

December 19, 2017



Genius Brands International, Inc. Issues Shareholder Letter

BEVERLY HILLS, Calif., Dec. 19, 2017 (GLOBE NEWSWIRE) -- Genius Brands International (NASDAQ:GNUS) recently released a letter to shareholders from Chairman & CEO Andy Heyward. The complete letter follows:

“Walt Disney Studios buys 21st Century Fox for \$52.4 Billion”
(Wall Street Journal, Dec. 14, 2017)

What does the Walt Disney Company buying 21st Century Fox have to do with tiny Genius Brands International? A LOT!!!

Dear Friends and Shareholders,

For companies who have a ‘programming catalogue,’ these are exciting times. These are also exciting times for companies that have ‘distribution.’ But for companies that have **BOTH content and distribution**, this is a rare moment of scarcity and demand.

As the Walt Disney Company--the largest purveyor of children’s and family content in the world--continues to aggregate assets and consolidate its leadership position, **Genius Brands International**, with its rapidly growing business of kid’s content and distribution, is finding itself “the last oasis in the desert.”

A man is walking up a staircase, while using a yo-yo. While the yo-yo goes up and down, the man continues walking up.

In much the same way, Genius Brands International is walking up the stairs. As we continue to grow and build assets, I urge our shareholders to **watch the feet, not the yo-yo**.

GENIUS BRANDS INTERNATIONAL STANDS IN AN ENVIABLE POSITION TODAY

- We are delivering our series **Llama Llama*** (starring **Jennifer Garner**) to Netflix for broadcast beginning January 26, and expect to recognize that revenue in Q4.
- We have more cash than any time in its history.
- The company has zero corporate debt and a clean balance sheet.
- Our animation catalogue has grown to 435 episodes, and we have an additional 104 in production, as well as a robust pipeline of content scheduled out into the coming years.

- We have six brands active in the marketplace, and in my view, three of them (***Rainbow Rangers***, ***Llama Llama***, and ***Baby Genius***) have the potential to become billion dollar blockbusters. *Rainbow Rangers*, in particular, is teed up with the most important licensees in the business, including **Nickelodeon** and **Mattel Inc.**, and the best-in-class licensees in all the tentpole categories of children's consumer products, including **Macmillan** for kid's publishing and **Bentex** for apparel.
- We are currently running three distinct children's animation channels, ***Kid Genius Cartoons***, ***Baby Genius TV*** and ***Kid Genius Plus!***. These channels are part of the "Kid Genius Network" embracing both AVOD Cable and OTT, as well as SVOD distribution. Our distribution platforms include Comcast, Amazon Prime, Roku, Apple TV, Amazon Fire and YouTube. Let's be clear... Kids no longer watch cartoons on Saturday morning television. In today's On Demand/Online digital universe, THIS is how kids consume media across screens and devices from traditional television to tablets, computers, game platforms, and smartphones. The combined audience of the "Kid Genius Network" channels will cover over 60 million U.S. TV Households and 80 million Amazon Prime subscribers. The network, along with our affiliated content partners, is now reaching over 90 million views per month, and growing. The Executive Chairman of this channel is Margaret Loesch, our board member and the "Dean of Children's Broadcasters," known best for starting Fox Kids Network, which was sold three years later to Disney for \$5.4 billion dollars.

Who else has both animated content for kids and the ability to deliver that content to virtually the entire U.S. marketplace, via the very digital formats today where kids are consuming?

- **The Walt Disney Company**
- **Viacom (Nickelodeon)**
- **Warner Brothers (Cartoon Network)**
- **Universal Studios (Sprout)**

We are not aware of any other companies in the world able to do this, other than ourselves.

As we go through these bouncy markets, I want to remind our shareholders that our management team, board, and creators are among the most accomplished leaders in the kid's entertainment, licensing, and distribution business. They come from the Walt Disney Company, Hasbro Toys, and the like. We have been key to many of the biggest blockbusters and distribution successes ever, ranging from *Strawberry Shortcake* and *Care Bears*, to *The Lion King* and *Frozen*. From *Super Mario Brothers* and *Sonic the Hedgehog* to *Inspector Gadget*, *Hello Kitty*, and *Where's Waldo*, as well as multiple kid's channel successes.

We continue to grow the underlying cartoon and channel assets, as we invest in and grow our brands... Cartoon and Channel assets, which I am confident will deliver enormous value to our shareholders. ***More important now than ever, we keep our eyes on THE FEET, not the yo-yo.***

In the meantime, here is a link to the main title of the upcoming Llama Lama starring Jennifer Garner, which we have delivered to Netflix and will recognize shortly. The final dubs in 20 languages, will be delivered this week, for all as a **Netflix Original Series starting on**

January 26.

Have a wonderful holiday season!

Sincerely,
Andy Heyward
Chairman & CEO
Genius Brands International, Inc.

*YAHOO FINANCE:

<https://finance.yahoo.com/news/genius-brands-international-announces-global-160000599.html>

*CNN MONEY:

<http://money.cnn.com/news/newsfeeds/articles/globenewswire/7047252.htm>

*NASDAQ:

<http://www.nasdaq.com/press-release/genius-brands-international-announces-global-premiere-of-netflix-animated-series-llama-llama-20171213-00679>

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Source: Genius Brands International, Inc.