September 8, 2026

Kartoon Studios Issues Letter to Shareholders Highlighting Strategic Transformation and Next Phase of Growth

BEVERLY HILLS, CA / ACCESS Newswire / September 8, 2026 / 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 the Company filed its proxy statement with the U.S. Securities and Exchange Commission on Friday, September 4, 2026, which included a letter to shareholders from Andy Heyward, Chairman and Chief Executive Officer.

The letter can also be accessed on the Company's website by visiting https://ir.kartoonstudios.com/annual-reports.

KARTOON STUDIOS

NYSE American: TOON

2025 ANNUAL REPORT

DEAR FELLOW SHAREHOLDERS,

For many years, I created the animated movie that opened the annual Berkshire Hathaway shareholders meeting, and have had the privilege of producing an animated series for children with Warren Buffett called *Secret Millionaires Club*. Warren often reminded young viewers that success is rarely built overnight. **It comes from patience, discipline, sound judgment, and the willingness to plant seeds whose shade you may not enjoy for many years.**

That lesson has stayed with me throughout my career, and it is especially relevant to Kartoon Studios today.

For much of my professional life, I have been fortunate to work alongside some of the most accomplished visionaries in entertainment.

I learned storytelling from Joe Barbera at Hanna-Barbera, where I had the privilege of sitting at the feet of a master, who created such greats as YOGI BEAR, SCOOBY DOO, and THE FLINTSTONES. Joe taught me how to tell a story, how to develop characters, and how to understand the simple truth that great entertainment begins with great storytelling.

I worked closely with Ted Turner in creating and producing*Captain Planet*, a franchise born from his passion for environmental stewardship and his belief that children's entertainment could help improve the world. Though we lost Ted this past year, his vision and friendship remain among the treasures of my career.

I was equally fortunate to spend many years alongside the legendary Stan Lee, whose imagination gave the world Spider-Man, Iron Man, the Avengers, Black Panther, Fantastic Four, and countless other iconic creations. Today, through our stewardship of the Stan Lee Universe, we are entrusted with preserving and extending one of the most significant creative legacies in entertainment history. **It is a responsibility we take seriously and a privilege we treasure.**

Over the course of my career, I have created, produced, written, or supervised more than 6,000 animated episodes. The lessons I learned from these remarkable individuals remain at the core of everything we do at Kartoon Studios today.

Most importantly, they taught me something that is perhaps more relevant today than ever before:

- **Great intellectual property is rare.**
- **A successful television series is valuable.**
- **A hit movie is valuable.**
- **But a franchise that can endure across generations, across product categories, across platforms, and across global markets is something entirely different.**
- **Those assets are exceedingly rare.**
- **That has been our mission at Kartoon Studios: to build enduring intellectual property capable of creating value for decades.**

FROM INVESTMENT TO OPPORTUNITY

Over the last several years, we have been building.

We invested in intellectual property.
We invested in production capabilities.
We invested in distribution.
We invested in licensing, consumer products, technology, infrastructure, and talent.

Those investments were not made to generate short-term excitement. They were made to create long-term shareholder value.

While that journey required patience, it has transformed Kartoon Studios into a fundamentally stronger company.

Today, we enter our next chapter from a position of considerable financial strength. We have built a balance sheet with more than $40 million in cash and no long-term debt.

In an industry where many companies are burdened by long-term debt and leverage, or restricted by capital limitations, we enjoy something increasingly uncommon: flexibility.

Flexibility to invest.
Flexibility to pursue strategic opportunities.
Flexibility to think long term.

Many companies possess capital but lack meaningful brands. Others possess great brands but lack the resources to fully exploit them. We believe Kartoon Studios is becoming distinguished by having both.

A strong balance sheet.
Valuable intellectual property.
Growing distribution.
Expanded licensing opportunities.

And a pipeline of new franchises we believe can create meaningful value for years to come.

BUILDING A TEAM FOR THE NEXT CHAPTER

While intellectual property is the foundation of our business, history teaches us that great brands alone do not create great companies.

Great execution does.

During the past year, we were extremely fortunate to welcome Jeffrey Schlesinger to our Board of Directors.

Jeff joins us following an extraordinary twenty-five-year career at Warner Bros., where he served as President of Worldwide Television.

During his tenure, Jeff oversaw a business unit generating several billions of dollars annually while monetizing some of the most successful entertainment franchises in television history, including Friends, The Big Bang Theory, ER, and many others. Equally important to us, he oversaw the global exploitation of one of the most valuable animation libraries ever assembled, including Looney Tunes, Scooby-Doo, The Flintstones, The Smurfs, and many other iconic brands.

Few executives in the entertainment industry possess Jeff's depth of experience in transforming intellectual property into enduring, multi-generational businesses. His expertise in licensing, distribution, consumer products, and franchise monetization has already proven invaluable as he chairs the Audit Committee, as we position Kartoon Studios for its next phase of growth.

Jeff's leadership is complemented by the outstanding work of our Chief Financial Officer, Brian Parisi, whom we recruited following his successful tenure with the NFL Football Hall of Fame. Brian has brought extraordinary financial discipline, operational rigor, and strategic insight to Kartoon Studios. His accomplishments were recognized when he was named last year, as Public Company CFO of the Year by the Los Angeles Business Journal.

Together, Jeff, Brian, and our broader leadership team have helped build something that may not always be visible on the screen but is every bit as important: a disciplined operating company designed to create long-term shareholder value.

Simply put, we believe we now possess not only exceptional assets, but also the leadership necessary to unlock their full value.

A FUNDAMENTAL SHIFT IN OUR BUSINESS MODEL

Throughout my career, I have been fortunate to create, produce, write, or oversee thousands of episodes of children's and family entertainment.

Along the way, I have had the privilege of working with some of the world's most respected media and consumer products companies, including Disney, Netflix, Sony, Mattel, and many others.

Many of the programs and franchises associated with those efforts ultimately generated billions of dollars in value for their owners.

Yet in most cases, we did not own those brands.

We created them.
We produced them.
We helped build them.

But the long-term economic benefits belonged largely to others.

That was the traditional business model of the animation industry for decades, and for Kartoon Studios. Create the content, Deliver the episodes, Collect the production fee, Move on to the next assignment.

There is nothing wrong with that model.

In fact, it helped me build a rewarding career doing what I love. But it is not the model that creates the greatest long-term value for shareholders.

The greatest economic rewards of successful intellectual property are generally realized long after production is completed through licensing, merchandising, consumer products, publishing, streaming, international distribution, gaming, live experiences, and the many revenue streams that great brands can generate for decades.

Historically, those economics flowed primarily to the owners of the intellectual property.

Today, we are pursuing a fundamentally different strategy:

At Kartoon Studios, we are increasingly focused on developing, acquiring, controlling, and monetizing intellectual property that we own.

That distinction may seem subtle.
Economically, it changes everything.

Rather than creating value primarily for third parties, we are now creating value for Kartoon Studios shareholders.

The experience we gained helping build successful franchises for some of the world's largest entertainment companies including Disney, Sony, MGM, Netflix, Mattel, Hasbro, and others, has given us a unique perspective on what causes brands to endure.

Today, we are applying those lessons to properties that we own and control. That strategic shift is one of the primary reasons we have invested so heavily in our intellectual property portfolio, our distribution platforms, our licensing capabilities, and our balance sheet.

Our objective is no longer simply to create successful content.

Our objective is to create enduring franchises that can compound value over many years and potentially across generations.

When I look at assets such as Hundred Acre Wood, Stan Lee's Superhero Pets, Stan Lee Universe, Captain Planet, Bitcoin Brigade, and the other properties within our portfolio today, I believe we are better positioned than at any point in our history to achieve that goal, and among the strongest providers of IP in the world.

THE OPPORTUNITY CALLED HUNDRED ACRE WOOD

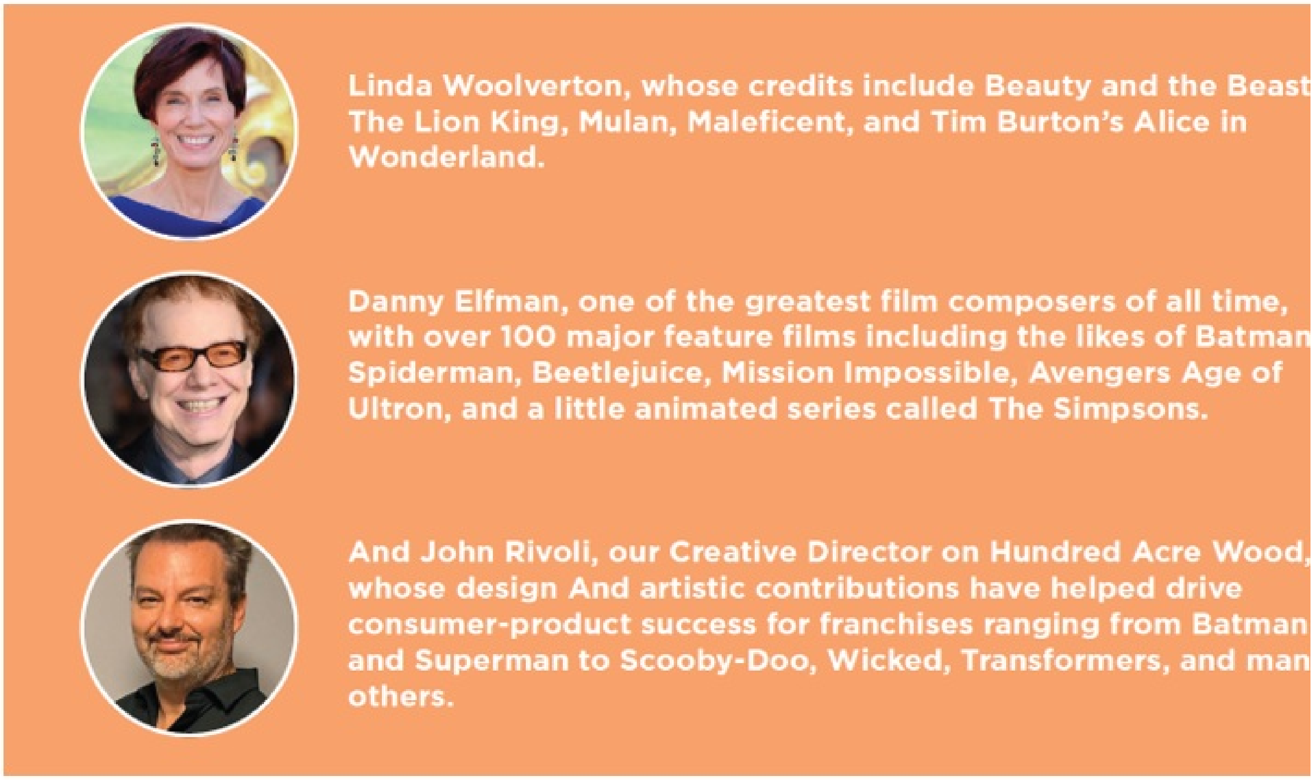
Nothing better illustrates the opportunity before us than Hundred Acre Wood. When the copyrights to A.A. Milne's original works entered the public domain across much of the world, many saw only a legal milestone.

We saw a creative opportunity unlike any we had encountered in decades.

Rather than merely reproduce what had come before, we chose to reimagine Winnie-the-Pooh and his friends for a new generation. We developed an entirely original visual style, a fresh creative approach, and an imaginative interpretation of the Hundred Acre Wood itself.

At the same time, we secured the valuable Hundred Acre Wood trademark, creating a protected franchise platform for the future.

TO BRING THIS VISION TO LIFE, WE ASSEMBLED AN EXTRAORDINARY CREATIVE TEAM.



The result is not simply another animated series.

Hundred Acre Wood is a world built around kindness, imagination, friendship, emotional intelligence, and wonder.

In a world that often seems louder, faster, and more divided than ever before, Hundred Acre Wood is intended to be an oasis of goodness.

We believe children need that now more than ever.

THE STAN LEE UNIVERSE

We continue to see extraordinary opportunities within the Stan Lee Universe. Few individuals have ever influenced popular culture the way Stan Lee did. Spiderman, Ironman, Hulk, Guardians of the Galaxy Black Panther, and the Avengers to name a few, all came from this one man's extraordinary imagination.

Through our stewardship of his legacy, we have the privilege of preserving and extending a brand recognized by millions around the world, and with over 30 million followers across social media which we exclusively manage.

Projects currently in development, including Stan Lee's Superhero Pets and The Excelsiors, represent only the beginning of what we believe can become a significant franchise portfolio for years to come.

Premium Intellectual Property Has Never Been More Valuable

If there is one overarching theme in today's media landscape, it is this:

Premium intellectual property has never been more valuable.

The world's largest media companies, retailers, streamers, platforms, and consumer-products companies are all searching for recognizable brands, trusted characters, and content that can break through an increasingly crowded marketplace.

Our strategy remains straightforward:

- Create valuable intellectual property.
- Acquire valuable intellectual property.
- Protect valuable intellectual property.
- And monetize valuable intellectual property across multiple platforms and revenue streams.

That strategy has guided our decisions and remains the foundation for our future.

LOOKING AHEAD

This coming year will also mark the launch of a personal project I am particularly excited about: *"Toon In... with Andy Heyward"*

The podcast will feature many of the individuals who helped shape modern children's and family entertainment. Together we will share stories, lessons, insights, and behind-the-scenes experiences from an industry that has brought joy to generations of audiences around the world.

Like everything we do, it is designed to celebrate creativity, storytelling, and the enduring power of great characters, and bring greater awareness to Kartoon Studios.

CLOSING THOUGHTS

To our shareholders, thank you for your confidence, patience, and support.

Over the last several years, we have methodically built the foundation for what we believe will be a very different company than the one many first invested in.

- We have assembled a world-class portfolio of intellectual property.
- We have expanded our distribution footprint.
- We have strengthened our licensing and consumer-products capabilities.
- We have recruited exceptional leadership.

And we have built the strongest balance sheet in our history, with more than $40 million in cash and no long-term debt.

Today, we believe Kartoon Studios possesses a combination that is increasingly rare: financial strength, valuable intellectual property, growing distribution, experienced leadership, and a clear strategic vision.

For much of my career, I had the privilege of helping build billion-dollar brands for others.

Today, our mission is building brands for Kartoon Studios and its shareholders.
The foundation has been built.
The assets are in place.
The opportunities ahead are significant.
In my view, we have the strongest financial position in our history, the strongest portfolio of intellectual property in our history, and the greatest opportunity in our history.

We are not focused on where Kartoon Studios has been.
We are focused on where it is going.

And I believe the most exciting chapter of our story is still ahead of us.

Sincerely,

Andy Heyward
Chairman & Chief Executive Officer
Kartoon Studios

KEY MESSAGES FOR SHAREHOLDERS

- Kartoon Studios has a strong balance sheet, with more than $40 million in cash and no long-term debt.
- The major investment phase of our transformation is largely behind us, and we believe we are entering a period increasingly focused on monetization and growth.
- We now possess one of the most unique collections of family-entertainment intellectual property in the industry, including Hundred Acre Wood, Stan Lee Universe, Stan Lee's Superhero Pets, Bitcoin Brigade, and other valuable assets.
- A fundamental transformation has occurred in our business model. For decades, we helped create successful brands and franchises for others. Today, we are increasingly focused on owning, controlling, and monetizing the intellectual property we create, allowing Kartoon Studios shareholders to participate directly in the long-term value generated by those assets.
- Hundred Acre Wood has the potential to become a significant global franchise built around one of the most beloved story universes ever created.
- The Stan Lee Universe provides us with stewardship of one of the most important creative legacies in entertainment history and substantial future development opportunities.
- Kartoon Channel! and Ameba continue expanding our direct relationship with children and families worldwide.
- We have strengthened our leadership team with proven executives who have successfully monetized some of the world's most valuable entertainment franchises, including Jeffrey Schlesinger and CFO Brian Parisi.
- We believe premium intellectual property has never been more valuable, and our strategy remains centered on creating, protecting, and monetizing exceptional brands.
- Management's interests remain aligned with those of our shareholders and focused on long-term value creation.
- We believe Kartoon Studios has the strongest balance sheet in its history, the strongest intellectual-property portfolio in its history, and the greatest opportunity in its history.

One Final Thought:

"Great companies are not built quarter by quarter. They are built year by year, asset by asset, relationship by relationship. We believe the foundation has been built, the assets are in place, and the opportunities ahead are substantial. The most exciting chapter of Kartoon Studios' story is still ahead of us."

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 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 the Company accelerating strategic transformation, focus on intellectual property position ownership for next phase of growth, strategic transformation designed to focus the Company on the ownership, development and commercialization of high-value intellectual property assets, the Company's distribution partnership with Amazon; the Company expanding development initiatives surrounding the Stan Lee Universe; the distribution to the Company of any additional amounts from the escrowed litigation settlements; the Company's expectations regarding the distribution of its content, the timing and availability of streaming content, promotional support, consumer product sales, the sale of Federator sharpening the Company's strategic focus on owned and controlled IP assets; the Company implementing a strategic transformation designed to create a leaner, more focused and more profitable enterprise centered on owned and controlled intellectual property; the Company's concentrating investments on high profile animated franchises where it owns or controls the underlying rights and can participate across multiple revenue streams, including content distribution, licensing, consumer products, publishing, digital commerce and brand extensions; management's belief that their owned IP strategy offers substantially greater long-term value creation potential than the Company's historical reliance on production services and third-party-owned properties; building a fundamentally different Company; the Company's belief that it is uniquely positioned to create meaningful long-term shareholder value through the development of what it believes will be enduring global franchises; transforming from a company that historically generated much of its revenue by creating and producing content for others, into one increasingly focused on owning, building and monetizing valuable intellectual property franchises across streaming, consumer products, publishing, gaming, licensing and other platforms; Company's goal to own more of the intellectual property it creates, and to participate more fully in the economics generated across multiple platforms, and transform its creative assets into sustainable, high-margin revenue streams; the Company's belief that the actions taken this year positions the Company to pursue its objectives from a position of strength, two flagship brands, Hundred Acre Wood and Stan Lee Universe, coming into the marketplace in 2027, Hundred Acre Wood is expected to serve as the cornerstone of the Company's next-generation franchise strategy, management's belief that Stan Lee Superhero Pets has significant potential across animation, publishing, licensing, consumer products and interactive entertainment, the belief that the launch of Hundred Acre Wood, growth initiatives surrounding the Stan Lee Universe and expanded consumer product initiatives will establish the foundation for the Company's next phase of growth and are intended to improve profitability, expand ownership economics and create 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, the timing of 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 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 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 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 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.

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SOURCE: Kartoon Studios

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