

May 16, 2017



Genius Brands International, Inc. Announces First Quarter 2017 Financial Results and Business Update

Deferred Revenue Increases 55% YoY; Llama Llama on Track for Release in Q4 2017

BEVERLY HILLS, CA -- (Marketwired) -- 05/16/17 -- Genius Brands International, Inc. (NASDAQ: GNUS) ("Genius") announced today its financial results for the three months ended March 31, 2017:

Business Highlights:

- Deferred revenue continues to increase with a total balance of \$4.8 million as of March 31, 2017, representing a 55% increase over the December 31, 2016 balance and over 400% increase over the December 31, 2015 balance.
- To date nearly \$3.5 million has been invested in the development and production of animated content with four animated series currently in production and development to be delivered throughout 2017 and 2018.
- Working capital increased by over \$4 million from December 31, 2016 to March 31, 2017 to nearly \$3.7 million.

Management Commentary:

Andy Heyward, Chairman and CEO of Genius Brands International, Inc. commented, "The first quarter of 2017 was a productive quarter for the Company on both the operational and the corporate side as we continue to make investment in our brands and completed two transactions to strengthen our balance sheet.

Our investment in our animated content increased by nearly \$1 million during the first quarter. The majority of these expenditures were for the production of *Llama Llama* which is being produced for Netflix. We have entered post production for several early episodes and are continuing to receive animation for more as the weeks go by. We are confident that we will be delivering the series to Netflix on time during the fourth quarter. Most importantly, once the series is delivered to Netflix, we will be able to recognize the full license fee for the series as revenue. While we cannot disclose the exact license fees that we will receive from Netflix, the fees are quite significant. The production budget is several million dollars, and we forecast to produce the show for the license fees.

The second operational highlight of the quarter is the continued development of *Rainbow Rangers*. During the quarter, we have had the pleasure to announce two key relationships --

Mattel's Fisher Price Toys has signed on as our master toy partner and Viacom's preschool channel Nick Jr has licensed the domestic broadcast rights. Similar to the strength of our corporate partners, we have a strong creative team associated with *Rainbow Rangers* including Rob Minkoff, the director of Disney's *Lion King*, Shane Morris, the co-writer of Disney's *Frozen*, and Elise Allen, the Emmy nominated writer currently writing for the Disney Channel's *Lion King* spinoff, *Lion Guard*. Since announcing both Mattel and Nickelodeon, we have negotiated deals in several additional categories for *Rainbow Rangers* products, with some of the largest advances and guarantees made to any brand in the Company's history. The annual licensing trade show takes place in Las Vegas next week, and we have appointments set with virtually every category of licensee, and we expect to leave the show with *Rainbow Rangers* fully licensed across the main categories of product.

As we have said many times before, we believe deferred revenue is one of the key accounts in the financial statements of any content company such as Genius Brands, as it reflects activity around brands. Deferred revenue highlights deal flow and/or monies we have collected or can immediately collect that, per GAAP, are not yet able to be recognized as revenue, until the programs are actually delivered and available for broadcast. You will note that deferred revenue increased to \$4.8 million as of March 31, 2017 representing a 55% increase over the December 31, 2016 balance and over 400% increase over the December 31, 2015 balance. Our transactions with Mattel and Nick. Jr as well as our deepening relationship with Sony made up the majority of these new deferred revenue increases.

In January of 2017, we completed a transaction with Sony Pictures Home Entertainment as well as one of its sister companies which was of both operational and corporate significance to the Company. Sony Picture Home Entertainment ("SPHE") is now not only our global distributor of home entertainment rights but also a shareholder in the Company. Concurrent with this transaction, the \$1,489,583 liability with one of SPHE's sister companies was extinguished which improved our balance sheet, specifically our working capital position.

In February 2017, we executed a second corporate transaction which has strengthened our balance sheet -- improving our cash balances and working capital. We entered into a transaction with the holders of certain warrants by which these holders exercised their warrants for cash receiving common shares as well as additional warrants. The Company received over \$3.8 million in gross proceeds from the transaction.

We believe that 2017 is off to a strong start highlighted by the operational and corporate achievements and transactions during the quarter. *Llama Llama* is on track for its fourth quarter delivery which we anticipate will generate substantial revenue in the fourth quarter of 2017. *Rainbow Rangers* has drawn, and we believe will continue to draw, the attention of licensees and content distributors worldwide which should mean increasing deferred revenue balances throughout the rest of the year and recognizable revenues we anticipate for 2018."

Conference Call:

Genius Brands International Chairman & CEO, Andy Heyward will host a conference call to discuss the Company's first quarter 2017 financial results and business update today, Tuesday, May 16, 2017 at 11:00am ET.

Conference Call Information:

When: Tuesday, May 16, 2017 at 11:00am ET.

Dial-in: U.S.: 877-407-8291 and International: 201-689-8345

Conference Title: Genius Brands International First Quarter 2017 Financial Results and Business Update Conference Call

Please join the conference call at least 15 minutes early to register. A digital replay will be available by telephone approximately two hours after the completion of the call until June 30, 2017 and may be accessed by dialing 877-660-6853 from the U.S. or 201-612-7415 for international callers, and using the Conference ID# 13662804.

Content in Production and Development:

Llama Llama : In production for fifteen half-hour animated episodes (30x 11 minute segments) to premiere on Netflix in 2017, as a NETFLIX ORIGINAL. *Llama Llama's* production team includes director Saul Blinkoff (*Doc McStuffins*), Emmy winning head writer and showrunner Joe Purdy, art director Ruben Aquino (*Little Mermaid, Lion King, Frozen*) and Emmy-winning producers Jane Startz and Andy Heyward. Based on the *NY Times* #1 best-selling children's books of the same name, the animated series centers on young Llama Llama's first steps in growing up and facing childhood milestones. Each episode will be structured around a childhood milestone coupled with a life lesson learned by Llama Llama and his friends, told with a sense of humor, vitality, and understanding. The global licensing program was unveiled in June 2016 at the Licensing Expo held in Las Vegas.

SpacePop : **SpacePop** is a music and fashion driven animated property that has garnered over 15 million views and over 52,000 subscribers since its launch in May 2016. With 108 three-minute webisodes in production and 85 already in distribution,, *SpacePop* has a best-in-class development and production team on board including Steve Banks (head writer and story editor of *Sponge Bob Square Pants*) as content writer; Han Lee (*Pink Fizz, Bobby Jack*) for original character designs; multiple Grammy Award-winning producer and music veteran Ron Fair (Fergie, Mary J. Blige, Black Eyed Peas, Pussycat Dolls, Christina Aguilera and more), singer-songwriter Stefanie Fair (founding member of RCA's girl group Wild Orchid with Fergie) for the original *SpacePop* theme music; and veteran music producer and composer John Loeffler (*Kidz Bop, Pokemon*) for original songs. Current promotional partners include Six Flags, Dippin' Dots, and Camplified. We have collaborated with licensing partners throughout North America, including Taste Beauty (beauty and bath products), Bare Tree Media (emoicons), Canal Toys (craft and activity kits), Yowie Group, Ltd. (confections), Jaya Apparel (apparel), and Sony Pictures Home Entertainment (home entertainment). Additionally, *SpacePop* products ranging from apparel and accessories, to beauty, cosmetics, candy, books and music became available at select Claire's and Kohl's in October 2016. We launched the *SpacePop* brand at Toys "R" Us® in December 2016 with a dedicated feature space merchandising over 20 *SpacePop* items from our various licensees, creating the ultimate *SpacePop* destination. The top performing items from this section will carry forward in 2017 merchandised within their appropriate departments, and the retail program will expand to include Target and Calendar Club.

Rainbow Rangers : From Shane Morris, the writer of *Frozen*, and Rob Minkoff, the director of *The Lion King*, *Rainbow Rangers* is an animated series about the adventures of seven heroic girls from Kaleidoscopia, a magical land on the other side of the rainbow. The Rangers serve as Earth's guardians and first-responders. When danger arrives, these seven girls ride a rainbow across the sky and land wherever they are needed most. Currently in

development (52 x 11' episodes), the mission-based action adventure series is scheduled to air on Nickelodeon's preschool channel, Nick Jr. In addition, in February of 2017, we announced that we had partnered with Mattel Inc.'s Fisher Price Toys as the master toy partner for the new series. They are currently amidst development of a broad line of figures, playsets, vehicles, and accessories.

Stan Lee's Cosmic Crusaders : *Stan Lee's Cosmic Crusaders* is a co-production between us, Stan Lee's POW! Entertainment, and The Hollywood Reporter of an adult-themed animated series whose launch coincided with "Stan Lee's 75 Years in Business" salute in The Hollywood Reporter's Comic-Con issue. *Stan Lee's Cosmic Crusaders* is based on a concept by Stan Lee and written by *Deadpool* co-creator Fabian Nicieza. With 52 eleven-minute episodes greenlit for production, the first four episodes premiered exclusively on THR.com with one episode that aired during Comic-Con International 2016. *Stan Lee's Cosmic Crusaders* is the first series to launch on THR.com and will be promoted through *The Hollywood Reporter's* YouTube channel, Facebook, Twitter and Instagram pages. The global consumer products program was introduced at Licensing Expo 2016 with national retailer Hot Topic secured as anchor retail partner.

Already Released Content:

Thomas Edison's Secret Lab : *Thomas Edison's Secret Lab* is a STEM-based comedy adventure series by Emmy-nominated writer Steve Banks (*SpongeBob Square Pants*), multi-Emmy Award-winning writer Jeffrey Scott (*Dragon Tales*), and Emmy Award-winning producer Mark Young (*All Dogs Go To Heaven 2*). The series includes 52 eleven-minute episodes as well as 52 original music videos produced by Grammy Award winning producer Ron Fair. The animated series follows the adventures of Angie, a 12-year-old prodigy who, along with her young science club, discovers Thomas Edison's secret lab. A robust licensing program is currently being put in place, and will be announced shortly.

Warren Buffett's Secret Millionaire's Club : With 26 thirty-minute episodes and 26 four-minute webisodes, this animated series features Warren Buffett who acts as a mentor to a group of kids who have international adventures in business. *Secret Millionaire's Club* empowers kids by helping them learn about the business of life and the importance of developing healthy life habits at an early age. Guest stars in each episode include Bill Gates, Shaquille O Neal, and Jay Z among others.

Baby Genius : For more than ten years, Baby Genius has earned worldwide recognition for creating award-winning products for toddlers. Its catalogue of 500 songs, 125 music videos, and toys feature classic nursery rhymes, learning songs, classical music, holiday favorites and more.

Kid Genius Cartoon Channel:

In April 2015, we partnered with Comcast to launch the new Kid Genius Cartoon Channel on Xfinity on Demand. In November 2016, we partnered with a leading kids' app distributor adding Over-The-Top ("OTT") distribution expanding the channel onto platforms such as Roku, Apple TV, Amazon and Google thus reaching a combined exposure in almost 50 million homes. We are in advanced conversations with additional cable operators and additional OTT platforms. Our plans are to continue this roll-out into 2017 adding additional reach with the goal of being in over 80 million homes by year end. Kid Genius Cartoon

Channel combines the powerful value of owning a channel in its own right with the ability to promote our brands and products.

About Genius Brands International, Inc.

Headquartered in Beverly Hills, California, Genius Brands International, Inc. (NASDAQ: GNUS) is a leading global media company developing, producing, marketing and licensing branded children's entertainment properties and consumer products for media distribution and retail channels. Led by award-winning creators and producers, Genius Brands distributes its content worldwide in all formats, as well as a broad range of consumer products based on its characters. In the children's media sector, its portfolio features "content with a purpose" for toddlers to tweens, which provides enrichment as well as entertainment, including new preschool property *Rainbow Rangers*; tween music-driven brand *SpacePOP*; preschool property debuting on Netflix *Llama Llama*; award-winning *Baby Genius*, re-launched with new entertainment and over 40 new products; adventure comedy *Thomas Edison's Secret Lab*®, available on Netflix, public broadcast stations and Genius Brands' *Kid Genius* channel on Comcast's Xfinity on Demand; Warren Buffett's *Secret Millionaires Club*, created with and starring iconic investor Warren Buffett. The Company is also co-producing an all-new adult animated series, *Stan Lee's Cosmic Crusaders*, with Stan Lee's Pow! Entertainment and The Hollywood Reporter. Additionally, under Genius Brands' wholly owned subsidiary, A Squared Entertainment, the company represents third-party properties, including *From Frank*, a humor greeting card and product line, and *Celescence Technologies*, the world's leading micro encapsulation company, across a broad range of categories in territories around the world. For additional information please visit www.gnusbrands.com.

FORWARD LOOKING STATEMENTS

This press release may contain forward-looking statements, including information about management's view of Genius Brands' future expectations, plans and prospects, within the safe harbor provisions under The Private Securities Litigation Reform Act of 1995 (the "Act"). In particular, when used in the preceding discussion, the words "believes," "hopes," "expects," "intends," "plans," "anticipates," or "may," and similar conditional expressions are intended to identify forward-looking statements within the meaning of the Act, and are subject to the safe harbor created by the Act. Any statements made in this news release other than those of historical fact, about an action, event or development, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause the results of Genius Brands to be materially different than those expressed or implied in such statements. These risk factors and others are included from time to time in documents Genius Brands files with the Securities and Exchange Commission, including but not limited to, its Form 10-Ks, Form 10-Qs and Form 8-Ks. Other unknown or unpredictable factors also could have material adverse effects on Genius Brands' future results. The forward-looking statements included in this press release are made only as of the date hereof. Genius Brands cannot guarantee future results, levels of activity, performance or achievements. Accordingly, readers should not place undue reliance on these forward-looking statements. Finally, Genius Brands undertakes no obligation to update these statements after the date of this release, except as required by law.

Tables to follow

The following tables should be read in conjunction with the footnotes accompanying the consolidated financial statements contained within the Form 10Q issued on May 15, 2017.

Genius Brands International, Inc.
Consolidated Balance Sheets
As of March 31, 2017, and December 31, 2016

| ASSETS | March 31, 2017 (unaudited) | December 31, 2016 |
|--------------------------------|---|-----------------------------|
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 4,227,097 | \$ 1,887,921 |
| Restricted Cash | 1,000,000 | 1,000,000 |
| Accounts Receivable, net | 442,071 | 122,910 |
| Inventory, net | 22,572 | 6,562 |
| Prepaid and Other Assets | 420,037 | 359,395 |
| Total Current Assets | <u>6,111,777</u> | <u>3,376,788</u> |
| Property and Equipment, net | 73,528 | 90,461 |
| Film and Television Costs, net | 3,229,013 | 2,260,964 |
| Intangible Assets, net | 1,827,953 | 1,845,650 |
| Goodwill | 10,365,805 | 10,365,805 |
| Total Assets | <u>\$ 21,608,076</u> | <u>\$ 17,939,668</u> |

LIABILITIES AND STOCKHOLDERS'
EQUITY

| | | |
|----------------------------|------------------|------------------|
| Current Liabilities: | | |
| Accounts Payable | \$ 326,402 | \$ 648,638 |
| Accrued Expenses | 256,604 | 249,482 |
| Deferred Revenue | 757,899 | 410,662 |
| Accrued Salaries and Wages | 159,929 | 132,827 |
| Disputed Trade Payable | 925,000 | 925,000 |
| Service Advance | - | 1,489,583 |
| Total Current Liabilities | <u>2,425,834</u> | <u>3,856,192</u> |
| Long Term Liabilities: | | |
| Deferred Revenue | 4,068,452 | 2,695,946 |
| Production Facility | 2,651,851 | 1,332,004 |
| Total Liabilities | <u>9,146,137</u> | <u>7,884,142</u> |

Stockholders' Equity
Preferred Stock, \$0.001 par value,
10,000,000 share authorized, respectively;
4,445 and 4,895 shares issued and
outstanding, respectively

| | | |
|--|-----------------------------|-----------------------------|
| Common Stock, \$0.001 par value, 233,333,334 shares authorized, respectively; 5,652,091 and 4,010,649 shares issued and outstanding, respectively | 5,652 | 4,011 |
| Common Stock to Be Issued | 24 | 24 |
| Additional Paid in Capital | 50,418,011 | 46,697,005 |
| Accumulated Deficit | (37,958,994) | (36,642,761) |
| Accumulated Other Comprehensive Income (Loss) | (2,758) | (2,758) |
| Total Stockholders' Equity | <u>12,461,939</u> | <u>10,055,526</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 21,608,076</u> | <u>\$ 17,939,668</u> |

The accompanying notes are an integral part of these financial statements.

Genius Brands International, Inc.
Consolidated Statements of Operations
Three months ended March 31, 2017 and 2016
(unaudited)

| | Three months ended March 31, 2017 | March 31, 2016 |
|--------------------------------------|--|-----------------------|
| Revenues: | | |
| Licensing & Royalties | \$ 153,213 | \$ 148,012 |
| Television & Home Entertainment | 43,373 | 203,881 |
| Advertising Sales | 1,505 | - |
| Total Revenues | <u>198,091</u> | <u>351,893</u> |
| Operating Expenses: | | |
| Marketing and Sales | 89,504 | 261,632 |
| Direct Operating Costs | 23,069 | 139,875 |
| General and Administrative | 1,400,925 | 1,602,102 |
| Total Operating Expenses | <u>1,513,498</u> | <u>2,003,609</u> |
| Loss from Operations | <u>(1,315,407)</u> | <u>(1,651,716)</u> |
| Other Income (Expense): | | |
| Other Income | 26 | 60 |
| Interest Expense | (853) | (1,428) |
| Interest Expense - Related Parties | - | (6,141) |
| Gain on Distribution Contracts | - | 9,510 |
| Gain on Foreign Currency Translation | - | 405 |
| Net Other Income (Expense) | <u>(827)</u> | <u>2,406</u> |
| Loss before Income Tax Expense | (1,316,234) | (1,649,310) |
| Income Tax Expense | - | - |

| | | |
|---|--------------------|--------------------|
| Net Loss | <u>(1,316,234)</u> | <u>(1,649,310)</u> |
| Net Loss per Common Share (Basic and Diluted) | <u>\$ (0.26)</u> | <u>\$ (0.44)</u> |
| Weighted Average Shares Outstanding (Basic and Diluted) | <u>5,020,154</u> | <u>3,772,051</u> |

The accompanying notes are an integral part of these financial statements.

Genius Brands International, Inc.
Consolidated Statements of Cash Flows
Three months ended March 31, 2017 and 2016
(unaudited)

| | <u>March 31, 2017</u> | <u>March 31, 2016</u> |
|--|-----------------------|-----------------------|
| Cash Flows from Operating Activities: | | |
| Net Loss | \$ (1,316,234) | \$ (1,649,310) |
| Adjustments to Reconcile Net Loss to Net Cash (Used in) / Provided by Operating Activities: | | |
| Amortization of Film and Television Costs | 4,605 | 117,513 |
| Depreciation Expense | 16,933 | 16,635 |
| Amortization Expense | 17,697 | 19,131 |
| Imputed Interest Expense | - | 6,141 |
| Stock Issued for Services | 100,000 | 24,000 |
| Stock Compensation Expense | 221,992 | 564,985 |
| Gain on Distribution Contracts | - | (9,510) |
| Gain on Foreign Currency Translation | - | (405) |
| Decrease (Increase) in Operating Assets: | | |
| Accounts Receivable | (319,161) | (179,507) |
| Inventory | (16,010) | (177) |
| Prepaid Expenses & Other Assets | (60,642) | (155,437) |
| Film and Television Costs, Net | (937,535) | (170,594) |
| Increase (Decrease) in Operating Liabilities: | | |
| Accounts Payable | (322,236) | 248,628 |
| Accrued Salaries | 27,102 | 11,258 |
| Deferred Revenue and Advances | 230,157 | 1,934,242 |
| Other Accrued Expenses | 7,122 | (70,482) |
| Net Cash (Used in) / Provided by Operating Activities | <u>(2,346,210)</u> | <u>707,111</u> |
| Cash Flows from Investing Activities: | | |
| Investment in Intangible Assets | <u>-</u> | <u>(1,850)</u> |

| | | |
|---------------------------------------|---|---------|
| Net Cash Used in Investing Activities | - | (1,850) |
|---------------------------------------|---|---------|

Cash Flows from Financing Activities:

Proceeds from Warrant Exchange, Net of Offering Costs

| | |
|-----------|---|
| 3,400,658 | - |
|-----------|---|

Proceeds from Production Facility

| | |
|-----------|---|
| 1,284,728 | - |
|-----------|---|

Net Cash Provided by Financing Activities

| | |
|-----------|---|
| 4,685,386 | - |
|-----------|---|

Net Increase in Cash, Cash Equivalents, and Restricted Cash

| | |
|-----------|---------|
| 2,339,176 | 705,261 |
|-----------|---------|

Beginning Cash, Cash Equivalents, and Restricted Cash

| | |
|-----------|-----------|
| 2,887,921 | 5,187,620 |
|-----------|-----------|

Ending Cash, Cash Equivalents, and Restricted Cash

| | |
|--------------|--------------|
| \$ 5,227,097 | \$ 5,892,881 |
|--------------|--------------|

Supplemental Disclosures of Cash Flow Information:

Cash Paid for Interest

| | |
|--------|------|
| \$ 853 | \$ - |
|--------|------|

Schedule of Non-Cash Financing and Investing Activities:

Issuance of Common Stock to Sony Pictures Home Entertainment, Inc.

| | |
|--------------|------|
| \$ 1,489,583 | \$ - |
|--------------|------|

The accompanying notes are an integral part of these financial statements.

Image Available:

http://www.marketwire.com/library/MwGo/2017/5/16/11G138953/Images/GBI_Logo-d7d9ad2cd55d980f8d124af8500ad174.jpg

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Source: Genius Brands International, Inc.