November 16, 2026

Kartoon Studios Reports Third Quarter 2026 Financial Results and Operational Highlights

Cash and Marketable Securities of $33.0 Million at September 30, 2026

Walmart Marketplace and Amazon Prime Agreements Expected to Propel Hundred Acre Wood Streaming and Consumer Products Launch Beginning Q1 2027

BEVERLY HILLS, CA / ACCESS Newswire / November 16, 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 financial results for the third quarter ended September 30, 2026, and provided an update on its strategy to focus on the ownership, development and commercialization of high-value intellectual property assets for children.

Recent Operational Highlights

- Cash and marketable securities totaled $33.0 million at quarter-end, providing resources to advance the development and commercialization of Hundred Acre Wood and continue to strengthen the Balance Sheet. The Company's capital allocation priorities center on disciplined investment in owned intellectual property and opportunities to generate revenue across content, licensing and consumer products.
- Advanced the launch and commercialization strategy for Hundred Acre Wood through complementary agreements with Walmart Marketplace and Amazon Prime, combining television and streaming distribution with licensed consumer products. Toys, books and apparel are expected on Walmart Marketplace beginning January 18, 2027, followed by the planned Amazon Prime series launch on February 18, 2027. Together, these agreements support audience development and opportunities to generate revenue across content distribution, licensing and consumer products.
- Strengthened audience engagement across Kartoon Channel! and Ameba SVOD, as total hours watched more than doubled year-over-year through the first three quarters of 2026. These owned platforms support the Company's strategy by generating subscription and advertising revenue while providing channels to introduce, promote and build audiences for its intellectual property. Kartoon Studios, Kartoon Channel streaming service, continues to rank #1 in the Apple app store, above all the major streamers including Netflix, You Tube, Disney+, PBS Kids, and others.*
- Refocused the Company's portfolio through the sale of the Frederator channel network business while retaining Frederator Studios intellectual property, including Bee &

Puppycat, Bravest Warriors, and Catbug. The transaction advances the shift toward owning and commercializing content and characters with opportunities for long-term franchise development, licensing and consumer products revenue.

Management Commentary

"We are building a fundamentally different Kartoon Studios, with ownership of great intellectual property at the center of our business and multiple ways to turn that creativity into lasting shareholder value," said Andy Heyward, Chairman and Chief Executive Officer. "Our agreements with Amazon Prime and Walmart Marketplace bring that strategy to life, connecting entertainment with opportunities for families to discover and purchase products featuring our characters. That is what makes this opportunity so exciting. We can build an audience on screen and extend that connection into toys, books, apparel and much more."

"The way audiences discover and enjoy entertainment is changing rapidly, opening exciting new possibilities for our characters and stories, including Hundred Acre Wood and the Stan Lee Universe. We are actively exploring engaging in new formats, platforms and partnerships to reach audiences where they are today and create additional ways to monetize our intellectual property. We have important commercial relationships in place, an extraordinary foundation of characters and stories, and the resources to move forward. Now our focus is execution and turning that potential into a stronger, more profitable company."

"Our third-quarter results reflect the business we have operated historically, while the commercial relationships and investments in place are laying the groundwork for the business we are building," said Brian Parisi, Chief Financial Officer. "Lower production services activity and the strategic sale of the Frederator channel network business reduced revenue during the quarter, and the financial contribution from our evolving intellectual property strategy remains ahead of us. At the same time, 51% growth in media advisory and advertising services revenue demonstrates the value of our expertise in reaching children and families, while the 29% reduction in operating expenses reflects a smaller operating footprint as we focus resources on developing and monetizing owned intellectual property."

"With $33.0 million in cash and marketable securities at quarter-end, we have resources to support this transition, and we intend to deploy them carefully. Our focus is on aligning investment with commercial milestones, managing our cost structure and building licensing and consumer products revenue streams that we believe can support attractive margins over time. As these initiatives develop, our objective is to translate the strength of our intellectual property and commercial relationships into a more durable revenue base and a path toward sustainable profitability."

Hundred Acre Wood

Hundred Acre Wood, based on characters and stories created by A.A. Milne, is central to Kartoon Studios' strategy to build owned intellectual property into enduring family friendly safe franchises, that generate revenue across entertainment, licensing and consumer products. The Company's agreements with Walmart Marketplace and Amazon Prime support complementary parts of that strategy, pairing consumer products availability with audience development through streaming and opportunities to translate engagement into purchases of products featuring the characters.

Licensed toys, books, apparel and other products are expected to be available on Walmart Marketplace beginning January 18, 2027, followed by the planned Amazon Prime series launch on February 18, 2027. The recently announced Amazon Prime agreement includes promotional support and participation in Amazon's Shop the Show program, helping audiences discover Hundred Acre Wood and connecting the viewing experience with shopping opportunities. Together, these arrangements establish distribution and commerce channels that support the property's launch while creating opportunities for licensing and royalty revenue beyond the screen.



Copyright Kartoon Studios, Inc. 2026

Third Quarter 2026 Financial Results

The third-quarter results primarily reflect the Company's historical operating model and do not yet reflect the anticipated contribution from its evolving intellectual property strategy, including the planned launch and commercialization of Hundred Acre Wood. Results also reflect the July 8, 2026 sale of Frederator Networks, Inc., with the sold business excluded from consolidated results after that date.

Revenue for the third quarter of 2026 was $5.4 million, compared with $9.9 million (which included $1.3 million from the Frederator channel network business) in the prior-year period. Production services revenue decreased 53% to $3.3 million, primarily reflecting the timing and stage of production activity at Mainframe Studios. Content distribution revenue

decreased 67% to $0.6 million, primarily due to the sale of the Frederator channel network business, partially offset by higher subscription and advertising revenue at Ameba and Kartoon Channel! Media advisory and advertising services revenue increased 51% to $1.4 million, driven by increased demand and an expanded scope of campaigns from existing customers.

Total operating expenses decreased 29% to $9.1 million, compared with $12.8 million in the prior-year period. Direct operating costs declined 57% to $3.0 million, primarily reflecting lower production-related headcount and the sale of Frederator Networks. General and administrative expenses decreased 10% to $5.1 million, reflecting lower salaries and administrative costs, partially offset by higher professional fees. Marketing and sales expenses were $0.1 million, compared with $0.2 million. Operating expenses also included a $0.9 million non-cash impairment charge related to the WOW Unlimited Media trade names, reflecting lower projected revenue.

Other expense, net, decreased to $1.1 million from $3.5 million in the prior-year period, primarily reflecting investment valuation losses, sale of Frederator Networks, and legal settlement fees, partially offset by interest income and foreign exchange gains.

Loss from Operations was $3.7 million (or a loss of $2.8 million when removing the loss impact from one-time impairment of intangible assets) million for the third quarter of 2026, compared with $2.9 million in the prior-year period. Net loss attributable to Kartoon Studios, Inc. was $5.7 million, or $0.08 per basic and diluted share, compared with a net loss of $6.6 million, or $0.14 per basic and diluted share, in the prior-year period.

Cash and marketable securities totaled $33.0 million at September 30, 2026, compared with $40.5 million at June 30, 2026. The $7.5 million decrease included a $4.0 million payment in July under a previously disclosed standstill and voting agreement entered into in connection with the litigation settlements, plus additional legal expenses related to litigation settlement.

The remaining approximately $39.2 million of litigation settlement proceeds held in escrow is excluded from these balances; any residual amount payable to the Company remains subject to court-awarded legal fees and expenses and final approval orders.

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

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 Company's capital allocation priorities and its intention to deploy its cash and marketable securities carefully, align investment with commercial milestones and manage its cost structure; the development, launch and commercialization of Hundred Acre Wood, including the expected launch of Hundred Acre Wood across streaming and consumer products beginning in the first quarter of 2027, the expected availability of licensed toys, books, apparel and other products on Walmart Marketplace beginning January 18, 2027 and the planned Amazon Prime series launch on February 18, 2027; the expected benefits of the Company's agreements with Walmart Marketplace and Amazon Prime, including promotional support, participation in Amazon's Shop the Show program, audience development and opportunities to generate licensing, royalty, content distribution and consumer products revenue; the ability of Kartoon Channel! and Ameba to generate subscription and advertising revenue and to introduce, promote and build audiences for the Company's intellectual property; the expected benefits of the sale of the Frederator channel network business and the Company's retention of Frederator Studios intellectual property; the Company's exploration of new formats, platforms and partnerships to reach audiences and monetize its intellectual property; the anticipated financial contribution of the Company's evolving intellectual property strategy; the Company's ability to build licensing and consumer products revenue streams that support attractive margins, a more durable revenue base and a path toward sustainable profitability; any residual amount of litigation settlement proceeds held in escrow that may become payable to the Company; and converting the Company's intellectual property, infrastructure and global reach into scalable franchise 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 successfully launch and commercialize Hundred Acre Wood on the anticipated timelines, or at all; market acceptance of Hundred Acre Wood and related licensed products; the performance of, and the Company's reliance on, Walmart Marketplace, Amazon Prime, licensees and other commercial partners; the Company's ability to generate licensing, royalty and consumer products revenue from its intellectual property; the Company's ability to sustain or grow viewing hours, subscriber engagement and platform rankings on Kartoon Channel! and Ameba and to monetize that engagement; the Company's ability to realize the anticipated benefits of the sale of the Frederator channel network business; the amount and timing of any residual litigation settlement proceeds, which remain subject to court-awarded legal fees and expenses and final approval orders; declines in production services revenue and the timing and stage of production activity at Mainframe Studios; the risk of additional impairment charges; changes in the value of the Company's investments and marketable securities, interest rates and foreign currency exchange rates; the Company's ability to manage its cost structure and achieve profitability; 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"), including its Quarterly Reports on Form 10-Q. 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.

INVESTOR RELATIONS CONTACT:

Lytham Partners, LLC
ir@kartoonstudios.com

Kartoon Studios, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except for share data)

	As of	
	September 30, 2026	**December 31, 2025**
	(Unaudited)	
ASSETS		
Current Assets:		
Cash	$ 3,498	$ 2,943
Investments in Marketable Securities (amortized cost of $29,780 and $3,953, respectively)	29,529	3,978
Accounts Receivable (net of allowance of $5 and $3, respectively)	8,489	9,632
Tax Credits Receivable (net of allowance of $435 and $423, respectively)	11,049	16,800
Other Receivable	1,246	1,571
Prepaid Expenses and Other Assets	795	841
Total Current Assets	54,606	35,765
Noncurrent Assets:		
Property and Equipment, net	1,255	1,635
Operating Lease Right-of-Use Assets, net	4,280	5,114
Finance Lease Right-of-Use Assets, net	170	312
Film and Television Costs, net	8,362	4,878

Investment in Your Family Entertainment AG	966	5,481
Intangible Assets, net	13,983	17,604
Other Assets	114	118
Total Assets	**$ 83,736**	**$ 70,907**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 11,477	$ 12,115
Participations Payable	984	1,024
Accrued Expenses	1,639	744
Accrued Salaries and Wages	1,271	1,370
Deferred Revenue	2,841	4,391
Margin Loan	445	-
Production Facilities, net	6,690	11,819
Current Portion of Operating Lease Liabilities	1,067	1,077
Current Portion of Finance Lease Liabilities	105	156
Due to Related Party	-	5
Other Current Liabilities	750	750
Total Current Liabilities	27,269	33,451
Noncurrent Liabilities:		
Deferred Revenue	3,401	3,369
Operating Lease Liabilities, net of Current Portion	3,590	4,488
Finance Lease Liabilities, net of Current Portion	60	144
Deferred Tax Liability, net	1,100	1,225
Factoring Liability	522	689
Other Noncurrent Liabilities	18	8
Total Liabilities	**35,960**	**43,374**
Commitments and Contingencies (Note 19)		
Stockholders' Equity:		
Preferred Stock, $0.001 par value, 10,000,000 shares authorized, 0 shares issued and outstanding as of September 30, 2026 and December 31, 2025	-	-
0% Series A Convertible Preferred Stock, $0.001 par value, 6,000 shares authorized, 0 shares issued and outstanding as of September 30, 2026 and December 31, 2025	-	-
Series B Preferred Stock, $0.001 par value, 0 shares authorized, 0 shares issued and outstanding as of September 30, 2026 and December 31, 2025	-	-

Series C Preferred Stock, $0.001 par value, 50,000 shares authorized, 0 shares issued and outstanding as of September 30, 2026 and December 31, 2025	-	-
Series D Participating Preferred Stock, $0.001 par value, 300,000 shares authorized, 0 shares issued and outstanding as of September 30, 2026 and December 31, 2025	-	-
Common Stock, $0.001 par value, 190,000,000 shares authorized, 62,684,804 and 55,282,150 shares issued and 62,259,654 and 54,857,000 shares outstanding as of September 30, 2026 and December 31, 2025, respectively	62	55
Additional Paid-in Capital	799,494	793,814
Treasury Stock at Cost, 425,150 shares of common stock as of September 30, 2026 and December 31, 2025	(604)	(604)
Accumulated Deficit	(748,919)	(763,817)
Accumulated Other Comprehensive Loss	(3,478)	(3,238)
Total Kartoon Studios, Inc. Stockholders' Equity	46,555	26,210
Non-Controlling Interests in Consolidated Subsidiaries	1,221	1,323
Total Stockholders' Equity	**47,776**	**27,533**
Total Liabilities and Stockholders' Equity	**$ 83,736**	**$ 70,907**

Kartoon Studios, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except for share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenues:				
Production Services	$ 3,340	$ 7,105	$ 10,892	$ 21,036
Content Distribution	589	1,787	4,715	5,760
Licensing and Royalties	55	73	189	243
Media Advisory and Advertising Services	1,379	912	2,626	2,621
Total Revenues	5,363	9,877	18,422	29,660
Operating Expenses:				
Marketing and Sales	121	209	452	562
Direct Operating Costs	2,966	6,922	12,318	20,719
General and Administrative	5,091	5,642	14,680	17,569

Impairment of Intangible Assets	897	-	897	-
Total Operating Expenses	9,075	12,773	28,347	38,850
Loss from Operations	(3,712)	(2,896)	(9,925)	(9,190)
Interest Expense	(188)	(157)	(596)	(450)
Loss on Deconsolidation of a Subsidiary	(302)	-	(302)	-
Other Income (Expense), net	(1,124)	(3,462)	26,614	(9,733)
Profit (Loss) Before Income Tax Expense	(5,326)	(6,515)	15,791	(19,373)
Income Tax Expense	(422)	-	(995)	-
Net Income (Loss)	(5,748)	(6,515)	14,796	(19,373)
Net Loss Attributable to Non-Controlling Interests	26	(55)	102	114
Net Income (Loss) Attributable to Kartoon Studios, Inc.	**$ (5,722)**	**$ (6,570)**	**$ 14,898**	**$ (19,259)**
Net Income (Loss) per Share (Basic)	**$ (0.08)**	**$ (0.14)**	**$ 0.23**	**$ (0.41)**
Net Income (Loss) per Share (Diluted)	**$ (0.08)**	**$ (0.14)**	**$ 0.22**	**$ (0.41)**
Weighted Average Shares Outstanding (Basic)	69,115,099	48,143,516	66,027,076	47,552,798
Weighted Average Shares Outstanding (Diluted)	69,115,099	48,143,516	69,143,262	47,552,798

SOURCE: Kartoon Studios

View the original press release on ACCESS Newswire