

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): **December 1, 2021**

GENIUS BRANDS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

001-37950
(Commission File Number)

20-4118216
(IRS Employer Identification No.)

190 N. Canon Drive, 4th Fl.
Beverly Hills, CA
(Address of principal executive offices)

90210
(Zip Code)

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

(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	GNUS	The Nasdaq Capital Market

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.**

Share Purchase Agreement

On December 1, 2021, Genius Brands International, Inc., a Nevada corporation (“Genius” or the “Company”) and F&M Film-und Medien Beteiligungs GmbH, a limited liability company organized under the laws of Austria (“F&M”), entered into a Share Purchase Agreement (the “Purchase Agreement”) pursuant to which Genius acquired 3,000,000 shares (the “Purchased Shares”) of Your Family Entertainment Aktiengesellschaft (“YFE”), a corporation under the laws of Germany and whose shares are publically traded on the Frankfurt Stock Exchange. Capitalized terms used herein but not otherwise defined have the meaning set forth in the Purchase Agreement.

The total consideration paid by the Company in the transaction at closing consisted of EUR 3,000,000 in cash and 2,281,269 shares (the “Closing Shares”) of the Company’s common stock, \$0.001 par value per share (the “Common Stock”) with a value of approximately EUR 3,000,000. The Purchased Shares constitute approximately 28.6% of the issued and outstanding capital stock of YFE (the “Shares”) and approximately 42.9 % of the Shares held by F&M. Genius is obligated under the Purchase Agreement to use reasonable commercial efforts to provide registration rights for the Closing Shares pursuant to the Securities Act of 1933, as amended (the “Securities Act”), or in the alternative to provide such efforts to assist in securing the availability of an exemption from such registration, subject to the requirements of Rule 144 promulgated by the Securities Exchange Commission under the Securities Act. The parties to the Purchase Agreement made certain representations, warranties and covenants as set forth in the Purchase Agreement.

Prior to the closing of the Purchase Agreement, neither the Company nor any of its affiliates, or any director or officer of the Company or any of its affiliates, or any associate of any such director or officer, had any material relationship with F&M. The terms of the Purchase Agreement, including the purchase price, were determined by arm’s length negotiations between the Company and F&M.

Shareholders Agreement

In connection with the closing of the Purchase Agreement, Genius and F&M also entered into a Shareholder Agreement (the “Shareholder Agreement”) providing for certain

rights, powers and privileges with respect to the Shares held by Genius and F&M, respectively.

The Shareholder Agreement obligates F&M to, among other things, exercise its voting rights in the next shareholders meeting of YFE to elect a Genius nominee to YFE's supervisory board. The Shareholder Agreement also grants, subject to certain exceptions noted therein, Genius 51% of the voting power with respect to the Shares held by and between Genius and F&M, and obligates Genius and F&M to vote their respective Shares in accordance with the vote of the majority of the voting power as and between them. F&M retains the ability to vote its shares outside of the requirements of the Shareholder Agreement in the event of a vote that under German Law requires a designated super-majority.

The Shareholder Agreement obligates Genius to, among other things, make a mandatory tender offer to the shareholders of YFE at a price of EUR 2.00 per Share (the "MTO"). The Shareholder Agreement also obligates Genius to make a future investment in YFE of between EUR 4,000,000 and EUR 7,000,000, via a combination of the purchase of convertible bonds of YFE or such other investment terms to be negotiated between Genius and YFE. Further, under the Shareholder Agreement, Genius is obligated to (i) use best commercial efforts to release F&M from its guarantee of certain YFE indebtedness with the Bank of Austria AG (the "Bank of Austria"), including providing alternative security to the Bank of Austria, if so requested; (ii) use commercially reasonable efforts to procure financing for YFE's production of at least two animated series in each of the two years following the completion of the MTO; and (iii) use commercially reasonable efforts to procure a substantial acquisition by YFE within the same two-year period.

The preceding summary does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement and Shareholder Agreement that are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

See the disclosure under Item 1.01 of this Current Report. The Company intends to issue the Closing Shares as a part of the consideration for the Purchased Shares, as described above, in reliance upon one or more exemptions from registration under the Securities Act.

Item 9.01 Financial Statements and Exhibits.

- (d) Exhibits.

The exhibit listed in the following Exhibit Index is filed as part of this Current Report on Form 8-K.

Exhibit No.	Description
10.1	Share Purchase Agreement dated as of December 1, 2021 among the Company and F&M.
10.2	Shareholder Agreement dated as of December 1, 2021 among the Company and F&M.
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

FORWARD-LOOKING STATEMENTS

Certain statements in this Current Report constitute "forward-looking statements" within the meaning of the federal securities laws. Words such as "may," "might," "will," "would," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current expectations, are forward-looking statements. While the Company believes these forward-looking statements are reasonable, undue reliance should not be placed on any such forward-looking statements, which are based on information available to us on the date of this Current Report. These forward looking statements are based upon current estimates and assumptions and are subject to various risks and uncertainties, including without limitation, our ability to generate revenue or achieve profitability; our ability to obtain additional financing on acceptable terms, if at all; our ability to realize the anticipated benefits of the acquisition; the potential issuance of a significant number of shares to our warrant holders which will dilute our equity holders; fluctuations in the results of our operations from period to period; general economic and financial conditions; our ability to anticipate changes in popular culture, media and movies, fashion and technology; competitive pressure from other distributors of content and within the retail market; our reliance on and relationships with third-party production and animation studios; our ability to market and advertise our products; our reliance on third-parties to promote our products; our ability to keep pace with technological advances; our ability to protect our intellectual property and those other risk factors set forth in the "Risk Factors" section of the Company's most recent Annual Report on Form 10-K and in the Company's subsequent filings with the Securities and Exchange Commission. Thus, actual results could be materially different. The Company expressly disclaims any obligation to update or alter statements whether as a result of new information, future events or otherwise, except as required by law.

SIGNATURES

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: December 6, 2021

By: /s/ Andy Heyward
Name: Andy Heyward
Title: Chief Executive Officer

SHARE PURCHASE AGREEMENT

**BEITEN
BURKHARDT**

SHARE PURCHASE AGREEMENT

between

F&M Film- und Medien Beteiligungs GmbH, a limited liability company organized under the laws of Austria, with its registered seat (*Sitz*) in 1010 Wien, Wollzeile 6/8, Austria and registered with the company register (*Firmenbuch*) under docket number FN 267730 x.

- hereinafter referred to as "**Seller**" -

and

Genius Brands International, Inc., a corporation incorporated under the laws of Nevada with its registered office at 190 North Canon Drive, Floor 4, Beverly Hills, CA 90210, USA

- hereinafter referred to as "**Purchaser**" -

- hereinafter referred to individually as "**Party**" and together as "**Parties**"

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PREAMBLE

- (A) The Seller holds 6,996,480 of the registered shares in Your Family Entertainment Aktiengesellschaft (*Aktiengesellschaft*) registered with the commercial register (*Handelsregister*) of the Lower Court (*Amtsgericht*) of Munich under docket number HRB 164992 with registered address at Nordendstraße 64, 80801 München (the "**Target**"). The shares of the Seller are held in two depository accounts in the name of the Seller with UniCredit Bank Austria AG as follows: 1,383,333 shares in a depository account with the number 50662 047 072 and 5,613,147 shares in a depository account with the number 50662 047 073.
- (B) The registered share capital of the Target amounts to EUR 10,457,730.00 and is divided into 10,457,730 no-par-value registered shares (each a "**Share**" and together the "**Shares**"). The Shares are admitted for listing to the Regulated Market (General Standard) of the Frankfurt Stock Exchange and traded under ISIN DE000A161N14.
- (C) The Seller intends to sell and transfer 3,000,000 Shares ("**Sale Shares**") to the Purchaser. The Purchaser intends to purchase and accept transfer of such Sale Shares (the "**Transaction**").
- (D) The Seller has delivered to the Purchaser evidence to the Purchaser's reasonable satisfaction of the release of the Sale Shares from the security interest in such Sale Shares held by Bank Austria AG and the termination of such security interest in the Sale Shares.
- (E) The Purchaser is a corporation which shares of common stock are listed on Nasdaq under the symbol GNUS (ISIN US37229T3014).

Now, therefore, the Parties agree by this agreement ("**Agreement**") as follows:

1. SALE OF SHARES; PURCHASE PRICE

- 1.1 The Seller hereby sells the Sale Shares to the Purchaser. The Purchaser hereby accepts such sale. The Sale Shares shall be transferred by the Seller to the Purchaser in accordance with Clause 2 below.
- 1.2 The Purchaser shall be entitled to all ancillary rights attaching to the Sale Shares, including, without limitation, the right to receive dividends for the current financial year of Target.
- 1.3 The purchase price (hereinafter the "**Purchase Price**") for the Sale Shares amounts to a value of EUR 2.00 (in words: two Euro) per Sale Share, amounting to a total value of EUR 6,000,000.00 (in words: six million Euro). One part of Purchase Price in the amount of EUR 3,000,000.00 (in words: three million Euro) shall be paid in cash to the Seller (the "**Cash Purchase Price**"). For the remaining Purchase Price in the amount of EUR 3,000,000.00 (the "**Remaining Purchase Price**") the Seller shall receive 2,185,355 shares of common stock of the Purchaser ("**Compensation Shares**").
- 1.4 The Remaining Purchase Price was converted into USD at the reference exchange rate of EUR vs. USD published by the European Central Bank on the day prior to signing of this Agreement on the internet page of the European Central Bank (https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html) i.e. EUR 1.00 = USD 1.1291 If on the day prior to signing no exchange rate was published by the European Central Bank, the next previous day of the signing was essential. The USD amount of the Remaining Purchase Price therefore equals to USD 3,387,300.
- 1.5 The number of the Compensation Shares was calculated as follows:

The Remaining Purchase Price, as converted into USD in accordance with Clause 1.3 of this Agreement, shall be divided by the volume weighted average of the Nasdaq stock price as provided on Bloomberg (ticker 1.55, function: "VWAP", calculation: "Bloomberg Definition") of the Compensation Shares in USD with the 30 day average price prior to signing (the "Compensation Share Price"). If on the previous day to signing no trading on Nasdaq took place, the next previous trading day of the signing was essential. A fractional number of Compensation Shares was rounded up to the next whole number.

- 1.6 The Cash Purchase Price of EUR 3,000,000.00 shall become due and payable by the Purchaser to the Seller's Account without any deductions and in clear funds (as defined below in Clause 2.2) within 2 (two) Business Days after signing of the Agreement against delivery of the Sale Shares. The Compensation Shares shall be issued and transferred to the Seller immediately after receipt of the Sale Shares by the Purchaser.

2. TRANSFER OF SALE SHARES AND COMPENSATION SHARES

- 2.1 Subject to the payment of the Cash Purchase Price, the Seller hereby transfers (*übereignet*) the Sale Shares and the title in the Sale Shares together with its co-title to the global share certificate which is in collective safe custody at Clearstream to the Purchaser, who accepts this transfer. This transfer includes any and all (membership) rights associated with, or otherwise pertaining to, the Sale Shares, including the right to receive dividends. The Seller and the Purchaser agree on the settlement of the transfer of the Sale Shares and of the title in the Sale Shares via Clearstream by way of matching instructions payment against delivery.
- 2.2 The transfer and the assignment shall be made to the Purchaser concurrently (*Zug-um-Zug*) with payment of the Cash Purchase Price to the Seller's bank account at UniCredit Bank Austria AG, IBAN account no. AT75 1200 0506 6204 7052 (the "**Seller's Account**") against delivery of the Sale Shares to the Purchaser's depot account no. U7011052 with Interactive Brokers. All costs and charges relating to the bank transfer shall be borne by the Purchaser.
- 2.3 The Seller and the Purchaser agree to irrevocably instruct both banks immediately after signing this Agreement to transfer the Sale Shares against payment of the Cash Purchase Price.
- 2.4 The Purchaser herewith agrees to deliver the Compensation Shares immediately, but in any event no later than two business days, following the transfer and assignment of the Sale Shares, free and clear of all liens, claims and encumbrances as well as of all costs and rights of third parties, in book entry form to the Seller's securities account at Computershare. Should the Seller decide to transfer the Compensation Shares to an account at another bank of the Seller's choice, be it while the restrictions of Rule 144 of the United States Securities Act of 1933, as amended from time to time (the "**Securities Act**") still apply or thereafter, the Purchaser shall use commercially reasonable efforts to facilitate such transfer where necessary and/or reasonably helpful to the Seller.
- 2.5 The Parties shall take all further actions and render all necessary declarations required for the transfer of the Sale Shares and the Compensation Shares from the Seller to the Purchaser and vice versa.
- 2.6 Alternative technical provisions on assignment of the Sale Shares and/or the Compensation Shares may be agreed between the Parties to facilitate a swift transfer.

3. SELLER GUARANTEES

The Seller hereby guarantees to the Purchaser, subject to the requirements and limitations provided for in this Agreement, by way of an independent promise of guarantee (*selbständiges Garantieverprechen*) within the meaning of Section 311 Para. 1 of the German Civil Code (**BGB**) that the statements set forth in (A), (B) and (D) of the Preamble (the "**Seller Guarantees**") are correct as of the date of this Agreement and as of the date the transfer is effected in accordance with (A), (B) and (D) of the Preamble (the "**Transfer Date**"), it is to be understood that such statements shall not constitute quality guarantees concerning the object of the purchase (*Garantien für die Beschaffenheit der Sache*) within the meaning of Section 443 Para. 1, 444 BGB:

- 3.1 The Seller has been duly incorporated and validly exists as a company under the laws of Austria.

- 3.2 The Seller is the legal and beneficial owner of the respective Sale Shares and has the power to sell and transfer the Sale Shares. Upon delivery of the Sale Shares, the Seller will transfer good and valid title to the Sale Shares free and clear of any pledge, lien, security interest, claim or other encumbrances or third-party rights.
- 3.3 The execution and performance by the Seller of this Agreement and the consummation of the transaction contemplated thereby are within the respective corporate powers of the Seller and have been duly authorized by all necessary corporate action on part of the Seller.
- 3.4 The Purchaser acknowledges that, except for the guarantees expressly set forth in this Agreement, the Seller does not give any other (express or implied) guarantees, representations or warranties of any nature.
- 3.5 The Compensation Shares to be received by the Seller will be acquired for investment for the Seller's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Seller has no present intention of selling, granting any participation in, or otherwise distributing the same other than pursuant to an appropriate exemption from registration under applicable law. By executing this Agreement, the Seller further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Compensation Shares. For the avoidance of doubt, nothing in this Clause 3.5 shall prevent the Seller to sell the Compensation Shares or any part thereof on its own account and in accordance with applicable law. However, Clause 3.7 applies.
- 3.6 The Seller believes it has received all the information it considers necessary or appropriate for deciding whether to acquire the Compensation Shares. The Seller further represents that the Seller has had adequate opportunity to obtain from representatives of the Purchaser such information, in addition to the representations set forth in this Agreement, as is necessary to evaluate the merits and risks of the Seller's investment in the Compensation Shares. The Seller has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the acquisition of the Compensation Shares to be issued to the Seller pursuant to the terms of this Agreement and to make an informed investment decision with respect to such investment.
- 3.7 The Seller represents that it is a corporation, not formed with the specific purpose of acquiring the Compensation Shares, with total assets in excess of USD 5,000,000. In this connection, the Seller represents that the Seller understands that under Rule 144 of the Securities Act, the Compensation Shares must be held for at least six months after purchase thereof from the Purchaser prior to resale.
- 3.8 The Seller understands that the Compensation Shares may not be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Compensation Shares or an available exemption from registration under the Securities Act, the Compensation Shares must be held indefinitely. In particular, Seller is aware that the Compensation Shares may not be sold pursuant to Rule 144 of the Securities Act unless all of the applicable conditions of that Rule are met.

4. REMEDIES AND LIMITATIONS ON LIABILITY

- 4.1 If and to the extent any of the Seller Guarantees set forth in Clause 3 is incorrect, the Seller shall put the Purchaser in such position as the Purchaser would have been in had the relevant Seller Guarantee been correct (*Restitution in Kind - Naturalrestitution*) within a period of 30 Business Days of written notice by the Purchaser of such breach of guarantee.
- 4.2 If and to the extent a restitution in kind as contemplated in Clause 4.1 is impossible, or insufficient to fully compensate the Purchaser, the Seller shall pay monetary damages (*Schadenersatz in Geld*) to the Purchaser. The compensation of internal administrative or overhead costs indirect or consequential damages or lost profits is, however, excluded.
- 4.3 The Purchaser acknowledges that, except for the guarantees expressly set forth in this Agreement, the Seller does not give any other (express or implied) guarantees, representations or warranties of any nature.

4.4 The Parties agree that the remedies for a breach of Seller Guarantees provided for in this Agreement shall be the exclusive remedies available to the Purchaser in the event of a breach of a Seller Guarantee and that such remedies shall supersede and replace any statutory buyer's rights, warranties or guarantees under applicable law in as much as legally permissible. This shall apply in particular, without limitation, to claims under pre-contractual fault pursuant to Section 311 Para. 2 and 3 BGB (*culpa in contrahendo*), breach of contract (*Verletzung einer Pflicht aus dem Schuldverhältnis*), claims for reduction of the Purchase Price (*Minderung*), rights of rescission (*Rücktritt*) and liability in tort (*Delikt*).

4.5 All claims of the Purchaser under this Agreement shall become time-barred 24 months after the date the transfer is effected in accordance with Clause 3. Section 203 BGB shall not apply.

5. PURCHASER GUARANTEES

The Purchaser hereby guarantees to the Seller by way of an independent promise of guarantee (*selbständiges Garantieverprechen*) within the meaning of Section 311 Para. 1 BGB (the **Purchaser Guarantees**) that the statements set forth in this Clause 5 are correct as of the date of this Agreement and as of Transfer Date, it being understood that such statements shall not constitute quality guarantees concerning the object of the purchase (*Garantien für die Beschaffenheit der Sache*) within the meaning of Section 443 Para. 1, 444 BGB:

5.1 The Purchaser has been duly incorporated and is validly existing as corporation under the laws of Nevada.

5.2 The Purchaser has the power to issue, sell and transfer the Compensation Shares. Upon delivery of the Compensation Shares, the Purchaser will transfer good and valid title to the Compensation Shares free and clear of any pledge, lien, security interest, claim or other encumbrances or third-party rights. Upon registration of the Compensation Shares (or exemption of the registration requirement) and subject to Rule 144 of the Securities Act, the Compensation Shares are freely tradeable by the Seller.

5.3 The execution and performance by the Purchaser of this Agreement and the consummation of the Transactions contemplated thereby are within the corporate powers of the Purchaser and have been duly authorized by all necessary corporate action on part of the Purchaser.

5.4 If and to the extent any of the Purchaser Guarantees set forth in the preceding sub-paragraphs of this Clause 5 is incorrect, the Purchaser shall indemnify and hold the Seller harmless pursuant to Clause 4 accordingly.

6. FURTHER UNDERTAKING

The Purchaser hereby undertakes to take all reasonable commercial efforts to procure customary registration rights of the Compensation Shares (including via customary "piggyback" rights in favor of the Seller) or exemption therefrom in order to effect the full disposability of the Compensation Shares, subject to the requirements of Rule 144 of the Securities Act. The Purchaser undertakes to cooperate in a timely manner with respect to the removal of any restrictive legends in accordance with Rule 144 (including providing a reasonable opinion of Purchaser's counsel, if necessary, to its transfer agent with respect to removal of such restrictive legends in compliance with applicable law at no cost to the Seller).

7. CONFIDENTIALITY

7.1 The Parties mutually undertake to keep the contents of this Agreement secret and confidential vis-à-vis any third party except to the extent that the relevant facts are publicly known, or disclosure is required by law, regulation or any court or administrative authority. In case a disclosure is required by law, regulation (including stock exchange regulations and accounting rules) or any court or administrative authority, the Parties shall, to the extent possible and practicable, inform each other prior to such disclosure and shall limit any disclosure to the minimum required. The preceding sentences do not apply to any disclosure, announcement or notification that is required to be made by the Seller pursuant to the German Securities Trading Act (*WpHG*) and/or the market abuse regulation (*Marktmissbrauchsverordnung*) number 596/2014 or any communication the Seller may make towards its affiliates, its financing banks or its professional advisors or towards the investors of its direct or indirect shareholders.

7.2 In the unlikely event that this Agreement is terminated prior to occurrence of the transfer in accordance with Clause 2, each Party undertakes to keep confidential all information received from the respective other Party in connection with the transactions contemplated by this Agreement and to return all documents and information embodied otherwise which it has received from the other Party, together with any copies thereof and to destroy all documents and information embodied it otherwise produced based on information received from the Seller, unless such information is in the public domain without breach of a confidentiality obligation towards the other Party. The Parties shall not be entitled to any retention right with respect to such documents or information.

7.3 The Seller shall be authorized to issue a press release or similar public announcement related to the transactions contemplated in this Agreement.

8. MISCELLANEOUS

8.1 Business Day shall mean any day on which banks in Frankfurt/Main are open for business.

8.2 This Agreement shall be governed by German law. The Vienna United Nations Convention on Contracts for the International Sale of Goods (CISG) shall not apply.

8.3 Where the English wording of this Agreement is followed by a German wording in brackets and in italics, the German wording shall prevail.

8.4 All disputes arising out of or in connection with this Agreement or its validity shall be finally settled under the Rules of Arbitration of German Institution of Arbitration (*DIS*), without recourse to the ordinary courts of law, by three arbitrators appointed in accordance with said rules. The place of arbitration shall be Munich, Germany. The language of the arbitral proceedings shall be English, provided that evidence may also be submitted in the German language. The applicable substantive law is Germany.

- 8.5 In the event that applicable mandatory law requires any matter arising out of or in connection with this Agreement or its validity to be decided by an ordinary court of law, the competent courts in Munich, Germany, shall have the exclusive jurisdiction.
- 8.6 Any amendment, supplementation (*Ergänzung*) or suspension (*Aufhebung*) of this Agreement, including of this provision, shall be valid only if agreed in writing, except where notarisation or any other stricter form is required under applicable law.
- 8.7 Each Party shall bear its own costs and expenses in connection with the preparation, execution and consummation of this Agreement, including, without limitation, any and all professional fees and charges of its advisors. Any transfer taxes and similar domestic or foreign taxes, duties or other charges or cost, including any bank fees, resulting from or relating to the execution and consummation of this Agreement shall be borne by the Purchaser.
- 8.8 If any provision of this Agreement should be or become wholly or partially void (*nichtig*), ineffective (*unwirksam*) or unenforceable (*undurchsetzbar*), the validity, effectiveness and enforceability of the other provisions of this Agreement shall not be affected thereby. Any such invalid, ineffective or unenforceable provision shall be deemed replaced by such valid, effective and enforceable provision as comes closest to the economic intent and purpose of the invalid, ineffective or unenforceable provision as regards subject-matter, extent (*Maß*), time, place and scope (*Geltungsbereich*). The aforesaid shall apply mutatis mutandis to any gap (*Lücke*) in this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their duly authorized representatives.

December 1, 2021

/s/ Stefan Piech
F&M Film- und Medien Beteiligungs GmbH

December 1, 2021

/s/ Michael Jaffa
Genius Brands International, Inc.

SHAREHOLDER AGREEMENT

**BEITEN
BURKHARDT**

SHAREHOLDER AGREEMENT

between

F&M Film- und Medien Beteiligungs GmbH, a limited liability company organized under the laws of Austria, with its registered seat (*Sitz*) in 1010 Wien, Wollzeile 6/8, Austria and registered with the company register (Firmenbuch) under docket number FN 267730 x

the "**Shareholder 1**"

and

Genius Brands International, Inc., is a corporation incorporated under the laws of Nevada with its registered office at 190 North Canon Drive, Floor 4, Beverly Hills, CA 90210, USA

the "**Shareholder 2**"

together the "**Shareholders**" or the "**Parties**"

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Shareholder Agreement

1. SUBJECT MATTER AND PURPOSE

- 1.1 The Parties are shareholders of Your Family Entertainment Aktiengesellschaft (Aktiengesellschaft) registered with the commercial register (Handelsregister) of the Lower Court (Amtsgericht) of Munich under docket number HRB 164992 with registered address at Turkenstrasse 87, 80799 Munchen (the "**Company**").

The registered share capital of the Company amounts to EUR 10,457,730.00 and is divided into 10,457,730 no-par-value registered shares (each a "**Share**" and together the "**Shares**"). The Shares are admitted for listing to the Regulated Market (General Standard) of the Frankfurt Stock Exchange and traded under ISIN DE000A161N14.

Shareholder 1 owns 6,996,221 Shares; Shareholder 2 is, or will be at the time when this Agreement comes into effect, the owner of 50 Shares.

- 1.2 By way of this Shareholder Agreement ("**Agreement**") and for its duration, the Shareholders agree to form a shareholders' pool (the "**Pool**") with the purpose of exercising the voting rights in the upcoming shareholders' meetings of the Company on all items on the agendas, in particular in order to create additional business opportunities for the Company for the benefit of all shareholders, in a common manner.
- 1.3 This Agreement covers the entire present and future shareholdings of the Shareholders in the Company, irrespective of the manner in which a Shareholder acquires the Shares and irrespective of whether the Shares are held directly by the Shareholder or indirectly by an enterprise affiliated with a Shareholder within the meaning of Sect. 15 Stock Corporation Act (AktG), as well as all Shares held by a third party on behalf of a Shareholder on the basis of a trust agreement or similar agreement. Neither joint ownership nor fractional ownership of the contractually bound Shares is established by this Agreement.
- 1.4 Shareholder 1 has agreed to sell 3,000,000 Shares to Shareholder 2 against cash and shares to be issued by Shareholder 2 at an aggregated value of EUR 6,000,000.00. Thereafter, Shareholder 1 owns 3,996,221 Shares ("**Remaining Shares**") after transfer of the sold 3,000,000 Shares to Shareholder 2.
- 1.5 Each Shareholder shall notify the other Shareholder without delay of any changes in the ownership of his Shares.

2. POOL MEETING AND VOTING

- 2.1 A meeting of the Shareholders (the "**Pool Meeting**"), either in person, telephone, or video conference, shall be held prior to each shareholders' meeting of the Company to decide the shareholders' right to propose motions and to exercise voting rights on the items on the agenda of the shareholders' meeting. The Pool Meeting shall decide in all cases in which a decision by the Shareholders is required under this Agreement or by law or appears necessary in the interests of the Pool. In the Pool Meeting, as and between Shareholder 1 and Shareholder 2, (i) Shareholder 2's Shares shall represent, and Shareholder 2 shall be entitled to exercise, 51% percent of the voting power of the aggregate number of Shares held by Shareholder 1 and Shareholder 2, irrespective of the number of Shares actually held by Shareholder 2; and (ii) Shareholder 1's Shares shall represent, and Shareholder 1 shall be entitled to exercise, 49% percent of the voting power of the aggregate number of Shares held by Shareholder 1 and Shareholder 2, irrespective of the number of Shares actually held by Shareholder 1. Irrespective of the foregoing Shareholder 1 shall not be restricted in any way from exercising its voting rights attached to the Remaining Shares in a shareholders' meeting in the event that the agenda item on which a decision is called for under statutory German law or the articles of association of the Company requires a qualified majority; provided that this shall not apply to any share dividend, share split, reverse share split, share reclassification, share combination or other similar event affecting solely the number of outstanding Shares (each, an "**Organic Change**"; it being understood that capital increases are not deemed to be an Organic Change). In the event of a vote on any Organic Change, Shareholder 1 shall vote the Remaining Shares in accordance with the instructions of Shareholder 2.

- 2.2 The Pool Meeting shall be convened by email by either Shareholder, sent to the other Shareholder, and shall include the items of the agenda. A period of at least (1) week must elapse between the posting of the email and the date of the Pool Meeting. A shorter period may be used if the other Shareholder agrees.

- 2.3 Each Shareholder may be represented at the meeting by the other Shareholder on the basis of a written power of attorney. Resolutions may only be passed if such resolution receives the vote of the Shares constituting a majority of the voting power as agreed between Shareholder 1 and Shareholder 2. The result of the voting in the Pool Meeting has to be recorded in writing by the Shareholder who has convened the Pool Meeting and has to be sent to the other Shareholder. For the avoidance of doubt Section 2.1 last sentence shall apply.
- 2.4 To the extent that a Shareholder is or would be excluded from voting at the shareholders' meeting of the Company, he shall also have no voting right in respect of resolutions of the Pool Meeting and may also not exercise the voting right on behalf of the other Shareholder.
- 2.5 The Shareholders shall be obliged either to represent their Shares themselves at the shareholders' meeting of the Company or to arrange for their representation. The voting right in the shareholders' meeting shall be exercised in each case in accordance with the corresponding resolution of the Shareholders in the Pool Meeting.
- 2.6 In case of unannounced proposals on matters in the shareholders' meeting like counter proposals of other shareholders, the Shareholders are obliged to contact each other at short notice to decide on the common exercise of the voting rights. If a contact is technically not possible, the Shareholders will vote in the shareholders' meeting considering the interest of the other Shareholder and in line with this Agreement.
- 2.7 The Shareholders agree to support, to the extent legally permissible, investments and other actions intended by Shareholder 2 in order to strengthen the Company's future business.

3. SUPERVISORY BOARD OF THE COMPANY

The Shareholders shall exercise their voting rights in the next shareholders' meeting of the Company to (i) extend the number of the Supervisory Board members pursuant to Section 9 (2) of the Articles of Association of the Company from three up to four members and (ii) elect an eligible person proposed by Shareholder 2 to the supervisory board of the Company as a supervisory board member of the Company. Shareholder 1 shall use its commercially reasonable efforts to cause the Company to maintain an insurance policy or policies providing liability insurance for members of the supervisory board of the Company at all times that Shareholder 2 is entitled to propose a supervisory board member and for a tail period of six years thereafter and for the member of the supervisory board proposed by Shareholder 2 to be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any member of the supervisory board under such policy or policies. The supervisory board member proposed by Shareholder 2 pursuant to this Section 3 shall be an express third party beneficiary of this provision.

4. MANDATORY TENDER OFFER

- 4.1 With entering into this Agreement Shareholder 2 obtains control over the Company in the meaning of the German Securities Acquisition and Takeover Act (WpÜG) and is obliged to make a mandatory tender offer to the shareholders of the Company ("MTO"). Shareholder 1 shall not accept the MTO with its Remaining Shares or to take any other commercially equivalent measure action which economically results in sale of the Remaining Shares and acceptance of the MTO.
- 4.2 Shareholder 1 hereby irrevocably undertakes a Shareholder 2 not to accept the MTO for its Remaining Shares during the acceptance period or, if applicable, to exercise a put right in accordance with section 39c WpÜG ("Lock-up Period").

- 4.3 Shareholder 1 undertakes to irrevocably and unconditionally instruct its custodian bank not to deliver the Remaining Shares to another custody account or custody sub-account or to a third party during the Lock-up Period or to execute sell orders for the Remaining Shares or otherwise assist the Shareholder in any Transfer.
- 4.4 In the event that Shareholder 1 submits any Remaining Shares in the MTO, Shareholder 1 shall pay a contractual penalty to Shareholder 2, which is due and payable at the time the offer consideration for the MTO falls due. The amount is equal to the number of Remaining Shares tendered into the MTO in violation of this Clause multiplied by the offer consideration for each share in the MTO. The contractual penalty shall be offset against the claim to the offer consideration for each Remaining Share submitted in breach of this Clause. The provisions on the contractual penalty shall also apply in the event that the Shareholder sells Remaining Shares to third parties and third parties submit these shares in the MTO.
- 4.5 Shareholder 1 shall not acquire Shares in an off-exchange transaction or grant a right to the Transfer the Remaining Shares without the prior written consent of Shareholder 2. Shareholder 2 shall grant its consent if the purchase price for the Shares Shareholder 1 wishes to acquire does not exceed the offer price in the MTO. The obligation of Shareholder 1 shall expire twelve months after the announcement of Shareholder 2 about the amount of Shares tendered in the MTO in accordance with sec. 23 para. 1 no. 2 WpÜG.

5. ADDITIONAL TENDER OFFER

If Shareholder 2 decides within 24 months after completion of the MTO to make an additional tender offer to the shareholders of the Company ("ATO"), the offer price in this ATO shall amount at least to EUR 4.00 per Share. In such case, Shareholder 1 has to tender its Remaining Shares less a total of 350.000 Remaining Shares (the "ATO Shares") into the ATO. Instead of tendering the ATO Shares in the ATO Shareholder 2 can require Shareholder 1 to sell the Remaining Shares outside the ATO at the same value as the ATO offer price against 50% in cash and 50% in common stock of Shareholder 2.

6. TRANSFER RESTRICTIONS

- 6.1 Shareholder 1 acknowledges and agrees that during the term of this Agreement (Clause 7) it will not transfer any of its Shares except (i) as authorized by Shareholder 2 in writing, or (ii) as otherwise permitted or contemplated by this Agreement.
- 6.2 This provision will not apply to any transfers by Shareholder 1 of any Shares to an Affiliate so long as a written notice is given to Shareholder 2 at least thirty (30) calendar days prior to such Transfer; provided, however, no such Transfer will relieve Shareholder 1 of its obligations under this Agreement.

7. DURATION

- 7.1 This Agreement may be terminated for the first time at the earliest to occur of (i) the end of the calendar year 2024; (ii) the acquisition of the Shareholder's 1 ATO Shares by Shareholder 2; or (iii) or a sale or other disposition of more than 50 % of the shares or voting rights held by Shareholder 2 in the Company. A termination under subpara (i) of sentence 1 of this Section 7.1 shall require 30 days written notice.
- 7.2 In the event of the opening of insolvency proceedings against the assets of a Shareholder (other than involuntarily solvency proceedings that are dismissed within 120 days of their initiation), the Pool expires automatically.

8. OTHER AGREEMENTS

8.1 Shareholder 2 hereby commits vis-a-vis Shareholder 1 to:

- (i) Subject to the decision of the Company to issue and to offer convertible bonds in the Company (*Wandelanleihe*) convertible into no par value shares in the Company for a purchase price of between EUR 4,000,000 and EUR 7,000,000 in cash by utilizing the authorization resolved on the shareholders' meeting of 29 July 2021 under item 8 ("**Bonds**"), Shareholder 2 will (a) exercise its subscription rights to subscribe all Bonds and (b) subscribe all Bonds not taken up by the other shareholders by exercising their subscription rights, provided that such bonds shall be substantially similar to the terms of the most recently issued Bonds and which shall provide for the following terms: (w) a conversion price which shall be no greater than EUR 2.00 per share; (x) an interest rate of no less than 3.5% per annum; (y) a conversion window throughout the term of the Bonds; and (z) the Bonds mature upon default by the Company on its interest payments; provided however, that notwithstanding the foregoing, in the event any Organic Change occurs prior to the maturity date of the Bonds, the conversion price for the Bonds and the number of Shares subject to issuance upon the conversion of the Bonds shall, in each case, be proportionally adjusted to reflect such Organic Change.
- (ii) In the event that Shareholder 2 subscribes for Bonds in an amount of less than EUR 7,000,000 (the "**Investment Difference**"), Shareholder 2 undertakes to provide an amount equal to the Investment Difference to the Company either by way of additional equity by way of a capital increase or by providing shareholder loans, the terms of such shareholder loans being comparable to the terms of the Bonds.
- (iii) Any financing pursuant to this Section 8.1 may be used by the Company in connection with either the repayment of the Company's current bank facility or the outstanding convertible bonds in the event such bonds do not convert into equity at or prior to maturity; provided further, nothing herein shall prevent Shareholder 2 from separately negotiating and consummating a direct purchase of such outstanding convertible bonds.

8.2 Shareholder 2 hereby irrevocably and unconditionally agrees to hold Shareholder 1 free and harmless from any claims, obligations, suits or costs raised against or incurred by Shareholder 1 arising out of or in connection with the guarantee granted by Shareholder 1 to Bank Austria AG in connection with the financing of the Company (the "**Bank Austria Collateral**"). In addition, Shareholder 2 will use its best commercial efforts to effect a full release of Shareholder 1 of the collateral, including to give alternative collateral to Bank Austria AG. The commitments contained in this Section 8 (iii) shall continue irrespective of the duration of this Agreement until such time as Shareholder 1 has been fully and finally released from any obligations in relation to the Bank Austria Collateral.

8.3 Shareholder 2 furthermore agrees to

- (i) Use commercially reasonable efforts to effect and procure the financing for the production of at least two animated series by the Company on terms reasonably acceptable to Shareholder 2 in each of the first two business years following the completion of the MTO (the business year 2022 being the first such business year).
- (ii) Use its commercially reasonable efforts to procure a substantial acquisition by the Company on terms reasonably acceptable to Shareholder 2 in the European market within the first two business years following the completion of the MTO.

9. CONDITION PRECEDENT

The coming into effect of this Agreement is subject to (*aufschiebend bedingt*) upon execution by the Parties of that certain share purchase agreement under the terms of which Shareholder 2 will purchase a total of 3,000,000 Shares from Shareholder 1.

10. GOVERNING LAW; ARBITRATION

10.1 This Agreement shall be governed, and construed in accordance with, the substantive laws of Germany.

10.2 Any disputes between the Shareholders in connection or arising out of the validity, construction, performance or termination of this Agreement, which the Shareholders are unable to resolve between themselves within thirty (30) calendar days, shall be finally settled by arbitration without recourse to the ordinary courts of law. The arbitration tribunal shall be composed of three arbitrators and shall be located in Munich, Germany. The arbitration proceedings shall be conducted in accordance with the rules (as they may be amended at that time) of the *Deutsche Institution für Schiedsgerichtswesen (D.I.S.)* in the English language. The arbitration award shall be binding upon the Shareholders.

11. NOTICES

All notices, declarations, requests and demands under this Agreement are to be directed,

To Shareholder 1
 F&M Film- und Medien Beteiligungs GmbH
 Wollzeile 6/8
 1010 Wien, Austria
 Email: stefan.piech@yfe.tv

With a copy to
 SKW Schwarz Rechtsanwälte
 Wittelsbacherplatz 1
 80333 Munich, Germany
 Email: s.wallwitz@skwschwarz.de

To Shareholder 2

Genius Brands International, Inc.
190 North Canon Drive, Floor 4
Beverly Hills, CA 90210, USA
Attention: Michael Jaffa
Email: mjaffa@gnusbrands.com

With a copy (which copy shall not constitute notice) to:

Beiten Burkhardt Rechtsanwalts-gesellschaft mbH
Ganghoferstraße 33
80339 München, Germany
Attention: Dr. Dirk Tuttlies
Email: dirk.tuttlies@advant-beiten.com

and

Norton Rose Fulbright US LLP
555 South Flower Street, Forty-First Floor
Los Angeles, CA 90071
Attention: Mark Greenfield
Email: mark.greenfield@nortonrosefulbright.com

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12. MISCELLANEOUS

- 12.1 This Agreement constitutes the entire agreement of the Shareholders in respect of the common exercise of voting rights by this Agreement.
- 12.2 Each Shareholder shall bear its own costs, including the costs of their respective legal and other advisors and agents.
- 12.3 This Agreement may be amended in writing only. This also applies to this Clause 11.3.
- 12.4 If one or several provisions of this Agreement should be or become invalid or unenforceable, the remaining provisions hereof shall not be affected thereby. Instead of the invalid or unenforceable provision such valid and enforceable provision shall be deemed to be agreed among the Shareholders as they would have chosen on entering into this Agreement in order to reach the commercial effect of the provision to be replaced if they had foreseen the invalidity or unenforceability. The foregoing shall also apply to matters to which this Agreement is silent (*Vertragslücken*).

13. DEFINITIONS

- 13.1 "**Affiliate**" means, with respect to any person, any other person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with such person. For purposes of this definition, "control", when used with respect to any specified person, means the power, direct or indirect, to direct or cause the direction of the management and policies of such person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms "controlling" and "controlled" will have correlative meanings.
- 13.2 "**Transfer**" means directly or indirectly, sell, transfer, assign, pledge, encumber, make a gift of, hypothecate or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Shares. "**Transfer**" when used as a noun will have a correlative meaning.

Signature Page To Follow

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December 1, 2021

F&M Film- und Medien Beteiligungs GmbH

Genius Brands International, Inc.

/s/ Stefan Piech
Stefan Piech, Chief Executive Officer

/s/ Michael Jaffa

