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Genius Brands International Reports 563% Increase in Revenue to \$3.5 Million for the Third Quarter of 2019

BEVERLY HILLS, Calif., Nov. 15, 2019 (GLOBE NEWSWIRE) -- Genius Brands International, Inc. ("Genius Brands") (NASDAQ:GNUS), a global brand management company that creates and licenses multimedia entertainment content for children, today provided a business update and reported financial results for the third quarter of 2019.

Andy Heyward, Chairman & CEO of Genius Brands, commented, "This has been an extremely productive quarter and we are now seeing the first results of our strategy to create valuable children's content, beginning to pay off. We recently announced a transformational partnership between Genius Brands and the Alibaba Company of China. Alibaba, China's largest company, will co-produce *Stan Lee's Superhero Kindergarten* with us, starring Arnold Schwarzenegger, as well as distribute, promote, and oversee licensing of consumer products and merchandising in China. China represents an enormous potential market for this series, four times that of the U.S. with over 1.4 billion consumers. We believe the brand appeal of a Stan Lee production, combined with the star power of Arnold Schwarzenegger, will make the series and associated products, a major success not only in China, where they are hugely popular iconic figures, but equally around the world. In the U.S., we have received overwhelmingly positive feedback from potential industry partners, manufacturers, as well as consumers. We look forward to providing further updates on our plans to roll out the series, as well as announce a master toy partner, and tentpole licensees in the weeks ahead."

"I am especially pleased to report that revenues for the third quarter of 2019 increased 563% to \$3.5 million, due in large part to the revenue generated from the delivery of *Llama Llama* Season 2 to Netflix in September. We continue to gain traction with both *Rainbow Rangers* and *Llama Llama*, on Nick Jr. and Netflix, respectively. *Llama Llama* will debut its second season of episodes and specials this month on Netflix. As a result of strong ratings, *Rainbow Rangers*, has had its broadcast runs on NICK Jr. increased to 3x/day, 6 days/week with a new Premiere episode broadcast each Sunday. At the same time we are rapidly selling to new international distribution outlets, which is accelerating our entry into major markets around the world. With the addition of the powerful broadcasters CORUS in Canada, as well as Televisa, in Mexico, alongside the pickup from NICKELODEON Latin America, as well as NICK, U.S., *Rainbow Rangers* is now being distributed across the entire western hemisphere, in addition to the rollout in Europe and Asian markets. More importantly, we are now in the next phase of our growth strategy as we are aggressively rolling out new products around these two hit series. Our partners are among the top manufacturers in the world. We remain on track to launch over 450 licensed SKUs, with a number of these products now hitting shelves and the remainder scheduled to launch over the coming 9 months."

Mr. Heyward concluded, "Overall, we remain extremely encouraged by the outlook for the business and believe we have built a highly scalable, high margin business model, at a moment in time when the appetite for quality evergreen children's content is increasing dramatically. We have assembled a first class management team with successful track records at leading companies, including The Walt Disney Company, Hasbro Toys, and the Spin Master Toy Company, the creators and owners of the billion-dollar mega-hit *Paw Patrol*. As further validation of my own confidence in the Company, I have continued to invest in Genius Brands, as I strongly believe we now have placed powerful brands in the marketplace, positioning us to drive profitability and shareholder value for years to come."

Third Quarter 2019 Financial Highlights

Revenue for the third quarter of 2019 increased to \$3.5 million, compared to approximately \$523 thousand for the same period last year. The increased revenue primarily reflects the revenue generated from the delivery of *Llama Llama* Season 2 to Netflix in September. Operating loss for the third quarter of 2019 was approximately \$1.6 million, compared to approximately \$1.3 million for the same period last year. Operating expenses for the three months ended September 30, 2019, included non-cash film and television cost amortization expense of \$1.3 million and participation expense of \$1.0 million, compared to expenses of \$268 thousand and \$169 thousand, respectively, for the three months ended September 30, 2018. Net loss applicable to common shareholders for the third quarter of

2019 was approximately \$4.2 million, or \$0.38 per share, compared to \$2.1 million, or \$0.24 per share, for the same period last year. Net loss applicable to common shareholders included a non cash expense related to the beneficial conversion feature on the Preferred Stock of \$1.7 million and \$353,000 for the third quarters of 2019 and 2018, respectively.

Revenue for the nine months ended September 30, 2019 increased to \$5.2 million, compared to approximately \$693 thousand for the same period last year. The increased revenue primarily reflects the revenue generated from the delivery of Llama Llama Season 2 to Netflix in September and Rainbow Rangers Season 1 to Viacom the first quarter of 2019. Operating loss for the nine months ended September 30, 2019 was approximately \$4.5 million, compared to approximately \$4.7 million for the same period last year. Operating expenses for the nine months ended September 30, 2019, included non-cash film and television cost amortization expense of \$1.9 million and participation expense of \$1.5 million, compared to expenses of \$1.0 million and \$183 thousand, respectively, for the nine months ended September 30, 2018. Net loss applicable to common shareholders for the nine months ended September 30, 2019 was approximately \$11.3 million, or \$1.07 per share, compared to \$5.6 million, or \$0.66 per share, for the same period last year. Net loss applicable to common shareholders included a non cash expense related to the beneficial conversion feature on the Preferred Stock of \$2.0 million and \$353,000 for the nine months ended September 30, 2019 and September 30, 2018, respectively. Net loss for the nine months ended September 30, 2019 included a non-cash loss on the extinguishment of debt of approximately \$4.4 million, which was a result of the modification of the Secured Convertible Notes as part of the February equity raise.

About Genius Brands International

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 award-winning 'content with a purpose' portfolio includes *Stan Lee's Superhero Kindergarten*, starring Arnold Schwarzenegger; *Rainbow Rangers* for Nick Jr.; *Llama Llama*, starring Jennifer Garner, for Netflix; award-winning toddler brand *Baby Genius*; adventure comedy STEM series *Thomas Edison's Secret Lab*; entrepreneurship series *Warren Buffett's Secret Millionaires Club*, and *Stan Lee's Cosmic Crusaders*, created with Stan Lee's Pow! Entertainment. Through licensing agreements with leading partners, characters from Genius Brands' IP also appear on a wide range of consumer products for the worldwide retail marketplace. The Company's Genius Brands Network of channels, including *Kid Genius Cartoon Channel*, *Baby Genius TV*, and *Kid Genius Cartoons Plus!*, are available in over 80 million U.S. television households via a multitude of distribution platforms, including Comcast, Cox, DISH, Amazon Prime, Sling TV, Apple TV, Roku, Amazon Fire and more. For additional information, please visit 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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