successful close of our IPO in Q3 2023,

we intend to repay a large portion of our debt, consequently, both our profit and debt position are expected to improve.

Our capital structure has thus shifted through a few phases: Pre-Acquisition, Acquisition/pre-IPO, and within Q3 will be shifted into a post-IPO phase, subject to the successful close of our IPO in Q3 2023. Within each distinct phase, we strategically positioned our balance sheet, through structured funding, to allow us to:

- I. buy a high performing asset in HVSEO,
- II. complete what we expect to be the first IPO on the JSE for 2023 and
- III. reposition to a position of stronger resilience.

## **Dividends: Returning Value**

As stated in our IPO prospectus, the Directors intend to pursue a liberal dividend policy that projects an annual dividend of up to 30% of net profits available for distribution, subject to the need for reinvestment in the Company from time to time. During Q2 2023, the company declared a dividend for FY 2022 of 30% of net profits totalling \$8.4 million. This dividend was payable to shareholders on record as at the 31st December 2022. Subject to the needs of the company and opportunities within our pipeline, we intend to remain consistent in returning value, in cash, to our shareholders.

## **Subsequent Event: That Was One Great IPO!**

On September 19th 2023, our ordinary shares were listed on the Junior Market of the JSE. We became the 49th firm to be listed on the Junior market and the 101st company to list their ordinary shares on the entire exchange. We were aware of the market conditions within which we intended to list our company but were confident in the ability of our broker, Barita Investments Limited and key partners to navigate us through this process.

Our IPO was OVERSUBSCRIBED! As such, we successfully raised the offer amount of \$338.6 million before IPO related fees and, as per our prospectus, paid down our loan balance.

With significantly reduced debt, large cash and investments balance, the full focus of the team, and a strong pipeline of growth opportunities, we are bullish on our prospects for the future.

## **Looking Ahead: Laser Focused On Delivering More Value To All Shareholders**

We expect this quarterly performance to continue through the remainder of the year based on our current sales pipeline, existing contracts and projects. We are confident that we will meet our FY 2023 profit targets.

With the IPO behind us, our focus will now be on the execution of our medium term growth strategy, which involves recruiting key talent to support the company's sales and business development strategies. Upon the full integration of the SEO business line, along with cross-selling of current service offerings between new clients obtained from HVSEO, these will enable us to drive growth in our topline and bottom line. We also expect growth from the increased visibility and branding since successfully listing on the Jamaica Stock Exchange (JSE). This has made 1GS one of the most recognizable digital agencies domestically and regionally. Our growth strategy is multi-faceted to include Client Expansion, Geographic Expansion and Service Diversification.

Our industry remains highly dynamic, with continued shifts in consumer behaviour and technology advancements. We are committed to staying at the forefront of these changes by investing in research and development, enhancing our service offerings, and nurturing our talent pool. We will leverage emerging technology, along with innovate strategy and design, to enhance our service and offerings to deliver results for our clients.

SEO is becoming increasingly relevant and in high demand, especially in developed countries with large populations and robust e-commerce infrastructure. Organic traffic is essential and plays a key role in revenue generation for many businesses who earn money online. As search engines continue to change, businesses will need agencies like 1GS to help them navigate those changes to stay ahead of their competition. We have started to see increased interest in our SEO services both in Jamaica and the Caribbean. We are committed to harnessing these opportunities, capitalizing on emerging trends with our talented team, and delivering outstanding results to our clients.

The increasing demand for online visibility, combined with the ever-evolving digital landscape, positions us for continued growth as we are already market leaders in the region with significant potential for further expansion.

# THANK YOU!

We want to thank our One Great team members both locally and overseas for their hard work, long hours, and dedication to the continued success of 1GS. Tremendous thanks to our Board of Directors for their valuable guidance over the years. To our shareholders, thank you for your trust, and confidence in One Great Studio. To our clients, we are so grateful for your loyalty and look forward to GREAT years ahead.





**One Great Studio Company Limited**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
(expressed in Jamaican dollar unless otherwise stated)

	3 months ended 30 June		6 mths ended 30 June		Year Ended
	2023	2022	2023	2022	31-Dec-22
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	\$	\$	\$	\$	\$
<b>Revenue</b>	120,512,796	42,023,956	235,449,232	86,254,983	238,934,377
Cost of Sales	57,875,856	19,039,843	112,815,818	35,592,082	111,065,686
<b>Gross Profit</b>	<b>62,636,940</b>	<b>22,984,114</b>	<b>122,633,414</b>	<b>50,662,901</b>	<b>127,868,691</b>
Administrative and general expenses	19,707,723	13,948,103	40,704,019	27,811,400	67,212,500
<b>Operating Profit</b>	<b>42,929,217</b>	<b>9,036,011</b>	<b>81,929,395</b>	<b>22,851,501</b>	<b>60,656,191</b>
Acquisition costs		1,722,590	-	1,722,590	10,104,045
Other Income	1,280,333	(400,124)	2,214,292	(471,707)	2,642,395
<b>EBITDA</b>	<b>44,209,550</b>	<b>6,913,296</b>	<b>84,143,687</b>	<b>20,657,203</b>	<b>53,194,541</b>
Depreciation and amortization	2,148,365	564,222	4,276,087	1,128,445	5,433,831
Interest expense	9,511,236	580,531	18,800,225	580,531	12,294,207
<b>Profit before taxation</b>	<b>32,549,949</b>	<b>5,768,543</b>	<b>61,067,375</b>	<b>18,948,228</b>	<b>35,466,503</b>
Taxation charge	5,408,193	1,230,471	10,933,747	4,041,792	7,565,259
<b>Net Profit for the period</b>	<b>27,141,756</b>	<b>4,538,072</b>	<b>50,133,628</b>	<b>14,906,435</b>	<b>27,901,244</b>
Other comprehensive income:					
<b>Items that will never be reclassified to profit or loss:</b>					
FX translation gain (loss) on foreign subsidiaries	1,475,739	-	23,434	450,388	(5,003,765)
<b>Total comprehensive income for the period</b>	<b>28,617,495</b>	<b>4,538,072</b>	<b>50,157,062</b>	<b>15,356,823</b>	<b>22,897,479</b>

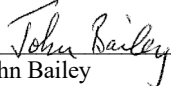
# One Great Studio Company Limited


## Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollar unless otherwise stated)

	30-Jun-23 Unaudited \$	30-Jun-22 Unaudited \$	Year Ended 31-Dec-22 Audited \$
<b>Assets</b>			
<b>Non- Current Assets</b>			
Property, plant and equipment	6,148,551	8,312,427	7,371,053
Intangible assets	338,441,678	1,059,537	339,887,675
Right-of-use asset	-	1,944,690	665,127
Deferred tax asset	432,201	136,082	513,847
	<b>345,022,430</b>	<b>11,452,736</b>	<b>348,437,702</b>
<b>Current Assets</b>			
Cash and cash equivalents	141,205,979	57,643,362	86,139,406
Trade receivables	53,127,762	24,582,336	42,371,213
Other receivable	12,994,648	248,306	1,130,364
	<b>207,328,390</b>	<b>82,474,003</b>	<b>129,640,983</b>
<b>Total Assets</b>	<b>552,350,821</b>	<b>93,926,739</b>	<b>478,078,685</b>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Share capital	23,501	17,000	21,738
Paid in capital	161,349,059	-	110,632,408
Accumulated Surplus	90,555,559	47,037,985	48,768,871
	<b>251,928,120</b>	<b>47,054,985</b>	<b>159,423,017</b>
<b>Non-Current Liabilities</b>			
Long term loan	236,620,578	18,986,443	281,742,697
Lease Liability	-	1,224,690	665,127
	<b>236,620,578</b>	<b>20,211,133</b>	<b>282,407,824</b>
<b>Current Liabilities</b>			
Current portion of long term loan	4,992,134	4,657,423	5,134,433
Accrued statutory liabilities	1,853,102	1,898,571	2,626,207
Accounts payable	18,550,283	195,281	7,360,523
Interest payable	1,942,970	-	2,193,281
Taxation Payable	6,895,281	3,728,884	5,612,974
Audit fees payables	1,781,233	350,000	2,253,985
Credit card payables	15,738,861	5,506,613	8,149,432
Other payables	12,048,259	10,323,847	2,917,008
	<b>63,802,123</b>	<b>26,660,621</b>	<b>36,247,844</b>
<b>Total Equity and Liabilities</b>	<b>552,350,821</b>	<b>93,926,739</b>	<b>478,078,685</b>

Approved for issue by the Board of Directors on September 8, 2023 and signed on it's behalf by:

  
John Bailey  
Chairman

  
Djuvane Browne  
Director

# One Great Studio Company Limited

## Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollar unless otherwise stated)

	6 months ended 30 June		Year Ended
	2023	2022	31-Dec-22
	Unaudited \$	Unaudited \$	Audited \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit after taxation	50,133,628	14,906,435	27,901,244
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	1,379,923	1,128,445	2,650,127
Depreciation on right-of-use asset	665,127	-	1,279,563
Amortisation on intellectual property	1,445,997	-	944,362
Amortisation on debt cost	785,040	-	560,742
Unrealised loss on foreign exchange	(399,981)	480,744	1,281,765
Bad debt (expected credit loss)	3,531,739	(1,288,047)	35,985
Deferred taxation	81,645	-	(377,764)
Income tax charge	10,852,102	4,041,792	7,943,023
Translation (loss) / gain	23,434	450,393	(5,003,765)
Interest income	(1,814,311)	(9,037)	(850,712)
Interest expense on right-of-use-asset	54,873	-	160,437
Interest expense on loan	18,745,352	262,829	12,133,770
	85,484,569	19,973,554	48,658,777
Increase in operating assets:			
Trade and other receivables	(26,008,962)	(7,789,819)	(27,309,592)
Increase / (decrease) in operating liabilities:			
Trade and other payables	18,294,210	9,241,660	14,259,344
Cash flows provided by operating activities	77,769,816	21,425,395	35,608,529
Taxation paid	(9,569,796)	(2,755,191)	(4,772,332)
Net cash provided by operating activities	68,200,021	18,670,204	30,836,197
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income received	1,670,700	9,037	375,518
Acquisition of intangible assets	-	-	(339,772,500)
Acquisition of property, plant and equipment	(157,421)	(1,869,309)	(2,449,617)
Net cash used in investing activities	1,513,279	(1,860,272)	(341,846,599)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease obligations	(720,000)	(720,000)	(1,440,000)
Loan interest paid	(12,003,244)	(277,987)	(6,565,489)
Proceeds from long-term loans	-	16,000,000	285,671,730
Debt issue cost unamortised	-	-	(8,411,129)
Additional paid-in capital	-	-	110,632,408
Dividends paid	-	-	(5,809,770)
Repayment of long-term loans	(2,323,463)	(520,853)	(2,483,928)
Additional share capital issued	-	7,000	11,738
Net cash (used in) / provided by financing activities	(15,046,707)	14,488,161	371,605,560
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	54,666,593	31,298,093	60,595,158
Net effect of foreign exchange movement on cash and cash equivalent	399,980	(480,744)	(1,281,765)
<b>CASH AND CASH EQUIVALENTS - Beginning of the year</b>	86,139,406	26,826,013	26,826,013
<b>CASH AND CASH EQUIVALENTS - End of the period</b>	141,205,979	57,643,362	86,139,406

# One Great Studio Company Limited

## Statement of Changes in Equity (Unaudited)

(expressed in Jamaican dollar unless otherwise stated)

	Attributable to Shareholders of the Company			
	Share Capital	Paid in Capital	Accumulated Surplus	Total
	\$	\$	\$	\$
Balance at December 31, 2021	10,000	-	31,681,162	31,691,162
Additional shares issued during the year	11,738	-	-	11,738
Additional paid-in capital during the year	-	110,632,408	-	110,632,408
Dividends paid	-	-	(5,809,770)	(5,809,770)
Net profit, being total comprehensive income for the year			22,897,479	22,897,479
Balance at December 31, 2022	21,738	110,632,408	48,768,871	159,423,017
Additional shares issued during the period	1,763	-	-	1,763
Additional paid-in capital during the period	-	50,716,651	-	50,716,651
Dividends declared	-	-	(8,370,373)	(8,370,373)
Other comprehensive income for the period:				
Currency translation gain on foreign subsidiary	-	-	23,434	23,434
Net profit, being total comprehensive income for the period	-	-	50,133,628	50,133,628
Closing Balance 30 June 2023	<b>23,501</b>	<b>161,349,059</b>	<b>90,555,559</b>	<b>251,928,120</b>

# One Great Studio Company Limited

## Notes To The Consolidated Financial Statements

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### 1. Identification

One Great Studio Company Limited (the “Company”) is a limited liability company duly incorporated under the Jamaican Companies Act (the “Act”).

The Company is domiciled in Jamaica with its registered office at 32 Lady Musgrave Road, Kingston 6. The Company has three (3) subsidiaries, One Great Studio, LLC, Snapay Limited and High Voltage Digital, LLC (“Subsidiaries”).

One Great Studio, LLC is registered and domiciled in Florida with its office located at 123 SE 3rd Avenue, Suite #468, Miami, FL 33131.

Snapay Limited is domiciled in Jamaica with its registered office at 32 Lady Musgrave Road, Kingston 6. High Voltage Digital, LLC is registered and domiciled in Wyoming with its office located at 309 Coffen Avenue, Suite #1200, Sheridan, WY 82801.

The Company and its Subsidiaries are collectively referred to as the “Group”.

The principal activities of the Group are to provide search engine optimisation, web design and development and software development services.

### 2. Statement Of Compliance And Basis Of Preparation

#### (a) Statement of Compliance

The Group’s financial statements have been prepared in accordance and comply with International Financial Reporting Standards (“IFRS”) and the relevant requirements of the Act.

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS and the Act requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year then ended. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

### 3. Non-Cash Transaction

During the quarter ending June 30, 2023, Barita Investments Limited exercised their share option agreement to purchase additional shares in One Great Studio Company Limited. On the same day, One Great Studio Company Limited exercised their option to pay down the existing loan with Barita Investment Limited. Both transactions were settled without any movement of cash between the two companies.

## Top Ten Largest Shareholders as at June 30, 2023

Shareholder	Number of Shares
QVRFL Holdings Limited <sup>1</sup>	506,216,988
EZ4712 Holdings Limited <sup>2</sup>	339,994,764
Barita Investments Limited	132,908,616
Young Tigers Holdings Limited	71,411,004
GoGo Search Ventures Limited	68,875,020
Operor Auctus Limited	48,817,692
Marc & Cheyenne-Kari Gayle	31,987,980
Jorden Investments Limited	28,818,000
Nicholas & Ruth Browne	25,417,476
AHL (SPV) OGS Limited	24,783,480
<b>Total</b>	<b>1,279,231,020</b>

<sup>1</sup> The legal and beneficial owners of QVRFL Holdings Limited are Djuvane Browne and Rachel Browne.

<sup>2</sup> The legal and beneficial owner of EZ4712 Holdings Limited is Gina DeLisser.

## Directors' and Management Team's interests in Ordinary Shares as at June 30, 2023

Name	Number of Shares
Djuvane Browne*	506,216,988
Rachel Browne*	506,216,988
Gina DeLisser*	339,994,764
John Bailey*	28,818,000
Simone Bowie Jones	23,054,400
Marc Ramsay*	48,817,692
Jacqueline Sharp	-
Robert Evelyn*	71,411,004
Laurian Evelyn*	71,411,004
Antoinette Hamilton	
Hannah Newland	
Keezia Allen	
Julia Munder	
Laura Klien	
Adam Truskowski	
Luka Dubretic	

\*While shares are not held by these persons in their individual capacity, these persons are beneficial owners of shares held via other entities.