

August 14, 2023



Kartoon Studios Provides Business Update for the Second Quarter of 2023

BEVERLY HILLS, Calif., Aug. 14, 2023 (GLOBE NEWSWIRE) -- **Kartoon Studios** (NYSE American:TOON) today provided a business update for the second quarter of 2023.

Andy Heyward, Chairman & CEO of Kartoon Studios, stated, "While revenues grew for the 6-months ended June 30, 2023, sales for the three-month period were effected by an industry-wide slowdown of program orders by broadcasters and streaming networks, impacting our Mainframe Studios subsidiary. This slowdown was largely due to the anticipation of and the actual Writers Guild of America (WGA) and Screen Actors Guild (SAG) strikes in Hollywood, compounded by the streaming services retooling their models. This strike-driven 'reset,' resulted in reduced spending across the entire entertainment industry with new content orders coming to a near halt. Although the strike is ongoing, neither Kartoon Studios nor its subsidiaries are signatories of WGA or SAG. As a result, orders have begun to pick back up, and we have a number of significant series expected to greenlight imminently, from Mainframe's diverse base of customers, including Mattel, Disney, Netflix, Hulu, Spin Master, and others. We expect this positive trend to continue and believe the revenue decline we experienced has been timing related. We anticipate the forthcoming orders will positively impact revenue in future quarters, allowing the Company to resume its steady and continuing growth trajectory. Animation is a timeless and reliable performer that is a staple for broadcasters and streamers alike. Our subsidiary, Mainframe Studios, has built a well-earned reputation as one of the premier suppliers to Netflix, Disney+, YouTube, Hulu, Mattel, Spin Master, and others, which we are very confident will continue, as they deliver reliable and top-performing brands, including *Barbie*, *Coco Melon*, and the upcoming *Unicorn Academy*, among others."

"In the meantime, our wholly owned distribution platform, **Kartoon Channel!**, is performing extremely well by all metrics, having recorded 82% year-over-year improvement in the 1st half of 2023, as we have seen steady increases in both subscribers and minutes watched, with noteworthy 'stickiness' to the growing brands of *Stan Lee's Superhero Kindergarten*, *Rainbow Rangers*, and the recently launched Shaq's Garage. Kartoon Channel! viewer rankings continue to outperform all of its major competitors in the Apple app store, with 4.9 out of 5 stars, besting Disney+, Netflix Kids, YouTube, and others, as the brand takes root and grows. As a result, Kartoon Studios is now less dependent on third-party networks for distributing our content. It is also important to note that while many of our competitors have been chasing subscribers over profits, in contrast, we have taken a more measured approach and our growing streaming business is very near profitability, as we build out what we are confident will become an extraordinarily valuable and lasting global asset."

The Company is highly encouraged by a number of growing projects underway at Kartoon

Studios, including the highly successful recent launch of Shaq's Garage, starring Shaquille O'Neal and Rob "Gronk" Gronkowski. The Company expects to announce a broader distribution agreement in the near future, following its successful premiere on Pluto TV, which exceeded expectations. Shaq's Garage is now available to Kartoon Channel! audiences across all major platforms, including Amazon Prime Video, Roku and The Roku Channel, Apple, Google, Android, Amazon Fire, LG, Samsung, Kartoonchannel.com, and more. Kartoon Channel! also continues to enter new international markets, with an established presence in Europe, Latin America, and Asia. Most recently, the Company announced its expansion into Malaysia through a partnership with Astro Ceria (Astro Ch 611), Malaysia's #1 homegrown kid's channel."

The Company commenced the launch of a series of very significant initiatives as the controlling partner of "Stan Lee Universe, LLC," through which it manages the rights of the Stan Lee brand. Towards this end, the Company recently announced plans for the launch of **STAN LEE COMICS**, a line of digital and print comic books based on never-before-released stories and characters created by Stan Lee, through a partnership with LEGIBLE INC. (CSE: READ) (OTCQB: LEBGF) (FSE: D0T) .

The Company also achieved a total and near-instantaneous sell-through of over 8,000 **Stan Lee digital collectibles** through its partnership with digital leader, [VeVe](#), on July 18. Additionally, the Company announced the release of the Stan Lee documentary on **Disney+**, on the heels of a critically acclaimed premiere at **The Tribeca Festival**. "These recent initiatives are simply the start to what we believe will be a major and highly successful campaign to leverage and monetize the Stan Lee brand, including new content to be announced that will continue to honor the legacy of one of the most creative forces of our generation," continued Mr. Heyward.

"Lastly, we are advancing a number of exciting initiatives within Frederator Networks, including our recent partnership with BuzzFeed's Animation Lab to develop a premium content series for digital hit *Chikn Nuggit* based on the original shorts created by Kyra Kupetsky, which has amassed over 1 billion views to date on social platforms. We are also launching limited-edition branded products for our critically acclaimed, hit original Netflix series, *Bee and PuppyCat*, through Hot Topic, Crowdmade, Youtooz and Toykn."

Mr. Heyward concluded, "Although the markets remain challenging, we are highly encouraged by the outlook for the business and anticipate improved revenue in the second half of this year, as content orders across the Mainframe production business resume. At the same time, the Company remains laser-focused on managing expenses. We expect that our recent initiatives to streamline the organization will be more fully realized in the second half of the year, as we move toward profitability." Expense reductions include personnel costs, production spend, lease, and vendor expenses

The Company reported revenue of \$11.0 million and \$25.2 million, for the three and six months ended June 30, 2023, compared to \$22.1 million and \$23.6 million for the same periods last year. As of June 30, 2023, Kartoon Studios had current assets of \$91.6 million, working capital of \$14.4 million, and total stockholders' equity of \$87.5 million.

Complete details of the Company's financial results for the second quarter ended June 30, 2023, are available in the Company's Form 10-Q, has been filed with the Securities & Exchange Commission and is available on the Company's [website](#).

About Kartoon Channel!

Available everywhere and anywhere kids are today, Kartoon Studios' Kartoon Channel! is a family entertainment destination that delivers 1000s of episodes of carefully curated and safe family-friendly content. The channel features original content, including Stan Lee's Superhero Kindergarten, starring Arnold Schwarzenegger, Rainbow Rangers, and Shaq's Garage, starring Shaquille O'Neal and Rob "Gronk" Gronkowski.. Kartoon Channel! also delivers animated classics for little kids, such as Peppa Pig Shorts, Super Simple Songs, Melodee's, Finny the Shark, Strawberry Shortcake, as well as content for bigger kids, like Angry Birds and Yu-Gi-Oh! Kartoon Channel! also offers STEM-based content through its Kartoon Classroom, including Baby Genius and more, as well as a Spanish language service on the platform, KC En Espanol..

Kartoon Channel! is available across multiple platforms, including iOS, Android Mobile, Web, Amazon Prime Video, Apple TV, Amazon Fire, Roku and The Roku Channel, Pluto TV, Comcast, Cox, Dish, Sling TV, Android TV, Tubi, Xumo, Samsung and LG Smart TVs.

Internationally, Kartoon Channel! is currently available in key territories around the world, including Africa and Sub-Sahara Africa (StarTimes), Australia and New Zealand (Samsung TV Plus), Germany (Waipu), Philippines (Tapp Digital) and Maldives (Dhiraagu). Kartoon Channel! Branded blocks are also currently available daily in 69 countries across the Middle East, Africa, Latin America, and Europe.

About Kartoon Studios

Kartoon Studios (NYSE AMERICAN: TOON) is a global end-to-end creator, producer, distributor, marketer, and licensor of entertainment brands. The Company's IP portfolio includes original animated content, including the *Stan Lee* brand, *Stan Lee's Superhero Kindergarten*, starring Arnold Schwarzenegger, on Kartoon Channel!; *Shaq's Garage*, starring Shaquille O'Neal, on Kartoon Channel!; *Rainbow Rangers* on Kartoon Channel! and Netflix; the Netflix Original, *Llama Llama*, starring Jennifer Garner, and more.

In 2022, Kartoon Studios acquired Canada's WOW! Unlimited Media and made a strategic investment becoming the largest shareholder in Germany's Your Family Entertainment AG (FRA:RTV), one of Europe's leading distributors and broadcasters of high-quality programs for children and families.

Toon Media Group, the company's wholly-owned digital distribution network, consists of Kartoon Channel!, Kartoon Channel! Worldwide, Frederator Network, and Ameba. Kartoon Channel! is a globally distributed entertainment platform with full penetration of the U.S. television market and international expansion underway with launches in key markets around the world, including Germany, Malaysia, India, Africa and Sub-Sahara Africa, Australia, New Zealand, Philippines and Maldives. Kartoon Channel! and Ameba are available across multiple platforms, including iOS, Android Mobile, Web, Amazon Prime Video, Apple TV, Amazon Fire, Roku, Pluto TV, Comcast, Cox, Dish, Sling TV, Android TV, Tubi, Xumo, Samsung and LG Smart TVs. Frederator Network owns and operates the largest global animation network on YouTube, with channels featuring over 2000 exclusive creators and influencers, garnering billions of views annually.

For additional information, please visit www.kartoonstudios.com

Forward Looking Statements: Certain statements in this press release constitute "forward-

looking statements" within the meaning of the federal securities laws. Words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current expectations, are forward-looking statements. While the Company believes these forward-looking statements are reasonable, undue reliance should not be placed on any such forward-looking statements, which are based on information available to us on the date of this release. These forward looking statements are based upon current estimates and assumptions and are subject to various risks and uncertainties, including without limitation, our ability to generate revenue or achieve profitability; our ability to obtain additional financing on acceptable terms, if at all; the potential issuance of a significant number of shares, 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 (the "SEC"). 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.

MEDIA CONTACT :

pr@gnusbrands.com

INVESTOR RELATIONS CONTACT :

ir@gnusbrands.com



Source: Kartoon Studios