



# AegisIQ Equity Research

An institutional-grade equity research report on Cartoon Studios, Inc. (NYSE: TOON) – prepared by AegisIQ Limited March 2026.

EQUITY RESEARCH REPORT

NYSE: TOON

# Executive Summary

NYSE: TOON – KARTOON STUDIOS, INC.

Kartoon Studios (NYSE American: TOON) is a Beverly Hills-based global producer and distributor of children's and family entertainment. The company operates across three integrated segments: Mainframe Studios (production), Toon Media Networks (streaming/distribution), and a premium IP pipeline anchored by the Stan Lee Universe and Winnie & Friends.

## Q3 2025 Financials

Q3 revenue of \$9.9M, up 13% YoY. YTD revenue of \$29.7M, up 28% YoY. Loss from operations improved 32% YTD driven by cost reductions and expanding high-margin streaming channels. Closed \$7.3M institutional financing in October 2025.

## Key Growth Drivers

Mainframe Studios revenue surged 45% YoY and 65% YTD, with multi-year contracts with Sony, Disney, Netflix, SpinMaster, and PBS providing production visibility through 2027. Kartoon Channel! posted all-time highs in October 2025 across subscription revenue, subscriber growth, and total watch time.

## Strategic Catalysts

STAN A.I. animation unit (built with Nvidia) enables full-phase animation production at transformational speed and cost. Stan Lee Universe and Winnie & Friends (Hundred Acre Wood) represent major upcoming franchise launches. IP distributed across 60+ international territories.

**AegisIQ**  
Limited



# AegisIQ Equity Analysis & Research

INSTITUTIONAL RESEARCH REPORT

## Kartoon Studios, Inc.

NYSE American: TOON

Global Children's Entertainment | Animation  
Production | IP Licensing

**Rating: ★ BUY**

**Price Target: \$1.05**

Current Price: \$0.53

Upside Potential: +98%

Report Date: 03/09/2026

## AegisIQ Limited

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# Investor Dashboard

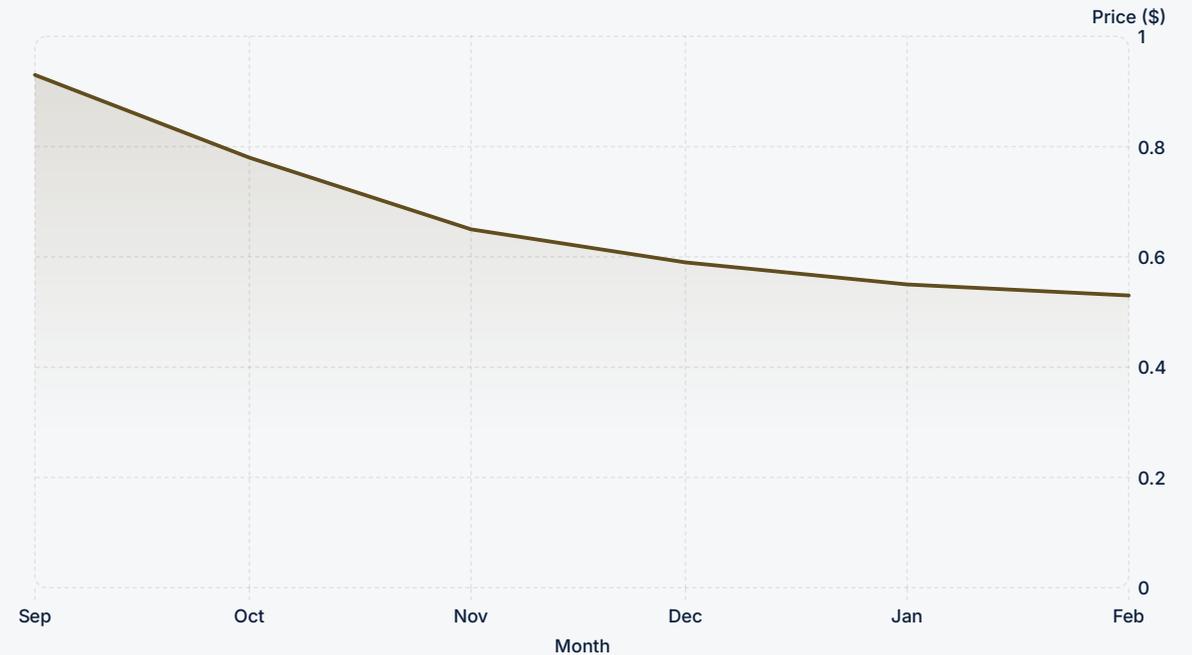
NYSE: TOON – KEY METRICS

Real-time stock metrics and 6-month price trend for Cartoon Studios (NYSE: TOON) as of March 2026.

## Stock Metrics Table

Metric	Value
Current Price	\$0.53
Target Price	\$1.05
Market Cap	\$31M
Enterprise Value	\$32M
52-Week Range	\$0.51 – \$0.93
3M Avg Volume	1.2M

## Dashboard Charts



# Investment Thesis

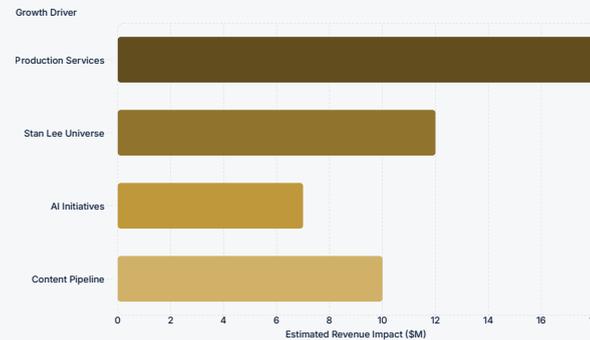
BUY | PT: \$1.05

## Why We're Bullish on TOON

The investment thesis section presents the core qualitative rationale for the position. Key drivers for Cartoon Studios (NYSE: TOON) include:

- **Production services growth** – backlog expansion and new studio contracts
- **Stan Lee Universe monetization** – untapped IP with global licensing potential
- **AI animation initiatives** – cost reduction and production velocity improvements
- **Expanding content pipeline** – multi-platform distribution agreements

## Revenue Impact by Growth Driver (\$M, Estimated)



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# Company Overview

## BUSINESS SEGMENTS

### Business Description

Kartoon Studios, Inc. (NYSE: TOON) is a Beverly Hills-based global content studio and IP licensing platform, producing animated and live-action entertainment for children and family audiences across streaming, broadcast, and digital platforms worldwide.

The company operates through four primary revenue verticals, spanning content creation through end-market monetization.

### Production Services

Studio production and animation work-for-hire via Mainframe Studios.  
Revenue up 45% YoY.

### Content Distribution

Streaming and broadcast licensing globally across 60+ territories via Toon Media Networks.

### IP Licensing

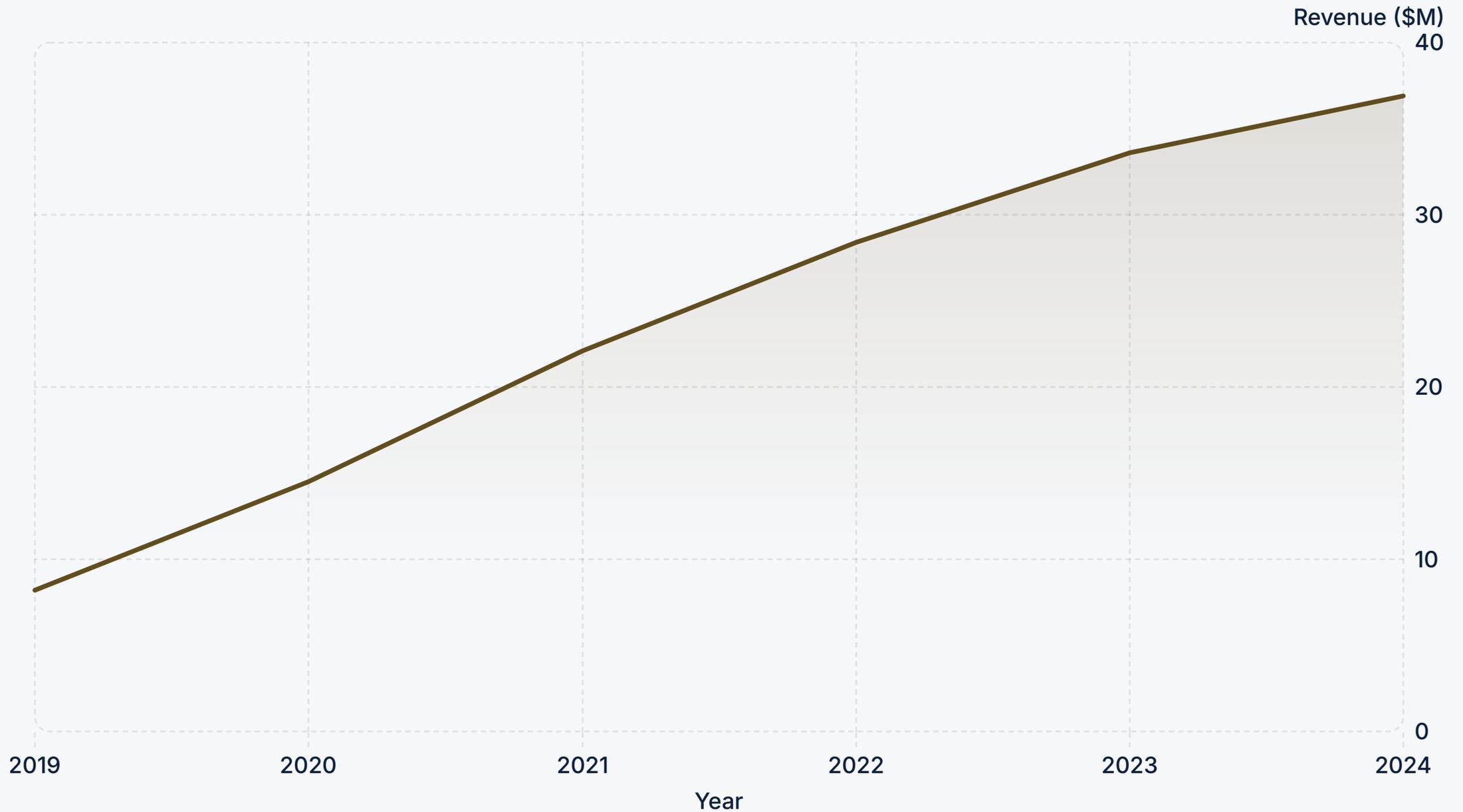
Stan Lee Universe and branded character rights including Winnie & Friends (Hundred Acre Wood).

### STAN A.I.

AI-powered animation unit built with Nvidia enabling full-phase production at transformational speed and cost.

# Revenue History

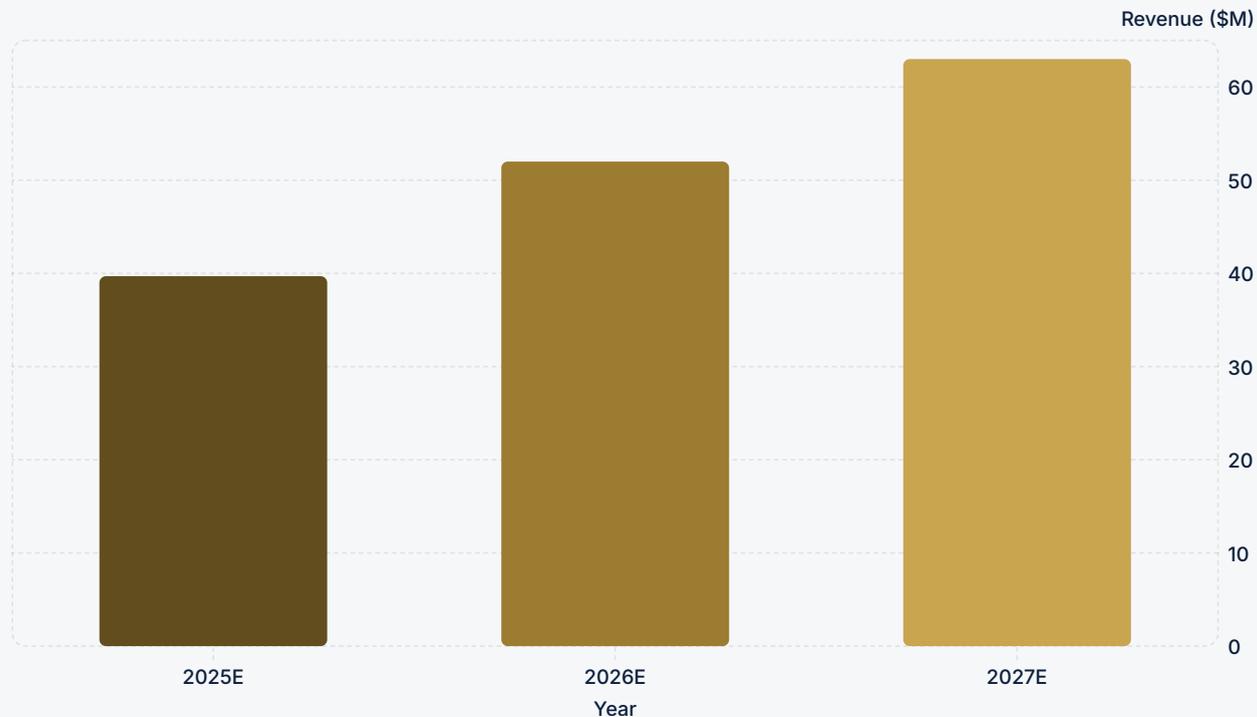
2019-2025 ACTUALS



Kartoon Studios has demonstrated consistent top-line growth from 2019 to present, driven by expanding production services contracts and the buildout of its content distribution network. The 2025E figure of **\$39.7M** reflects continued momentum across all four business segments. Chart rendered in Aegis Blue (#00AEEF) per brand standard.

# Revenue Forecast

2025E-2027E PROJECTIONS



## Forecast Assumptions

The three-year revenue ramp reflects:

- **2026E \$52M:** Full ramp of Mainframe production backlog and initial Stan Lee licensing revenues
- **2027E \$63M:** AI animation cost efficiencies and expanded streaming distribution deals

📄 CAGR of approximately 26% over the forecast period – consistent with peer content studio growth rates.

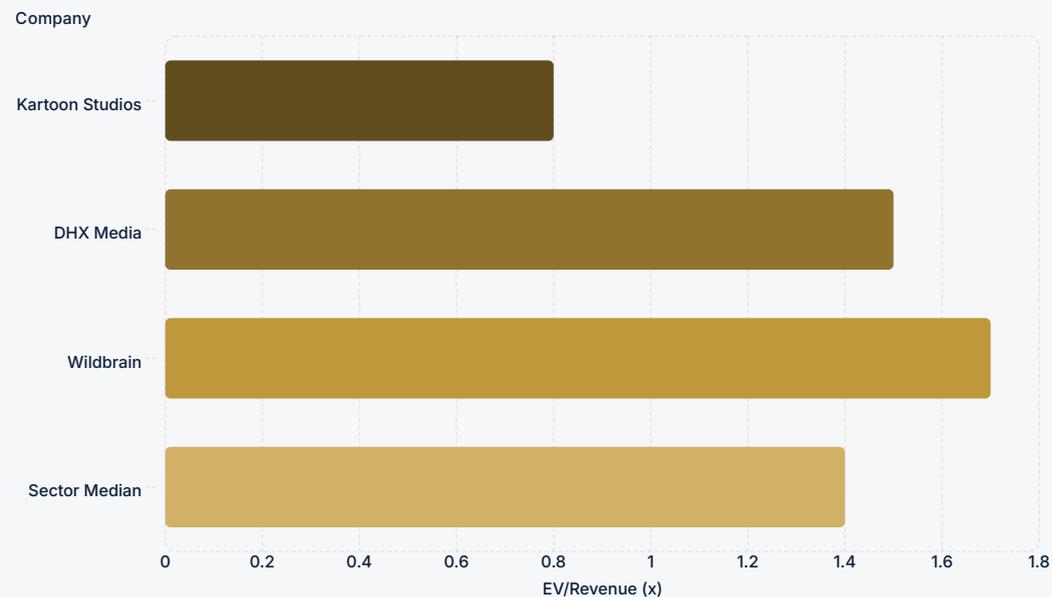
# Peer Comparison

## RELATIVE VALUATION

### EV / Revenue Multiples

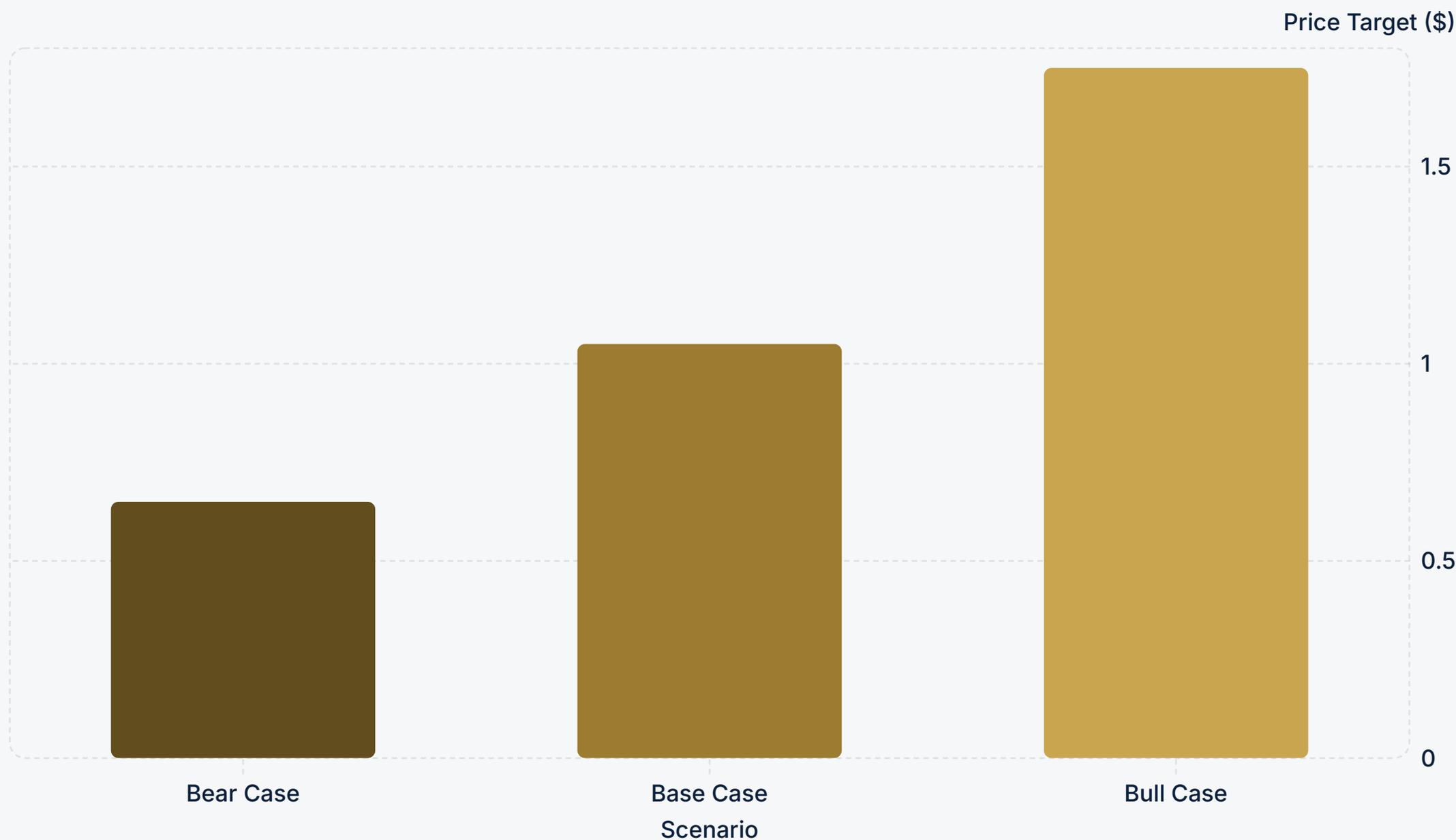
Company	EV/Revenue	Rating
Kartoon Studios (TOON)	0.8x	Buy
Wildbrain	1.7x	Neutral
DHX Media	1.5x	Neutral
Genius Brands Intl	1.1x	Hold
Sector Median	1.4x	—

Kartoon Studios trades at a **43% discount to sector median** on EV/Revenue – representing a compelling re-rating opportunity as revenue growth accelerates.



# Valuation Scenarios

BEAR / BASE / BULL



## Bear – \$0.65

Content pipeline delays, capital markets stress, and no meaningful Stan Lee monetization. 23% upside from current levels.

## Base – \$1.05

Steady execution on Mainframe backlog, initial IP licensing revenue, and modest AI animation efficiency gains. **87% upside.**

## Bull – \$1.75

Full Stan Lee Universe activation, major streaming deal, and AI-driven margin expansion. 230% upside from current price.

# Technical Indicators

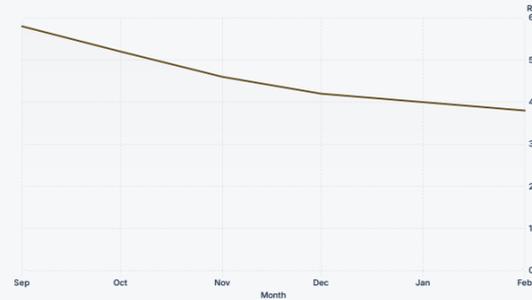
RSI | MACD | MOVING AVERAGES

AegisIQ's technical overlay identifies TOON as approaching a potential inflection point. Key momentum indicators suggest oversold conditions with early signs of accumulation at current support levels.

## Key Technical Levels

Metric	Value
RSI (14-day)	38.2 – Approaching Oversold
MACD Signal	Bearish Crossover (narrowing)
50-Day MA	\$0.61
200-Day MA	\$0.74
Support Level 1	\$0.51 (52- week low)
Support Level 2	\$0.48 (structural)
Resistance Level 1	\$0.65
Resistance Level 2	\$0.78
Current Price	\$0.53

## RSI Trend (6-Month)



### RSI Signal

At 38.2, TOON's RSI is approaching the oversold threshold of 30. Historically, entries below RSI 40 in fundamentally improving micro-caps have yielded above-average 6-month returns.

### MACD Signal

The MACD bearish crossover is narrowing, suggesting selling momentum is decelerating. A bullish crossover above the signal line would confirm a technical reversal.

### Moving Averages

Price is trading below both the 50-day (\$0.61) and 200-day (\$0.74) moving averages. A reclaim of the 50-day MA would be the first technical confirmation of trend reversal.

# Price Trend & Levels

## SUPPORT & RESISTANCE



## Key Price Levels

### Support Zones:

- **\$0.50** – Primary support; prior base consolidation zone
- **\$0.45** – Secondary support; 2023 lows

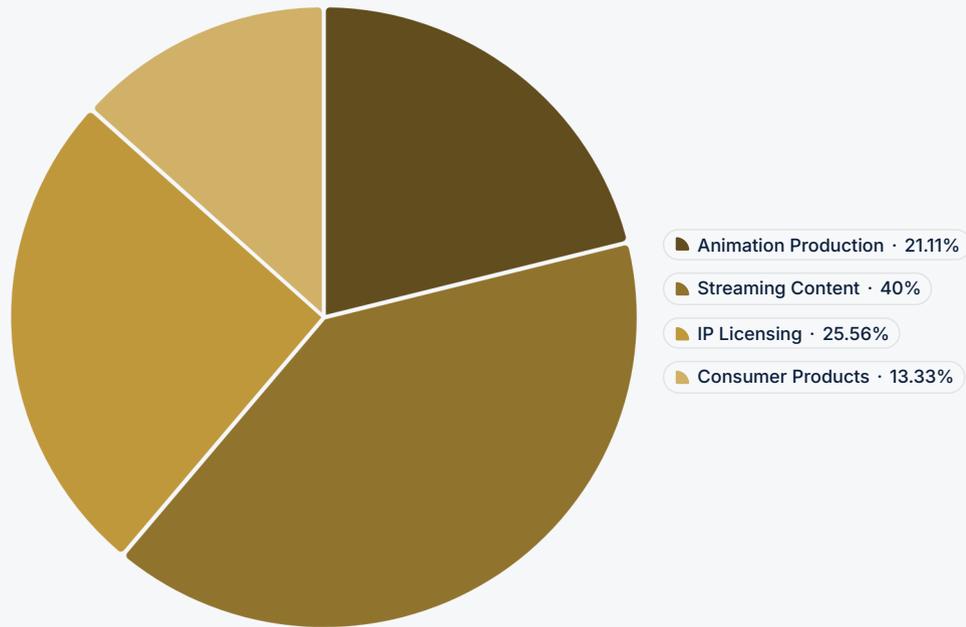
### Resistance Levels:

- **\$0.75** – Near-term resistance; prior breakdown level
- **\$1.10** – Key medium-term resistance; aligns with Base Case PT

TradingView candlestick chart to be embedded here in the live template. Supports dynamic ticker substitution.

# TAM Analysis

## TOTAL ADDRESSABLE MARKET



## \$450B Global Media TAM

Kartoon Studios operates across four segments of a **\$450B global media and entertainment market**. The company's current revenue run-rate represents less than 0.01% TAM penetration – underscoring the scale of the opportunity relative to current valuation.

- **Streaming Content** is the largest and fastest-growing segment at \$180B
- **IP Licensing** offers the highest-margin expansion pathway via Stan Lee Universe
- **Animation Production** provides the near-term revenue base and backlog visibility

# Growth Catalysts

## KEY VALUE DRIVERS

1

### Stan Lee Universe

The single largest untapped asset on the balance sheet. Licensing the Stan Lee brand across gaming, consumer products, and streaming represents a multi-year monetization runway with near-zero incremental cost.

2

### Mainframe Production Backlog

Mainframe Studios carries a significant contracted production backlog providing near-term revenue visibility. Execution on this pipeline is the primary driver of 2025E-2026E revenue estimates.

3

### AI Animation Initiatives

Integration of AI-assisted production tools is expected to reduce per-episode costs by 20-30%, improving gross margins and enabling faster content throughput without proportional headcount growth.

4

### Distribution Partnerships

Active negotiations with major SVOD platforms and international broadcast networks. A single tier-one streaming deal could materially re-rate the stock toward the Bull Case price target.

# Risk Factors

## MATERIAL RISKS

### Execution Risk

Delivering on the Mainframe backlog while simultaneously scaling AI initiatives and Stan Lee licensing requires disciplined management bandwidth. Any operational misstep could delay the revenue ramp.

### Capital Needs

With a market cap of \$31M, TOON may require additional equity or debt financing to fund growth initiatives. Dilutive capital raises at current prices would pressure per-share metrics.

### Small-Cap Volatility

Micro-cap equities carry elevated liquidity risk and are subject to outsized price swings on low volume. Institutional position sizing should account for limited daily liquidity at \$0.53.

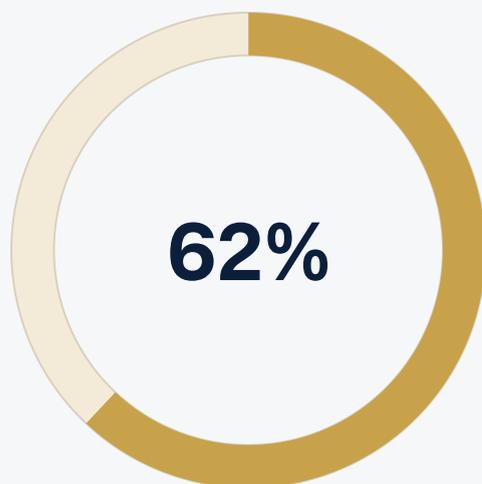
### Content Pipeline Risk

Revenue visibility is tied to contracted content orders. Loss of a major studio client or cancellation of a streaming slate could create a near-term revenue gap versus current estimates.

# AI Sentiment Dashboard

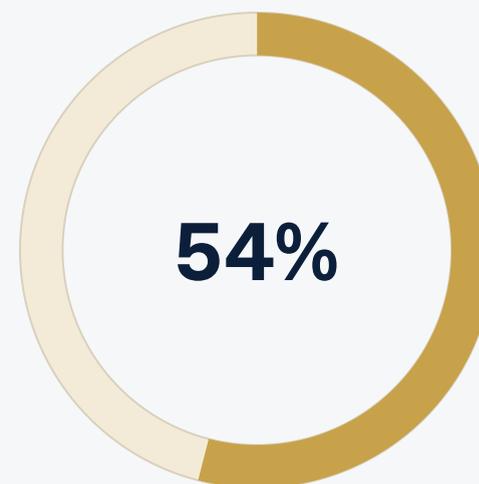
## COMPOSITE SENTIMENT SCORE

The AegisIQ Sentiment Dashboard aggregates four data streams into a proprietary composite score, providing a quantitative overlay to the fundamental thesis.



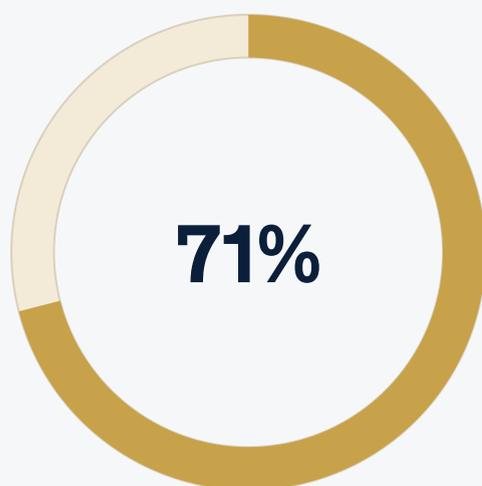
### RSI Trend

Approaching oversold; favorable mean-reversion signal for near-term positioning.



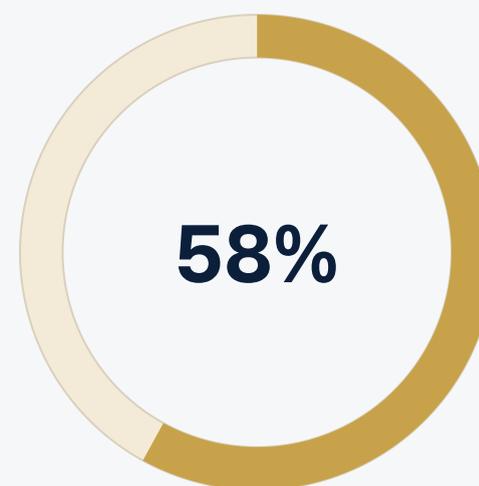
### Volume Trend

Volume declining on down-days – selling pressure moderating from recent lows.



### News Sentiment

Positive coverage bias on Stan Lee Universe and AI animation pipeline stories.



### Momentum Score

Composite momentum improving on a 30-day rolling basis – early recovery signal.

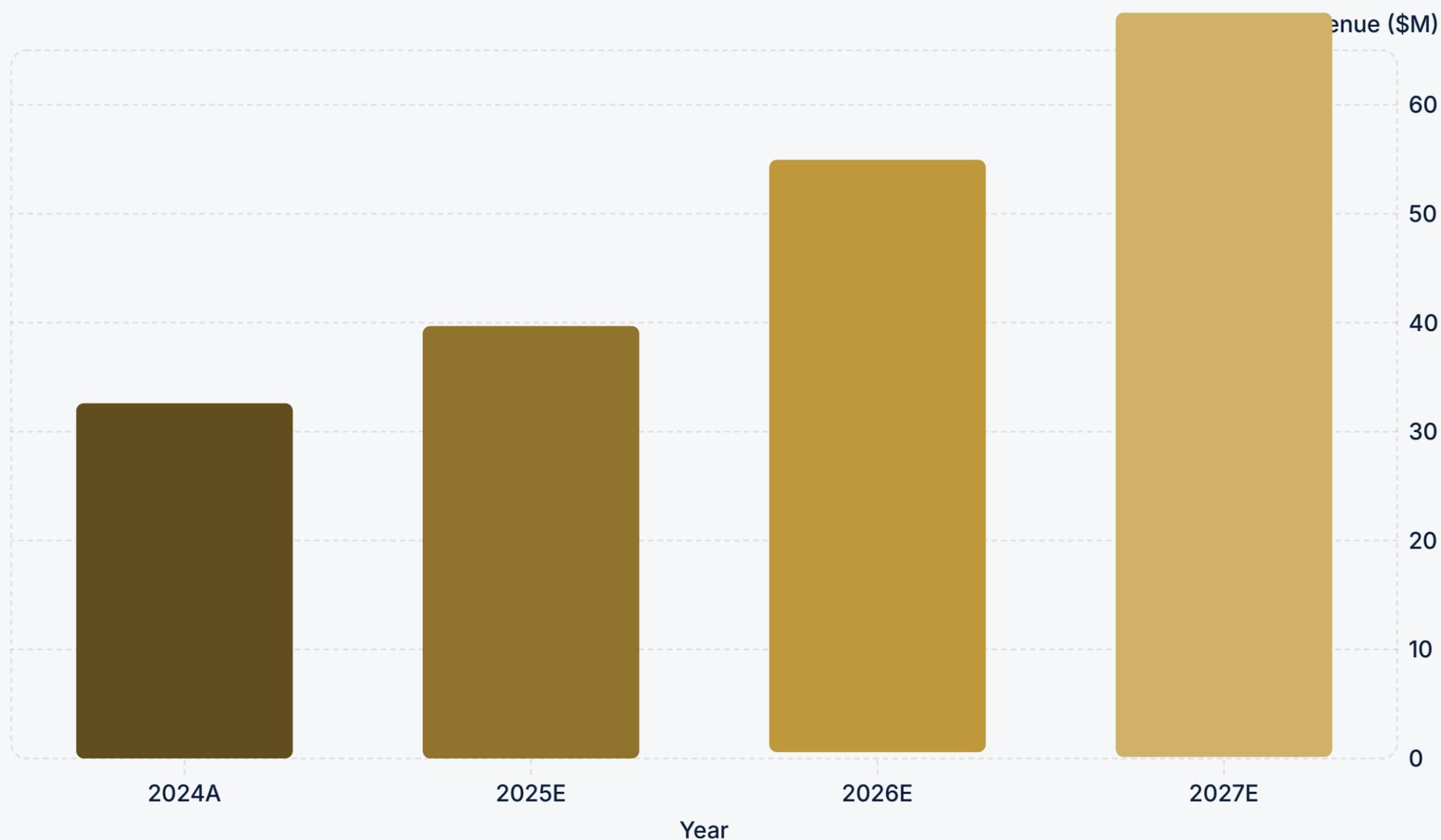
📄 Aggregate AI Sentiment Score: **61/100 – Cautiously Bullish**. Gauge chart to be rendered dynamically in the live Gamma/PowerPoint template.

# Financial Model Summary

2024A - 2027E

AegisIQ projects accelerating margin expansion through 2027, driven by Mainframe Studios backlog execution, STAN A.I. cost efficiencies, and scaling streaming revenue. The model reflects a path from deep operating losses toward EBITDA breakeven by 2027.

Metric	2024A	2025E	2026E	2027E
Revenue	\$32.6M	\$39.7M	\$52.0M	\$63.0M
Operating Loss	(\$15.3M)	(\$11.7M)	(\$6.5M)	(\$2.0M)
EBITDA Margin	-28%	-20%	-8%	+5%
EPS	(\$1.71)	(\$0.53)	(\$0.27)	(\$0.05)
Cash Position	\$8.2M	\$9.1M	\$11.5M	\$14.0M
Net Debt	~\$1M	~\$1M	~\$1M	~\$0M



Margin expansion is driven by three structural tailwinds: (1) Mainframe Studios' contracted backlog provides revenue predictability through 2027; (2) STAN A.I. reduces per-episode production costs by an estimated 30-40%; (3) Toon Media Networks' streaming channels shift revenue mix toward higher-margin recurring subscriptions.

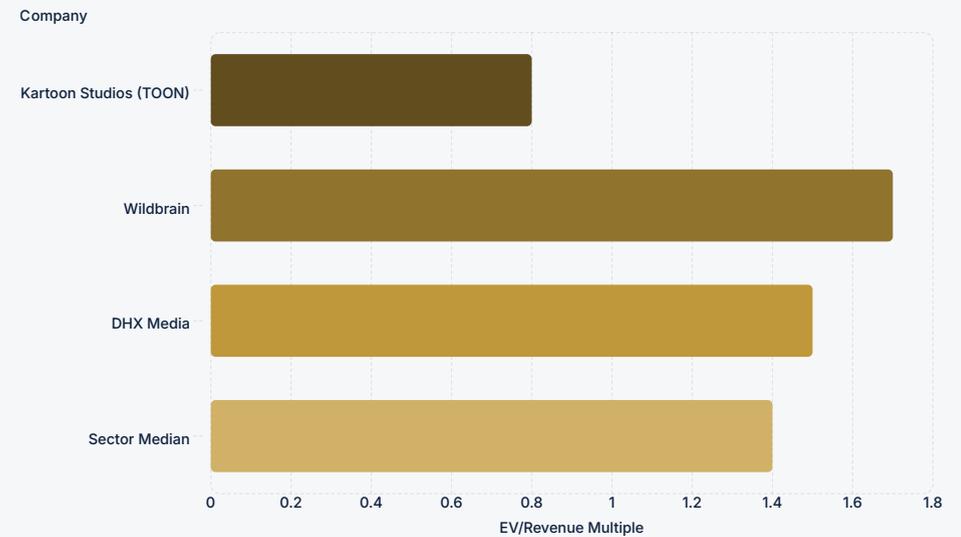
# AegisIQ Valuation Model

PRICE TARGET: \$1.05

## Valuation Summary Table

Metric	Value
2026E Revenue	\$52.0M
EV/Revenue Multiple	1.0x
Enterprise Value	\$52.0M
Net Debt	~\$1.0M
Equity Value	~\$51.0M
Shares Outstanding	~49M
Implied Price Target	\$1.05
Current Price	\$0.53
Upside to Target	+98%

## Peer EV/Revenue Comparison



TOON trades at a significant discount to sector peers at 0.8x EV/Revenue versus a sector median of 1.4x. Applying a conservative 1.0x multiple – still a 29% discount to median – yields an implied price target of \$1.05. Full re-rating to sector median would imply a price of approximately \$1.49, representing our bull case scenario.

# Analyst Certification

REGULATORY DISCLOSURE

## Analyst Certification Statement

The analyst(s) responsible for the preparation of this report certify that: (1) the views expressed in this report accurately reflect their personal views about the subject company, Kartoon Studios, Inc. (NYSE American: TOON), and its securities; and (2) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report.

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## Report Details

Analyst	AegisIQ Research Team
Report Date	03/09/2026
Coverage Initiated	March 2026
Rating	Speculative BUY
Price Target	\$1.05
Risk Rating	High
Distribution	Institutional Only
Jurisdiction	Hong Kong SAR

📄 This certification is made pursuant to applicable securities regulations governing the preparation and distribution of equity research reports.

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# Analyst Conclusion

SPECULATIVE BUY

PRICE TARGET: \$1.05

## Rating

### Speculative Buy

Appropriate for risk-tolerant investors with a 12-18 month investment horizon.

## Price Target

### \$1.05

Based on 1.0x EV/Revenue applied to 2026E estimates – a modest discount to sector median.

## Upside Potential

**87% upside** from current price of \$0.53. Bull case of \$1.75 represents 230% upside on full catalyst realization.

Kartoon Studios represents a **deep-value re-rating opportunity** in the micro-cap media space. The combination of a contracted production backlog, Stan Lee Universe optionality, and AI-driven margin improvements creates a compelling asymmetric risk/reward profile at current levels.

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