

November 15, 2012



## Genius Brands International Reports Third Quarter Fiscal 2012 Results

SAN DIEGO, Nov. 15, 2012 (GLOBE NEWSWIRE) -- Genius Brands International, Inc. (OTCQB:GNUS), developer and marketer of entertainment products including the award-winning [Baby Genius®](#) line of music and education-based products and characters, today announced financial results for the third quarter of fiscal 2012 ended September 30, 2012.

Highlights for the three and nine months ended September 30, 2012 included:

- For the nine months ended September 30, 2012 revenues increased by 12.5% to \$4,304,823 from \$3,824,917 in the same period of 2011
- Q3 2012 revenues declined by 3% to \$1,632,078 from \$1,682,005 in Q3 of 2011
- For the nine months ended September 30, 2012 net loss increased by 53% to \$(1,910,341) or \$(0.03) per common share as compared to a net loss of \$(1,250,631) or \$(0.02) per common share in the same period of 2011
- Q3 2012 net loss increased by 130.5% to \$(720,427) or \$(0.01) per common share, compared to \$(312,474) or \$(0.01) per common share in Q3 of 2011
- Invested in creating new Baby Genius® branded products geared for sale through direct-to-consumer digital markets

"The broader retail environment is transforming from being dominated by traditional brick and mortar retailers to increasing sales and distribution through daily sales sites and digital distribution. With our well-known brand and high quality, high margin products, we believe Genius Brands is perfectly suited for this new marketplace," stated Genius Brands Chairman and CEO Klaus Moeller.

"Having a growing percentage of our revenues for Genius branded products coming from direct-to-consumer digital distribution channels, such as Groupon and others, has shifted our revenue cycle this year. Due to the nature of these sites, a large portion of the seasonal holiday sales are seeing a shift from the third to the fourth quarter as products are shipped directly to the consumer and not to brick and mortar retailers," added Moeller.

During the third quarter, Genius Brands invested in developing new Baby Genius® branded products including flashcards, puzzles, and board books. The Company is continuing to develop additional products that can be offered directly to consumers through its own BabyGenius.com website, third party sites, and daily sales offerings. Through direct-to-consumer sites the Company has a more open and available distribution channel through which to sell a broader product line.

Moeller continued, "We expect that our new products, together with our new relationships with many of the major daily sales sites will lead to a big impact on sales in the fourth quarter

of 2012. We feel confident that we have laid the foundation to a successful business in this new sector. We will also aggressively build our new Baby Genius® website and start offering digital downloads in 2013."

The Company's Baby Genius® branded toy line, distributed under license by JAKKS Pacific's Tollytots division, launched and became available at brick and mortar Babies "R" Us toy stores and online at [www.babiesrus.com](http://www.babiesrus.com), [www.toysrus.com](http://www.toysrus.com) and [www.amazon.com](http://www.amazon.com) in the third quarter. Select toys in this line won recognition as being a top pick for educational and musical toys.

Revenues for the three months ended September 30, 2012 declined by 3% to \$1,632,078, as compared to revenues of \$1,682,005 in the same period of the prior year. The slight revenue decline resulted from a decrease in royalty revenues and third party licensed products sold through Genius Brands' distribution network, which was partially offset by an increase in sales of Genius Brands' proprietary branded DVDs and CDs.

For the nine month period ended September 30, 2012 revenues increased by 12.5% to \$4,304,823 from \$3,824,917 in the same period of 2011, driven by an increase in sales of third party licensed products through the Company's distribution network and an increase in Genius Brands' proprietary branded DVDs and CDs, which was offset by a decrease in royalty revenues as a result of a gap in toy licensing revenues.

Operating expenses for the third quarter of 2012 were \$834,611 as compared to operating expenses of \$742,332 in the third quarter of 2011, an increase of 12.4%. For the nine months ended September 30, 2012 operating expenses were \$2,700,300, an increase of 2% as compared to operating expenses of \$2,654,419 for the same period of the prior year.

For further information please see Genius Brands' full 10-Q filing at [www.sec.gov](http://www.sec.gov).

## **About Genius Brands**

Genius Brands International, Inc. is the developer and marketer of entertainment products including the award winning Baby Genius® line of music and education-based products and characters. The Company is developing and marketing a growing line of Genius branded products that entertain and educate the whole family. Baby Genius® awards include: Mom's Choice Award, The National Parenting Center Seal of Approval, *The Toy Insider* Best Toddler Toys, Dr. Toy 100 Best Children's Products, NAPPA Honors Award, iParenting Excellent Product Award, Creative Child Preferred Choice Award, Latino DVD Awards, iParenting Media Award, Film Advisory Board Award of Excellence, Kids First! Quality Children's Media Endorsement, *Parents Magazine* 2002 "Video of the Year," and Best "Under 3" QSR Program 2004/2005 from *Restaurant Magazine*. Baby Genius® products are available at most major retailers and have international exposure in over 40 countries. For brand information please visit [www.babygenius.com](http://www.babygenius.com). For Company information please visit <https://ir.stockpr.com/babygenius/overview>.

The Genius Brands International, Inc. logo is available at <https://www.globenewswire.com/newsroom/prs/?pkgid=11441>

## **Forward-looking statements**

This release contains forward-looking statements made by or on behalf of Genius Brands International Inc. All statements that address operating performance that the Company expects will occur in the future, including statements relating to operating results for fiscal 2011 and beyond, revenue growth, future profitability or statements expressing general optimism about future operating results, are forward-looking statements. These forward-looking statements are based on management's current views and we cannot assure that anticipated results will be achieved. These statements are subject to numerous risks and uncertainties, including, among other things, uncertainties relating to the Company's success in judging consumer preferences, financing the Company's operations, entering into strategic partnerships, engaging management, seasonal and period-to-period fluctuations in sales, failure to increase market share or sales, inability to service outstanding debt obligations, dependence on a limited number of customers, increased production costs or delays in production of new products, intense competition within the industry, inability to protect intellectual property in the international market for our products, changes in market condition and other risks and uncertainties indicated from time to time in our filings with the U.S. Securities and Exchange Commission (SEC) available via the SEC's website at [www.sec.gov](http://www.sec.gov). Readers are cautioned not to place undue reliance on forward-looking statements and are encouraged to consider the risk factors that could affect actual results. The Company disclaims any intent to update forward-looking statements.

**Genius Brands International, Inc.**

**Consolidated Balance Sheets**

**September 30, 2012 (unaudited) and December 31, 2011 (audited)**

<b>ASSETS</b>	<b>9/30/2012</b>	<b>12/31/2011</b>
Current Assets:		
Cash	\$ 149,513	\$ 405,341
Accounts Receivable, net	1,019,282	1,021,039
Inventory	345,632	340,782
Prepaid and Other Assets	<u>294,372</u>	<u>168,486</u>
Total Current Assets	1,808,799	1,935,648
Property and Equipment, net	26,404	32,894
Capitalized Product Development in Process	318,744	278,696
Intangible Assets, net	302,829	405,019
Debt Issuance Costs	<u>223,901</u>	<u>--</u>
<b>Total Assets</b>	<b><u>\$ 2,680,677</u></b>	<b><u>\$ 2,652,257</u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)**

Current Liabilities:		
Accounts Payable	\$ 816,137	\$ 1,008,460
Accrued Expenses	410,902	408,684
Accrued Salaries and Wages	436,851	193,519
Accrued Interest - Debentures	60,382	19,049
Unearned Revenue	<u>--</u>	<u>--</u>
Total Current Liabilities	1,724,272	1,629,712

Long Term Liabilities:

Debenture (Net of discount) and Accrued Interest	669,355	--
Notes Payable – Related Parties and Accrued Interest	441,732	2,143,178

Total Liabilities	<u>2,835,359</u>	<u>3,772,890</u>
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Stockholders' Equity (Deficit)

Common Stock, \$0.001 par value, 250,000,000 shares authorized; 71,912,617 and 60,698,815 shares issued and outstanding, respectively	71,913	60,699
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Additional Paid in Capital	9,818,795	6,959,083
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Accumulated Deficit	<u>(10,045,390)</u>	<u>(8,135,049)</u>
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Total Genius Brands International, Inc. Stockholders' Equity (Deficit)	(154,682)	(1,115,267)
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Noncontrolling Interest	<u>--</u>	<u>(5,366)</u>
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Total Equity	(154,682)	(1,120,633)
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<b>Total Liabilities &amp; Stockholders' Equity (Deficit)</b>	<b><u>\$ 2,680,677</u></b>	<b><u>\$ 2,652,257</u></b>
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**Genius Brands International, Inc.**

**Consolidated Statements of Operations**

**Periods Ending September 30, 2012 and 2011 (unaudited)**

	<b>Three Months Ending</b>		<b>Nine Months Ending</b>	
	<b><u>9/30/2012</u></b>	<b><u>9/30/2011</u></b>	<b><u>9/30/2012</u></b>	<b><u>9/30/2011</u></b>
Revenues:				
Product Sales	\$ 1,592,684	\$ 1,610,774	\$ 4,195,147	\$ 3,295,633
Licensing & Royalties	<u>39,394</u>	<u>71,231</u>	<u>109,676</u>	<u>529,284</u>
Total Revenues	1,632,078	1,682,005	4,304,823	3,824,917
Cost of Sales (Excluding Depreciation)	1,389,564	1,225,123	3,414,440	2,354,845
Gross Profit	<u>242,514</u>	<u>456,882</u>	<u>890,383</u>	<u>1,470,072</u>
Operating Expenses:				
Product Development	12,442	3,974	20,744	11,393
Professional Services	38,702	66,347	143,269	211,114
Rent Expense	9,432	14,395	28,295	73,037
Marketing & Sales	91,635	114,108	520,756	620,780
Depreciation & Amortization	34,889	53,991	110,578	163,085
Salaries and Related Expenses	438,514	348,324	1,285,851	982,560
Stock Compensation Expense	68,670	78,770	192,049	385,137
Other General & Administrative	<u>140,327</u>	<u>62,423</u>	<u>398,758</u>	<u>207,313</u>
Total Operating Expenses	834,611	742,332	2,700,300	2,654,419
Loss from Operations	<u>(592,097)</u>	<u>(285,450)</u>	<u>(1,809,917)</u>	<u>(1,184,347)</u>

Other Income (Expense):				
Other Income	189	3,720	361	24,777
Interest Expense	(122,452)	(1,518)	(127,599)	(2,662)
Interest Expense – Related Parties	(6,067)	(29,968)	(44,100)	(93,562)
Gain (loss) on extinguishment of debt	--	--	76,280	--
Net Other Income (Expense)	<u>(128,330)</u>	<u>(27,766)</u>	<u>(95,058)</u>	<u>(71,447)</u>
Loss before Income Tax Expense and Noncontrolling Interest	(720,427)	(313,216)	(1,904,975)	(1,255,794)
Income Tax Expense	--	--	--	--
Net Loss	<u>(720,427)</u>	<u>(313,216)</u>	<u>(1,904,975)</u>	<u>(1,255,794)</u>
Acquisition of Noncontrolling Interest	--	--	(5,366)	--
Net Loss attributable to Noncontrolling Interest	<u>--</u>	<u>742</u>	<u>--</u>	<u>5,163</u>
Net Loss attributable to Genius Brands International, Inc.	<u>\$ (720,427)</u>	<u>\$ (312,474)</u>	<u>\$ (1,910,341)</u>	<u>\$ (1,250,631)</u>
Net Loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding	<u>60,743,380</u>	<u>60,448,815</u>	<u>67,965,997</u>	<u>58,394,312</u>

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Source: Genius Brands International, Inc.