July 14, 2026

Kartoon Studios Receives Initial $39.2 Million Non-Dilutive Cash Payment from Previously Announced Litigation Settlements

Company Has More Than $40 Million in Cash and Cash Equivalents and No Debt as of June 30, 2026, Providing Financial Strength to Execute Upcoming Launches of Hundred Acre Wood and the Stan Lee Universe Without Need for Dilutive Financing

BEVERLY HILLS, Calif., July 14, 2026 (GLOBE NEWSWIRE) -- **Kartoon Studios, Inc.** (NYSE American: TOON) ("Kartoon Studios" or the "Company"), a global entertainment company creating, producing, distributing and licensing children's and family content, today announced that it has received the initial cash payment of approximately **$39.2** million from its previously announced litigation settlements.

Following receipt of the initial settlement payment, Kartoon Studios has**more than $40 million in cash and cash equivalents and no debt as of June 30, 2026**, providing one of the strongest balance sheets in the Company's history. Importantly, the settlement proceeds were **entirely non-dilutive**, strengthening the Company's financial position without issuing a single additional share of stock or incurring debt. As a result, the Company is confident in its ability to execute its current strategic growth initiatives without any present need for additional equity financing or other dilutive capital.

"This is a transformational moment for Kartoon Studios," said Andy Heyward, Chairman and CEO of Kartoon Studios. "Our balance sheet has been strengthened with non-dilutive capital, allowing us to significantly increase our financial flexibility while preserving shareholder ownership. With more than $40 million in cash and cash equivalents and no debt as of June 30, 2026, we believe we have the resources necessary to execute our strategic plan from a position of strength while maintaining our disciplined approach to capital allocation."

Heyward continued, "The timing of this capital could not be more important. After more than five years of creative development and investment in precious key IP, we are approaching what we believe will be the two most significant franchise launches in Kartoon Studios' history.

Hundred Acre Wood is our reimagining of the original A.A. Milne stories that introduced the world to Winnie-the-Pooh, one of the most beloved and commercially successful children's properties ever created. Alongside it, we have launched the **Stan Lee Universe**, beginning with **Stan Lee's Superhero Pets**, inspired by the imagination of the legendary Stan Lee, creator or co-creator of many of the world's most iconic superheroes, and one of the most commercially successful creators in entertainment history.

These are not simply new productions. They represent the culmination of years of investment in building enduring entertainment franchises with global licensing, merchandising, publishing, and distribution potential. Together with our expanding consumer products business and our owned streaming platforms, including Kartoon Channel! and Ameba, these launches represent the foundation of the Company's next phase of growth. We now have the financial strength to invest behind these launches from a position of confidence and stability and maximize their long-term value for our shareholders."

As previously disclosed on June 17, 2026, the U.S. District Court for the Southern District of New York entered the settlement agreements reached to date in the shareholder action Augenbaum v. Anson Investments Master Fund LP et al. (Case No. 1:22-CV-00249-AS). Under those settlements, Kartoon Studios is entitled to receive aggregate settlement proceeds of approximately **$78.5 million**, before counsel fees and other advisor costs.

The remaining settlement proceeds are held in escrow pending payment of final counsel fees and other advisor costs, after which the Company expects to receive the remaining net balance from escrow.

The Company believes its strengthened balance sheet positions Kartoon Studios to accelerate investment across its growing portfolio of owned intellectual property as it prepares for the commercial launch of **Hundred Acre Wood** and the **Stan Lee Universe** over the coming year. Combined with expanding licensing and merchandising initiatives, strategic global distribution relationships, and owned digital distribution platforms, the Company believes it is well positioned to build higher-margin recurring revenue streams and execute its long-term strategy of becoming a scaled global children's and family entertainment company centered on valuable, wholly owned franchises with enduring worldwide appeal.

About Kartoon Studios
Kartoon Studios (NYSE American: TOON) is a global, vertically integrated children's and family entertainment company turning owned and controlled intellectual property into enduring, multi-platform franchises. The Company develops, produces, distributes, licenses and monetizes content across the full value chain, creating multiple revenue opportunities and long-term brand value.

Kartoon Studios' growth portfolio includes *Hundred Acre Wood's Winnie & Friends* and the Stan Lee Universe, alongside established brands and an extensive programming library. The Company operates Mainframe Studios and Toon Media Networks, as well as Beacon Media Group, a full-service marketing, communications, and media agency subsidiary of Kartoon Studios focused on children and family. Together, these assets provide production capabilities, direct audience access and distribution across linear television, AVOD, SVOD, FAST channels and streaming platforms in more than 60 territories. Kartoon Studios is focused on converting its intellectual property, infrastructure and global reach into scalable franchise growth and long-term shareholder value.

For more information, visit www.kartoonstudios.com.

Important Cautions Regarding Forward-Looking Statements

Certain statements in this press release that are not historical facts may constitute "forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and are subject to risks and uncertainties. Forward-looking statements include statements concerning executing the Company’s current strategic growth initiatives without any present need for additional equity financing or other dilutive capital, having the resources necessary to execute the Company’s strategic plan from a position of strength while maintaining a disciplined approach to capital allocation, approaching the two most significant franchise launches in Kartoon Studios' history, the launches representing the foundation of the Company's next phase of growth together with its expanding consumer products business and owned streaming platforms, investing behind these launches from a position of confidence and stability and maximize their long-term value for the Company’s shareholders, being positioned to accelerate investment across a growing portfolio of owned intellectual property as the Company prepares for the commercial launch of Hundred Acre Wood and the Stan Lee Universe over the coming year, the Company being well positioned to build higher-margin recurring revenue streams and execute its long-term strategy of becoming a scaled global children's and family entertainment company centered on valuable, wholly owned franchises with enduring worldwide appeal and converting the Company’s intellectual property, infrastructure and global reach into scalable franchise growth and long-term shareholder value. Words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “will” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements are based on the Company’s current plans, estimates, assumptions and expectations and are not guarantees that such plans, estimates or expectations will be achieved. Actual events, results and performance may differ materially from those expressed or implied by these forward-looking statements due to various risks, uncertainties and other factors, including the Company’s ability to execute its business strategy and growth initiatives; changes in general economic, financial, market and industry conditions, the Company’s ability to execute its current strategic growth initiatives without any need for additional equity financing or other dilutive capital, having the resources necessary to execute the Company’s strategic plan from a position of strength, the ability to successfully launch the Company’s franchises, the Company's ability to enter its next phase of growth together and expand its consumer products business and owned streaming platforms, the ability to maximize long-term value for the Company’s shareholders, the ability to accelerate investments across a growing portfolio of owned intellectual property, the ability to obtain financing when needed; the Company’s ability to keep pace with technological advances; the Company’s ability to protect its intellectual property and other risks described under the heading “Risk Factors” in Part I, Item 1A of the Company’s most recent Annual Report on Form 10-K and in its other filings with the Securities and Exchange Commission, which are available at www.sec.gov. Additional risks and uncertainties that are not currently known to the Company or that the Company currently considers immaterial may also cause actual events, results or performance to differ materially from those expressed or implied by the forward-looking statements. All forward-looking statements speak only as of the date of this press release, and Kartoon Studios undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

INVESTOR RELATIONS CONTACT:
Lytham Partners, LLC
Robert Blum

602-889-9700
toon@lythampartners.com

Photos accompanying this announcement are available at:
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Source: Kartoon Studios

Image 1

Image 1

Image 2

Image 2