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Kartoon Studios Provides Business Update for the Third Quarter of 2023

Affiliate, Mainframe Studios Benefitting from Post-Strike Content Demand and New Orders; Robust Pipeline of New Content Expected in the Coming Quarters

Company Expects to Resume Growth Trajectory Following Industry Slowdown

Kartoon Channel! Anticipates First Ever Break-Even EBITDA in Fourth Quarter of 2023, a First Since Its Launch

New CFO Brian Parisi Brings Strong Track Record from the NFL and Live Nation, Focused on Value Creation, as well as Growing Revenues and Driving Sustainable Earnings

BEVERLY HILLS, Calif., Nov. 17, 2023 (GLOBE NEWSWIRE) -- **Kartoon Studios** (NYSE American:TOON) today provided a business update for the third quarter of 2023.

Andy Heyward, Chairman & CEO of Kartoon Studios, stated, "Following the settlement of the Writers Guild of America (WGA) and Screen Actors Guild (SAG) disputes, we are witnessing a turnaround from the recent industry-wide slowdown of program orders by broadcasters and streaming networks, which impacted Mainframe Studios. Even though Kartoon Studios and its related companies and subsidiaries aren't part of WGA or SAG, the strikes had a noticeable impact on the entire industry in the third quarter, with a marked decrease in spending and new content orders. Now, there is significant pent-up demand, and we are benefiting from a substantial increase in activities. We are already seeing orders coming into Mainframe for a meaningful number of new content series. We anticipate these forthcoming orders will positively impact revenue in upcoming quarters, allowing the Company to resume the growth trajectory that it had been experiencing prior to the strikes. Animation is a timeless and reliable performer that is a staple for broadcasters and streamers alike. Mainframe Studios, Kartoon Studios' affiliated work-for-hire and original content production studio based in Vancouver, Canada, has become an integral part of our company and our future success. Mainframe Studios has built a well-earned reputation as one of the premier content 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. During this recent quarter, we delivered our longstanding production of BARBIE to Netflix, shortly after the blockbuster success of the live Barbie movie. We also delivered our UNICORN ACADEMY series produced for Spin Master, which debuted as the #1 ANIMATED SERIES ON NETFLIX. Concurrently, as a result of the US ad market regaining momentum, we are also seeing an uptick in business at our Beacon Media Group subsidiary, which is a leader in buying children's media for many of the top toy companies in the world and has been winning new clients and increasing its buying base, and revenues."

“We are thrilled to report remarkable improvement in Kartoon Channel!, through the first three quarters of 2023, compared to the same period in 2022. Our EBITDA has shown a significant year-over-year improvement of 91% during this period, reflecting our focused efforts on enhancing profitability and financial stability. In a turnaround that bucks the trend of the rest of the industry, we have successfully reversed a nearly \$1 million loss from Q3 2022, achieving near break-even results this quarter. This is a significant milestone, considering it has only been three years since we began investing in and growing the platform. This not only marks a substantial financial milestone but also sets a strong foundation for our future growth trajectory and underscores our team’s dedication to operational excellence and strategic planning.”

“Kartoon Channel! is quickly becoming a ‘go to’ streaming option for kids and families, carrying not only our own programs such as RAINBOW RANGERS and SUPERHERO KINDERGARTEN, but also successful and iconic programs such as PEPPA PIG, SUPER MARIO BROS., STRAWBERRY SHORTCAKE, and SONIC THE HEDGEHOG. Looking ahead to 2024, we are confident that Kartoon Channel!, will continue this positive trend, making a significant contribution to revenues and EBITDA, as well as exposing our brands to drive retail sales of licensed products based on our characters. This achievement is particularly notable when we consider the broader streaming market, where profitability is rare. To our knowledge, Netflix is the only other streaming service currently operating profitably, with most others in the industry experiencing operational losses. Our platform's rapid progress towards profitability stands as a testament to the Company’s strategic approach and the noteworthy ‘stickiness’ to the growing brands of STAN LEE’S SUPERHERO KINDERGARTEN, RAINBOW RANGERS, and others. The channel's 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 Kartoon Channel! takes root and grows, to become a valuable asset for the company.”

“Furthermore, SHAQ’S GARAGE is now available on Tubi, part of Fox Corporation's ad-supported streaming service, which boasts a substantial audience of over 74 million monthly active users. In tandem with this launch, we’re also introducing a special Kartoon Channel! branded Video on Demand (VOD) collection, designed to complement the primary channel. The rollout strategy for SHAQ’S GARAGE is comprehensive, encompassing availability on popular platforms like YouTube and YouTube Kids and this expansion aligns with our strategic goal to enhance the reach and accessibility of our content, ensuring that a wider audience can enjoy our diverse offerings. By collaborating with a high-profile platform like Tubi and leveraging its vast user base, we’re set to significantly grow our viewership and solidify our presence in the competitive streaming market.”

“Recently, we welcomed Brian Parisi, a highly accomplished CFO with a proven track record, as our new Chief Financial Officer of the Company. Having run successful business units of the NFL and at Live Nation, Brian is focused on unlocking value, growing revenues and delivering earnings. Brian’s appointment also underscores our unwavering dedication to refining our operations and maintaining rigorous cost control measures as we aim for long-term, sustainable EBITDA growth. In line with these goals, we are in the midst of executing a comprehensive strategy to reduce operating costs across the Company, as we grow our core businesses and brands. Brian's arrival has introduced a new perspective to our organization, which has already been instrumental in driving positive changes as we have identified over \$2 million of annual reductions in operating expenses and significant

improvements to EBITDA. This achievement marks a crucial step towards enhancing the overall financial health and sustainability of our organization.”

Mr. Heyward concluded, “Our confidence in the business' trajectory remains strong. We are seeing promising signs that point towards a meaningful increase in revenue as we move into next year and beyond. We are experiencing an influx of content orders for the Mainframe production business, which we believe will prove to be a significant driver of our future growth. Our commitment to financial discipline remains unwavering as we rigorously manage our expenses, with a focus on efficiency and effectiveness. Our recent endeavors to streamline and optimize various aspects of our operations are already yielding significant results, and we have the most robust development pipeline in the history of our company. We believe these strategic initiatives are crucial for steering the Company towards a path of sustainable profitability, aligning with our long-term objectives, and reinforcing our position in the industry.”

Kartoon Studios reported revenue of \$10.1 million and \$35.3 million, for the three and nine months ended September 30, 2023. As of September 30, 2023, Kartoon Studios had current assets of \$61.4 million, working capital of \$11.8 million, and total stockholders' equity of \$74.0 million.

Complete details of the Company's financial results for the third quarter ended September 30, 2023 are available in the Company's Form 10-Q, which 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 collection 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, 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 Networks, 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 near 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.

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