

Genius Group Limited — Accelerates Its Bitcoin-First Strategy with a \$33 Million Rights Offering and \$42 Million Treasury Expansion, Leveraging Robust Market Momentum, a High BTC/Price Ratio, and Strategic Management Participation

Genius Group Limited (NYSE: GNS)

Share Price: \$0.42

Valuation: \$6.00



Key Statistics

| | |
|------------------------|-----------------|
| 52 Week Range | \$0.37 – \$6.97 |
| Avg. Volume (3 months) | 7.15M |
| Shares Outstanding | 76.89M |
| Market Capitalization | \$32.75M |
| EV/Revenue | 1.2x |
| Cash and Equivalents* | \$30.9M |
| Analyst Coverage | 1 |

*Cash and equivalents as of December 2024 (inclusive of digital assets holding)

Revenue (in \$mm)

| Dec - FY | 2023A | 2024E | 2025E |
|----------|-------|-------|-------|
| H1 | 11.80 | 4.88 | 12.90 |
| H2 | 11.26 | 12.85 | 13.24 |
| FY | 23.06 | 17.73 | 26.14 |

EPS (in \$)

| Dec - FY | 2023A | 2024E | 2025E |
|----------|--------|--------|--------|
| H1 | (3.20) | (0.84) | (0.07) |
| H2 | 0.66 | (0.05) | (0.05) |
| FY | (1.02) | (0.89) | (0.12) |

Stock Price Chart (in \$)



Hunter Diamond, CFA
research@diamondequityresearch.com

Investment Highlights

- Genius Group Launches \$33 Million Rights Offering to Strengthen Its Bitcoin Treasury:** Genius Group’s Board approved a rights offering aimed at raising up to \$33 million to expand the company’s Bitcoin Treasury, with 100% of net proceeds dedicated to purchasing Bitcoin. The offering provides shareholders with the opportunity to acquire additional ordinary shares at a fixed subscription price, reinforcing the company’s commitment to its Bitcoin-first strategy. Key terms of the Rights Offering include:
 - Shareholder Rights Allocation:** Each shareholder received one transferable right for every ordinary share held as of the record date on January 24, 2025, with the number rounded up to the nearest whole right. The company’s ordinary shares began trading ex-rights on January 24, 2025.
 - Subscription Details:** Each right entitles the holder to purchase one ordinary share at a subscription price of \$0.50. Shareholders fully exercising their basic subscription rights are eligible for an over-subscription privilege, which allows them to subscribe for additional ordinary shares on a pro rata basis. Rights holders may also choose to sell any rights they opt not to exercise.
 - Trading and Expiration Details:** Rights trading commenced on a “when-issued” basis on January 23, 2025, under the symbol “GNS RTWI.” Regular trading of the rights began on January 27, 2025, under the symbol “GNS RT” and will continue until the close of trading on February 13, 2025. The offering expires at 4:30 p.m. Eastern Time on February 14, 2025, unless extended by the company. Registered shareholders received rights certificates based on the company’s stockholder registry, while those holding shares in “street name” will see the rights reflected in their brokerage accounts.
 - Additional Potential Funding:** In addition to the \$33 million rights offering, the company plans to pursue additional loan financings of up to approximately \$22 million. If fully secured, this combined funding is expected to boost the Bitcoin Treasury from current levels, reported between \$40 million and \$45 million, to a range between \$86 million and \$100 million.
 - Management Participation:** Complementing this initiative, Founder and CEO Roger Hamilton has completed his planned transactions, having acquired 500,000 shares under the pre-approved plan and subsequently purchasing an additional 500,000 shares on January 15, 2025, resulting in a holding of approximately 6.8 million shares. Mr. Hamilton has also notified the Company that he will fully subscribe to his rights under this Rights Offering, which will entitle him to acquire an additional 6.8 million shares on the same terms as all shareholders on the Record Date.

This rights issue follows Genius Group's established Bitcoin treasury approach and can be positive for shareholders if Bitcoin's momentum persists—currently trading above \$96,000 and recently peaking at \$108,000. However, should Bitcoin's price fall, the impact on shareholders could be less favorable, as the benefits of this initiative are closely tied to Bitcoin's continued upward performance, which some analyst reports suggest is likely to persist.

Company Description

Genius Group Ltd. (NYSE: GNS) is a Bitcoin treasury company with an AI powered education platform engaged in providing AI training and AI tools to 5.4 million students in over 200 countries worldwide. It aims to develop an AI-powered lifelong learning curriculum and make its educational products accessible worldwide to all age groups

- Genius Group Expands Bitcoin Treasury to \$42 Million Amid Strategic Financial Milestones:** Genius Group has further advanced its Bitcoin-first strategy by acquiring an additional \$12 million of Bitcoin, bringing its Bitcoin Treasury to 440 Bitcoin at a new average price of \$95,519 per Bitcoin. This \$42 million purchase, completed within three months of the November 12, 2024 announcement to allocate 90% or more of its current and future reserves to Bitcoin (with an initial target of \$120 million), builds on an earlier milestone where the company secured 319.4 Bitcoin for \$30 million at an average price of \$93,919 per Bitcoin within two months. At an earlier juncture, as of Friday, January 31, 2025, Genius Group’s 440-Bitcoin holding was valued at \$46 million, while the company’s market capitalization was \$33.1 million (derived from 68.8 million issued shares trading at \$0.48), resulting in a BTC/Price ratio of 139%, making Genius Group one of the highest among its peers. This ratio tells us that 139% of Genius Group’s market value is directly backed by its Bitcoin holdings, a stark contrast to the industry average of approximately 40% observed among other popular Bitcoin treasury companies, such as Microstrategy, Marathon Digital Holdings, and Riot Platforms. Funding for these purchases has been sourced from a mix of internal reserves, the use of its ATM facility, and debt financing from crypto-backed loan platform Arch Lending. In addition, the company has approved a Founder Compensation Plan with Founder and CEO Roger Hamilton that sets forth long-term milestones, including goals to reach a \$1 billion market cap and to grow the Bitcoin Treasury’s net asset value to \$1 billion within the next 10 years.

| TICKER | COMPANY | MARKET CAP (\$m) | Bitcoin | USD Value (\$m) | % of Mkr Cap |
|----------------|---------------------------|------------------|---------|-----------------|--------------|
| MSTR | Microstrategy | \$88,348 | 450,000 | \$44,724 | 50.6% |
| MARA | Marathon Digital Holdings | \$6,163 | 44,893 | \$4,463 | 72.4% |
| RIOT | Riot Platforms | \$4,605 | 17,722 | \$1,761 | 38.3% |
| HUT | Hut 8 Mining Corp. | \$2,446 | 10,171 | \$1,011 | 42.7% |
| CLSK | Cleantech, Inc. | \$3,143 | 10,097 | \$1,003 | 31.9% |
| SMLR | Semler Scientific | \$543 | 2,321 | \$231 | 42.5% |
| 3350-JP | Metaplanet Inc. | \$829 | 1,762 | \$175 | 21.1% |
| GNS | Genius Group Ltd | \$42 | 372 | \$36 | 86.6% |
| AVERAGE | | | | | 42.8% |

Exhibit A: Select Bitcoin Treasuries Companies BTC/Price Ratio as of Jan 15, 2025. Source: Investor Presentation

Company Description

Genius Group Ltd. (NYSE: GNS) is a Bitcoin treasury company with an AI powered education platform engaged in providing AI training and AI tools to 5.5 million students 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. The company is building a Genius City model in which students learn the latest exponential technologies and entrepreneurial skills powered by AI mentors.

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 is a Bitcoin Treasury Company with an AI powered education platform to prepare students, entrepreneurs, businesses, and governments towards a Bitcoin-first future



Exhibit 1: Genius Group Business Outlook. 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.

Recently, Genius Group has also adopted a “Bitcoin-first” treasury strategy, positioning Bitcoin as its primary reserve asset. The company plans to allocate at least 90% of its reserves to Bitcoin, with an initial target of \$120 million. This strategic shift reflects the company’s commitment to integrating emerging technologies like blockchain alongside AI to strengthen its financial position and embrace decentralized economies. Furthermore, Genius Group has launched initiatives to educate its users on Bitcoin and blockchain, aligning with its mission to lead in future-focused education technologies.

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

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.

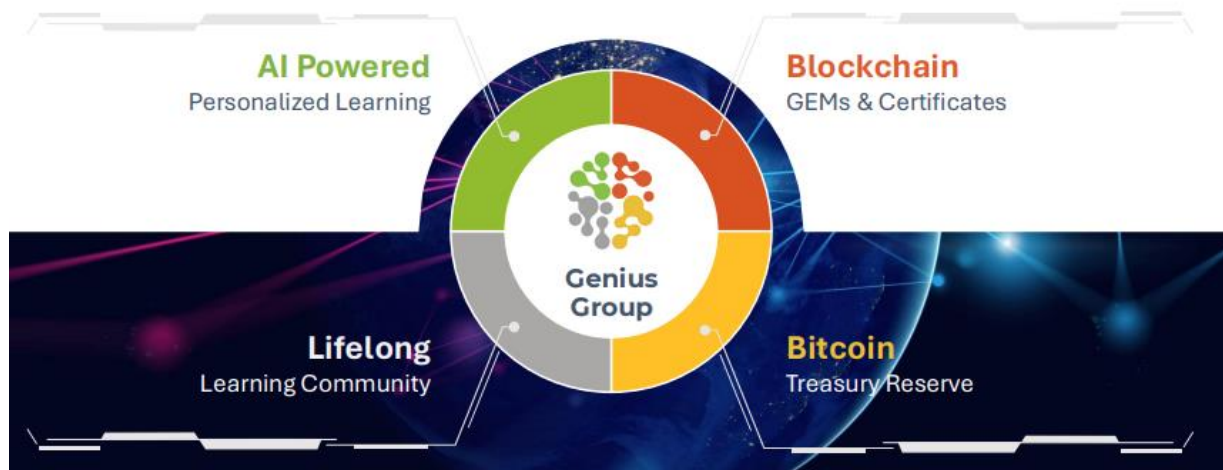


Exhibit 2: Genius Group Decentralized Learning Strategy. Source: Investor Presentation

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. The company is building a Genius City model in which students learn the latest exponential technologies and entrepreneurial skills powered by AI mentors.

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-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.

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

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.

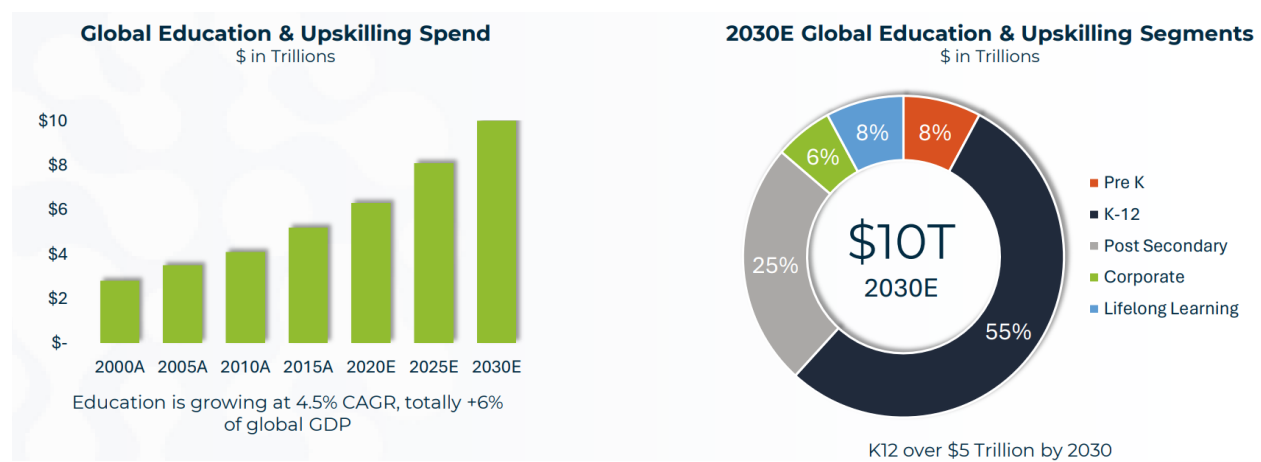


Exhibit 4: Global Education & Upskilling Spend and Segments. Source: HolonIQ

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

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

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

| Income Statement | FY2022 A | FY2023 A | FY2024 E | FY2025 E | FY2026 E |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Net sales | 18,193,616.0 | 23,062,754.0 | 17,734,989.4 | 26,138,886.2 | 39,132,524.1 |
| Cost of sales | (9,554,327.0) | (11,126,432.0) | (15,060,018.7) | (15,183,716.6) | (17,885,746.9) |
| Gross profit | 8,639,289.0 | 11,936,322.0 | 2,674,970.7 | 10,955,169.6 | 21,246,777.2 |
| Operating expenses | | | | | |
| General and administrative expenses | (21,073,794.0) | (29,904,423.0) | (17,451,695.1) | (20,338,950.6) | (22,057,071.0) |
| Other operating income | 144,396.0 | 34,794.0 | 35,470.0 | 52,277.8 | 78,265.0 |
| (Loss) gains from foreign currency translations | (619,267.0) | (375,407.0) | - | - | - |
| EBITDA | (12,909,376.0) | (18,308,714.0) | (14,741,254.4) | (9,331,503.2) | (732,028.8) |
| Depreciation and amortization expenses | (1,182,413.0) | (2,695,741.0) | (1,294,268.1) | (1,316,205.0) | (1,348,840.7) |
| Other income/ (expense) | | | | | |
| Change in fair value of Bitcoin | - | - | - | 3,236,041.6 | 4,049,181.4 |
| Other income | 418,437.0 | 207,142.0 | - | - | - |
| Other expense | - | (9,796.0) | - | - | - |
| EBIT | (13,673,352.0) | (20,807,109.0) | (16,035,522.5) | (7,411,666.6) | 1,968,311.9 |
| Interest income | 26,380.0 | 45,104.0 | 12,295.1 | (15,682.4) | 61,480.8 |
| Interest expense | (1,338,856.0) | (3,739,617.0) | (2,972,884.5) | (2,972,884.5) | (2,972,884.5) |
| Profit before exceptional items, extraordinary items and tax | (14,985,828.0) | (24,501,622.0) | (18,996,111.9) | (10,400,233.5) | (943,091.9) |
| Gain on lease modification | - | 308,763.0 | - | - | - |
| Revaluation adjustment of contingent liabilities | (13,838,197.0) | 32,774,594.0 | - | - | - |
| Impairment loss | (28,246,010.0) | (15,371,643.0) | - | - | - |
| Profit before tax from continuing operations | (57,070,035.0) | (6,789,908.0) | (18,996,111.9) | (10,400,233.5) | (943,091.9) |
| Income tax (expense) benefit | 1,063,596.0 | 1,078,686.0 | - | - | - |
| Net earnings including noncontrolling interests | (56,006,439.0) | (5,711,222.0) | (18,996,111.9) | (10,400,233.5) | (943,091.9) |

Exhibit 5: Income Statement Snapshot. Source: Diamond Equity Research

Risk Profile

- **Bitcoin Volatility Risk:** The company's "Bitcoin-first" treasury strategy exposes it to significant risk from Bitcoin's price volatility. Fluctuations in Bitcoin's value could materially impact the company's financial stability, asset valuation, and shareholder confidence, particularly in the event of sharp market downturns or prolonged periods of price decline.
- **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.

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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