

Genius Brands International, Inc.  
Form 424B3  
October 12, 2018

**Filed pursuant to Rule 424(b)(3)**

**Registration Statement No. 333-221683**

**Genius Brands International, Inc.**

**Prospectus Supplement No. 6**

**1,647,691 Shares**

**Common Stock**

This prospectus supplement no. 6 (the “**Supplement**”) supplements information contained in the prospectus dated January 30, 2018 (the “**Prospectus**”), relating to the sale of up to 1,647,691 shares of our common stock, par value \$0.001 per share (“**Common Stock**”), by the selling stockholders of Genius Brands International, Inc., a Nevada corporation, named in this prospectus. The shares being offered consist of an aggregate of 1,647,691 shares (the “**Shares**”) of Common Stock, at an offering price of \$3.90 per share. The shares offered by the prospectus were issued in connection with (i) an October 2017 Securities Purchase Agreement (the “**Purchase Agreement**”) with certain investors named therein (the “**Investors**”), pursuant to which we agreed to issue and sell, in a registered direct offering directly to the Investors (the “**Registered Offering**”) the Shares, at an offering price of \$3.90 per share; and (ii) a concurrent private placement (the “**Private Placement**” and together with the Registered Offering, the “**Offerings**”), under which we agreed to issue to the Investors who participated in the Registered Offering warrants (the “**Warrants**”) exercisable for one share of Common Stock for each Share purchased in the Registered Offering for an aggregate of 1,647,691 shares of Common Stock at an exercise price of \$3.90 per share.

This Supplement is being filed to update and supplement the information in the Prospectus with the information contained in our Current Reports on Form 8-K filed with the Securities and Exchange Commission on October 2, 2018 and October 4, 2018 (the “**Form 8-Ks**”). Accordingly, we have attached the Form 8-Ks to this Supplement.

This Supplement is incorporated by reference into, and should be read in conjunction with, the Prospectus. This Supplement is not complete without, and may not be delivered or utilized except in connection with, the Prospectus, including any amendments or supplements thereto. Any statement contained in the Prospectus shall be deemed to be modified or superseded to the extent that information in this Supplement modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed to constitute a part of the Prospectus except as modified or superseded by this Supplement.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this Prospectus Supplement is October 11, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**FORM 8-K**

**Current Report**

**Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 2, 2018

**GENIUS BRANDS INTERNATIONAL, INC.**

*(Name of registrant as specified in its charter)*

**Nevada**

*(State or other jurisdiction of*

*Incorporation or organization)*

**20-4118216**

*(I.R.S. Employer*

*Identification Number)*

**000-54389**

*(Commission File Number)*

**131 S. Rodeo Drive, Suite 250**

**Beverly Hills, CA**

*(Address of principal executive offices)*

**90212**

*(Zip Code)*

Registrant's telephone number, including area code: (310) 273-4222

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company.

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 5.07. Submission of Matters to a Vote of Security Holders.**

(a) On October 2, 2018, Genius Brands International, Inc. (the “**Company**”) held its 2018 Annual Meeting of Stockholders (the “**Annual Meeting**”). At the Annual Meeting, the holders of 5,887,281 shares of the Company’s common stock were present in person or represented by proxy, which represents 65.78% of the total shares of outstanding common stock entitled to vote as of the record date of August 3, 2018.

(b) The following actions were taken in the Annual Meeting:

The following eight nominees were elected to serve on the Company’s Board of Directors until the Company’s 2019 (1) annual meeting of stockholders or until their respective successors have been elected and qualified, or until their earlier resignation or removal:

<u>Name of Director Nominees</u>	<u>Votes For</u>	<u>Votes Withheld</u>	<u>Broker Non-Vote</u>
Andy Heyward	2,477,356	738	3,409,187
Amy Moynihan Heyward	2,476,690	1,404	3,409,187
Joseph “Gray” Davis	2,474,828	3,266	3,409,187
Lynne Segall	2,477,539	555	3,409,187
P. Clark Hallren	2,453,513	24,581	3,409,187
Anthony Thomopoulos	2,453,763	24,331	3,409,187
Bernard Cahill	2,477,606	488	3,409,187
Margaret Loesch	2,477,606	488	3,409,187

The amendment to the Company’s 2015 Amended Incentive Plan, to increase the number of shares of common (2) stock available for grant of awards under the 2015 Amended Incentive Plan from 1,666,667 to an aggregate of 2,666,667, was approved, based on the following votes:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Vote</u>
2,324,483	141,965	11,646	3,409,187

(3) The selection of Squar Milner LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2018, was ratified, based on the following votes:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Vote</u>
5,876,438	10,710	133	0

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**GENIUS BRANDS  
INTERNATIONAL, INC.**

Date: October 2, 2018 By: /s/ Andy Heyward  
Name: Andy Heyward  
Title: Chief Executive Officer

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**FORM 8-K**

**Current Report**

**Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 28, 2018

**GENIUS BRANDS INTERNATIONAL, INC.**

*(Name of registrant as specified in its charter)*

**Nevada**

*(State or other jurisdiction of*

*Incorporation or organization)*

**20-4118216**

*(I.R.S. Employer*

*Identification Number)*

**000-54389**

*(Commission File Number)*

**131 S. Rodeo Drive, Suite 250**

**Beverly Hills, CA**

*(Address of principal executive offices)*

**90212**

*(Zip Code)*

Registrant's telephone number, including area code: (310) 273-4222

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*(Former name or former address, if changed since last report)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

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Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company.

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



**Item 1.01 Entry into a Material Definitive Agreement.**

On September 28, 2018, Llama Productions LLC, a California limited liability company (“Llama”) and a wholly-owned subsidiary of Genius Brands International, Inc. (the “Company”), entered into a Loan and Security Agreement (the “Loan and Security Agreement”) with Bank Leumi USA (the “Lender”), pursuant to which the Lender agreed to make a secured loan in an aggregate amount not to exceed \$4,231,989 to Llama (the “Loan”). The proceeds of the Loan will be used to pay a portion of the expenses of producing, completing and delivering two 22 minute episodes and sixteen 11 minute episodes of the second season of the animated series *Llama Llama* to be initially exhibited on Netflix.

To secure payment of the Loan, Llama has granted to the Lender a continuing security interest in and against, generally, all of its tangible and intangible assets, which includes all seasons of the *Llama Llama* animated series.

Under the Loan and Security Agreement, Llama can request revolving loan advances under (a) the Prime Rate Loan facility and (b) the LIBOR Loan facility, each as further described in the Loan and Security Agreement attached as an exhibit hereto. Prime Rate Loan advances shall bear interest, on the outstanding balance thereof, at a fluctuating per annum rate equal to 1.0% plus the Prime Rate (as such term is defined in the Loan and Security Agreement), provided that in no event shall the interest rate applicable to Prime Rate Loans be less than 4.0% per annum. LIBOR Loan advances shall bear interest, on the outstanding balance thereof, for the period commencing on the funding date and ending on the date which is one (1), three (3) or six (6) months thereafter, at a per annum rate equal to 3.25% plus the LIBOR determined for the applicable Interest Period (as such terms are defined in the Loan and Security Agreement), provided that in no event shall the interest rate applicable to LIBOR Loans be less than 3.25% per annum.

The Maturity Date of the Prime Rate Loan facility and LIBOR Loan facility is March 31, 2021.

The foregoing description of the Loan and Security Agreement is not purported to be complete and is qualified in its entirety by reference to the full text of the Loan and Security Agreement attached to this Current Report on Form 8-K as Exhibit 10.1, which is incorporated by reference herein.

In addition, on September 28, 2018, Llama and Lender entered into Amendment No. 2 to Loan and Security Agreement, effective as of August 27, 2018, by and between Llama and the Lender (the “Amendment”). Pursuant to the Amendment, the original Loan and Security Agreement, dated as of August 5, 2016 and amended as of November 7, 2017 (the “Original Loan and Security Agreement”), was amended to (i) reduce the loan commitment thereunder to \$1,768,010.29, which is a reduction of \$3,075,406.03 from the original loan commitment under the Original Loan and Security Agreement and (ii) include the Llama Llama season two obligations under the Loan and Security Agreement as obligations under the Original Loan and Security Agreement.

The foregoing description of the Amendment is qualified in its entirety by reference to the full text of the Amendment attached to this Current Report on Form 8-K as Exhibit 10.2, which is incorporated by reference herein.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated into this Item 2.03 by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Loan and Security Agreement, dated as of September 28, 2018, by and between Llama Productions LLC and Bank Leumi USA.</u>
10.2	<u>Amendment No. 2 to Loan and Security Agreement, effective as of August 27, 2018, by and between Llama Productions LLC and Bank Leumi USA.</u>

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**GENIUS BRANDS  
INTERNATIONAL, INC.**

Date: October 3, 2018 By: /s/ Andy  
Heyward  
Name: Andy Heyward  
Title: Chief Executive Officer

Exhibit 10.1

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement (as amended, restated, supplemented, or otherwise modified from time to time, this "Agreement") is made and entered into as of September 28, 2018, by and between Llama Productions LLC, a California limited liability company (the "Borrower"), and Bank Leumi USA, a New York banking corporation (the "Lender").

RECITALS

This Agreement is entered into in reference to the following facts:

The Borrower has requested that the Lender make a loan to the Borrower of up to \$4,231,989, the proceeds of which shall be used to pay a portion of the expenses of producing, completing and delivering two (2) 22 minute episodes and sixteen (16) 11 minute episodes of the second season of a premium pay animated children's television series tentatively entitled *Llama Llama* and to pay interest, fees, costs and other amounts related thereto. The Lender is willing to make such a loan to the Borrower on the terms contained herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereby agree as follows.

ARTICLE 1 -DEFINITIONS

1.1 Defined Terms. Initially capitalized terms used herein shall have the following meanings:

"Affiliate" means, as to any Person, any other Person who directly or indirectly, controls, is controlled by, or is under common control with such Person. A Person shall be deemed to control another Person if the controlling Person

possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

“Agreement” means this Loan and Security Agreement, as amended, restated, supplemented, or otherwise modified from time to time after the Closing Date.

“Attorney Costs” means all reasonable fees of Babok & Robinson, LLP, the external legal counsel engaged by the Lender to negotiate and close the Loan evidenced by this Agreement, and any reasonable related out-of-pocket disbursements, filing, courier, messenger, copying and other fees and expenses incurred by such counsel.

“Available Commitment” means, as of any date, (a) the Commitment, minus (b) the sum of: (i) the unpaid balance of all outstanding Loans and other Obligations; (ii) the aggregate amount of requested, but unfunded, Loans, prior to such date; and (iii) the Interest and Fee Reserve.

“Borrowing Certificate” means a certificate substantially in the form attached hereto as Exhibit “A.”

“Budget” means the final budget for Season Two, dated September 20, 2018, in the amount of \$3,799,148.80, which has been identified as such in the Completion Guaranty.

“Business Day” means: (a) any day that is not a Saturday, Sunday, or a day on which banks in Los Angeles, California or New York, New York, are required or permitted to be closed, and (b) with respect to all notices, determinations, fundings and payments in connection with LIBOR or LIBOR Loans, any day that is a Business Day pursuant to clause “(a)” above and that is also a day on which trading is carried on by and between banks in the London interbank market.

“Capital Adequacy Regulation” means any guideline, request or directive of any central bank or other governmental authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

“Cash Collateral Account” means account number 5114319400, in the name of the Borrower, maintained at the Lender’s branch located at 555 West 5<sup>th</sup> Street, Suite 3300, Los Angeles, California 90013, Attention: David Henry; ABA routing number 026002794; Swift Code: LUMIUS3N; or such other bank accounts or addresses as the Lender may hereafter designate

“Cash Flow Schedule” means the cash flow schedule for Season Two, dated September 20, 2018, in the amount of \$3,799,149, which has been identified as such in the Completion Guaranty.

“Chain-of-Title Documents” means the documents listed in Schedule 1 hereto.

“Change of Control” means, Genius Brands ceases to have both beneficial ownership and voting control of 100% of the voting interest of the Borrower.

“Closing Date” means the date on which all conditions precedent to the initial Loan specified in Article 5 hereof have been satisfied.

“Co-Production Agreement” means the Coproduction Agreement, dated September 17, 2018, between the Irish Co-Producer and the Borrower, the Notice of Assignment of Co-Production Agreement, dated September 17, 2018, from the Irish Co-Producer to Genius and the Ac Acknowledgment of Assignment of Co-Production Agreement dated September 17, 2018, between Genius and Irish Co-Producer.

“Collateral” has the meaning assigned thereto in Section 7.1 hereof.

“Collateral Proceeds” means all proceeds of the Collateral, including all amounts acquired or paid to or derived by or payable directly and indirectly to the Borrower or any third Persons or any of their respective Affiliates on account of the sale, lease, licensing, exchange, distribution, exploitation, or other disposition of the Collateral, including, without limitation, the Netflix License Fee, money, royalties, fees, commissions, charges, payments, proceeds of any letter of credit, advances, income, profit and other forms of payment, and proceeds of any insurance for any of the Collateral, and any sums payable to the Borrower and any third Persons or any of their respective Affiliates under the Netflix License Agreement.

“Collection Account” means account number 756881900, in the name of the Borrower, maintained at the Lender’s branch located at 555 West 5<sup>th</sup> Street, Suite 3300, Los Angeles, California 90013, Attention: David Henry; ABA routing number 026002794; Swift Code: LUMIUS3N; Reference: Llama Productions, or such other bank accounts or addresses as the Lender may hereafter designate.

“Commitment” means four million two hundred thirty-one thousand nine hundred eighty-nine Dollars (\$4,231,989).

“Completion Agreement” means the Completion Agreement dated concurrently herewith, among the Completion Guarantor and the Borrower for Season Two and any amendments, supplements, modifications, extensions, renewals or replacements thereto.

“Completion Sums” means all sums advanced or expended by the Completion Guarantor pursuant to the Completion Agreement and/or the Completion Guaranty to cover costs, expenses, claims, demands, and losses incurred by the Completion Guarantor to complete and deliver Season Two under the terms thereof.

“Completion Guarantor” means Film Finances, Inc., a California corporation.

“Completion Guaranty” means the Completion Guaranty for Season Two, dated concurrently herewith, issued by the Completion Guarantor in favor of the Lender, and any amendments, supplements, modifications, extensions, renewals or replacements thereto, pursuant to which the Completion Guarantor has guaranteed to the Lender, *inter alia*, that Season Two will be duly and timely completed and delivered to Netflix and providing for a strike price (the “Strike Price”) which, after the application of all credits for all other third party funds, does not exceed the Commitment minus the Interest and Fee Reserve calculated on the Closing Date.

“Copyright Mortgage” means the Copyright Mortgage, dated concurrently herewith, from the Borrower, in a form approved by the Lender and suitable for filing in the United States Copyright Office, pursuant to which the Borrower granted to the Lender a Lien in its rights in Season Two to secure the satisfaction of its obligations under the Loan Documents.

“Default” means any event or condition specified in Section 11.1 that, with notice, the passage of time, the happening of any other condition or event, or any combination thereof, would constitute an Event of Default.

“Default Rate” means a per annum interest rate at all times equal to the sum of the otherwise applicable interest rate plus three percent (3%). Each Default Rate shall be adjusted simultaneously with any change in the applicable interest rate.

“Delivery” means “Delivery” or the equivalent phrase, as defined in the Netflix Notice of Assignment.

“Delivery Materials” means the materials that must be delivered and/or made available to Netflix as specified in, and in accordance with the terms of, the Netflix Notice of Assignment.

“Deposit Account Control Agreement” means the Deposit Account Control Agreement for the Cash Collateral Account, dated on or about the date hereof, by and between the Borrower and the Lender, in a form approved by the Lender and its counsel.

“Dollars” or “\$” means the lawful currency of the United States of America.

“Episodes” means the Season One Episodes and the Season Two Episodes.

“Equity Interests” means shares of the capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in any Person or any warrants, options or other rights to acquire such interests.

“Event of Default” has the meaning specified in Section 11.1 hereof.



“Forum” has the meaning assigned therein in Subsection 13.4(b) hereof.

“Genius Brands” means Genius Brands International, Inc., a Nevada corporation.

“Guild Subordination Agreements” means the subordination agreement(s), the terms of which have been approved by the Lender, subordinating any Lien which any applicable union or guild may have in the Collateral, which is subject to the Lender’s Lien hereunder.

“Interest and Fee Reserve” means \$432,838.

“Interest Payment Due Date” means (a) with respect to LIBOR Loans, the last Business Day of the Interest Period of such LIBOR Loan; provided, however, if such Interest Period has a duration of more than three (3) months, then on each day which occurs during such Interest Period every three (3) months from the first day of such Interest Period, but in each case no later than the Maturity Date, and (b) with respect to Prime Rate Loans, the first day of each month hereafter.

“Interest Period” means, as to any LIBOR Loan, the period commencing on the funding date of a Loan or on the date such Loan is converted into or continued as a LIBOR Loan, and ending on a date which is one (1), three (3) or six (6) months thereafter, provided, that: (i) in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the day on which the next preceding Interest Period expires; (ii) if any Interest Period would otherwise expire on a day which is not a Business Day, the Interest Period shall be extended to expire on the next succeeding Business Day; provided, however, if the next succeeding Business Day occurs in the following calendar month, then such Interest Period shall expire on the immediately preceding Business Day; (iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; (iv) the Borrower may not select an Interest Period for any LIBOR Loan, which Interest Period expires later than the Maturity Date; and (v) there shall be no more than six (6) Interest Periods in effect at any one time.

“Interest Rate” means the interest rates, including the Default Rate, set forth in Section 3.1.

“Irish Co-Producer” means Telegael Teoranta.

“LIBOR” means for any Interest Period for LIBOR Loans, the rate of interest per annum equal to the quotient of the following (a) the LIBOR Base Rate divided by (b) one minus the Reserve Requirement.

“LIBOR Base Rate” means with respect to any advance relative to any Interest Period, the per annum rate of interest determined on the basis of: (a) the rate for deposits in United States Dollars having a maturity comparable to applicable Interest Period, quoted by the ICE Benchmark Administration Limited as its “LIBOR” rate for United States dollar deposits as of 11:00 a.m., London time (or as soon thereafter as practical), on the second Business Day prior to the commencement of the Interest Period (or, if Bank adopts generally in its business a different rate quoting system or service for obtaining the rate of interest commonly known as “LIBOR” for U.S. dollar deposits, then upon giving prompt notice thereof to Borrower, such alternative rate quoting system or service shall be utilized for determining “LIBOR” in lieu of the rate quoted by the ICE Benchmark Administration Limited); provided, however, that if such rate cannot be determined by Bank as provided in the preceding clause (a) for any reason, as determined by Bank in its reasonable judgment, then a comparable replacement rate determined by Bank at such time (which determination shall be conclusive absent manifest error).

“LIBOR Loans” means, collectively, the Loans on which interest is calculated based on LIBOR; provided, however, that in no event shall the interest rate applicable to LIBOR Loans be less than three and one-quarter percent (3.25%) per annum.

“LIBOR Margin” means three and one-quarter percent (3.25%).

“Lien” means any interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute, or contract, and including without limitation, a security interest, charge, claim, or lien arising from a mortgage, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes, or other security device or arrangement of any kind or nature whatsoever (including, without limitation, any financing or similar statement or notice filed under the UCC, as in effect from time to time in the relevant jurisdiction, or any other similar recording or notice statute, and any lease having substantially the same effect as any of the foregoing).

“Literary Property” means all general intangibles and rights in copyright and all other rights of every kind and nature (including, without limitation, copyrights) now or hereafter acquired by the Borrower under all Chain-of-Title Documents, the Teleplays, and any other literary, musical, dramatic or other literary material of any kind or nature upon which, in whole or in part, any of the Episodes is or may be based, or from which it is or may be adapted or inspired or which may be or has been used or included in any of the Episodes including, without limitation, all scripts, scenarios, screenplays, bibles, stories, treatments, novels, outlines, books, titles, concepts, manuscripts or other properties or materials of any kind or nature in whatever state of completion and all drafts, versions and variations thereof.

“Loan Documents” means this Agreement, the Note, the Copyright Mortgage, the Completion Guaranty, the Power of Attorney, the Guild Subordination Agreements (as applicable), the Netflix Notice of Assignment, the Pledge Agreement, the Deposit Account Control Agreement and all other agreements, instruments and documents heretofore, now or hereafter evidencing, securing, guaranteeing, or otherwise relating to the Obligations, the Collateral, the Lender’s Lien therein, or any other aspect of the transactions contemplated by this Agreement.

“Loan Fee” means the sum of twenty-nine thousand seven hundred fifteen Dollars (\$29,715).

“Loan(s)” has the meaning assigned thereto in Section 2.1 hereof.

“Maturity Date” means March 31st, 2021.

“Maximum Legal Rate” has the meaning assigned thereto in Section 3.2 hereof.

“Netflix” means Netflix, Inc., a Delaware corporation.

“Netflix License Agreement” means that certain License Agreement entered into as of March 29, 2016 between Netflix and Genius Brands which was assigned by Genius Brands to the Borrower pursuant to a Joinder to License Agreement and Assignment of Rights dated July 22, 2016, as amended by Amendment No. 1 to License Agreement dated as of September 26, 2017, Amendment No. 2 to License Agreement dated March 27, 2018 and Amendment No. 3 to License Agreement dated September 12, 2018.

“Netflix License Fee” means the License Fee payable by Netflix as more particularly described in the Netflix Notice of Assignment.

“Netflix Notice of Assignment” means the Notice of Assignment, dated concurrently herewith, in a form approved by the Lender, by and among the Borrower, Netflix, the Completion Guarantor and the Lender.

“Non-Technical Specifications” has the meaning set forth in the Netflix Notice of Assignment.

“Note” means the Note, issued by the Borrower in favor of the Lender in the original principal amount equal to the Commitment evidencing the Obligations.

“Notice of Conversion/Continuation” means the Notice of Conversion/Continuation in the form attached hereto as Exhibit “B.”

“Notice to Insurer” means a Notice to Insurer of even date herewith from the Borrower and the Lender, in a form approved by the Lender, pursuant to which the insurance company identified therein receives notice of the Lender’s Lien in the insurance policies obtained by the Borrower pursuant to Section 10.5 hereof.

“Obligations” collectively means all present and future loans, advances, liabilities, obligations, covenants, duties, and indebtedness owing by the Borrower to the Lender in connection with the Series, whether or not arising under this Agreement or any of the other Loan Documents, whether or not evidenced by any note, or other instrument or document, whether arising from an extension of credit, opening of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, whether direct or indirect (including, without limitation, those acquired by assignment from others, and any participation by the Lender in any of Borrower’s and/or any such other Person’s debts owing to others), absolute or contingent, due or to become due, primary or secondary, as principal or guarantor, and including, without limitation, all principal, interest (including interest accruing prior to or after the initiation of insolvency proceedings, whether or not allowed), charges, expenses, fees, reasonable outside attorneys’ fees and costs, filing fees and any other sums chargeable to the Borrower hereunder or under any other Loan Document.

“Other Taxes” has the meaning assigned thereto in Subsection 13.8(a) hereof.

“Permitted Liens” means (a) the Lender’s Lien under this Agreement and the other Loan Documents; (b) the Completion Guarantor’s Lien granted to it under the terms of the Completion Agreement provided that the Lien is subject to an agreement between the Lender and the Completion Guarantor making that Lien subject and subordinate to the Lender’s Lien and repayment of the Obligations; (c) the rights granted to Netflix under the Netflix License Agreement, which shall be subject and subordinate to the Lender’s Lien with respect to the Series; (d) the Liens of any guilds so long as such Liens are subject to a Guild Subordination Agreement; and (e) the Lender’s Lien in the Season One Collateral.

“Person” means any natural person, corporation (including a business trust), partnership, limited liability company, joint venture, association, trust, other business entity, or unincorporated organization or any other judicial entity, or a nation, state, government entity or any agency or political subdivision thereof.

“Physical Properties” means all physical properties of every kind or nature of or relating to Season Two or any of the Season Two Episodes in whatever state of completion and all versions thereof, including, without limitation, all physical properties relating to the development, production, completion, delivery, exhibition, distribution or other exploitation of Season Two, or any of the Season Two Episodes, and all versions thereof or any part thereof, including, without limitation, the Literary Property and all Preprint Materials.

“Pledge Agreement” means the Pledge Agreement from Genius Brands in favor of the Lender with respect to 100% of the Borrower’s Equity Interests owned by Genius Brands, in a form approved by the Lender, dated concurrently herewith, as any such agreement may be amended, restated, modified, supplemented, renewed or replaced from time to time.

“Power of Attorney” means the power of attorney, in the form approved by the Lender, granted by the Borrower to the Lender to exercise any and all of its rights in connection with Season Two, subject to the terms set forth in the Loan Documents.

“Preprint Materials” means all physical elements of each Season Two Episode, including without limitation, any video digital recordings and HDTV format recordings and any and all other physical properties of every kind and nature relating to each Season Two Episode in whatever state of completion, and all duplicates, drafts, versions, variations and copies of each thereof.

“Prime Rate” shall mean the rate of interest designated as the “Prime Rate” which appears in each publication of The Wall Street Journal under the designation entitled “Money Rates.” This rate of interest fluctuates and is subject to change without prior notice. If and when the Wall Street Journal Prime Rate changes, the rate of interest will automatically change effective on the date of any such change, without notice to Borrower. In the event that the Prime Rate cannot be ascertained from publication of The Wall Street Journal, the rate of interest which shall be used in substitution thereof and until such time as the Prime Rate can be ascertained by reference to The Wall Street Journal shall be a rate equal to the average of the prime rate of interest announced from time to time by three (3) New York banks selected by Lender in its sole and absolute discretion. The Prime Rate is not necessarily the lowest rate offered by the banks that establish the rate or by the Lender. Each determination of the Prime Rate by the Lender shall be conclusive and final in the absence of manifest error.

“Prime Rate Loan” means, collectively, the Loans on which interest is calculated by reference to the Prime Rate; provided, however, that in no event shall the interest rate applicable to Prime Rate Loans be less than four percent (4.0%) per annum.

“Prime Rate Margin” means one percent (1.0%).

“Production Bank Account” means account number 3843375300, in the name of the Borrower, maintained at the Lender’s branch located at 555 West 5<sup>th</sup> Street, Suite 3300, Los Angeles, California 90013, Attention: David Henry; ABA routing number 026002794; Swift Code: LUMIUS3N; Reference: Llama Productions.

“Production Schedule” means, collectively, the Production Schedule and Post-Production Schedule dated April 11, 2018.

“Regulation D” means Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Regulatory Change” means, with respect to the Lender, any change on or after the date of this Agreement in United States Federal, state or foreign laws or regulations, including Regulation D, as in effect from time to time, or the adoption or making on or after such date of any interpretations, directives or requests applying to a class of banks, including the Lender, of or under any United States Federal or state, or any foreign, laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

“Reserve Requirement” means, for any Interest Period, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D against “Eurocurrency liabilities” (as such term is used in Regulation D) by banks. Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by the Lender by reason of any Regulatory Change against (i) any category of liabilities which includes deposits by reference to which the LIBOR is to be determined as provided in the definition of “LIBOR Base Rate” or (ii) any category of extensions of credit or other assets which include the Loans.

“Rules” has the meaning assigned thereto in Subsection 13.4(a) hereof.

“Season” means an order pattern consisting of ten (10) (or such number that is ordered by Netflix when it exercises its option with respect to a particular season of the Series) sequential Episodes of the Series.

“Season One” means collectively, each of Season One Episodes, including the sound recordings thereof, as well as trailers and clips thereof, produced by means of any photographic, electronic, mechanical or other processes or devices now or hereafter known, invented, used or contemplated, by which photographs, films, drawings, images or other visual reproductions or representations are or may be printed, imprinted, recorded or otherwise preserved on film, tape or any other material of any description (whether translucent or not) for later projection, exhibition or transmission by any means or media now known or hereafter devised, in such manner that the same are or appear to be in motion or in sequence on a screen, mirror, tube or other medium or device, whether or not accompanied by sound recording.

“Season One Collateral” means all of the Season One Rights and all products and proceeds thereof, and all collateral in and to the Series granted to the Lender under the Season One Loan Agreement and the Loan Documents (as such term is defined in the Season One Loan Agreement).

“Season One Episodes” collectively means each of episodes of Season One and “Season One Episode” means any of the Season One Episodes.

“Season One Loan Agreement” means the Loan and Security Agreement, dated as of August 5, 2016, by and between the Borrower and the Lender, as amended, supplemented and modified from time to time.

“Season One Rights” means all of the Borrower’s right, title and interest in and to Season One, including each Season One Episode and all physical elements of any such Episode, and (to the extent solely derived from Season One) any proceeds of any of the foregoing.

“Season One Teleplays” collectively means the final teleplays for each Season One Episode.



“Season Two” shall mean collectively, each of Season Two Episodes, including the sound recordings thereof, as well as trailers and clips thereof, produced by means of any photographic, electronic, mechanical or other processes or devices now or hereafter known, invented, used or contemplated, by which photographs, films, drawings, images or other visual reproductions or representations are or may be printed, imprinted, recorded or otherwise preserved on film, tape or any other material of any description (whether translucent or not) for later projection, exhibition or transmission by any means or media now known or hereafter devised, in such manner that the same are or appear to be in motion or in sequence on a screen, mirror, tube or other medium or device, whether or not accompanied by sound recording.

“Season Two Episodes” collectively means each of the two (2) 22 minute and sixteen (16) 11 minute sequential episodes of Season Two, and “Season Two Episode” means any of the Season Two Episodes.

“Season Two Teleplays” collectively means the final teleplays for each Season Two Episode and “Season Two Teleplay” means any of the Season Two Teleplays, each approved in writing by the Completion Guarantor prior to Delivery.

“Series” means the premium pay animated children’s television series, entitled *Llama Llama*, by whatever title such series is now or may hereafter become known, including Season One, Season Two and any subsequent seasons.

“Taxes” has the meaning assigned thereto in Subsection 13.8 hereof.

“Technical Specifications” has the meaning set forth in the Netflix Notice of Assignment.

“Teleplays” collectively means Season One Teleplays, Season Two Teleplays and any teleplays for Subsequent Seasons, and “Teleplay” means any of the Teleplays.

“Termination Date” means the earliest to occur of (a) the Maturity Date, (b) the date the credit facility provided hereunder is terminated by the Lender pursuant to Section 11.2, and (c) the date this Agreement is otherwise terminated for any reason whatsoever.

“UCC” means the Uniform Commercial Code (or any successor statute) of the state of California or of any other state the laws of which are required by Sections 9301-9306 thereof to be applied in connection with the issue of perfection of Liens.

1.2 Approval. The words “approval” and “approved” as used herein with reference to an approval right granted to the Lender means that the Lender shall have the right in the Lender’s sole discretion to approve or to withhold approval of the subject matter with respect to which the approval is required.

## ARTICLE 2 - LOANS

2.1 Commitment to Lend. Subject to satisfaction of all of the terms and conditions of this Agreement, including the conditions precedent in Article 5, the Lender agrees, upon the request of the Borrower made from time to time during the period from the Closing Date to the Termination Date, to make loans (each of which is hereinafter referred to as a “Loan”) to the Borrower in an amount not to exceed at any time the Available Commitment, the proceeds of which are to be used to pay a portion of the expenses of producing, completing and delivering Season Two, except that no Loans will be made if a Default or Event of Default exists except as determined by the Lender in its sole discretion. Any portion of the Loan that has been repaid may not be reborrowed.

2.2 Loan Procedure.

(a) Whenever the Borrower desires a Loan, the Borrower shall deliver to the Lender a Borrowing Certificate, signed by an authorized officer of the Borrower, and which has been approved in writing by the Completion

Guarantor, no later than (i) 11:00 a.m. (Pacific Time) one (1) Business Day before the requested funding date in the case of requests for Prime Rate Loans, or (ii) 11:00 a.m. (Pacific Time) three (3) Business Days in advance of the requested funding date in the case of requests for LIBOR Loans; provided, however, the Lender shall have no obligation to make more than one (1) Loan in any four (4) Business Day period.

(b) The Borrowing Certificate shall specify (i) the requested funding date (which shall be a Business Day), (ii) the aggregate amount of the requested Loans, (iii) whether the Loans requested are to be Prime Rate Loans or LIBOR Loans, and (iv) if the requested Loans are to be LIBOR Loans, the requested Interest Period. Any Borrowing Certificate made pursuant to Subsection 2.2(a) hereof shall be irrevocable and the Borrower shall be bound to borrow the funds requested therein in accordance therewith.

(c) The Lender shall make each such Loan available to the Borrower by wire transfer to the Production Bank Account specified in the Borrowing Certificate in the amount of such Loan in same day funds (except for any part thereof paid by the Lender to third Persons or to itself as permitted hereunder or under any of the Loan Documents). Notwithstanding anything to the contrary contained in this Agreement, the Lender shall not be required to purchase Dollar deposits in the London Interbank market or the applicable LIBOR market to fund any LIBOR Loans, and the provisions hereof shall be deemed to apply as if the Lender had purchased such deposits to fund the LIBOR Loans.

(d) Subject to the terms of this Agreement, the Lender shall be obligated to make Loans hereunder, only for the following purposes and in the following amounts, all in connection with the acquisition, production, completion, and distribution of Season Two, and effecting Delivery to Netflix, and the proceeds thereof shall not be available for any other purpose: (i) to pay a portion of the direct production costs of Season Two, which shall not exceed the Available Commitment; (ii) the payment of interest; (iii) the payment of the Attorney Costs and the Loan Fee; (iv) the bond fee due to the Completion Guarantor for the Completion Guaranty to the extent included in the Budget and not previously paid; and (v) the payment of the insurance premium for the insurance required under Section 10.5 hereof to the extent not paid before the Closing Date.

2.3 Loans. The Lender shall be deemed to have made Loans in accordance with Section 2.2 hereof on behalf of the Borrower and the Lender may apply the proceeds of such Loan as follows:

(a) Notwithstanding anything to the contrary contained in this Subsection 2.3(a), if the Completion Guarantor or any Person acceptable to the Lender takes over the production of Season Two pursuant hereto or pursuant to agreements between the Completion Guarantor or such other Person and the Borrower, the Lender may make Loans up to the amount of the Available Commitment and provide the proceeds thereof directly to the Completion Guarantor or such other party. Payment of such proceeds may be made into an account over which the Completion Guarantor or such other party may have sole dominion and control, to be used to finance the production of Season Two and Delivery to the Lender and to Netflix, and that such Loans shall constitute Loans hereunder; and

(b) If a Default or Event of Default shall have occurred, the Lender may make Loans up to the amount of the Available Commitment and pay the proceeds thereof directly to the Persons providing rights, services, facilities, locations and materials in connection with the production of Season Two and Delivery to Netflix.

2.4 Initial Loan. The Borrower hereby authorizes and directs the Lender on the Closing Date to make Loans for the account of the Borrower, to pay the following Persons the indicated amounts: (a) the Loan Fee to the Lender; (b) the Attorney Costs to the Lender's counsel; (c) if unpaid, the bond fee due to the Completion Guarantor for the Completion Guaranty; (d) if unpaid, the premium to the insurance company providing the insurance required under Section 10.5 hereof to pay the amount due in connection therewith on the Closing Date; (e) the appropriate draw down for production costs of Season Two for the next week to the extent included in the Budget; and (f) reimbursement to the Borrower or such other Person(s) for certain production costs incurred prior to the Closing Date to the extent such production costs are included in the Budget and the Completion Guarantor credits such expenses to the Strike Price.

2.5 Conversion or Continuation.

(a) The Borrower may, upon irrevocable written notice to the Lender in accordance with Subsection 2.5(b) elect, as of any Business Day, to convert all or any part of the Prime Rate Loans, in either case in a minimum amount of \$250,000 and in integral multiples of \$100,000 in excess thereof, into LIBOR Loans; or (ii) elect, as of the last day of the applicable Interest Period, to continue any LIBOR Loans having Interest Periods expiring on such day or any part thereof, in either case in the minimum amount and in integral multiples as specified above; provided, however, that if at any time the aggregate amount of LIBOR Loans in respect of any LIBOR Loan is reduced, by payment, prepayment, or conversion of part thereof to be less than \$250,000 such LIBOR Loan shall at the Lender's election convert into Prime Rate Loans, and on and after such date the right of the Borrower to convert such Loans into LIBOR Loans shall terminate.

(b) Whenever the Borrower elects to convert or continue Loans under this Section 2.5, the Borrower shall deliver to the Lender a Notice of Conversion/Continuation, signed by an authorized officer or signatory of the Borrower (i) no later than 11:00 a.m. (Pacific Time) one (1) Business Day in advance of the requested conversion date, in the case of a conversion into Prime Rate Loans, and (ii) no later than 11:00 a.m. (Pacific Time) three (3) Business Days in advance of the requested conversion or continuation date, in the case of a conversion into, or continuation of, LIBOR Loans. The Notice of Conversion/Continuation shall specify (1) the conversion or continuation date (which shall be a Business Day), (2) the amount and type of the Loans to be converted or continued, (3) the nature of the requested conversion or continuation, and (4) in the case of a conversion into, or continuation of, LIBOR Loans, the requested Interest Period. If the Borrower fails to provide a Notice of Conversion/Continuation for any LIBOR Loans as provided above, such Loans shall convert to Prime Rate Loans on the last day of the Interest Period therefor.

(c) Any Notice of Conversion/Continuation made pursuant to this Section 2.5 shall be irrevocable and the Borrower shall be bound to continue or convert the Loan specified therein in accordance therewith.

2.6 Special Provisions Governing LIBOR Loans. Notwithstanding any other provisions of this Agreement to the contrary, the following provisions shall govern with respect to LIBOR Loans.

(a) If the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for the Lender to perform its obligations hereunder to make LIBOR Loans or to fund or maintain LIBOR Loans hereunder, (i) the obligation of the Lender to make, or to convert Loans into or to continue Loans as, LIBOR Loans shall be suspended until the Lender notifies the Borrower that the circumstances causing such suspension no longer exist, and (ii) the Borrower shall on the termination of the Interest Period then applicable thereto, or on such earlier date required by law, prepay in full all LIBOR Loans then outstanding together with accrued interest thereon, or convert all such LIBOR Loans into Prime Rate Loans in accordance with Section 2.5 and pay to the Lender all other amounts payable by the Borrower hereunder (including, without limitation, any amount payable in connection with a prepayment pursuant to Subsection 2.6(b)). The Lender shall promptly notify the Borrower if the terms of this Subsection 2.6(a) become applicable.

(b) After the occurrence of and during the continuance of any Event of Default, unless otherwise permitted by the Lender in its sole discretion the Borrower may not borrow Loans as LIBOR Loans or elect to have any Loans continued as, or converted to, LIBOR Loans after the expiration of any Interest Period then in effect for such Loans.

(c) If for any reason (including voluntary or mandatory prepayment or acceleration), the Lender receives all or part of the principal amount of a LIBOR Loan prior to the last day of the Interest Period for such Loan, the Borrower shall immediately notify the Lender and, on demand by the Lender, pay the Lender the amount (if any) by which (i) the additional interest which would have been payable on the amount so received had it not been received until the last day of such Interest Period exceeds the interest which would have been recoverable by the Lender by placing the amount so received on deposit in the certificate of deposit markets or the offshore currency interbank markets or United States Treasury investment products, as the case may be, for a period starting on the date on which it was so received and ending on the last day of such Interest Period at the interest rate determined by the Lender in its reasonable discretion or (ii) the excess, if any, of the greater of the Lender's cost of funds rate or the LIBOR, over the reinvestment rate for those funds then available to the Lender, for a period starting on the date on which such payment was so received and ending on the last day of such Interest Period. The Lender's determination as to such amount shall, absent manifest error, constitute rebuttably presumptive proof thereof.

(d) The Borrower shall pay to the Lender, upon demand, such amounts as the Lender may determine to be necessary to compensate it for any costs incurred or a reduction in amounts receivable by the Lender that the Lender determines are attributable to its making or maintaining any LIBOR Loans, in each case resulting from any Regulatory Change that: changes the basis of taxation of any amounts payable to the Lender in respect of any LIBOR Loans (other than changes which affect taxes measured by or imposed on the overall net income of the Lender by the jurisdiction in which the Lender has its principal office); or imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of the Lender (including any Loans or any deposits referred to in the definition of "LIBOR Base Rate"); or imposes any other condition affecting the LIBOR Loans (or any of such extensions of credit or liabilities). The Lender shall notify the Borrower of any event occurring after the date of this Agreement that will entitle the Lender to compensation pursuant to this section as promptly as practicable after it obtains knowledge thereof and determines to request such compensation. The Lender shall furnish the Borrower with a statement setting forth the basis and amount of each

request by the Lender for compensation under this Subsection 2.6(d). Determinations and allocations by the Lender for purposes of this Subsection 2.6(d) of the effect of any Regulatory Change on its costs of maintaining its obligations to make Loans or of making or maintaining Loans or on amounts receivable by it in respect of Loans, and of the additional amounts required to compensate the Lender in respect of any additional costs shall, absent manifest error, constitute rebuttably presumptive proof thereof.

(e) If the Lender determines that the adoption or implementation of any Capital Adequacy Regulation, or compliance by the Lender (or its applicable lending office) with any Capital Adequacy Regulation has or would have the effect of reducing the rate of return on capital of the Lender or any person or entity controlling the Lender (a “Parent”) as a consequence of its obligations hereunder to a level below that which the Lender (or its Parent) could have achieved but for such adoption, change or compliance (taking into consideration its policies with respect to capital adequacy) by an amount deemed by the Lender to be material, then from time to time, upon demand by the Lender, the Borrower shall pay to the Lender such additional amount or amounts as will compensate the Lender for such reduction. The Lender shall furnish the Borrower with a statement setting forth the basis and amount of each request by the Lender for compensation under this Subsection 2.6(e). A statement of the Lender claiming compensation under this section and setting forth the additional amount or amounts to be paid to it hereunder shall, absent manifest error, constitute rebuttably presumptive proof thereof.

(f) The Borrower shall pay to the Lender, upon the request of the Lender, an amount sufficient (determined in the sole good faith opinion of the Lender) to compensate it for any loss, costs or expense incurred by it as a result of any failure by the Borrower to borrow a LIBOR Loan on the date for such borrowing specified in the relevant Borrowing Certificate, including, without limitation, any such loss, cost or expense incurred in obtaining, liquidating, employing or redeploying deposits from third parties, whether or not the Lender shall have funded or committed to fund such Loan.

(g) If at any time the Lender, in its sole and absolute discretion, determines that: (i) the amount of the LIBOR Loans for periods equal to the corresponding Interest Periods are not available to the Lender in the offshore currency interbank markets, or (ii) the LIBOR does not accurately reflect the cost to the Lender of lending the LIBOR Loan, then the Lender shall promptly give notice thereof to the Borrower, and upon the giving of such notice the Lender's obligation to make the LIBOR Loans shall terminate, unless the Lender and the Borrower agree in writing to a different interest rate applicable to LIBOR Loans.

### ARTICLE 3 -INTEREST, FEES, AND OTHER CHARGES

#### 3.1 Interest Rates.

(a) All outstanding Obligations shall bear interest on the unpaid principal amount thereof (including, to the extent permitted by law, on interest thereon not paid when due) from the date made until paid in full in cash at a rate determined by reference to the Prime Rate or the LIBOR and clauses "(i)" or "(ii)" of this section, as applicable, but not to exceed the Maximum Legal Rate described in Section 3.2. Any of the Loans may be converted into, or continued as, Prime Rate Loans or LIBOR Loans in the manner provided in Section 2.5. If at any time Loans are outstanding with respect to which notice has not been delivered to the Lender in accordance with the terms of this Agreement specifying the basis for determining the interest rate applicable thereto, then those Loans shall be Prime Rate Loans and shall bear interest at a rate determined by reference to the Prime Rate until notice to the contrary has been given to the Lender and such notice has become effective. Except as otherwise provided herein, the outstanding Obligations shall bear interest as follows: (i) for all Prime Rate Loans, at a fluctuating per annum rate equal to the Prime Rate Margin plus the Prime Rate; and (ii) for all LIBOR Loans, at a per annum rate equal to the LIBOR Margin plus the LIBOR determined for the applicable Interest Period.

(b) Each change in the Prime Rate shall be reflected in the interest rate applicable to Prime Rate Loans as of the effective date of each such change. All interest charges shall be computed on the basis of a year of 360 days and actual days elapsed. Except as otherwise provided herein, all interest shall be payable in arrears on each Interest Payment Due Date hereafter.



3.2 Maximum Rate. No provision of this Agreement or the Note shall be deemed to establish or require the payment of interest of a rate in excess of the maximum rate permitted by applicable law (the "Maximum Legal Rate"). If the interest required to be paid under this Agreement or the Note exceeds the Maximum Legal Rate, the interest required to be paid hereunder or under the Note shall be automatically reduced to the Maximum Legal Rate. If any interest paid exceeds the then applicable interest rate, the excess of such interest over the maximum amount of interest permitted to be charged shall automatically be deemed to reduce the accrued and unpaid fees and expenses due to the Lender under this Agreement, if any; then to reduce the accrued and unpaid interest, if any; and then to reduce principal of the Loan; the balance of any excess interest remaining after the application of the foregoing, if any, shall be refunded to the Borrower.

3.3 Default Interest. If any of the Obligations are not paid when due (whether by acceleration or otherwise), then all of the Obligations shall, without any notice, election or any other action by the Lender, bear interest at the Default Rate applicable thereto until so paid, and if any other Default or Event of Default occurs, then at the election of the Lender, while any such Default or Event of Default is outstanding, all of the Obligations shall bear interest at the Default Rate applicable thereto.

3.4 Late Payment. Any default in the payment of principal, interest, costs or any other sum due hereunder or under any of the other Loan Documents will result in additional losses and expenses to the Lender which are difficult to quantify. If the Borrower fails to make any payment of principal, interest, costs or any other sum due hereunder or under any of the other Loan Documents within ten (10) Business Days after receipt of written notice that the same is due and payable, then, in addition to any and all other rights and remedies of the Lender hereunder, under the Loan Documents or otherwise at law or in equity, the Borrower shall also pay to the Lender a late payment charge equal to three percent (3%) of the then overdue amount in question as a reasonable estimate of the Lender's losses and expenses due as a result of such overdue amount which late payment charge shall not bear interest if paid within ten (10) Business Days after the date of such written notice. The assessment and collection of each such late charge shall be without prejudice to all other rights of the Lender, other than damages to the extent covered by such late payment charge.

3.5 Attorney Costs. On the Closing Date, the Borrower shall pay to the Lender, for payment to the Lender's counsel, the Attorney Costs.

3.6 Loan Fee. On the Closing Date, the Borrower shall pay to the Lender the Loan Fee.

#### ARTICLE 4 - PAYMENTS AND REPAYMENTS

4.1 Repayment of Loans. The Borrower shall repay the outstanding principal balance of the Loans and all other Obligations in full, plus all accrued but unpaid interest thereon, on the Maturity Date or such earlier date as specified herein.

4.2 Mandatory Prepayments. The Borrower shall prepay, without penalty or premium, the Obligations by the following amounts, as and when received by or as payable to the Borrower: (a) all Collateral Proceeds; (b) any insurance proceeds to the extent and as provided in Section 10.5 hereof; and (c) as otherwise provided hereunder.

4.3 Voluntary Prepayments. Upon at least two (2) Business Days prior notice to the Lender, the Borrower may at its option prepay the Obligations in whole or in part, without penalty or premium. Once such notice of prepayment has been given, the principal amount of the Loan(s) specified in such notice shall become due and payable on the date specified in the notice; provided, however, that if prior to such prepayment date the Borrower advises the Lender in writing that it wishes to cancel such prepayment notice, the Borrower's sole liability shall be for any and all increased costs and expenses incurred by the Lender, if any, as the result of the receipt of such notice. All prepayments shall include payment of accrued interest on the principal amount so prepaid and shall be applied to payment of interest before application to principal. With respect to any LIBOR Loans prepaid prior to the expiration date of the Interest Period applicable thereto whether on the Maturity Date or otherwise, the Borrower shall pay to the Lender the amounts described in Subsection 2.6(b).

4.4 Payments and Computations.

(a) All payments to be made by the Borrower shall be made without reduction, reserve, discount, withholding, credit, set-off, recoupment or counterclaim, and irrespective of any claim which the Borrower may have against the Lender. Except as otherwise expressly provided herein, all payments made by the Borrower shall be made to the Collection Account and shall be made in Dollars and in immediately available funds, no later than 1:00 p.m. (Pacific Time) on the day specified herein. Any payment received later than 1:00 p.m. (Pacific Time) shall be deemed to have

been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of “Interest Period” herein, whenever any payment is due on a day that is not a Business Day, such payment shall be made on the following Business Day, without being subject to the assessment of a late charge, and such extension of time shall be included in the computation of interest or fees thereon, as the case may be.

4.5 Reserve Charges; Payments as Loans. At the option of the Lender, subject only to the terms of this Section 4.5, the Attorney Costs, the Loan Fee, interest, costs, fees, reimbursement obligations in connection with fees, taxes (if any), and fees, expenses, and other sums payable hereunder, may be paid from the proceeds of Loans, whether made following a request by the Borrower pursuant to Section 2.2 or a deemed request as provided in this Section 4.5. The Borrower irrevocably authorizes the Lender to charge the Borrower’s loan account for the purpose of paying the Attorney Costs, the Loan Fee, interest, reimbursement obligations, fees, premiums, and other sums payable hereunder, including reimbursing expenses pursuant to Section 13.7. All such amounts charged shall constitute Loans and all such Loans so made shall be deemed to have been requested by the Borrower pursuant to Section 2.2. It shall not be necessary for any such Loan to be processed through the Production Bank Account. Interest shall be charged up to the limits thereof in the Interest and Fee Reserve. The Lender will give the Borrower notice of any Loan under this Section 4.5; provided, however, the failure to do so shall not relieve the Borrower of any of the Obligations with respect thereto. Interest, costs, fees, expenses and other sums charged to the Interest and Fee Reserve shall be added to the unpaid principal balance of the Loan as and when charged to the Interest and Fee Reserve. Upon making any Loan for interest, the Attorney Costs, the Loan Fee, or any other costs, fees, and expenses payable hereunder, the Interest and Fee Reserve, if any, shall thereupon be decreased by the amount of such Loan. If the amount of such costs, fees, interest, and reimbursement obligations in connection with fees, taxes (if any), and other sums payable hereunder, exceeds the amount of any remaining Interest and Fee Reserve therefor (if any), then the Borrower shall pay to the Lender, on demand, the amount of such excess in cash.

4.6 Apportionment, Application and Reversal of Payments. All payments not constituting payment of specific fees and all Collateral Proceeds received by the Lender shall be applied, subject to the provisions of this Agreement, first, to pay any fees, expense reimbursements or indemnities (other than interest and principal) then due to the Lender from the Borrower; second, to pay interest due in respect of all Loans; third, to pay principal of the Loans and fourth, to the payment of any other Obligations due to the Lender. Notwithstanding any provision of this or any of the other Loan Documents to the contrary, if the Lender determines at any time that the Interest and Fee Reserve will be less than the total amount of interest accruing on the Loan before repayment thereof in full, then the Lender may retain proceeds in the Collection Account, in an amount determined by the Lender in its reasonable discretion to pay interest, at the interest rates provided for under this Agreement, owing on the Obligations on a current basis as a cash reserve to be applied by the Lender to interest as and when due hereunder. The Lender shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Obligations in such order as the Lender may determine in its sole and absolute discretion.

4.7 Indemnity for Returned Payments. If, after receipt of any payment of, or proceeds applied to the payment of, all or any part of the Obligations, the Lender is for any reason compelled to surrender such payment or proceeds to any Person, because such payment or application of proceeds is invalidated, declared fraudulent, set aside, determined to be void or voidable as a preference, impermissible setoff, or a diversion of trust funds, or for any other reason, then the Obligations or part thereof intended to be satisfied shall be revived and continue and this Agreement shall continue in full force as if such payment or proceeds had not been received by the Lender, and the Borrower shall be liable to pay to the Lender, and hereby does indemnify the Lender and hold the Lender harmless for, the amount of such payment or proceeds surrendered. The provisions of this Section 4.7 shall be and remain effective notwithstanding any contrary action which may have been taken by the Lender in reliance upon such payment or application of proceeds, and any such contrary action so taken shall be without prejudice to the Lender's rights under this Agreement and shall be deemed to have been conditioned upon such payment or application of proceeds having become final and irrevocable. The provisions of this Section 4.7 shall survive the termination of this Agreement.

4.8 Increased Capital. If the Lender determines that compliance by the Lender with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by the Lender, or any corporation controlling the Lender, and the Lender reasonably determines that the amount of such capital is increased by or based upon its commitment to lend hereunder or its making or maintaining Loans hereunder or to otherwise extend credit to the Borrower hereunder, and other commitments of this type, then, upon demand by the Lender, the Borrower shall immediately pay to the Lender, from time to time as specified by the Lender, additional amounts sufficient to compensate the Lender in the light of such circumstances, to the extent that (a) the Lender reasonably determines such increase in capital to be allocable to the Lender's commitment to make Loans hereunder, and (b) the Lender's other similarly situated borrowers are required to make such payments and provided that any such allocation of payments shall be made on a basis no less favorable than the basis applied to other similarly situated borrowers. If the Lender increases the loan charges pursuant to the terms of this Section 4.8, then the Borrower may, within ten (10) Business Days after being notified of such increased charges, prepay all Obligations in full without penalty or premium or the increased loan charges. After the expiration of the ten (10) Business Day period, the Borrower may repay the Obligations, which repayment shall include the increased charges resulting from the changed capital requirements effective as of the first day of change, but otherwise without penalty or premium.

4.9 Lender's Books and Records. The Lender's books and records showing the Obligations and the transactions pursuant to this Agreement and the other Loan Documents shall be admissible in any action or proceeding arising therefrom, and shall, absent manifest error, constitute rebuttably presumptive proof thereof, irrespective of whether any Obligation is also evidenced by a promissory note or other instrument. If the Lender provides to the Borrower a statement of Loans, payments and other transactions pursuant to this Agreement, then such statement shall, absent manifest error, be deemed correct, accurate and binding on the Borrower and an account stated (except for reversals and reapplications of payments made as provided in Section 4.6 hereof and corrections of errors discovered by the Lender), unless the Borrower notifies the Lender in writing to the contrary within sixty (60) days after such statement is received by the Borrower. If the Borrower gives the Lender a timely notice of objections, then only the items to which exception is expressly made will be considered to be disputed by the Borrower.

ARTICLE 5 - LENDING CONDITIONS

The obligation of the Lender to make any Loan hereunder shall be subject to satisfaction of all of the conditions of this Article 5 being satisfied at the time thereof.

5.1 Conditions Precedent to Initial Loan. The obligation of the Lender to make the initial Loan is subject to the following conditions precedent having been satisfied in a manner satisfactory to the Lender:

- (a) The Lender's receipt of fully executed documentation, including the Chain-of-Title Documents, evidencing that the Borrower owns all rights in and to the Series, in perpetuity, throughout the world and all rights in connection therewith, including, without limitation, the rights which are the subject of the Netflix License Agreement, and that all payments for such rights have been paid and all reversionary rights, if any, have been fully, finally and unconditionally terminated;
- (b) All appropriate documents (including Form PA or Form CO) evidencing the Borrower's rights in and to the Literary Property, have been duly submitted to and accepted for recordation in all appropriate governmental offices, including the United States Registrar of Copyrights, accompanied by the required filing fees;
- (c) All appropriate documents evidencing that the Lender's Lien in the Collateral and evidencing all other Liens granted to the Lender in connection herewith, including the Copyright Mortgages, have been duly submitted to and accepted for recordation in all appropriate governmental offices, including the United States Registrar of Copyrights and the Secretary of State of California, accompanied by the required filing fees;
- (d) An examination of the records of the United States Copyright Office and the Secretary of State of California, and any other appropriate governmental office, and a copyright and title search report on Season Two approved by the Lender and its counsel, reveals no interest of any Person which is contrary to the rights granted to the Lender hereunder or under any other Loan Documents;
- (e) The Lender shall have received this Agreement and all of the items listed in Schedule 5 hereto, together with all exhibits, attachments and supplementary documents that are not elsewhere identified in this Section 5.1, all in form and substance approved by the Lender, and executed and delivered by all parties thereto when the nature of such items so requires;

(f) The Borrower shall have performed and complied with all covenants, agreements and conditions contained herein and the other Loan Documents that are required to be performed or complied with by any such Person before or on the Closing Date, and all representations and warranties made by any such Person hereunder and/or in the other Loan Documents shall be true and correct as of the Closing Date as if made on such date;

(g) No Default or Event of Default shall exist on the Closing Date, or would exist after giving effect to the Loans to be made on such date;

(h) The Borrower shall have paid (or shall have provided for such payments in the initial Loan) all Attorney Costs, the Loan Fee, and all other fees and expenses of the Lender incurred in connection with any of the Loan Documents due hereunder to the Lender and to other Persons on or prior to the Closing Date;

(i) There shall exist no action, suit, investigation, litigation or proceeding affecting the Borrower, Genius Brands, Netflix or the Completion Guarantor pending or threatened before any court, governmental agency, or arbitrator that might reasonably be expected to have a material adverse effect upon the business, operations, property, prospects or condition (financial or otherwise) of the Borrower, Genius Brands, Netflix or the Completion Guarantor or upon the creditworthiness of any such Person or that purport to affect the legality, validity, or enforceability of this Agreement or any other Loan Document or the consummation of the transactions contemplated hereby and, upon request, the Lender shall have received a certificate of a manager or authorized officer of the Borrower, Genius Brands, Netflix or the Completion Guarantor (as appropriate) to such effect;

- (j) The Borrower has opened the Collection Account and the Production Bank Account;
- (k) The Borrower has opened the Cash Collateral Account and has deposited \$400,000 therein;
- (l) The Completion Guarantor has issued the Completion Guaranty which specifies a Strike Price, which, after all credits thereto, does not exceed the Available Commitment, calculated as of the Closing Date;
- (m) The Lender shall have received fully signed copies of the Netflix License Agreement and the Netflix License Notice of Assignment, the terms of which are acceptable to the Lender and its counsel;
- (n) Each of the individual producers, directors and actors shall have executed his/her actor's, director's and producer's agreement, as appropriate and as required by the Completion Guarantor;
- (o) All proceedings taken in connection with the execution of this Agreement and all other Loan Documents, and all documents and papers relating thereto shall be satisfactory in form, scope, and substance to the Lender;
- (p) Receipt and satisfactory review by the Lender of all information required to complete the Lender's know your customer process; and
- (q) Such other documents as the Lender may reasonably request in order to effect fully the purposes of this Agreement and the other Loan Documents.

The acceptance by the Borrower of any Loans made on the Closing Date shall be deemed to be a representation and warranty made by the Borrower to the effect that all of the conditions to the making of such Loans set forth in Subsections 5.1(a) – (q) have been satisfied, with the same effect as delivery to the Lender of a certificate signed by an authorized officer or signatory of the Borrower, dated the Closing Date, to such effect.

5.2 Conditions Precedent to Loans. The obligation of the Lender to make each Loan, including the initial Loan shall be subject to the further conditions precedent that on and as of the date of any such extension of credit:



- (a) The Lender shall have received a duly executed Borrowing Certificate as and when required pursuant to Section 2.2 hereof;
- (b) The following statements shall be true, and the acceptance by the Borrower of any extension of credit shall be deemed to be a statement to the effect set forth in clauses (i) and (ii), with the same effect as the delivery to the Lender of a certificate signed by an authorized officer of the Borrower, dated the date of such extension of credit, stating that:
- (i) The representations and warranties contained in this Agreement and the other Loan Documents are correct in all material respects on and as of the date of such extension of credit as though made on and as of such date (except with respect to any representation or warranty that is stated to be made as of a specific date which shall be deemed repeated as of such date); and
- (ii) No event has occurred, or would result from such extension of credit, which constitutes a Default or an Event of Default;
- (c) The Lender shall have received such other approvals, opinions or documents as the Lender may reasonably request;
- (d) No order, judgment or decree of any governmental authority and no law, rule or regulation applicable to the Lender shall purport by its terms to enjoin, restrain or otherwise prohibit the making of such Loan; and

(e) Since the Closing Date, there shall not have occurred any material adverse change in the property, business, operations, or financial condition of (i) the Borrower (and upon request the Lender shall have received a certificate of the Borrower's authorized officer to such effect), (ii) the Completion Guarantor, (iii) Netflix and (iv) and any Person issuing indemnity insurance to Completion Guarantor for the purpose of assuring that the Completion Guarantor can satisfy its obligations to the Lender under the Completion Guaranty.

ARTICLE 6 - SERIES PRODUCTION, COMPLETION, DELIVERY AND DISTRIBUTION

The Borrower hereby warrants, represents, covenants and agrees to the Lender as follows.

6.1 Budget; Cash Flow; Season Two Teleplays; Production Schedule .

(a) True and complete copies of the Budget, the Cash Flow Schedule, each Season Two Teleplay, the Production Schedule, and, upon request of the Lender, any agreements with any Person whose services are a requirement of any such agreements, have been or will be furnished to the Lender. Such services agreements, the Budget, the Cash Flow Schedule, the Season Two Teleplays and the Production Schedule are in form and substance consistent with the provisions of the Completion Guaranty;

(b) The Borrower, the Completion Guarantor and any other Person having approval rights with respect thereto have approved, or with respect to each Season Two Teleplay will approve prior to production, the Budget, the Cash Flow Schedule, each Season Two Teleplay and the Production Schedule, and all elements with respect to which they have approval rights under the Completi