
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 14, 2024**

KARTOON STUDIOS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or
organization)

001-37950
(Commission File Number)

20-4118216
(I.R.S. Employer Identification No.)

190 N. Canon Drive, 4th Fl., Beverly Hills, CA 90210
(Address of principal executive offices) (Zip Code)

(310) 273-4222
Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	TOON	NYSE American LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On August 14, 2024, Kartoon Studios, Inc. (the “Company”) issued an earnings release announcing, among other things, the Company’s operational highlights for the first quarter ended June 30, 2024. A copy of the press release is attached as Exhibit 99.1 hereto.

The Company also issued a letter to shareholders, a copy of which is attached as Exhibit 99.2 hereto.

The information contained in this Item 2.02, including Exhibit 99.1 and Exhibit 99.2 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), as amended, or otherwise subject to the liabilities of that section, and such information shall not be deemed to be incorporated by reference into any of the Company’s filings under the Securities Act of 1933, as amended, or the Exchange Act.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Kartoon Studios, Inc., dated August 14, 2024
99.2	Letter to Shareholders
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

Forward Looking Statements

This Current Report on Form 8-K contains certain statements which 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. 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KARTOON STUDIOS, INC.

Date: August 14, 2024

By: /s/ Andy Heyward
Name: Andy Heyward
Title: Chief Executive Officer



KARTOON STUDIOS PROVIDES BUSINESS UPDATE FOR THE SECOND QUARTER OF 2024; *KEY METRICS POINTING UP*

Beverly Hills, CA – August XX, 2024: Kartoon Studios (NYSE American: TOON) today provided a business update for the quarter ended June 30, 2024. The Company's Chairman & CEO, Andy Heyward, also provided a letter to shareholders, which is available on the Company website.

Key Highlights

- Kartoon Channel! streaming service emerges as premier kids' entertainment hub; 120% growth in Amazon Prime subscribers from June 2023 to 2024; profitability of streaming services continues growing monthly
 - Distribution across 16 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; international presence, now operating in 69 countries globally, and growing
 - Significant cost reductions across all operating units result in 39% decrease in direct operating costs vs. Q2 2023
 - Net losses slashed by 61% in Q2 2024
 - Growth fueled by 'Three Pillars' business strategy; Kartoon Channel/Stan Lee Universe/Winnie-the-Pooh
 - Kartoon Studios expands 'Stan Lee Universe' with Amazon storefront, and 'Stan Lee Presents' YouTube Channel now with over 300,000 subscribers and growing. Social media footprint growing with over 27M followers
 - Kartoon Studios reimagines Winnie-the-Pooh for a new generation
-

- \$30 million non-dilutive JV financing from Catalyst Partners drives broad production commitment of 104-episode series and holiday specials set to debut on Kartoon Channel via Amazon Prime Video

Andy Heyward, Kartoon Studios' Chairman and CEO stated: "After a game-changing 2023, we've harnessed the momentum from the first quarter of 2024 to solidify our path toward sustained growth and profitability. Revenue of \$8.4 million in Q2 2024, a 38% increase from Q1 2024, illustrates that the industry as a whole is rebounding following the resolution of the Writers Guild of America (WGA) and Screen Actors Guild (SAG) disputes in late Q3 and early Q4 of 2023. Our efforts to streamline operations are paying off, with a 39% reduction in direct operating costs in the second quarter compared to Q2 of 2023. Over the first half of 2024, we have seen an even more remarkable 51% decrease in these costs year-over-year. Our financial performance has markedly improved in 2024, with loss from operations down by 46% and 28% for the three- and six-month periods ending June 30, 2024, respectively, compared to the corresponding periods in 2023 after adjusting for the one-time impairments the Company took in the six months ended June 2023."

"At Kartoon Studios, we view our new strategic initiatives in terms of **three strategic pillars, *Kartoon Channel!*, *Stan Lee Universe*, and *Winnie-The-Pooh*** which provides the Company with a robust framework for driving growth and maximizing brand impact. Each of these pillars not only further solidifies our position in the market but also propels us toward sustainable growth and driving shareholder value. By leveraging the momentum of Kartoon Channel! and expanding the legacy of Stan Lee Universe and Winnie-The-Pooh, we are creating a diversified portfolio that balances immediate returns with long-term value. For more on the three pillars of our business, please read my CEO letter to shareholders," stated Heyward.

Brian Parisi, Chief Financial Officer of Kartoon Studios, commented, "We are confident that recent actions and our current trends will lead Kartoon Studios to profitability by 2025. In addition to the reductions in direct operating costs, we also made strides in lowering general and administrative expenses, cutting them by 18% year-over-year and 9% from Q1 2024. Our focus on operational efficiency and strict cost control is clearly yielding results. Total operating expenses were reduced by 33% compared to the prior quarter and 37% compared to the corresponding periods in 2023 after adjusting for the one time impairments the Company took in the six month ended June 2023. Furthermore, we maintain a strong balance sheet with no long-term debt. We are proud of the progress we have made so far and remain confident that by staying the course, Kartoon Studios is on a path to profitability which will drive long term value for shareholders."

Kartoon Studios reported revenue of \$8.4 million for the quarter ended June 30, 2024. As of June 30, 2024, the Company had current assets of \$38.8 million, working capital of \$5.2 million, and total stockholders' equity of \$44.4 million. The Company had no Long-Term Debt as of June 30, 2024.

Complete details of Kartoon Studios' financial results for the second quarter ended June 30, 2024, 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, Mother Goose Club, Barney and Friends, Om Nom Stories, as well as content for bigger kids, like Angry Birds, Talking Tom & Friends 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 India (Jio via Powerkids Entertainment), Africa and Sub-Sahara Africa (StarTimes), Australia and New Zealand (Samsung TV Plus), Germany (Waipu), Philippines (Tapp Digital), Mongolia (Mobinet Media), Malaysia (Astro), Indonesia (Linknet) 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 Stan Lee

Known by his signature phrase "Excelsior!," Stan Lee is one of the most prolific and legendary creators of all time. As Marvel's editor-in-chief, Stan "The Man" Lee helped build a universe of interlocking continuity, one where fans felt as if they could turn a street corner and run into a superhero from Spider-Man to the Fantastic Four, Thor, Iron Man, the Hulk, the X-Men, and more. Stan went on to become Marvel's editorial director and publisher in 1972 and was eventually named chairman emeritus. He was the co-creator of characters appearing in 4 of the top 10 box office movies of all time, which featured Spider-Man, Iron Man, the Hulk, Thor, Guardians of the Galaxy, Black Panther, and of course the Avengers, accounting for billions of dollars of revenue for Marvel and the Walt Disney Company. Among Stan's many awards are the National Medal of Arts, awarded by President Bush in 2008, and the Disney Legends Award, received in 2017. He was also inducted into the comic industry's Will Eisner Award Hall of Fame and Jack Kirby Hall of Fame.

About Kartoon Studios' Winnie-The-Pooh

Kartoon Studios' "Winnie-the-Pooh" is based on the designs and stories of one of the most successful brands of all time, A.A. Milne's Winnie-the-Pooh, a property that has generated over \$80 billion dollars in sales over the last four decades and is estimated to currently generate \$3-\$6

billion dollars per year. The total lifetime revenues exceed those of “Barbie,” “Harry Potter,” “Star Wars,” “Mickey Mouse,” “Peanuts,” “Ninja Turtles,” “Power Rangers,” “Marvel,” and almost every major brand in the world.

The company is currently in pre-production on the animated Christmas movie, set to premiere December 24, 2025, on Amazon Prime Video Channels, through Kartoon Channel!’s \$3.99/month subscription. Concurrently, the global retail program will kick off with the debut of physical entertainment through Alliance Entertainment Corporation in conjunction with Kartoon Studios rollout of a global consumer products campaign.

Kartoon Studios’ Winnie-the-Pooh animated content is being developed with a unique ‘yarn- based’ design and palette for the characters and backgrounds, along with original modern stories inspired by Milne’s beloved classic books. The beautifully imagined yarn gives the characters depth and warmth. Additionally, the stories will be told in a ‘Seussian style’ rhyme to provide an enriched dimension to the stories.

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! and Ameba; Shaq’s Garage, starring Shaquille O’Neal, on Kartoon Channel!; Rainbow Rangers on Kartoon Channel! and Ameba; 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!, Frederator Network, and Ameba. Kartoon Channel! is a globally distributed entertainment platform with near full penetration of the U.S. market. 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, and Samsung and LG Smart TVs. Frederator Network owns and operates one of the largest global animation networks on YouTube, with channels featuring over 2000 exclusive creators and influencers, garnering billions of views annually.

For additional information, please visit www.kartoonstudios.com

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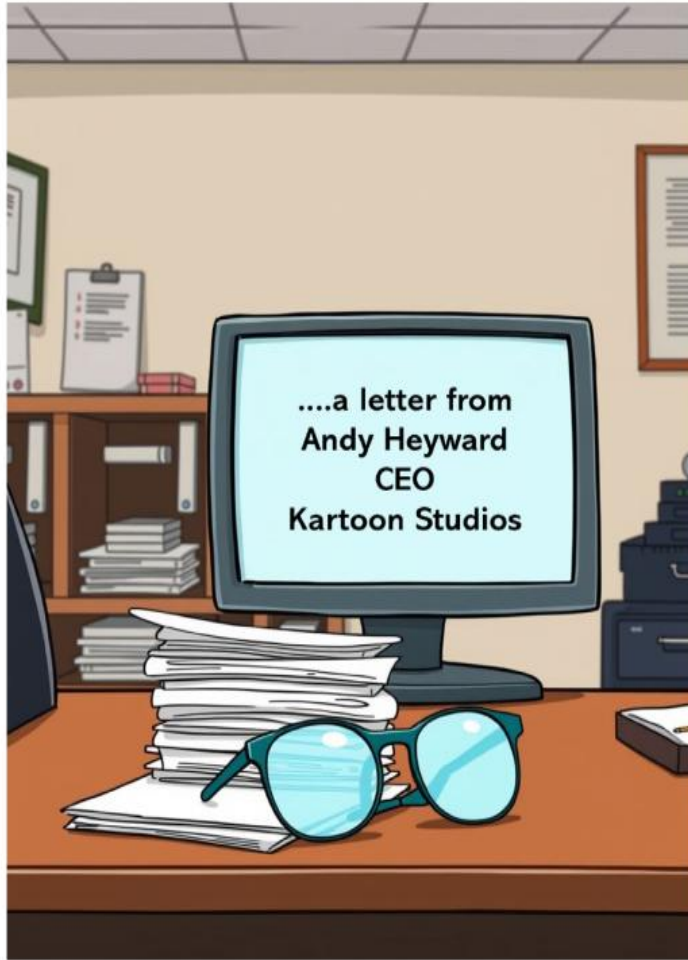
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MEDIA CONTACT:

pr@kartoonstudios.com

INVESTOR RELATIONS CONTACT:

ir@kartoonstudios.com



KARTOON STUDIOS IS GROWING ACROSS KEY METRICS!

Now We Need to Work On Telling Our Story Better

Yesterday, we filed our 10-Q quarterly report and issued our business update for the 2nd Quarter of 2024.

By almost every metric Kartoon Studios is moving forward and growing sequentially as we head towards sustained profitability in 2025.

- Revenues are *UP*
- Beacon Media (Kartoon Studios subsidiary) revenue is *UP*

- Mainframe (Kartoon Studios affiliated production arm) revenue is *UP*
- Frederator Channel (Kartoon Studios subsidiary) profit is *UP*
- Kartoon Channel profit is *UP*
- Kartoon Channel Subscribers are *UP*
- # of Territories where Kartoon Channel is carried are *UP*
- Apple App Store Viewer Ratings of Kartoon Channel are *UP**
- Stan Lee Universe YouTube and Social footprint is *UP*
- Costs and Overheads are **DOWN** - under the oversight of our new CFO Brian Parisi, direct costs are down 39% and general and administrative costs are down 18% vs the same period a year ago

**while the ratings remain 4.9 of 5, and above all competitors, the number of viewer ratings from previous measuring periods, has increased*

The Company is focused on its path to Building Value and Sustained Profitability beginning in Q2 2025.

The Company is executing 3 Key Initiatives, expected to fuel profitability and growth for years to come.



Kartoon Studios doesn't need theme parks, cruise ships, and sports rights to be highly profitable. Our model today, is simple and focused on three specific businesses.

As Warren Buffett stated in our animated series, *Warren Buffett's Secret Millionaires Club*



“You only have to do a few things right in your life so long as you don’t do too many things wrong.”

- 1. KARTOON CHANNEL:**
our global distribution platform
- 2. STAN LEE UNIVERSE:**
all the commerce surrounding the IP and name of Stan Lee.
- 3. WINNIE-THE-POOH:**
the most successful childrens property of all time, with \$80 Billion dollars of global sales, will become the lead tentpole for our kids content business going forward.

1. KARTOON CHANNEL has become a premier global platform dedicated to distributing children’s and family content. It focuses on delivering high-quality animated brands that are recognized as SAFE for kids. The channel is available across FAST, AVOD, and SVOD services, offering both ad-supported and ad-free viewing options. The platform’s brands, Ameba and

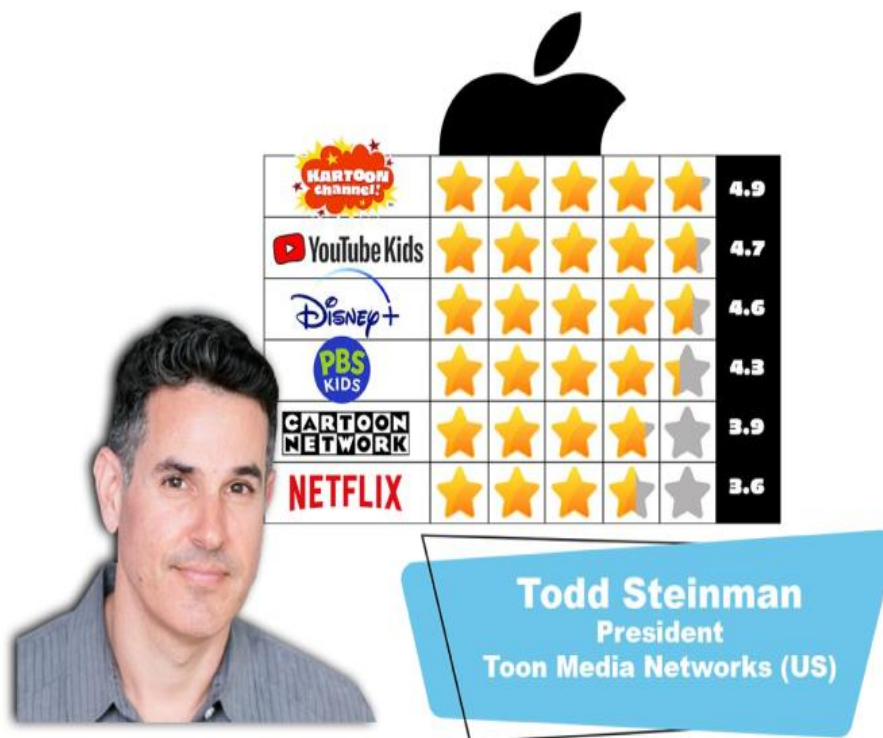
viewing options. The platform's brands, Amazon and

Kartoon Channel!, are tailored to preschoolers and older kids, respectively. Both offer successful subscription services on Amazon Prime Video Channels for just \$3.99 per month, providing significant value in the SVOD space, especially as competitors continue to raise their prices. Importantly, it is also a vehicle to showcase our animated characters and brands, and drive consumer product sales based on our characters. For four years since launch, we have been investing in the channel with *content, infrastructure, and marketing*. In Q1 2024, Kartoon Channel turned profitable, and it continues to grow each month, in both subscribers and income.

Not only do we have our own children's series like *Superhero Kindergarten, Rainbow Rangers, Shaq's Garage, Roblox Rumble, Baby Genius, and Llama Llama*, but we have licensed proven hit characters and shows including *Peppa Pig, Super Mario Brothers, My Little Pony, Angry Birds, Yu Gi Oh, Talking Tom, Gummy Bear and Friends, Donkey Kong Country, and Power Rangers*.

Internationally, under the leadership of **PAUL ROBINSON**, Managing Director of Kartoon Channel Worldwide, Kartoon Channel is now available in 69 countries and territories outside the United States, and growing rapidly. Paul, who was previously Managing Director of Disney Channel Worldwide, and led it to be a dominant global force in broadcasting, is now focused on that same mission for Kartoon Channel Worldwide. A quick look at the below map

Further to the above, Kartoon Channel remains at the top of the APPLE APP STORE Ratings, ahead of all our key competitors including Disney+, Netflix, YouTube Kids, MAX, PBS Kids, and Cartoon Network! We believe this “likeability” of the channel, will be key to growing viewership, as we now market and promote Kartoon Channel, as a key business of Kartoon Studios. (more below)



The expertise and standing in the global broadcast community of Todd Steinman, President of Toon Media Networks (U.S.) and Paul Robinson have made Kartoon Channel in the U.S., and Kartoon Channel Worldwide, a globally recognized platform, for **SAFE**, positive entertainment for children, and they have barely scratched the potential of their platforms.



2. **STAN LEE UNIVERSE** is a Kartoon Studios controlled joint venture, which owns and markets properties and businesses based on, and from, legendary creator STAN LEE.

It bears noting that Stan Lee, as the “godfather of comics” and the creative force behind Marvel, has been the most successful creator of our time. He created/co-created some of the most successful properties ever made, including *Spider Man, Iron Man, Incredible Hulk, X Men, Guardians of the Galaxy, Fantastic Four, Black Panther, Thor, Captain America, and of course The Avengers*. 14 of the top 50 Box office movies of all time, were created/co-created by Stan Lee. He has been responsible for billions of dollars of both box office and consumer products licensing revenue.

Though Stan Lee passed away five years ago, he still has tens of millions of passionate followers on social media, *....more than Walt Disney!* Kartoon Studios manages those social media platforms on Instagram Facebook X and

TikTok. We licensed to **Marvel Studios** the right to have Stan appear in their films going forward for the next *20 years*, as well as a separate license to the **Walt Disney Company** for Stan to appear in theme park merchandise, for which Kartoon Studios will receive royalties from Disney.

STAN LEE UNIVERSE is heir to a treasure chest of original properties left behind by Stan when he passed away, which we call ‘The Book.’ This year, we begin the process of developing and profiting from the best of those titles. What will distinguish the STAN LEE UNIVERSE from the Marvel Universe, is that *Stan Lee himself* will be in each property. This is precisely what Stan wanted. Before he passed away, he took steps to ensure that he had been “digitally duplicated,” so that he could live on in his works. The first property of Stan Lee Universe will be introduced at NEW YORK COMI CON in October. We are very excited about the contents of “The Book” and have brought on legendary comic book icon and **Batman Executive Producer, Michael Uslan**, to oversee their development.

Our current activities with the brand include a

- STAN LEE storefront on Amazon.



- 'STAN LEE PRESENTS' channel on YouTube with over 300,000 current subscribers and growing



- STAN LEE exclusive Phygital drops with VEVE, the #1 manufacturers of Phygital merchandise in the world (Veve does over \$100 million of business a year for Marvel and Star Wars brands!). Their first drop was at Comicon in San Diego, two weeks ago. Drop 2 will be at New York Comi Con in October, and drop 3 is scheduled in Q1 2025



The excitement around the product has been huge and we anticipate the VeVe relationship to become increasingly important for the Company

The STAN LEE UNIVERSE business is robust and growing and we have only just begun!



3. KARTOON STUDIOS' WINNIE THE POOH

The 3rd Pillar of our business going forward is our upcoming KARTOON STUDIOS' WINNIE THE POOH.



Simply stated, Winnie the Pooh, has been the single most successful children's property of all time. It has generated over \$80 billion of lifetime revenue for the Walt Disney Company and as much as \$3-\$6 billion per year. To create some reference, that is *more* than STAR WARS. That is *more* than Harry Potter. That is *more* than *Barbie*. *More* than *Super Mario Brothers* and *more* than Sonic the Hedgehog. It is *more* than Sesame Street. It is *more than any property from Marvel.* It is *more than ALL Marvel properties combined, including the Avengers!*

Winnie-the-Pooh was created by the English author A.A. Milne, and subsequently licensed to the Walt Disney Company, which has harvested its richness since the 1960s. The copyright expired 2 years ago, 75 years after the death of the author, A.A. Milne. Anticipating this event, Kartoon Studios began developing our own protectable approach for Winnie- the-Pooh; one which honored the integrity of the original work of A.A. Milne, while modernizing and refreshing it utilizing a unique 'yarn-based' look.



Pooh

KARTOON STUDIOS'
WINNIE
~THE~
POOH



Tigger



Piglet



Owl



Eeyore

We have been busy assembling a team of some of the best award winning story tellers and animators in our industry, and are passionately working to bring **Kartoon Studios' Winnie-the-Pooh**, to life in the coming months, with a target launch of December 24, 2025, celebrating the 100-year anniversary of Pooh's first publication.

These stories will be a *joyous* 'Pooh' series that will now add **music and dance** to the magic chemistry of this brand. Kartoon Studios' Winnie-the-Pooh will be an 'oasis of goodness' amidst confusing and challenging times for children. Through storytelling, music, and dance, it will celebrate the classical values and 'gentle wisdom' of POOH: *kindness, friendship, family, loyalty, and love*. As was so successful in Disney's *Inside Out*, Kartoon Studios' POOH will reflect the 'neuro diversity' of the different characters in ways that today's kids and their parents can happily relate.

To finance POOH, Kartoon Studios has created a non-dilutive joint venture with Catalyst Partners that will fund a robust *multi-year package of episodes, holiday specials, and a feature length Christmas story*.

.....In the NEAR FUTURE, we will be sharing exciting first footage!!!!!!

KARTOON STUDIOS NEW TALENT

I'm excited to point out that alongside our proven management team with pedigrees from Disney,

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DreamWorks, Hasbro, and Warner Bros., we have recently recruited some fresh new talent, with exciting and innovative ideas. One such person is HAZEL HOMER-WAMBEAM.



I had the privilege to meet Hazel at the recent opening of the STAN LEE exhibit at the **American Heritage Center, in Laramie Wyoming**. Hazel, a recent graduate of University of Wyoming (and a Miss Wyoming, by the way!), curated the exhibit of Stan, who she first met and interviewed as a fan when she was just 13 years old! The exhibit was spectacular and she clearly knew the 'Stan brand' inside and out, having spent 3 years pouring through hundreds of boxes of Stan's memorabilia and archives, which he donated to the American Heritage Center. Hazel's *creativity, imagination, intellect, and work ethic*, impressed us all, and we asked her to join the Kartoon Studios team. She is now the **Brand Manager of Stan Lee Universe**, and the **Brand Manager of 'Kartoon Studios' Winnie-the-Pooh**. She had a

key role on the San Diego Comi-Con Panel: **Stan Lee: The Next Hundred Years**” (check out her post from Comicon!)

[CLICK HERE FOR IG POST](#)



As we focus now on the 3 core businesses of **Stan Lee Universe, Winnie-The-Pooh, and Kartoon Channel**, it should be noted that we are working with some of the most important brands and names in the world. Whether they are partners, clients, licensees, or licensors, Kartoon Studios has a dream team list of companies and people with whom we are in business. We don't take this responsibility lightly.

These include **The Walt Disney Company, Marvel, Netflix, Amazon, Apple, Alibaba, Hulu, YouTube, Mattel, Spinmaster, Bandai, Playmates, Toho, LiveOne, Deutsche Telekom, Samsung**, and many others, both in the U.S. and around the world. As we integrate AI and machine learning into our

business, we have had interaction with **Nvidia**, who has kindly guided us as we are now using their Omniverse platform and structuring AI across multiple business units to run more efficiently. I should point out that for many years we produced the animated movie that opens the Berkshire Hathaway annual meeting, and our animated series with Warren Buffett, '*Warren Buffett's Secret Millionaires Club*, remains a staple on Kartoan Channel.

With all of this going on we recognize that we need to do a better job telling our story to the investor community.

Management and our Board believe our stock price is significantly undervalued and does not reflect the important activities of the business, and where we believe it will go.

We have put together a plan to more effectively tell our story, which will be implemented this quarter.

This strategy aims to rapidly enhance Kartoan Studios' visibility and credibility, positioning it as a significant player in both the animation industry and consumer products licensing industry, to attract both media attention, and greater investor interest. The plan will include unification of all corporate communications channels, including IR, PR, and Social Media, under a single **Corporate Communications Leader**, who will work in-house and has continuous interaction with the company leadership while interfacing

with the outside media, enhancing the Company's visibility among investors, the entertainment industry, and consumers.

This strategy will prioritize industry/trade, financial, and consumer press maintaining a steady news flow to stay top of mind. **The Kartoon Studios Corporate Website** will be retooled to emphasize POOH, STAN LEE UNIVERSE, and KARTOON CHANNEL, and we plan to create a robust investor deck and video. This will be complemented by **regular meetings with analysts, investor roadshows, a presence at key investor conferences, and podcasts.** Letters to investors such as this one will continue, creating a comprehensive and robust presence **across multiple media fronts.**



There is an excitement inside Kartoon Studios today, and a confidence in where the company is going. Unlike the major Hollywood studios, who have been burdened with huge debt, existing obligations, and very difficult pivots to utilize new technologies and challenged operating units, Kartoon Studios is focused, and essentially debt free.

WE HAVE 3 CORE BUSINESSES

They are based on proven brands, with significant recognition and equity, and led by a team of proven executives, and dynamic fresh talent. The Company is not only poised to execute, but equally poised to get the story out.

Standby!
Big Things Coming



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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.
