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Genius Brands International, Inc. Issues Shareholder Letter

BEVERLY HILLS, Calif., March 08, 2018 (GLOBE NEWSWIRE) -- Genius Brands recently released a letter to shareholders from Chairman & CEO Andy Heyward. The complete letter follows:



Based on the award-winning and New York Times bestselling book series by celebrated author and illustrator Anna Dewdney, Genius Brands International's Llama Llama, starring Jennifer Garner, is available on Netflix worldwide with 15 x 30-minute episodes and produced in 20 different languages. The heart-warming series depicts first childhood experiences and adventures as well as the special connections between the lead character, Llama, his Mama and his grandparents.

Dear Friends and Shareholders,

As the stock market continues to experience swings and volatility, **Genius Brands International** (NASDAQ:GNUS) stands in a uniquely privileged position with huge opportunity ahead.

At Genius Brands, we *make* animated cartoons, we *distribute* animated cartoons, and we *license consumer products* based on our cartoons. We *also* run channels, which *broadcast our animated cartoons*.

We are in a unique position today. We have built a continuously growing asset base with 435

animated cartoon episodes currently in our catalogue, another 52 in production, and another 30 in pre-production, as well as a significant number in development scheduled for the next 24 months. We have more consumer products' licensees than ever before, covering virtually every possible brand of products from toys to books to apparel, to electronics, soft goods, and others. We have three brands (***Llama Llama***, ***Rainbow Rangers***, and ***Baby Genius***) which each have potential to become billion dollar businesses.

Our two channel brands, KID GENIUS and BABY GENIUS are distributed across cable (Comcast), OTT (Apple TV, Roku, Amazon Fire), YouTube, and Amazon Prime. The unique positioning of the brand stands alone as both kid and parent friendly... with no violence, and safe content absent of negative stereotypes and inappropriate messaging. The combined footprint creates a platform which enables our brands and shows to be seen by pretty much any kid anywhere in the U.S. Viewership continues to rise every single month, and across all platforms, we are currently exceeding **TWO AND A HALF MILLION VIEWS PER MONTH AND GROWING EVERY MONTH.**

Llama Llama's latest book was released last week upon the heels of the recent release of our series on Netflix, and we were informed by Penguin Books it is now the **#4 best-selling book in America**. Not just of kid's books, *but of ALL books*. Athletes and announcers have amazingly been holding up *Llama Llama* products on NBC during the Olympics! Actress Jennifer Garner (the voice of Mama Llama) has been tweeting about it on social media, and the *Llama Llama* exhibit at NY Toy Fair last week from Cuddle Barn, our animatronic licensee, was the darling which everyone was talking about.

Concurrently, we also showed the trailer for *Rainbow Rangers*, our upcoming series for Nick Jr. and Mattel Toys, last week at the NY Toy Fair and KidScreen Summit, two major industry events for sneak peeks. *Rainbow Rangers* has nearly 20 blue-chip industry-leading licensees across a multitude of consumer products, including the anchor categories of toys, publishing and apparel. (*Rainbow Rangers* has been labeled a '*Paw Patrol* for girls', yet comparably, when *Paw Patrol* launched four and a half years ago, they had no consumer products program to speak of other than the originator of the programming, Spin Master Toys. Today it's a multi-billion-dollar brand.) There is tremendous momentum coming out of NY Toy Fair from which we will be signing multiple new agreements (anticipating four to seven new deals for categories including games and puzzles, consumer electronics, coloring and activity, novelty toys, and Halloween costumes, among others).

What is all the excitement about??

Take a look yourself at the trailer!

<https://qi.mediasilo.com/#qi/5a8394abe4b02ca33cf3aa/a5f57920-7aed-4d54-8637-7f992066411d>

Whether licensees or global broadcasters, the reaction has been nothing short of spectacular, and we have the highest expectations when the series debuts at the end of this year on Nick Jr. In our world a major hit means not just lots of viewers, but that it translates into major consumer product sales, which means royalty revenues. The toy line from Mattel is one of the most extensive and commercial I have ever seen in my career.

Cartoons are not affected by interest rates or the price of oil or global politics. They are not affected by the Fed. or Robert Mueller, or Donald Trump or Vladimir Putin. Good cartoons

are timeless, and over time, cartoon catalogues have continued to increase in value and eventually become consumed by bigger companies. In my opinion, it is among the safest classes of assets that one could imagine. There will always be kids, and they will always need entertainment. Whether it be through TV or tablets, mobile phones or iPad, Sony Playstation or Nintendo Switch...whatever new technology emerges, kids will continue to watch cartoons, and the value of a cartoon catalogue with good content is continuously validated. They just don't go obsolete!

I love to point out *Tom & Jerry* as the penultimate example, and it is truer today than ever. Though it was created in 1939, it continues to be a top performing asset and new kids discover *Tom & Jerry* every single day.

There will always be a *Tom & Jerry* and there will always be a *Mickey Mouse*. There will also always be an *Inspector Gadget*, an *Alvin and the Chipmunks*, a *Strawberry Shortcake* and a *Care Bears*, four series which I produced and know well. There will also always be a *Llama Llama* and a *Baby Genius* and a *Rainbow Rangers*. Five years from now, people might not remember Robert Mueller, but they will certainly remember *Llama Llama*.

Our cartoons are made by the most talented and accomplished people in the profession. The same people crafting our cartoons today have worked on *The Lion King* and *The Little Mermaid*. They have worked on *The Magic School Bus* and *Inspector Gadget*, *Super Mario Brothers*, *Sonic the Hedgehog*, *Alvin and the Chipmunks*, *Ghostbusters*, *The Archies* and *Sabrina*.

And while the market is bouncing around up and down, we have steadily continued to invest in our catalogue and our channels and they continue to grow with each quarter creating an increasingly valuable asset. The combination of catalogues of animated cartoons and channels can be counted on one hand. They are highly coveted, and for those with patience, they have inevitably shown themselves to be of huge value.

Sincerely,
Andy Heyward
Chairman & CEO
Genius Brands International, Inc.

Investor Relations
Porter, LeVay and Rose
Michael Porter
T: 212-564-4700
mike@plrinvest.com



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