

## Genius Group Limited — Genius Group's Strategic Milestones – Spinoff, Metaversity 2.0, Debt Reduction, and Leadership Expansion

Genius Group Limited (NYSE: GNS)

Share Price: \$1.10

Valuation: \$5.00



### Key Statistics

|                        |                 |
|------------------------|-----------------|
| 52 Week Range          | \$0.30 - \$7.99 |
| Avg. Volume (3 months) | 9.77M           |
| Shares Outstanding     | 73.47M          |
| Market Capitalization  | \$80.82M        |
| EV/Revenue             | 3.3x            |
| Cash Balance*          | \$5.72M         |
| Analyst Coverage       | 2               |

\*Cash balance as of December 2022

### Revenue (in \$mm) \*

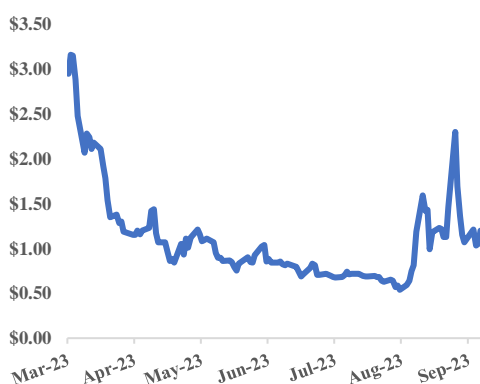
| Dec - FY | 2022A | 2023E | 2024E |
|----------|-------|-------|-------|
| H1       | 16.57 | 22.46 | 31.19 |
| H2       | 11.56 | 25.69 | 33.69 |
| FY       | 28.13 | 48.15 | 64.88 |

### EPS (in \$) \*

| Dec - FY | 2022A  | 2023E  | 2024E  |
|----------|--------|--------|--------|
| H1       | (0.17) | (0.15) | (0.06) |
| H2       | (2.26) | (0.06) | (0.04) |
| FY       | (2.44) | (0.21) | (0.10) |

\*Actual values are for the Proforma Group

### Stock Price Chart (in \$)



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### Investment Highlights

- Genius Group Receives Approval for Spinoff of Entrepreneur Resorts Ltd** - Following the approval by the Singapore Court on August 1, 2023, Genius Group Limited has detailed the timeline, record date, and share distribution date for the spinoff of Entrepreneur Resorts Ltd (ERL). The capital reduction and share distribution to Genius Group shareholders is valued at US\$38,380,873 in restricted ordinary shares in ERL. ERL, currently listed on MERJ Exchange, will be transferred to Upstream, a new non-US MERJ Exchange market, within 30-45 days. The record date for share count is set as August 31, 2023, and shareholders holding shares 2 days or more prior to this date will receive an equal proportion of ERL shares at the share distribution date of September 29, 2023. These shares may be eligible for trading six months after distribution if certain conditions are met. After the share distribution, Genius Group will be dual-listed on NYSE American and Upstream, while ERL will be listed on Upstream, allowing both to trade as separate public companies.
- Launch of Genius Metaversity 2.0 in Partnership with Vatom and GeniusX** - On September 7, 2023, Genius Group announced the launch of Genius Metaversity 2.0, in collaboration with Vatom and GeniusX. This upgraded virtual reality platform builds upon its predecessor, Genius Metaversity 1.0, by offering an immersive 3D educational environment integrated with GeniusU. The new release was showcased during the Global AI Entrepreneur Summit, which attracted over 6,000 entrepreneurs who utilized customized AI guidance through their own Genie AI. The enhanced platform features four distinct virtual campuses—Entrepreneur, Investor, University, and School—each offering curated course content, mentorship, and a calendar of live events. Moreover, it includes a Partner Portal for faculty and community partners to offer their courses through AI-driven tools. Vatom provided the underlying 3D technology, while GeniusX contributed architectural designs and global classroom functionalities. The collaborative endeavor aims to revolutionize education through personalized, gamified, and immersive learning experiences.
- Financial Update on Convertible Note Reduction** - On September 8, 2023, Genius Group Limited announced a significant reduction in its outstanding convertible debt. The company has successfully reduced the initial balance of \$18.13 million Senior Secured Convertible Note, signed in August 2022 with Alto Opportunity Master Fund, to a current balance of just \$53,344. The reduction has been achieved through a combination of payments and the conversion of the note.
- Genius Group Expands Senior Management Team** - Genius Group Limited has announced key additions to its senior management. Jennifer Brady is appointed as Head of Digital Marketing and Sales, bringing over 30 years of experience, effective July 10, 2023. Jason Jaingue, a seasoned Product Executive with a background in Big Tech, will take on the role of Head of Global Product, effective July 17, 2023. These appointments support Genius Group's mission to disrupt the traditional education model with a student-centered approach.

### 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 alternative lifelong learning curriculum and make its educational products accessible worldwide to all age groups

- **Genius Group Launches Entrepreneur Scholarship Fund** - The company has announced the launch of a \$1 Million Entrepreneur Scholarship Fund for students enrolling at the California Business School at the University of Antelope Valley (UAV). The fund includes options for Bachelor's and Master's degrees in entrepreneurship or digital marketing, and students will have the opportunity to earn an AI Entrepreneur Certificate through GeniusU. The certificate focuses on new technologies like AI and AR and will be updated annually to keep pace with rapid developments. The scholarship program, which launched on July 3, 2023, is available for degree programs and vocational certifications commencing in 2023 at UAV.

## 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. The company has a network of over 2,500 certified trainers and experts.

*Genius Group aims to develop a lifelong learning system ranging from early learning to adult education in over 200 countries*

Genius group reports three main sources of revenue:

- Digital Education
- In-Person Education
- Campus Revenue

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 over 2 million students, including free and paid users. The Genius Group currently consists of eight companies (4 pre-IPO companies and 5 IPO acquisitions.)

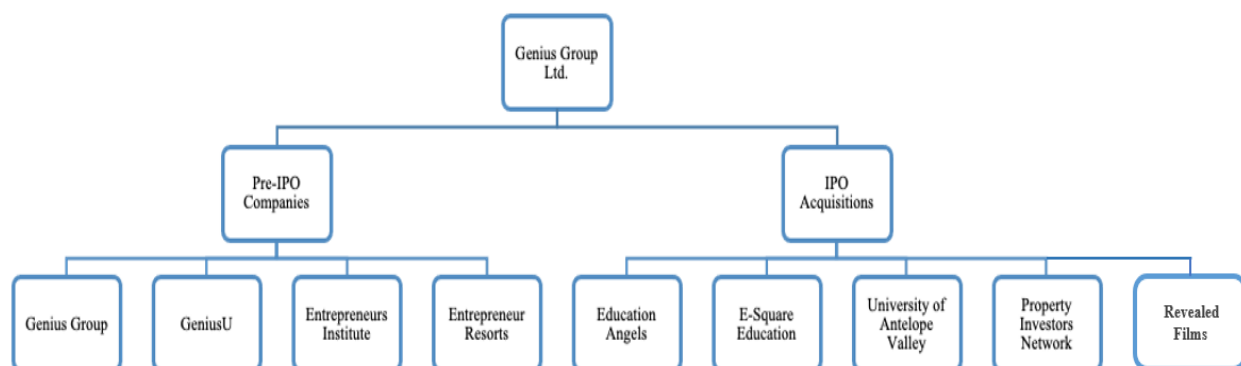


Exhibit 1: Genius Group Organization Structure. Source: Company Filings

Revenue from all group companies includes digital and non-digital revenue. The core business is digital education. The major sources of revenue include the University of Antelope Valley and the Pre-IPO group. Currently, the company is focused on entrepreneur education and incorporating its tools into the existing education system via collaborations with and acquisitions of schools and universities. The company plans to establish a fully accredited personalized lifelong learning curriculum as an alternative to traditional standardized programs.

## 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.

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 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

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

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.

*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*

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.<sup>1</sup> 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.

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.<sup>2</sup> According to IIASA and Wittgenstein Centre, the world population is expected to rise by an additional 1 billion people by 2030.<sup>3</sup> 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.

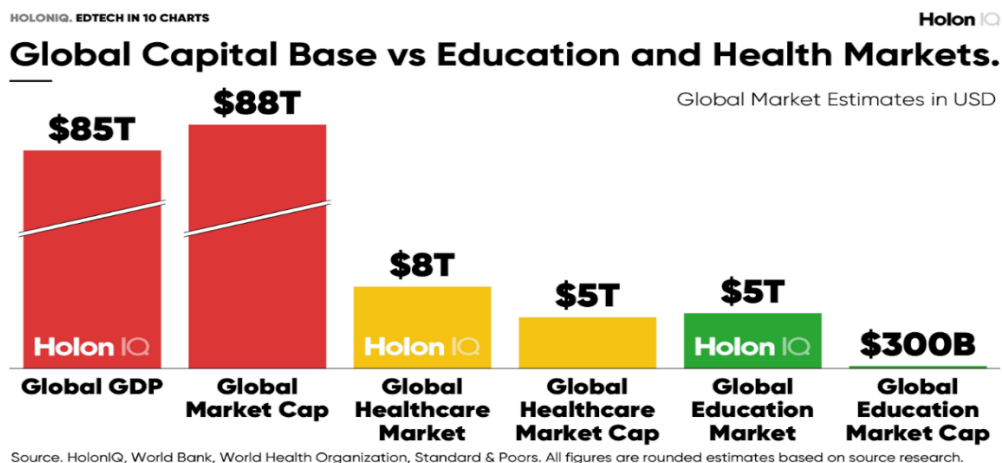


Exhibit 2: Global Capital Base vs. Global Education Market Cap. Source: HolonIQ

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

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

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

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.<sup>4</sup> In 2020, EdTech companies in the U.S. alone raised a massive \$2.2 billion.<sup>5</sup>

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

<sup>5</sup> <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        | 2021          | 2022           | 2023E          | 2024E         | 2025E         |
|-----------------------------|---------------|----------------|----------------|---------------|---------------|
| <b>INCOME STATEMENT</b>     |               |                |                |               |               |
| Revenue                     | \$8,294,804   | \$18,193,616   | \$48,154,575   | \$64,888,471  | \$84,951,296  |
| Gross Profit                | \$2,757,458   | \$8,639,289    | \$26,094,777   | \$38,137,673  | \$51,938,511  |
| EBITDA                      | (\$4,129,620) | (\$12,154,484) | (\$1,514,141)  | \$5,044,908   | \$9,144,271   |
| Depreciation & Amortization | (\$38,864)    | (\$1,182,413)  | (\$5,807,207)  | (\$6,299,736) | (\$6,856,845) |
| Profit Before Tax (PBT)     | (\$4,618,050) | (\$56,315,143) | (\$12,783,029) | (\$7,595,220) | (\$4,065,362) |
| Profit After Tax (PAT)      | (\$4,489,198) | (\$55,251,547) | (\$12,783,029) | (\$7,595,220) | (\$4,065,362) |
| Basic Shares Outstanding    | 16,155,812    | 22,634,366     | 59,981,069     | 74,976,337    | 76,475,874    |
| EPS - basic                 | (\$0.28)      | (\$2.44)       | (\$0.21)       | (\$0.10)      | (\$0.05)      |
| EPS - diluted               | (\$0.28)      | (\$2.44)       | (\$0.21)       | (\$0.10)      | (\$0.05)      |

## 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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