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Zacks Small-Cap Research

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Genius Grp Ltd (GNS-NYSE)

GNS: Rough Waters Lead to Greater Focus

GNS in an online education company and is attempting revolutionize the online learning experience. Using discounted cash flow analysis and discount rate of 10%, we arrive at a valuation on $6.00.

Current Price (08/16/23)	$1.43
Valuation	**$6.00**

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 has had several bumps along the road this year, including receiving a warning letter from the NYSE. We believe the spinoff of Entrepreneur Resorts and a slap on the wrist from the NYSE will lead to greater focus for the talented management team at Genius.

SUMMARY DATA

52-Week High	**$8.51**
52-Week Low	**$0.32**
One-Year Return (%)	**-77.59**
Beta	**16.46**
Average Daily Volume (sh)	**12,856,373**
Shares Outstanding (mil)	**64**
Market Capitalization ($mil)	**$91**
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 2023 Estimate	**N/A**
P/E using 2024 Estimate	**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	N/A	N/A	N/A	$18.2A
2023	$12.0E	$12.0E	$12.0E	$12.0E	$48.0E

Earnings

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	N/A	N/A	N/A	N/A	-$0.25A
2021	N/A	N/A	N/A	N/A	-$0.28A
2022	N/A	N/A	N/A	N/A	-$2.44A
2023	-$0.20E	-$0.21E	-$0.20E	-$0.21E	-$0.82E

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Update

Genius Group is a company on the cutting edge of technology and one that we believe has the vision needed to move education into the 21st century and provide current and future learners the environment necessary to achieve the goals those students have set. Education has been stuck in the past, while students and the rest of the world has moved into a more online, AI-fueled, flexible, often seamless lifestyle. We believe Genius is at the cutting edge of moving into that environment and providing an educational environment students used to that kind of lifestyle can succeed in.

Signs that the Genius approach is working and meeting students where they are include over 100% revenue growth y/y in 2022 and the number of paying students increasing by approximately 130% y/y.

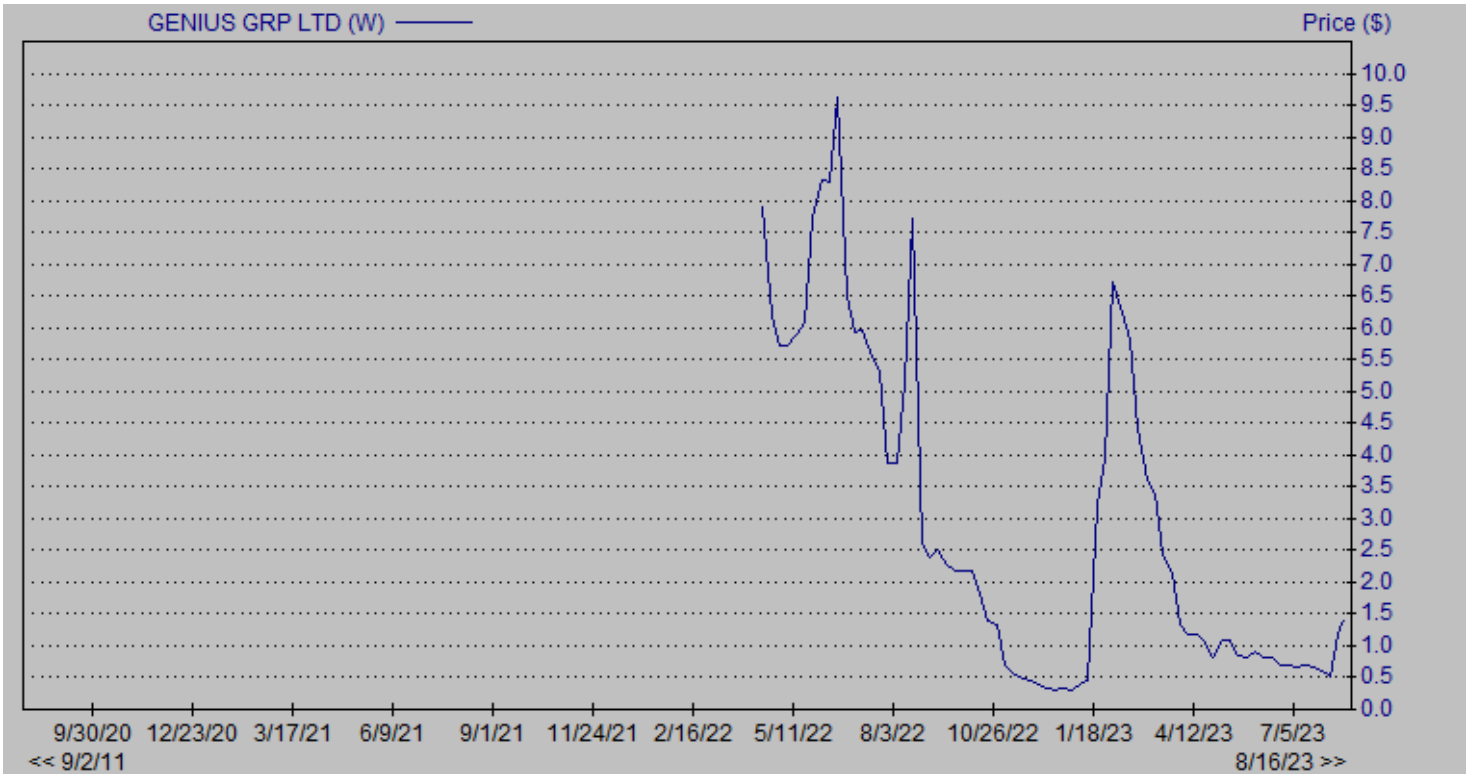
Unfortunately, we also believe that Genius management has had its attention divided among various other items that are not core to the success of Genius. The company has engaged in a fight against what it viewed as improper manipulation of its stock price. We certainly oppose any manipulation of stock prices and don't blame management for taking up this fight as they truly believed such action was occurring but also have little doubt that the fight against manipulation took time away from management's focus on core operations. Additionally, the company received a warning letter from the NYSE regarding some of the social media posts that were coming from management. Again, we don't believe this was a serious problem, but, to us, spoke to a lack of focus by management. Finally, Genius has been dealing with the spinoff of Entrepreneur Resorts for the balance of the year, with the company recently announcing the Singapore has approved the spinoff and shareholders of record as of August 31, 2023 will receive shares of the spun off company.

However, we believe these bumps in the road, and the spinning off of a non-core business unit, has resulted in a talented management team that has renewed focus on the core mission of Genius. The shareholder disputes have been largely settled and the company has been much more disciplined about any public pronouncements being made. Further, the acquisitions that Genius has made over the last couple of years are now being fully integrated into the Genius platform, allowing leadership to better focus on growing the full business instead of integrating various parts of the business. Additionally, the company recently received a bridge loan of $3.2 million that we believe will give the company the funding and flexibility it needs to grow organically and continue to look for acquisitions that may add to the Genius Group value proposition.

Putting all of those things together renews our belief in the leadership of Genius Group and the future growth of the company. We believe we'll see exciting new initiatives and plans for further growth in the near future and are excited to see how the stock can perform now that some of the "shackles" have been removed.

We continue to believe that Genius is transforming the educational process and preparing students for the 21st century economy that is developing. We suggest investors with a slightly higher risk tolerance take a look at GNS. We believe GNS is underpriced and that accelerating student growth will propel the stock forward in the foreseeable future.

HISTORICAL STOCK PRICE



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