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Genius Brands International, Inc. Issues Shareholder Letter

BEVERLY HILLS, CA -- (Marketwired) -- 05/03/17 -- Genius Brands International (NASDAQ: GNUS) recently released a letter to shareholders from Chairman & CEO Andy Heyward. The complete letter follows:

Dear Shareholders and Friends,

Last week, Genius Brands made an important announcement regarding our upcoming animated series RAINBOW RANGERS and the team that will now be bringing this to the global marketplace.

Rainbow Rangers will be important because:

- The #1 ranked kids network, **Nickelodeon**, will be the broadcaster.
- The #1 toy company in the world, **Mattel**, will be the master toy license.
- The #1 creative team assembled for animated television series created by Rob Minkoff, the director of Disney's *Lion King*, Shane Morris, the co-writer of Disney's *Frozen*, and Show Run by Elise Allen, the Emmy nominated writer currently doing Disney Channel's *Lion King* spinoff, *Lion Guard*. (I don't make such a statement lightly, but to the best of my knowledge there has never been a team with the mega hit Disney animated motion picture pedigree of this stature, which has come together to create a new brand).

In addition to this 'winning tripod,' we have been joined by **Shelly Hirsch** as **Co-Executive Producer**. Shelly is the founder and CEO of Beacon Media, the largest children's media buying service in the U.S. Shelly will be a Co-Executive Producer of the series, along with myself. The significance of Shelly Hirsch as part of our *Rainbow Rangers* series is the huge strategic insight that Shelly brings to the table in successful content distribution and consumer product licensing. As the single largest spender of kids media dollars, Shelly is the foremost authority on what makes kid's programs succeed and their licensing business explode. The tactics which Shelly will help engineer to maximize the success of *Rainbow Rangers* cannot be overstated.

Since announcing RAINBOW RANGERS' pickup last week by Nickelodeon, we have been contacted by licensees of product across all the major categories, from publishing to apparel and all points in between. The licensing community quickly smells a hot property, and our expectations are that we will have deals written *in virtually every major category* with the tiffany licensees in each category by end of Licensing Show in Las Vegas at the end of this month. In October, we will be exhibiting *Rainbow Rangers* at Brand Licensing Europe in London, and we expect similar results from the international licensee community, for those categories where we have not already done global licenses.

I share this with you because in the kid's content business, RAINBOW RANGERS represents the '**perfect storm.**'

- Best in Class, *creative*
- Best in Class, *distribution*
- Best in Class, *master toy license*
- Best in Class, *licensee base*

This means that we expect the property will be on air and on shelf with content and consumer products in virtually every major category, including toys, electronics, video games, apparel, publishing, music, stationary, party goods, school supplies, backpacks, bedding, costumes, role play, and confections to name a few. Strawberry Shortcake had over 300 licensees globally, and ultimately did \$5 BILLION DOLLARS OF RETAIL SALES. Each and every licensee pays an \$advance and provides a monetary guarantee for the rights to license our characters and put it on their products. With every single item of every single product sold, a percentage of the sale price is paid to Genius Brands as a royalty.

Of course nobody can guarantee what property becomes the next billion dollar brand. Nevertheless, every year there is another *Power Rangers*, another *Strawberry Shortcake*, another *Ninja Turtles*, *Pokemon*, *Barney*, or *Paw Patrol*. **We think that Rainbow Rangers has every chance to become such a property.**

This month, for the first time, Genius Brands will begin hosting quarterly earnings conference calls as a means to explain our performance and highlight key trends and activity within the business. We are excited with what we are seeing, and we believe our shareholders will be as well. I have always said that it takes three years from the time the first property is created until it is developed, produced, and on the screen, with consumer products on shelf. Now we are just beginning to see the fruits of that process.

Adding to the excitement of *RAINBOW RANGERS*:

- *LLAMA LLAMA* will be delivered to Netflix in October, and product will begin to appear on shelf at retail this 4th quarter.
- *SPACEPOP* will go into its second season this 4th quarter with more product, more retail distribution and more content.
- *THOMAS EDISON'S SECRET LAB* will debut licensed product through a direct-to-retail license with a soon to be announced national retailer introducing 14 items across science, activity kits and compounds. Products will be in nearly 1,000 stores nationally in time for the all important Q4.
- *KID GENIUS CARTOON CHANNEL*: we expect to be in 80 million US TV Households this year, a hugely valuable benchmark, putting us in three out of four households in America.

We are grateful for the confidence our investors have placed in Genius Brands and look forward to that being reflected in our revenue forecasts later this month.

Andy Heyward

Chairman & CEO

Genius Brands International, Inc.

Image Available:

http://www.marketwire.com/library/MwGo/2017/5/2/11G137717/Images/GBI_Logo-26bff49f12cd960195b1fb5418fa04fb.jpg

Image Available:

http://www.marketwire.com/library/MwGo/2017/5/2/11G137717/Images/Rainbow_Rangers_neb185876e31f79c4ead3573987861349e.jpeg

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Source: Genius Brands International, Inc.