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Zacks Small-Cap Research

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Genius Grp Ltd (GNS-NYSE)

GNS: Raises revenue guidance and taking action against stock price manipulation.

GNS in an online education company the is attempting to make the online learning experience better. Using discounted cash flow analysis and discount rate of 11%, we arrive at a valuation on $19.20.

Current Price (01/20/23)	$3.24
Valuation	**$19.20**

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 raised its 2023 revenue guidance to $48-52 million on an increase in students. Additionally, the company is taking firm action to attempt to limit manipulation of its stock price.

SUMMARY DATA

52-Week High	**$30.50**
52-Week Low	**$0.32**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**26,407,576**
Shares Outstanding (mil)	**22**
Market Capitalization ($mil)	**$70**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**51**
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	**108.0**
P/E using 2023 Estimate	**15.8**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**N/A**
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	$9.5E	$10.5E	$11.0E	$38.0E
2023	$12.0E	$12.0E	$13.0E	$13.0E	$50.0E

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	-$0.10E	$0.01E	$0.02E	-$0.07E
2023	$0.01E	$0.01E	$0.01E	$0.01E	$0.04E

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Update

Genius Group continues to grow their business and recently raised their revenue guidance for 2023. To us, this continues to illustrate the positive momentum the cutting-edge entrepreneurial education company has and reinforces our belief that GNS is a stock worth a look by investors. Additionally, we believe that the downturn in overall global economic growth that we've seen recently and is likely to continue helps to bolster the prospects for Genuis group. As economic conditions worsen, and the labor market tightens, which is a clear objective of the Federal Reserve, people often look to educational improvements in order to advance their situation. And a company such as Genius, which provides an innovative experience designed to engage the student is one that should disproportionately benefit from such a move in our view.

As mentioned, the company issued 2023 guidance for several numerical metrics:

- 2023 revenue is expected to grow to $48-52 million, up 37% from the $35-38 million 2022 pro forma guidance.

- The number of students the company expects to have in 2023 rises to 5.7-6.0 million from the 4.4-4.6 million guided to in 2022.

- The company also expects 2023 adjusted EBITDA to be in the range of $0.5-1.0 million.

Management also updated the integration of the company's recent acquisitions and noted that continue the process and believe that those acquisitions will contribute positively to the 2023 results.

On another subject, Genius has been involved in investigating the potential for illegal manipulation occurring in the company's stock price, resulting in depressing the price artificially. The initial investigation appeared to garner enough evidence to move on to the next step, which involves several moves by the Genius board:

- The company announced that it is advancing to the next stage of the legal process and is exploring legal action against anyone reasonably believed to be involved in market manipulation of GNS stock.

- The board announced plans to pay a special dividend to all shareholders. The company hopes that by doing this those who have participated in market manipulation of the stock may be exposed.
    - Details of the special dividend will be announced at a later date.

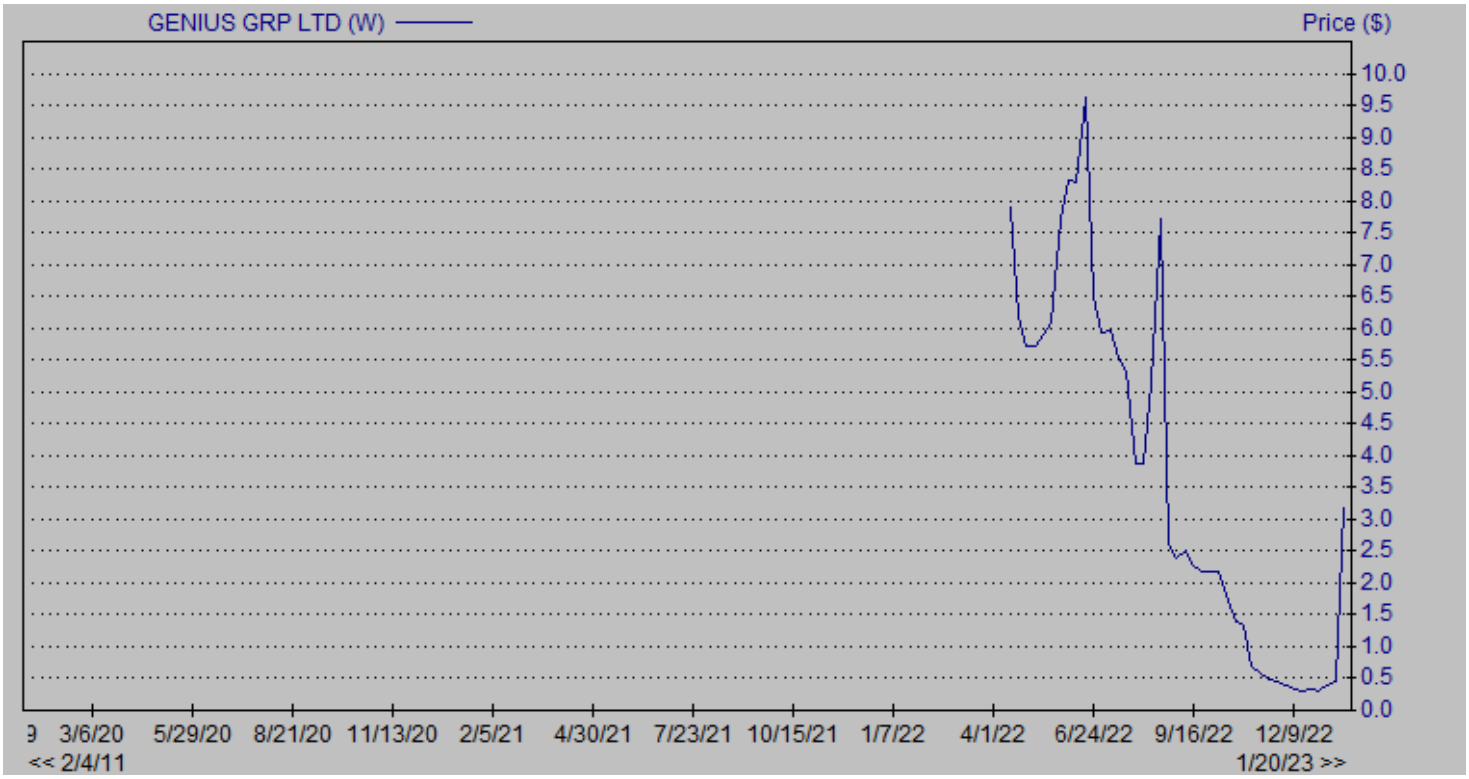
- The company is also exploring the possibility of a dual listing.

We aren't going to opine much on this situation as it is still in the legal pipeline and investigation are continuing but we will say that we wholeheartedly support any efforts to dissuade market manipulation and believe that the efforts by Genius management will ultimately benefit shareholders, which we've already seen evidence of in a very short time frame—further bolstering the case for investing in GNS stock in our view.

PROJECTED INCOME STATEMENT

Genius Group Income Statement						
		2020A	**2021A**	**2022E**	**2023E**	**2024E**
Revenue		7,633,776	12,778,262	38,000,000	50,000,000	60,000,000
	Cost of revenue	(4,134,108)	(10,020,804)	(26,600,000)	(35,500,000)	(42,000,000)
	Gross profit	3,499,668	2,757,458	11,400,000	14,500,000	18,000,000
Operating (Expenses)/Income						
	General and administrative	(6,151,221)	(7,211,204)	(12,110,000)	(12,715,500)	(13,351,275)
	Depreciation and amoritazation	(40,906)	(38,864)	(342,003)	(376,204)	(413,824)
	Other operating income	11,610	324,126	0	0	0
	Total operating (expenses)/income	(6,180,517)	(6,925,942)	(12,452,003)	(13,091,704)	(13,765,099)
Gain/(loss) from Operations		(2,680,849)	(4,168,484)	(1,052,003)	1,408,296	4,234,901
(Expense)/Income						
	Interest expense, net	(853,983)	(449,566)	(494,523)	(543,975)	(598,372)
	Other income	411,763	0	0	0	0
	Total other income/(expense)	(442,220)	(449,566)	(494,523)	(543,975)	(598,372)
	Loss Before Income Tax	(3,123,069)	(4,618,050)	(1,546,526)	864,322	3,636,529
	Income Tax Benefit (Expense)	(69,245)	128,852	0	0	0
	Net Loss	(3,192,314)	(4,489,198)	(1,546,526)	864,322	3,636,529
Earnings (loss) per share from cont. operations		($0.25)	($0.28)	($0.07)	$0.04	$0.16
Wtd Avg Number of Shares Outstanding		12,575,605	16,155,812	22,500,000	22,950,000	23,409,000

HISTORICAL STOCK PRICE



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