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Zacks Small-Cap Research

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Genius Group Ltd (GNS-NYSE)

GNS: Accelerating Revenue Growth and Expanding Margins

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 of $5.00.

Current Price (09/28/23)	$0.94
Valuation	**$5.00**

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 reported its first half 2023 results and showed that revenues increased by over 100% vs. a year ago, while the gross margin percentage expanded by over 10% vs. 2022 to over 52%.

SUMMARY DATA

52-Week High	**$7.09**
52-Week Low	**$0.32**
One-Year Return (%)	**-57.26**
Beta	**16.26**
Average Daily Volume (sh)	**4,461,723**
Shares Outstanding (mil)	**73**
Market Capitalization ($mil)	**$69**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**3**
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	**Medium**
Type of Stock	**N/A**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	H1 (Jun)	H2 (Dec)	Year (Dec)
2021	N/A	N/A	$12.8A
2022	N/A	N/A	$18.2A
2023	$11.8A	$15.0E	$26.8E
2024	$17.0E	$18.0E	$35.0E

Earnings per share

	H1 (Jun)	H2 (Dec)	Year (Dec)
2021	N/A	N/A	-$0.28A
2022	N/A	N/A	-$2.44A
2023	-$0.32E	-$0.21E	-$0.53E
2024	-$0.20E	-$0.15E	-$0.35E

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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.

Genius released its first half 2023 financial results and issued guidance for the rest of the year. This is the first release since the spinoff of Entrepreneur Resorts and showed good revenue growth, improving margins and noted its commitment to cutting costs. We have noted in previous reports that Genius has spent considerable time and resources on what the company describes as protecting shareholder rights. We have noted multiple times that we stand behind the rights of shareholders but offer no opinion on whether GNS was being manipulated. Nonetheless, we are glad to see that the company is committed to cutting costs, which we assume will begin with cutting the amount the company spends on shareholder right issues.

We are pleased to see these developments because the company has proven to us that it has the ability to grow revenues and student counts at a rapid rate and the more that management can focus on those goals, the better off the company will be in our view. The company reported excellent 1st half 2023 results such as:

- First half revenue grew 120.76% over the year ago first half to $11.8 million, while pro forma revenue, which excludes the spin off referenced above, was $9.0 million.
- Gross margin for the company improved to 52.58%, which is over a 10% improvement over the year ago period.
- Student and user growth was reported at 21% to 5.4 million students compared to 4.5 million at the end of 2022.
- Paying students grew by 4% from the end of 2022.
- The company improved its balance sheet by reducing the amount owed on the convertible debt by roughly $4 million.
- The company adjusted its forward guidance to reflect the spinoff and now expects revenues of $26-29 million for the full year 2023, which would represent solid growth from the $18.2 million seen in 2022.
- The company expects student growth to 5.7 –6.0 million students.

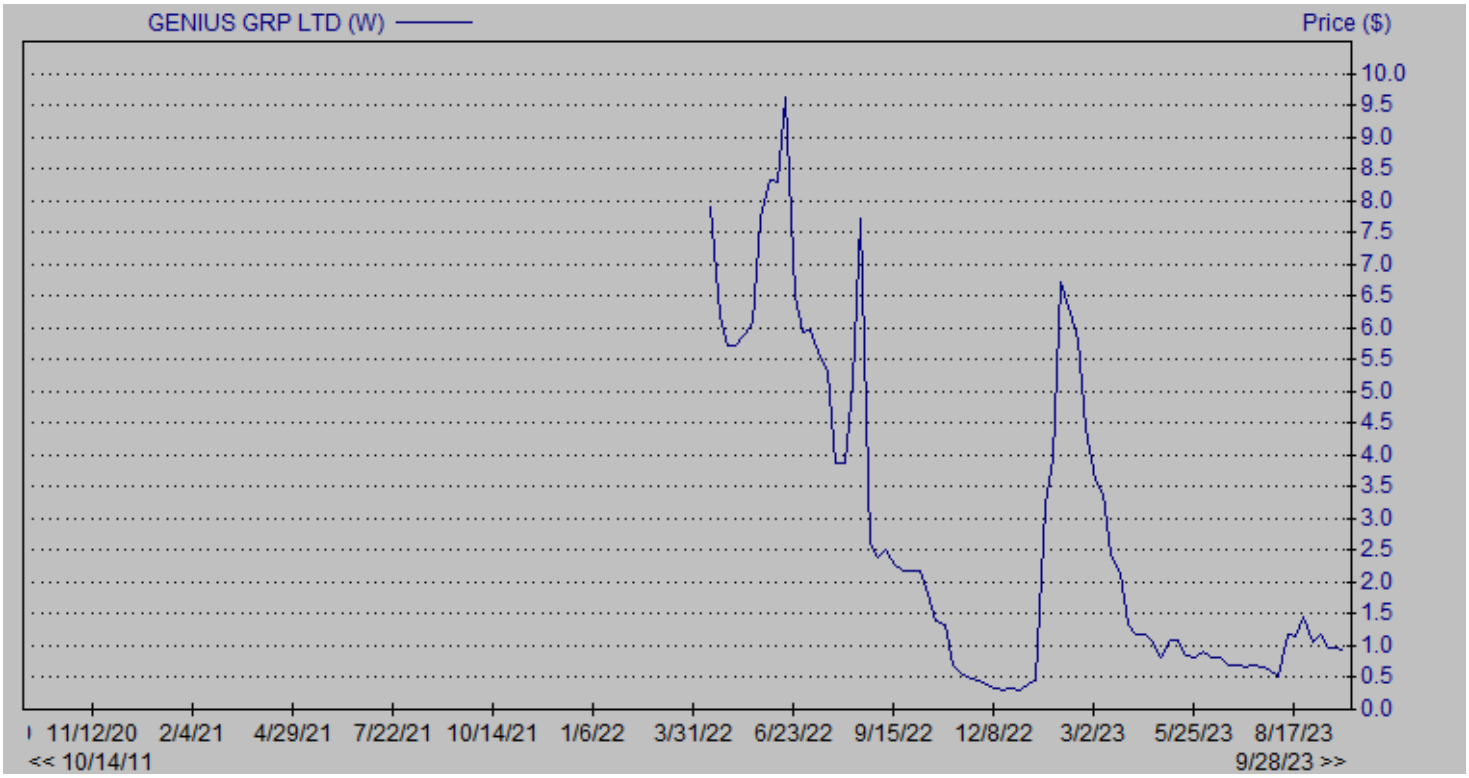
Genius continues to be at the cutting edge of technology and announced a partnership with Groove digital to deliver AI powered tools to Genius partners and faculty. This is another example of why we believe Genius is the educational platform that will continue to grow student use and attract faculty who are interested in developing future leaders.

Due to the spinoff and the delay of some projects, we are reducing our valuation of GNS from $6.00 to $5.00 per share. This should not be viewed as a negative view on GNS as we believe more than ever that Genius is in the process of transforming education and will see rapid student growth, but simply an adjustment to reflect a change in the business structure.

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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