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Kartoon Studios Secures Approximately \$78.5 Million in Litigation Settlements, Transforming Its Balance Sheet

Court Enters All Settlements Reached to Date in Short-Swing Profit Recovery Action

Company Well-Capitalized to Execute *A.A. Milne* and *Stan Lee* IP-Driven Growth Strategy

BEVERLY HILLS, Calif., June 17, 2026 (GLOBE NEWSWIRE) -- Kartoon Studios (NYSE American: TOON) ("Kartoon Studios" or the "Company") today announced that the U.S. District Court for the Southern District of New York has entered all 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). Pursuant to those settlements, the Company will receive aggregate settlement payments of approximately \$78.5 million, before plaintiff's counsel fees and expenses.

The action was brought on behalf of the Company under Section 16(b) of the Securities Exchange Act, commonly known as the "short-swing profit" recovery statute, seeking to recover profits realized from certain transactions in the Company's securities. With the Court's latest ruling, all settlement agreements reached to date with settling defendants have now been entered. The action remains ongoing against the two remaining defendants.

The settlements represent a significant milestone in Kartoon Studios' financial evolution. The aggregate recovery materially strengthens the Company's balance sheet, providing a substantial capital base to execute and accelerate its children and family intellectual property-driven growth strategy without reliance on external financing, or dilution.

"This is a watershed moment for Kartoon Studios and, most importantly, for our shareholders," said Andy Heyward, Chairman and CEO of Kartoon Studios. "These recoveries are non-dilutive, and return substantial value directly to the Company and its shareholders."

"For years, we have invested in building a platform supported by a portfolio of world-class children and family based intellectual property. This enhanced financial position will enable us to accelerate the commercialization of our flagship franchises, including *Hundred Acre Wood* and the *Stan Lee Universe*, while also pursuing strategic opportunities that were previously beyond our reach," concluded Heyward.

The Company intends to deploy its enhanced financial resources to accelerate the development, commercialization, and monetization of its owned intellectual property

portfolio; expand and strengthen its distribution platforms, including Cartoon Channel! and Ameba; and pursue strategic growth opportunities across content production, licensing, consumer products, and related initiatives. The Company intends to deploy these proceeds with the same financial discipline that has significantly reduced operating expenses and improved its operating results, supporting its continued progress toward sustained positive cash flow.

About Cartoon Studios

Cartoon Studios (NYSE AMERICAN: TOON) is a global leader in children's and family entertainment, delivering premium content and high-value animated intellectual property to millions of viewers worldwide. The Company's portfolio features globally recognized brands, as well as holding a controlling interest in Stan Lee Universe, and operates Mainframe Studios, one of North America's largest animation producers, with more than 22,000 minutes of award-winning programming delivered.

Through its Toon Media Networks division including Cartoon Channel!, Ameba, Cartoon Channel Worldwide and Frederator, Cartoon Studios reaches audiences across linear television, AVOD, SVOD, FAST channels, and top streaming platforms. Cartoon Channel! is consistently rated the #1 kids' streaming app on the Apple App Store. With a global distribution footprint in over 60 territories, and a robust content pipeline, Cartoon Studios is being positioned for sustained growth and long-term shareholder value.

For more information, visit www.cartoonstudios.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 and include statements regarding: the settlement providing a substantial capital base to execute and accelerate Cartoon Studios' children and family intellectual property-driven growth strategy without reliance on external financing, or dilution; building a platform supported by a portfolio of world-class children and family based intellectual property; the enhanced financial position enabling the acceleration of the commercialization of Cartoon Studios' flagship franchises, including Hundred Acre Wood and the Stan Lee Universe, while also pursuing strategic opportunities that were previously beyond the Company's reach; deploying Cartoon Studios' enhanced financial resources to accelerate the development, commercialization, and monetization of its owned intellectual property portfolio; expanding and strengthening the Company's distribution platforms, including Cartoon Channel! and Ameba, and pursuing strategic growth opportunities across content production, licensing, consumer products, and related initiatives; deploying the proceeds from the settlements with the same financial discipline that has significantly reduced operating expenses and improved Cartoon Studios' operating results, supporting its continued progress toward sustained positive cash flow; and being positioned for sustained growth and long-term shareholder value. 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 the Company's ability to execute its transition to an intellectual property-

driven growth model; the Company's ability to advance its flagship franchise initiatives; the Company's ability to leverage prior investments in platform, content, and infrastructure, to support a more scalable operating foundation and the broader commercialization of the Company's intellectual property portfolio; the Company's ability to continue the momentum across its Company's distribution business; the Company's ability to advance its flagship franchises as multi-platform initiatives extending across content, licensing, and consumer products; the Company's ability to bring properties to market and convert its franchises into scalable, higher-margin revenue opportunities to drive long-term value; the Company's ability to launch and expand Hundred Acre Wood and the Stan Lee Universe in the US and globally as planned; the Company's ability to capture value across the full lifecycle of its intellectual property by combining production capabilities, owned distribution platforms, marketing infrastructure, and licensing operations; the Company's ability to move quicker and with purpose faster than its competitors; the Company's ability to execute against its platform while continuing to expand higher-margin, IP-driven revenue streams; the Company's ability to improve operating performance and margin profile over time as its initiatives scale; the Company's ability to benefit from its investments in infrastructure and IP; the Company's ability to obtain additional financing on acceptable terms, if at all; fluctuations in the results of the Company's operations from period to period; general economic and financial conditions; the Company's 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; the Company's reliance on and relationships with third-party production and animation studios; the Company's ability to market and advertise its products; the Company's reliance on third parties to promote its products; the Company's ability to keep pace with technological advances; the Company's ability to protect its intellectual property and those other risk factors set forth in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 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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