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Zacks Small-Cap Research

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Genius Grp Ltd (GNS-NYSE)

GNS: Impressive vision for education continues to yield benefits.

GNS in an online education company the is attempting to make the online learning experience better. The company continues to grow revenues and increase student numbers.

Current Price (11/29/22)	$0.49
Valuation	**$19.00**

OUTLOOK

Genius Group is on a mission to change the way people experience online education by making it more about the student. Through technology, vision, and a unique approach, Genius is bringing AI-involved learning to the masses.

Genius released results through 3Q and again showed rapid growth in revenues and improved margins. The company plans to continue growth internally through partners and converting free students into paying students, while also continuing to integrate recent acquisitions.

SUMMARY DATA

52-Week High	**$30.50**
52-Week Low	**$0.45**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**149,715**
Shares Outstanding (mil)	**22**
Market Capitalization ($mil)	**$10**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**N/A**
P/E using 2023 Estimate	**24.3**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small-Value**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	N/A	N/A	N/A	N/A	$7.6A
2021	N/A	N/A	N/A	N/A	$12.8A
2022	N/A	N/A	N/A	$11.0E	$38.0E
2023	$9.5E	$10.5E	$10.5E	$10.7E	$41.2E

Earnings

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	N/A	N/A	N/A	N/A	-$0.25
2021	N/A	N/A	N/A	N/A	-$0.28
2022	N/A	N/A	N/A	$0.02E	-$0.07E
2023	$0.02E	$0.03E	$0.03E	$0.04E	$0.12E

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Update

Genius Group continues to make strides toward providing a complete and revolutionary online education experience and the recent 3Q update bolstered our enthusiasm for GNS. The company outlined its plans to launch a virtual reality campus that will be divided into six different campuses organized by educational type. The plan is for each campus to be self-sustaining with its own community, mentors, contents, etc., while also being integrated into the overall metaverse of Genius. We believe that this will allow students to benefit from a community atmosphere, which will make them more likely to stick with the program, while also providing for more word-of-mouth opportunities from students who feel like they've found their niche, instead of being stuck in a huge, homogeneous online system.

We also have a soft spot for entrepreneurs and believe that those people are vital to the progress of America. We were pleased to see Genius continue to focus on the entrepreneurial community and provide improved resources to the group. Genius announced that they upgraded one of their main products, known as Wealth Dynamics, which is designed to help people discover what kind of entrepreneur they are, which will lead to them having a better understanding of how to grow their business.

Management also highlighted the company's focus on "partners." This group provides content and curriculum to Genius students, while allowing Genius to profit off of the increased student numbers associated with the partners. This year the company has gone from having around 37,000 paying students associated with 10,000 partners at the beginning of the year to over 165,000 students associated with 12,00 partners—a growth trend that we believe is very beneficial as it has a low cost and high potential benefit.

The company also provided operational and financial highlights (as of September 30, 2022):

- The number of students grew to 3.01 million, which represents a 17% annualized growth rate.
- Paying students grew at a 14% annualized rate to 41,282, while on a pro forma basis, Genesis had 167,915 paying students.
- Revenue for the first nine months of 2022 grew to $14.42 million, a 61% increase from the same period a year ago, while on a pro forma basis revenue was $24.67 million.
- Margins, which are a key metric that we look at, improved to almost 34% from 32.95% a year ago.
- Cash improved from $1.78 million to end 2021 to $8.97 million as of the end of the period.
- The company maintained its 2022 pro forma revenue guidance of $35.0-$38.0 million—in line with our estimate of $38 million.

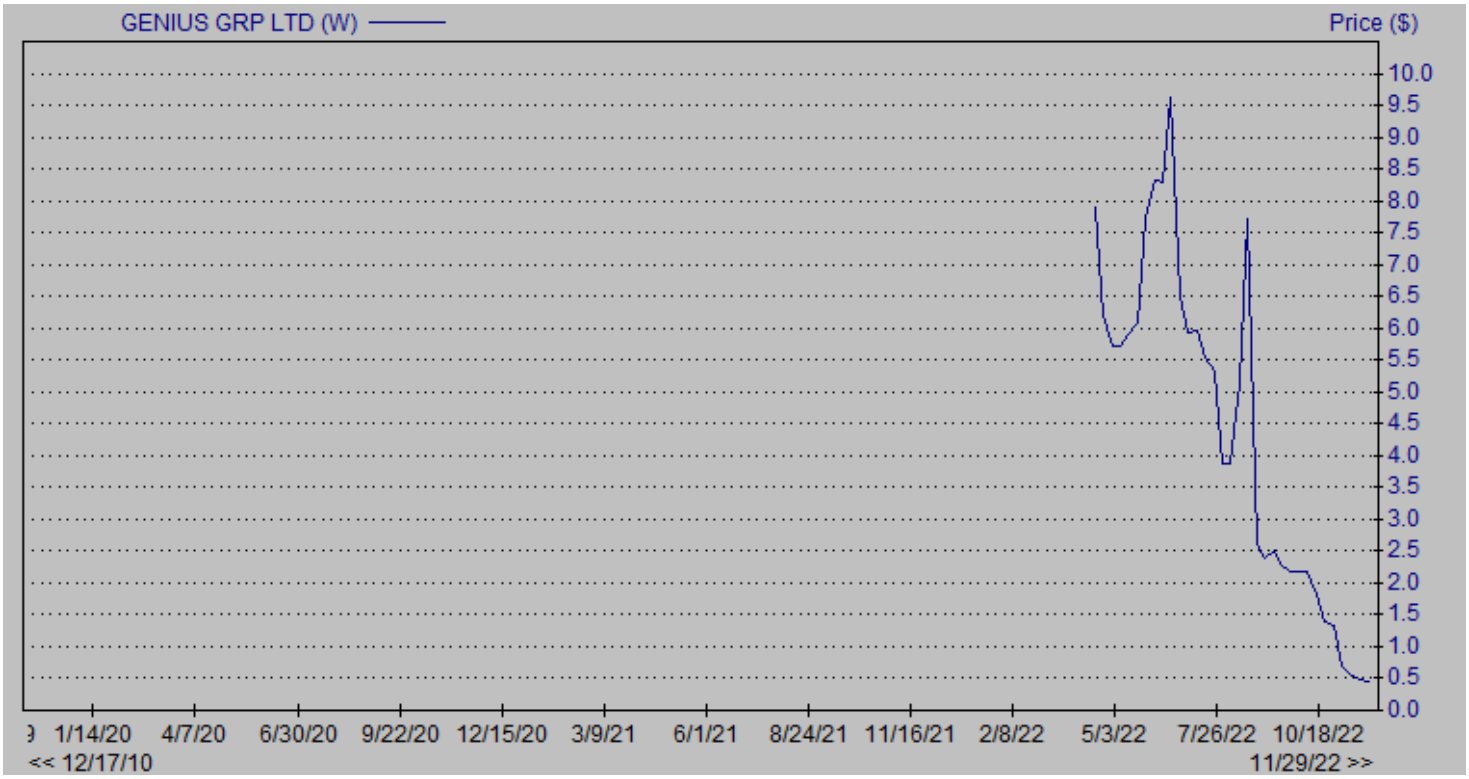
Management also discussed the further integration of the recent acquisitions into the company and we were pleased to hear that the company plans to allow the acquired companies to largely operate as they had been, but integrated into the Genius ecosystem and benefitting from the resources Genius can offer.

We view these results as further evidence that Genius is making great progress in achieving their goal of providing a completely different and better online education experience and continue to be impressed with the vision and execution of management. As Genius gains more satisfied students, which they are getting by continuing to invest in the experience and offerings for students, the vital

word-of-mouth component should expand, providing more paying students at a relatively low marginal cost—a business model we believe will be successful.

Due to the vision and execution Genius continues to show, we believe that GNS is undervalued and worth a look by investors looking for a growth company with a vision to change education.

HISTORICAL STOCK PRICE



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