

Genius Group Limited — Genius Group Reports Strong 2023 Financial Growth with 150% Pro Forma Revenue Increase and Expands Global AI Education Network

Genius Group Limited (NYSE: GNS)

Share Price: \$0.28

Valuation: \$2.25



Key Statistics

52 Week Range	\$0.24 – \$2.48
Avg. Volume (3 months)	3.44M
Shares Outstanding	197.08M
Market Capitalization	\$54.20M
EV/Revenue	2.5x
Cash Balance*	\$1.3M
Analyst Coverage	1

*Cash balance as of December 2023 (exclusive of recent warrants exercise and capital raise)

Revenue (in \$mm)

Dec - FY	2023A	2024E	2025E
H1	11.80	38.47	65.22
H2	11.26	64.65	68.74
FY	23.06	103.12	133.96

EPS (in \$)

Dec – FY	2023A	2024E	2025E
H1	(0.32)	(0.03)	0.03
H2	0.22	0.03	0.05
FY	(0.10)	0.00	0.08

Stock Price Chart (in \$)



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Investment Highlights

- Genius Group’s Pro Forma Revenue Increases 150% in 2023, Management Reaffirms \$105 Million Guidance for 2024** - Genius Group reported robust financial performance for the year ended December 31, 2023, achieving a 27% increase in total revenue, reaching \$23.1 million compared to \$18.2 million in 2022. This growth was driven by a 37% increase in education revenue supported by a 24% rise in the student and user base to 5.5 million, along with a marked improvement in the conversion rate to 3.19% in 2023 from 1.20% in the prior year. Moreover, the pro forma revenue, which includes contributions from the recent acquisition of FatBrain AI and excludes the spun-off ERL, increased by 150% to \$70.4 million compared to \$28.1 million in 2022. Gross profit increased to \$11.9 million in 2023 compared to \$8.6 million in the previous year. This growth has been the result of an increase in revenues and an expansion in gross margins. Operating expenses decreased to \$48.0 million from \$50.9 million, primarily due to reduced impairments. However, general and administrative expenses, which constitute a significant portion of total operating expenses, increased to \$29.9 million in 2023, up from \$21.07 million in 2022. The net loss after tax decreased by 90% to \$5.7 million, with a further reduction to \$0.8 million on a pro forma basis. Operating cash burn increased to \$12.41 million in 2023, up from \$7.42 million in 2022. Meanwhile, cash and cash equivalents stood at approximately \$1.3 million. The management remains optimistic and has reiterated its previous proforma revenue guidance of at least \$105 million for 2024.
- Genius Group Announces Warrant Exercises and Issues New Series to Raise \$3.8 Million** - In May 2024, Genius Group announced definitive agreements for the immediate exercise of Series 2024-C warrants, resulting in the issuance of up to 10,950,451 ordinary shares at \$0.35 each. This transaction is expected to generate gross proceeds of approximately \$3.8 million, before deducting fees and expenses. Concurrently, the company launched new Series 2024-D and Series 2024-E warrants, which also permit the purchase of ordinary shares at the same price. The funds raised through these transactions are earmarked to support general corporate requirements, including working capital, operating expenses, debt repayment, and the enhancement of acquired assets. With this warrant exercise and capital raise, the company’s estimated cash and cash equivalents suggests sufficient financial runway.
- Valuation** - The company’s strategic initiatives and acquisitions are pivotal in driving sustainable growth and enhancing its market position. The acquisition of FatBrain AI and the pending OpenExO transaction has accelerated its plans to build a global AI education and acceleration network. Leveraging its AI-powered Edtech platform, GeniusU is expanding its offerings with in-demand AI training and tools designed to drive future economies. Additionally, the introduction of the Genius City Model in locations such as Singapore, Dubai, and Abu Dhabi aim to provide localized AI education ecosystems, complete with personalized AI avatars and assistants. These strategic initiatives are expected to result in improved growth and profitability, thereby creating potential shareholder value and underscoring the company’s strong growth potential. We have revised our valuation model to reflect the latest financial results and outstanding shares, along with a reassessment of the comparable company analysis. These updates have led to a valuation of \$2.25 per share, contingent upon the company’s successful execution of its strategic initiatives.

Company Description

Genius Group (NYSE: GNS) is a Singapore-based EdTech and education company engaged in providing educational services in over 200 countries. It aims to develop an AI-powered lifelong learning curriculum and make its educational products accessible worldwide to all age groups

- **Genius Group Acquires FatBrain AI to Expand AI Education Offerings, Targeting Significant Growth Potential** - Genius Group Limited and FatBrain AI have completed a strategic acquisition to form an AI-powered Education and Acceleration group aimed at fostering AI ecosystems for a diverse clientele including entrepreneurs, enterprises, governments, and students. This acquisition, executed as an all-share transaction, integrates Genius Group's AI-driven ed-tech platform with FatBrain AI's sector-specific SaaS solutions.

 - **Operational Synergies and Strategic Initiatives:** The newly formed entity will promote a 'Genius City' growth model, which involves creating AI-driven educational ecosystems globally. These systems are tailored to upskill individuals in AI and exponential technologies through a structured educational approach spanning from primary education to master's degree programs, including in-person and virtual learning environments. The operational structure spans four key demographics: students (B2S), entrepreneurs (B2C), enterprises (B2B), and governments (B2G), each benefiting from specialized AI camps, accelerators, upskilling courses, and comprehensive educational systems.
 - **Market Position and Future Outlook:** The transaction positions Genius Group notably within the edtech industry, with comparative price/revenue multiples significantly lower than peers like Udemy, Coursera, and Duolingo, suggesting potential upside for the company's valuation if the company executes on its objectives. The company aims to launch 100 Genius Cities, impact 100 million customers and students, and potentially achieve \$1 billion in annual revenues within the next decade, reflecting a bold and ambitious growth trajectory. This acquisition reflects a strategic alignment of products and services to enhance educational and entrepreneurial capabilities in the age of AI, indicating substantial financial growth and market expansion potential for Genius Group, thus setting a robust foundation for future scalability and innovation in the global edtech landscape.

- **Genius Group Announces Prominent Education Entrepreneurs as New Shareholders** - In April 2024, Genius Group announced the addition of distinguished education entrepreneurs to its shareholder base. Notable new investors include Brent Richardson, former CEO of Grand Canyon Education, who transformed the institution into a major online education provider; Dr. Ali Saeed Bin Harmal Aldhaheri, founder of Abu Dhabi University, who has played a significant role in advancing education in the UAE; and Michael Moe, founder of GSV Ventures and an early investor in major tech and education firms. Additionally, the leadership includes Peter Ritz, former CEO of FatBrain AI, joining the Genius Group Board as an Executive Director, and Michael Moe, former Chairman of FatBrain AI, joining as a Non-Executive Chairman. These new shareholders are part of the recent Genius Group and FatBrain AI transaction, aligning with the company's vision to innovate in AI and education.

- **Genius Group to Acquire OpenExO to Enhance Global AI Education Network** - Following the FatBrain acquisition, Genius Group has entered into a definitive acquisition agreement with OpenExO in an all-share transaction aimed at further expanding its global AI Education Group. This strategic acquisition accelerates the development of the Genius City model that aims to serve a network of 100 Genius Cities worldwide, preparing 100 million students for a future shaped by exponential technologies. OpenExO, founded by Salim Ismail, brings a global community of 36,000 educators, entrepreneurs, and enterprises experienced in creating exponential ecosystems. This integration combines OpenExO's expertise in exponential thinking and its network of high-demand Certified ExO Consultants and ExO Sprint Coaches with Genius Group's educational resources. The completion of this acquisition is subject to various closing conditions, including NYSE approval.

- **Genius Group Unveils its 1st Sovereign AI Education Ecosystem with Singapore Genius City Launch** - Genius Group Limited has launched Singapore Genius City, its first Sovereign AI Education Ecosystem, designed to provide comprehensive AI education and acceleration to students, entrepreneurs, businesses, and institutions. Hosted at Genius Central Singapore in the Central Business District and available online via the GeniusU Edtech Platform, the initiative allows participants to build personalized AI Avatar and AI Assistant teams. The Genius City model, which combines high-tech and high-touch educational strategies, aims to equip participants with the latest AI tools and exponential technologies. The initiative will roll out in four phases: starting with foundational partnerships in the "Foundation / PREP" phase, followed by AI-focused educational events and workshops in "Phase One / SEED." "Phase Two / LAUNCH" will introduce summits and accelerators for deeper AI integration, and "Phase Three / SCALE" will implement AI Peer Intelligence tools and Sovereign AI Cloud solutions in 2025. This launch is part of a broader plan to establish 100 Genius Cities worldwide over the next five years, each aiming to impact one million individuals, leveraging Singapore's advanced AI infrastructure and educational initiatives. In 2024 alone, the company plans to launch nine new Genius Cities in locations including London, Tokyo, Mumbai, Miami, Las Vegas, Toronto, Vancouver, Stockholm, and Santiago, marking significant strides in their expansive educational and technological efforts.
- **Genius Group's AI Avatar Initiatives Transform Learning and Entrepreneurship** - Genius Group Limited has significantly expanded its use of artificial intelligence across its Edtech platform, GeniusU, introducing several key AI-driven educational tools designed to enhance personalized learning and operational efficiency for both students and educators. Overview of AI Avatar Initiatives:

 - **AI Avatar Tutor Team** - "Student AI": This initiative involves 16 AI-powered Avatar Tutors that offer personalized academic support to students across a wide range of subjects, including business, entrepreneurship, finance, computer science, math, health, and more. These AI avatars are designed to interact with students, providing tailored advice and support based on individual learning needs. Complementary to these tutors, the platform includes 9 AI Tools such as a personal statement writer, essay summarizer, research questions generator, coding helper, math problem solver, and a multi-language translator that supports languages including German, Spanish, French, Dutch, and several others.
 - **AI Avatar C-Suite** - "Genius Team AI": Tailored for entrepreneurs, this suite consists of 32 AI Avatar Expert Advisors. These avatars are modeled on diverse perspectives and even the expertise of notable historical and fictional figures, aiming to provide guidance and strategic insights. The suite also includes 12 AI Tools that support entrepreneurs with functionalities like content creation, document summarization, report generation, and multimedia conversions, aiding in building comprehensive AI advisory teams and AI-driven C-suites.
 - **AI Avatar Toolkit for Global Faculty**: The AI Avatar Toolkit allows Genius Group's network of 15,000 education partners to develop their own AI tutors and learning assistants. Partners can create avatars with specific characteristics or model them after famous characters, enabling personalized guidance for students at scale. These avatars can be tailored to possess the conversational style, knowledge, and teaching methodology of the educators themselves or any designated persona. Integrated into GeniusU's Partner Portal, this toolkit facilitates the creation of global classrooms where educators can extend personalized, AI-driven learning experiences to a vast number of students simultaneously without diminishing the quality of education.

- **Educational Programs and Future Initiatives:** The AI Avatar Microschool is a program designed to train educators and business owners on how to effectively integrate AI Avatars into their operations. The curriculum covers AI integration strategies, content personalization, user experience optimization, and innovative marketing with AI Avatars.

By leveraging AI Avatar technologies, Genius Group aims to revolutionize the educational landscape, enabling personalized and scalable learning solutions. These AI Avatars are designed to mimic human interaction, making education more engaging and accessible while providing analytics and feedback to continually improve the educational content and delivery. This strategic implementation of AI enhances the learning experience and also significantly reduces potential operational costs, and broadens the scope of educational opportunities available to students and entrepreneurs globally.

Company Description

Genius Group Ltd. (NYSE: GNS) is a Singapore-based EdTech and education company engaged in providing educational services in over 200 countries worldwide. The company aims to develop a lifelong learning ecosystem ranging from early learning to adult education, including primary and secondary school, university, and entrepreneurship training. It plans to provide a personalized learning curriculum to each student through its various group companies.

Previously focused on providing training and services to entrepreneurs, it has since acquired numerous education companies, schools, and universities with government-accredited curriculums. Genius Group plans to integrate the core curriculum from different group companies and partners into its EdTech platform, GeniusU, in order to enable complete digital learning for students. Digitizing the courses will allow it to distribute its services globally and unlock value by leveraging data coupled with A.I. to provide better personalization of the curriculum.

Genius Group's unique platform enables it to offer its services to a broad group of learners across vast geographies



Exhibit 1: Genis Group Product Range. Source: Investor Presentation

The major source of revenue is Digital Education. The company has made significant acquisitions in the past and planned more acquisitions across the globe to build a portfolio of different education companies that it can integrate into the GeniusU platform. It is also looking to acquire other EdTech platforms to boost its own technological capabilities. Genius Group has a user base of approximately 6 million students, including free and paid users.

Unique Growth Strategy

The current global education landscape is characterized by fragmented frameworks designed to act as a one-fits-all system for students of all kinds. Different education levels such as primary and secondary schooling, university degrees, and professional training exist in silos, and there's a lack of strong links between them. Additionally, these include standardized and rigid curriculums that are not keeping pace with rapid advancements in the 21st century.

Genius Group aims to completely disrupt this market by providing learners of all ages a dynamic, innovative curriculum tailored to their individual acumen and objectives. GeniusU will act as a

single destination for all educational levels, thus allowing seamless integration between these levels where students or even professionals can learn on-demand.

A major problem with education today is accessibility. The majority of good-quality institutions are concentrated in rich and developed countries. It is difficult for students from developing and under-developed countries to access and afford such education. Education technology companies that provide an online curriculum possess the capability to make good quality education available to many deserving individuals across the world. Along with this, the Genius curriculum is built on principles of entrepreneurship. These principles develop skills that allow students to create and lead their own enterprises, often in their home countries. Entrepreneurship is one of the key drivers of development in developing countries. This allows for more inclusive growth for the entire world.

Our Genius Formula Growth Multiplier

Our Freemium to Premium model has target KPIs of under \$1 cost per student leading to \$10 revenue per student per year, delivering a ROAS (Return on Acquisition Spend) of 10x annually.



Exhibit 2: Genius Group Growth Strategy. Source: Investor Presentation

A key enabler of this accessibility is technology. The use of technology is at the core of Genius Group’s mission. Complex features such as learning dashboards, management solutions, A.I.-based features, etc., require substantial investment in technology. However, this alone is not enough as the users also require technologically capable devices that can support such features and bring the most value. Improvements in the performance of personal devices now allow users to access these features even from a smartphone. With increasing investments in the telecommunications sector, internet-enabled devices are now available to millions of new users who can conveniently access such services. This could prove to be a major catalyst for organic growth in the future.

While Genius Group aims to provide an alternative to current curriculums in different countries, its plan also includes acquiring education companies with government accreditations. As a result, these programs offered by Genius Group will be eligible to receive government funding in countries where governments partially or fully fund education for their citizens. This can drastically reduce costs for the end-user, which can drive user growth in these countries.

Our Genius City Growth Multiplier

We are launching local Genius City learning ecosystems in partnership with schools, startups, businesses and government - each with a target of \$10 million in revenue within three years.



Exhibit 3: Genius City Growth Model. Source: Investor Presentation

The global education and training market is expected to be worth over \$10 trillion by 2030. An increase in the world’s population and the demand for a skilled workforce will be the major drivers behind this growth in education spending. The recent COVID-19 pandemic has also caused a major shift in how the world approaches education. The pandemic disrupted educational systems across the world, especially primary and secondary schools. This has caused students’ progress to lag, creating a gap that must be filled. This has provided a huge boost to education technology companies. Genius Group has a portfolio of companies that cover the entire horizon of an individual’s learning journey. Coupled with the organic and inorganic growth drivers, the company seeks to capture a significant portion of this huge market.

Global Education Market

The Global Education Market consists of two sub-sectors, the education market and the training market. Traditionally, these two were considered separate independent markets, but with increasing innovation in the EdTech space and demand for new forms of learning, these markets are converging. Pre-school, school, and college education are part of the education market, whereas adult learning, professional training, certifications, and corporate training are part of the training market. Genius Group aims to be a leader in the combined global education market, providing learning resources and platforms for all stages of learning, right from pre-K to adult continuing education and training.

According to research by UNESCO in its 2018 Global Education Monitoring Report, the annual education expenditure (including government and household expenditure) for the world was estimated to be \$4.7 trillion.¹ The report also states that around 65% of the expenditure is in high-

The global education market is one of the biggest markets in the world with the total spends approaching \$10 trillion by the end of this decade

¹ <http://gem-report-2019.unesco.org/chapter/finance/>

income countries. This implies that low and middle-income countries are still underspending on education. To achieve higher growth, low and middle-income countries will experience an increase in total education expenditure, which will add to the global expenditure.

Growth will be driven majorly by rapidly developing Asian and African countries. Estimates by HolonIQ indicate that the global education and training expenditure will cross \$10 trillion by the year 2030.² According to IIASA and Wittgenstein Centre, the world population is expected to rise by an additional 1 billion people by 2030.³ This substantial increase in population, especially in developing countries, will require efficiently and sustainably scaling up of educational services. Apart from the rising population, new technological innovations will also require mass reskilling of the existing workforce. This creates huge opportunities for EdTech platforms with newer and inclusive learning systems.

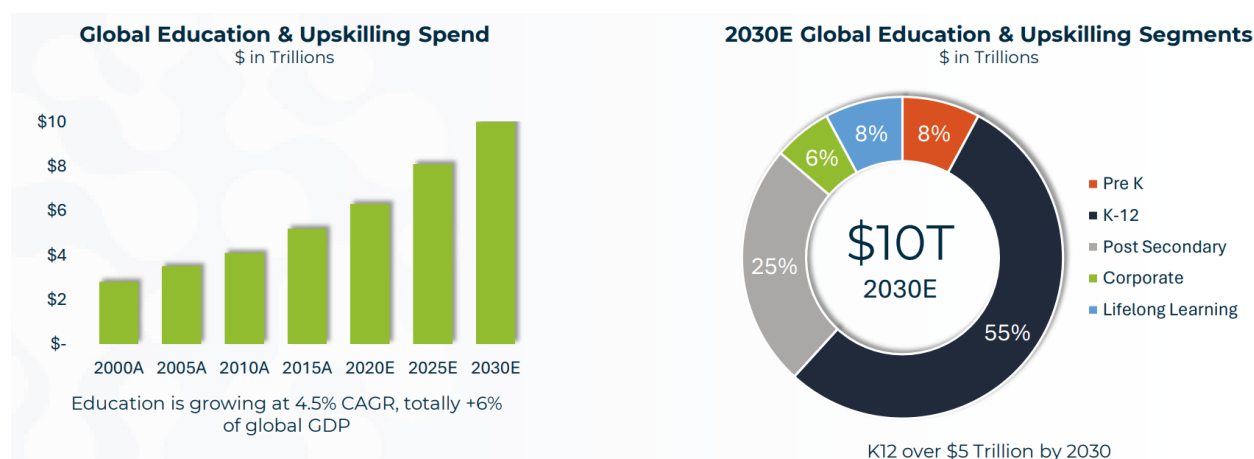


Exhibit 4: Global Education & Upskilling Spend and Segments. Source: HolonIQ

Not just traditional education methods but digital learning and EdTech industries have also seen tremendous growth. The COVID-19 pandemic has brought an inflection point in these sectors as a record number of students and professionals have adopted online learning methods. Grand View Research estimates the EdTech market to grow at a CAGR of 16.5% from 2022 to 2030.⁴ In 2020, EdTech companies in the U.S. alone raised a massive \$2.2 billion.⁵

² <https://www.holoniq.com/2030/10-trillion-global-education-market/>

³ <https://iiasa.ac.at/models-and-data/approach-to-human-capital-projections>

⁴ <https://www.grandviewresearch.com/industry-analysis/education-technology-market>

⁵ <https://www.edsurge.com/news/2021-01-13-a-record-year-amid-a-pandemic-us-edtech-raises-2-2-billion-in-2020>

Appendix

Year-end 31 December	2022	2023	2024E	2025E	2026E
Key Performance Indicators					
Total Students (in mm)	4.0	6.0	10.0	20.0	30.0
Genius Cities	-	-	10	15	25
INCOME STATEMENT					
Revenue	\$18,193,616	\$23,062,754	\$103,123,168	\$133,955,359	\$175,183,976
Gross Profit	\$8,639,289	\$11,936,322	\$34,697,452	\$47,323,651	\$65,300,308
EBITDA	(\$12,909,376)	(\$18,308,714)	\$4,434,377	\$14,483,767	\$16,338,598
Depreciation & Amortization	(\$1,182,413)	(\$2,695,741)	(\$1,336,962)	(\$1,455,501)	(\$1,610,071)
Profit Before Tax (PBT)	(\$57,070,035)	(\$6,789,908)	\$136,826	\$22,473,307	\$37,799,371
Profit After Tax (PAT)	(\$56,006,439)	(\$5,711,222)	\$113,565	\$18,652,845	\$31,373,478
Basic Shares Outstanding	22,634,366	55,501,971	172,056,110	223,672,943	228,146,402
EPS - basic	(\$2.47)	(\$0.10)	\$0.00	\$0.08	\$0.14
EPS - diluted	(\$2.47)	(\$0.10)	\$0.00	\$0.08	\$0.14

Risk Profile

- **Integration Risk** - Genius Group's strategy involves acquiring numerous education companies and then integrating them onto their EdTech platform. A major risk factor here is that it may face issues in integrating courses, resources, and the different stakeholders of each company onto the platform. Failure to do so would lead to substantial losses and hamper operations.
- **Dynamic Environment** - In the 21st century, educational curriculums have to be updated periodically to meet the demands of rapidly developing global industries. Similarly, the entire Genius curriculum too will need to be updated regularly with new content and resources. This requires constant research and development and expenditures.
- **Technological Risk** - Genius Group plans to integrate all group companies on the GeniusU platform. This includes student resources, teacher resources, learning management systems, event management systems, etc. Developing and efficiently managing all these features with different companies and partners could prove to be a challenge.
- **Competition** - There is a significant number of companies in the EdTech industry. This number is expected to grow exponentially with increased investor interest in these companies. Barriers to entry in this field are very low, leading to higher competition. Genius Group will compete with many companies providing education to different age groups. The company will need to maintain a distinct competitive advantage in the long term to be able to compete effectively.
- **Intellectual Property** - GeniusU will host a lot of proprietary courses online. There is a risk of unauthorized users accessing these courses for commercial purposes and not their original purpose. Additionally, like any internet company, Genius Group could be subjected to several intellectual property violation claims about content on their platform, with or without merit. Such frivolous lawsuits or claims could end up drastically increasing legal costs for the company.
- **Data Privacy** - GeniusU is at the core of the ecosystem that Genius Group is planning to create. GeniusU is an internet-based platform, and it is susceptible to data breaches by unauthorized actors. GeniusU currently has around 2 million students that have shared their personal information to create their profiles. It is imperative that Genius Group uses strong data protection systems to safeguard user data.

These risk factors are not comprehensive. For a full list of risk factors, please read Genius Group's latest prospectus and/or annual SEC filings

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