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# Genius Brands International Achieves Five-Fold Increase in Revenue for the Second Quarter of 2019

*Launch of over 450 product SKUs underway*

*Genius Brands' content now available to nearly 70% of all U.S. households*

BEVERLY HILLS, Calif., Aug. 20, 2019 (GLOBE NEWSWIRE) -- Genius Brands International, Inc. ("Genius Brands") (NASDAQ:GNUS), today provided a business update and reported financial results for the second quarter of 2019.

Andy Heyward, Chairman & CEO of Genius Brands, commented, "We are pleased to report a significant increase in revenue for the second quarter of 2019, due in large part to the traction we are gaining with both *Rainbow Rangers* and *Llama Llama*—both of which have been picked up for a second season on Nick Jr. and Netflix respectively. We are now transitioning into the next phase of our growth, which includes product merchandising around these two hit series. Moreover, our partners are among the top manufacturers, from toys by Mattel, to vitamins by Integrity Vitamins, to bikes by Dynacraft and apparel by Bentex. In total, we are in the process of launching over 450 licensed SKUs, with several SKUs now hitting shelves and the remainder scheduled to launch over the coming nine months. We look forward to providing further updates as future products hit the market."

"We continue to expand our brands and gain viewership, both in the U.S. and internationally. We recently announced the launch of a Kid Genius Plus! service on the DISH network, which provides content to over 80 million U.S. TV households, and joins a growing distribution roster that includes Amazon Prime, Sling TV, Comcast's Xfinity on Demand, Roku, Apple TV, Amazon Fire, Cox, Tubi, Tankee, and Xumo and other important OTT platforms. As a result, I'm pleased to report our content is now available to nearly 70% of all U.S. households. In addition to aligning with new platform partners, we are also continuing to identify potential content partners to offer our audience a diverse range of content."

"We look forward to aggressively rolling out additional content, aligned with our mission of providing kids and parents with a safe viewing environment that offers premium enriching and engaging programming. Our diversified portfolio of content includes a growing roster of titles, which will now include our all-new comedy, action-adventure animated series for children, *Stan Lee's Superhero Kindergarten*, starring the iconic star, Arnold Schwarzenegger (*The Terminator* franchise, *Twins*, *Kindergarten Cop*, *Total Recall*, *Predator*). *Stan Lee's Superhero Kindergarten* was recently introduced to a standing room only audience at this year's International Comic-Con: San Diego. In my many years producing hit titles, I've never witnessed such positive feedback from potential industry

partners, manufacturers or consumers—both children and parents alike.”

Mr. Heyward concluded, “Given our current growth rate and scalable business model, we believe we are extremely well positioned to drive improved profitability and shareholder value in the second half of 2019 and for years to come as our merchandising strategy begins to impact our financial results.”

## **Second Quarter 2019 Financial Highlights**

Revenue for the second quarter of 2019 increased to \$0.5 million, compared to approximately \$76 thousand for the same period last year. The increased revenue primarily reflects growth in Television & Home Entertainment, which increased approximately by \$261,253 or 764%, primarily due to the revenue generated from the international television deliveries of *Rainbow Rangers* as well as licensing and royalty revenue, which increased approximately \$125,006 or 507% due to the revenue generated from the *Rainbow Rangers* and *Llama Llama* properties. Operating loss for the second quarter of 2019 was approximately \$1.7 million, compared to approximately \$2.2 million for the same period last year. Operating expenses for the three months ended June 30, 2019, included non-cash film and television cost amortization expense of \$192,803 and participation expense of \$145,705, compared to \$738,401 and \$(14,732), respectively, for the same period last year. Net loss applicable to common shareholders for the second quarter of 2019 was approximately \$1.7 million, or \$0.16 per share, compared to \$1.3 million, or \$0.26 per share, for the same period last year. Net loss for the second quarter of 2019 included interest expense of \$137,542 for the three months ended June 30, 2019 related to the \$4.5 million of Senior Convertible Notes issued August 2018 and interest charged on the *Llama Llama* Season 1 and Season 2 production loans. Interest was capitalized into the costs of production in 2017 prior to completion in December 2017.

Revenue for six months ended June 30, 2019 increased to \$1.7 million, compared to approximately \$169,624 for the same period last year. The increased revenue primarily reflects growth in Television & Home Entertainment, which increased approximately by \$1.1 million or 2918%, primarily due to the revenue generated from the international television deliveries of *Rainbow Rangers* as well as licensing and royalty revenue, which increased approximately \$408,380 or 446% due to the revenue generated from the *Rainbow Rangers* and *Llama Llama* properties. Operating loss for the six months ended June 30, 2019 was approximately \$2.9 million, compared to approximately \$3.5 million for the same period last year. Operating expenses for the six months ended June 30, 2019, included non-cash film and television cost amortization expense of \$621,986 and participation expense of \$435,087, compared to \$747,050 and \$3,482, respectively, for the same period last year.

Net loss applicable to common shareholders for the six months ended June 30, 2019 was approximately \$7.0 million, or \$0.69 per share, compared to \$3.5 million, or \$0.42 per share, for the same period last year. Net loss for the first quarter of 2019 included a non-cash loss on the extinguishment of debt of approximately \$3.3 million, which was a result of the modification of the Secured Convertible Notes as part of the February equity raise as well as interest expense of \$666,744 for the six months ended June 30, 2019 related to the Senior Convertible Notes issued August 2018 and interest charged on the *Llama Llama* Season 1 and Season 2 production loans.

## **About Genius Brands International**

Headquartered in Beverly Hills, Genius Brands International, Inc. (NASDAQ:GNUS) is a

leading global kids media company developing, producing, marketing and licensing branded children's entertainment properties and consumer products for media and retail distribution. The Company's "content with a purpose" brand portfolio, which is led by award-winning creators and producers, includes preschool properties *Rainbow Rangers* for Nick Jr. and *Llama Llama* for Netflix; award-winning toddler brand, *Baby Genius*; adventure comedy STEM series, *Thomas Edison's Secret Lab*; and financial literacy and entrepreneurship series, *Warren Buffett's Secret Millionaires Club*. The Company's content catalog also includes the animated series, *Stan Lee's Cosmic Crusaders*, created with Stan Lee's Pow! Entertainment. Seeing the need to provide kids and parents with a safe viewing environment that offers premium enriching and engaging programming, Genius Brands launched the Genius Brands Network – comprised of *Kid Genius Cartoon Channel* and *Baby Genius TV*, as well as an exclusive *Kid Genius Cartoons Plus* subscription channel on Amazon Prime. The Network channels are available in approximately 80 million U.S. households via a variety of distribution platforms, such as OTT, set-top box, internet, and mobile. Through licensing agreements with category leading partners, characters from the Company's properties also appear on a wide range of consumer products for retail. For additional information, please visit [www.gnusbrands.com](http://www.gnusbrands.com).

#### **Forward-Looking Statements:**

*Certain statements in this notice constitute "forward-looking statements" within the meaning of the federal securities laws. Words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current expectations, are forward-looking statements. While the Company believes these forward-looking statements are reasonable, undue reliance should not be placed on any such forward-looking statements, which are based on information available to us on the date of this release. These forward-looking statements are based upon current estimates and assumptions and are subject to various risks and uncertainties, including without limitation those set forth in the Company's filings with the Securities and Exchange Commission (the "SEC"), not limited to Risk Factors relating to its patent business contained therein. Thus, actual results could be materially different. The Company expressly disclaims any obligation to update or alter statements whether as a result of new information, future events or otherwise, except as required by law.*

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