

ANGEL

Angel

Fourth Quarter 2025 Earnings Conference Call

March 13, 2026

C O R P O R A T E P A R T I C I P A N T S

Luk Janssens, *Head of Investor Relations*

Neal Harmon, *Chief Executive Officer*

Scott Klossner, *Chief Financial Officer*

C O N F E R E N C E C A L L P A R T I C I P A N T S

Eric Wold, *Texas Capital*

Ryan Meyers, *Lake Street Capital Markets*

Jason Helfstein, *Oppenheimer*

Thomas Forte, *Maxim Group*

Eric Handler, *Roth Capital Partners*

Drew Crum, *B. Riley Securities*

Omar Mejias, *Wells Fargo*

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This transcript contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act, and Section 21E of the Exchange Act. Forward-looking statements include, but are not limited to, statements regarding our expected financial results, business strategy, growth outlook, market opportunity, product releases, content performance, operational plans, cash needs, future events, and any other statements that are not historical facts.

Forward-looking statements are often identified by the use of words such as “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “project,” “may,” “should,” “will,” “would,” “could,” “can,” “continue,” or similar expressions, whether in the negative or affirmative. These forward-looking statements are based on management’s current expectations, assumptions, and beliefs as of the date of this transcript and are subject to a number of risks, uncertainties, and factors—many of which are outside our control—that could cause actual results to differ materially from those reflected or implied in the forward-looking statements.

Important factors that could cause actual results to differ materially are described in the “Risk Factors” section of our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, the registration statements we file with the SEC, and in other documents we file from time to time with the SEC. Any forward-looking statement speaks only as of the date it is made, and we undertake no duty to update or revise any forward-looking statements to reflect events or circumstances after the date of this transcript, except as required by law. Readers are cautioned not to place undue reliance on forward-looking statements.

PRESENTATION

Operator

At this time, I would like to invite everyone to Angel's Q4 2025 Earnings Call.

At this time, all participants are in a listen-only mode. The question-and-answer session will follow the formal presentation. You may be placed in the question queue at any time by pressing star, one on your telephone keypad. If anyone should require assistance, please press star, zero.

As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Luk Janssens. You may begin your conference.

Luk Janssens

Hello, everyone, and welcome to Angel's Fourth Quarter 2025 Earnings Call. Joining me are Angel's Co-Founder and CEO Neal Harmon, and Angel's CFO Scott Klossner.

Before we begin, I would like to remind everyone that certain statements made on today's call are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and assumptions and involve risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Information regarding these risks and uncertainties is included in our filings with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q. These forward-looking statements represent our outlook only as of the date of this call, and we undertake no obligation to update any forward-looking statements.

Our fourth quarter earnings press release is available on our Investor Relations website at angx.com, where we also encourage you to sign up for our email alerts. Neal and Scott will make about 20 minutes of opening remarks before we turn the call over to questions from our sell-side analysts.

Thank you all for joining us, and now I'll turn over the call to Neal.

Neal Harmon

Thank you, and good morning, everyone.

It's an honor to be with you for Angel's fourth quarter 2025 earnings call. Our second call as a publicly traded company. Six months ago, we rang the closing bell at the New York Stock Exchange and began a new chapter as a public company. But the most important thing that happened when we went public wasn't the listing, it was that our core business, our community of then 1.6 million paying Angel Guild members, and all the work that we've done together became visible to the entire world. Today, our Guild is 2.2 million paying members strong, and they generate approximately \$360 million in annual recurring revenue, with corresponding growth in filmmaker royalties. As Scott will explain shortly, we also expect to make big strides in profitability in 2026.

To appreciate how far we've come, at the end of 2024, we had 550,000 guild members generating \$90 million in recurring revenue. Based on our internal analysis, we believe that our total addressable market in the U.S. is over 35 times where we are today, and the global market is estimated to grow over 20% each year through 2034. So, we're just getting started.

Angel was never created in a boardroom; it was created at kitchen tables. We believed that there were millions of people across cultures, faiths, and generations who wanted stories that honored the best parts of humanity, that treated them as citizens capable of recognizing truth, authenticity, and excellence for themselves, capable of choosing stories that amplify light. The last six months have reinforced that conviction in so many remarkable ways. The most powerful signal is the continued growth of the Angel Guild.

What began as a bold experiment, inviting the audience to vote on what films and TV shows should be produced and distributed, has become one of the most engaged entertainment communities in the entire world. The Guild is at the heart of our model, expanding from 1% of our total revenue in 2023 to 37% in 2024 to 65% last year. We're seeing sustained engagement from people who are not just signing up, they are staying, choosing, and championing the values-driven stories they want to watch. In Q4 alone, that translated to \$69 million in revenue from the Guild, contributing to total revenues of \$110 million, which is more than three and a half times the total revenue we delivered a year ago.

And just think about how powerful their collective wisdom has been. Over the last year, guided by their feedback and ideas, we released eight films theatrically and had two of the top ten highest-grossing animated domestic theatrical releases of 2025, *DAVID* and *The King of Kings*. We also achieved the highest average domestic box office per title among all independent distributors, surpassing Focus Films, Fox Searchlight, A24, and Neon. These companies have been around for decades. And *Solo Mio*, which was released in theaters last month, recently became the highest audience-rated romantic comedy of all time on Rotten Tomatoes. It was an amazing year for the Angel Guild.

That success tells us something important about this moment in our culture. Audiences are no longer content to sit on the sidelines. They want to participate. And most importantly, they want to enjoy stories that reflect their values, the ones they live by every single day, and the ones that they want to pass down to their children.

In Q4, we launched our animated musical epic, *DAVID* in theaters, and it was among the highest-rated films of 2025 based on audience ratings. This year, the film drove the second-largest wave of new paying Guild members in our Company's history, trailing only the *Homestead* franchise. *DAVID* represents far more than a standalone release, it's a strategic franchise that we acquired and integrated in the Angel platform with a vision of where it continues to enhance retention, unlock licensing opportunities, and inspire potential spin-off series and innovative projects. Most importantly, it is poised to attract Guild members for years to come.

In fact, *DAVID* is tracking to surpass *Homestead* as the most significant driver of active Guild memberships in the Company's history, a truly exceptional outcome for a film that premiered just 12 weeks ago. But again, as I said before, our greatest success is getting my kids to listen to something other than *KPop Demon Hunters*. It has an incredible soundtrack.

And all of this success, the theatrical success, and the growth of the Guild, directly flows to our filmmaker partners. Filmmakers have cumulatively earned \$228 million since inception, and that royalty number grows with the size of the Guild. That is the financial meritocracy model working exactly as designed. When the Guild grows, filmmakers win. It is one of the most important reasons that some of the best storytellers want to partner with Angel, and they're catering what they do to the Angel Guild and this audience.

On the business side, we also made meaningful progress improving unit economics for both Angel and our filmmaker partners across major digital platforms. During the quarter, we were accepted into the Apple Partner Program, which lowered our platform fees and is expected to add roughly \$300,000 per month to our bottom line. We also established direct business relationships with the major digital, transactional, electronic, sell-through, and video-on-demand platforms on market-level terms, further strengthening our economics of distribution.

On the library side, we entered 2026 with a very ambitious goal: 500 episodes, 200 films, and 30 comedy specials to be added to the Angel platform, which is nearly double our library at the end of 2025. Making Angel one of the most significant and fastest-growing libraries of beloved values-driven films and television series anywhere in the world. We are also actively pursuing partnerships with studios and distributors to bring more of their films to the platform.

The theatrical slate ahead of us is one of the strongest and most exciting we have ever assembled, including *Animal Farm*, directed by Andy Serkis of Lord of the Rings fame, and featuring the famous voices of Seth Rogen, Woody Harrelson, Glenn Close, Kathleen Turner, Gaten Matarazzo, and Kieran Culkin, which will be released in May; *Young Washington*, starring Ben Kingsley, Kelsey Grammer, and Mary-Louise Parker, opens on July 3rd, tied to the 250th anniversary of the United States of America; and *Zero A.D.*, starring Jim Caviezel, Sam Worthington, Gael García Bernal, Ben Mendelsohn, and Deva Cassel, and directed by Alejandro Monteverde, will be released in the fourth quarter. These are films with broad cultural relevance, and they're timed—timed to moments when audiences crave values-driven stories that they can watch with their families. And at CinemaCon in April, we plan to make several more exciting theatrical announcements, so stay tuned.

On the product side, we're building, and we've released, a number of meaningful improvements in 2025. Our new recommendation engine offers personalized discovery of new films and series for our members. And as we discussed in Q3, increased watch time by 12%. We are also now integrated into search feeds of more connected TV platforms, including Vizio, Samsung, and Fire TV, which enables viewers to find Angel titles on their smart TVs, and for new audiences to discover all the great titles chosen by the Guild. And with the new Gift the Guild feature, members are now able to gift a Guild membership to family and friends on their own billing information, and further grow and expand the Angel Guild. This will support long-term retention while deepening household engagement.

But in 2026, when people refer to product or technology, they're actually wanting to talk about artificial intelligence, right? So, this one force is collapsing the cost of VFX, production, marketing, and software development faster than anyone predicted, and it is rocking the stock market.

What actually becomes valuable when one AI engineer can replace an entire SaaS platform quicker than a large team of legacy engineers can finish their training? Or a small team can deliver a film that resembles \$150 million Hollywood production in record time and at a fraction of the cost? Or AI agents run flawless search engine optimization and ad campaigns 24/7 while agencies scramble to justify their existence? There's a lot of fear about AI's impact. But at Angel, we know AI will never replace human relationships. At least not until it has a family. So, in reality, AI tools used effectively can strengthen the relationships in the Angel community. Relationships between real people, between filmmakers, and Guild members. Let me show you what AI looks like at Angel.

Now, many of you know that we built our own software platform to support the Angel Guild, ticketing, and our streaming technology, and we've been working with AI tools for years. In 2025, we set a bold goal to achieve a 10X productivity increase in key functions using AI, and we made significant progress. Our engineering team writes most of its code with AI assistance. As a small example, a strike team built and launched the SKETCH app in a matter of weeks, almost entirely AI written. And this made me the most popular dad at the family reunion, but kids loved to draw their pictures and bring their creations to life using the SKETCH app. Sharing them with their families and seeing their creations in the end credits on the big screen.

We also believe like-minded communities that form around the movie going experience, or the theater, or attending a premiere, these will become more valuable, not less. In fact, last year, Cinema United found that young people, Gen Z, are not only the most frequent movie going demographic, but also the fastest growing. Increasing from 4.9 to 6.1 visits per year. That's 25% year-over-year growth. Young people—they look to unplug and share experiences with the community.

On the tech front, we're accelerating the pace at which we build for the guild. In January, a single engineer, in order to upgrade our apps and provide better backwards compatibility, rewrote the entire code base for our Apple TV. The new app launched last month and simultaneously improved video playback smoothness, playback quality, and app startup time. One engineer, three improvements at once, all in the same month.

The productivity gains are expanding beyond engineering as well. Our theatrical distribution team built its own internal scheduling application without engineering help. Our media operations team reduced content scrub time from one hour to one minute. Again, these are not technical people. These are real breakthroughs, and they're not temporary, they are the new pace of work at Angel. Product managers, support agents, finance professionals, and most importantly, executives are all harnessing the power of AI to benefit the Guild and filmmakers and everyone else on the team. We're so proud of what this team has accomplished. Imagine, we have just barely over 300 people, and we're doing the work of studios in the past that have had thousands of people.

Finally, as AI tools become more capable, our partners will be able to produce more projects at a lower cost. Our Guild curation model means we can identify and distribute more of the best values-driven films and television series efficiently without sacrificing quality, transparency, or storytelling power. We're about to get flooded with more stories than humans have ever seen. It's so exciting, and that tsunami doesn't devalue storytelling. It multiplies what great curation is worth, and no one in the world curates like the Angel Guild.

So, in this ever-changing world of AI, what cannot be easily replicated? Human connections, shared identity, community, and family trust. That is the Angel Guild.

Thank you to our Guild members, thank you to our investors, thank you to our filmmaker partners, and thank you to everyone who believes in what we are building here at Angel. The first chapter as a public company has just begun. We can't wait to see the stories we will share in the months and the years to come.

Now, with all of these efficiencies and innovations, I'm excited to now turn it over to Scott to talk through how all of this is affecting Angel's bottom line in 2026.

Scott Klossner

Thanks, Neal, and welcome, everyone. I'm going to walk you through the financial details behind a great quarter for Angel.

2025 Q4 revenue was \$110 million, up 254% from \$31 million in Q4 of 2024. For the full year, we delivered almost \$322 million in total revenue. That's up 233% from \$97 million in the prior year.

As mentioned, our Guild continues to grow, and as of today, has eclipsed 2.2 million members. Now, if you do the simple math, as Neal stated, take members times an average revenue per month of \$13.67 for 12 months. That represents \$360 million in annual recurring revenue.

Guild revenue as a share of total revenue was 62.9% in Q4. That's up from 46.3% in Q4 of 2024. And this is by design and will continue to increase through the years ahead. Accordingly, Guild membership revenue was the largest driver, contributing \$69 million year over year in the quarter. Theatrical contributed \$31 million, powered almost entirely by the film *DAVID*. The remaining growth came from digital purchases, rentals, physical product, and licensing, each growing and each reinforcing the other.

Our trailing 12-month average revenue per Guild member stands at \$13.67. This figure will evolve slightly over time as we continue rolling out new features. For instance, the gifted membership feature Neal mentioned could influence ARPM downward some, while still contributing positively to our margins.

Now, as previously announced, we closed the quarter with 2 million Guild members, up from 1.6 million in Q3, and up from 550,000 at the end of 2024. Today, as I mentioned, we stand at 2.2 million Guild members.

Net loss for Q4 2025 was \$79 million, compared to a net loss of \$37 million in Q4 of 2024. Selling and marketing expense was \$121 million, compared to \$38 million in 2024.

Now, it's important that I speak to both of these numbers. Q4 featured three releases, emblematic of Angel's mission to amplify light. One of them, *DAVID*, was an unexpected opportunity, an epic history-making film to have and to share. But it required a significant investment in Q4 promotion and advertising to bring the film to screens. And given its late release date, December 19, only 11 days of revenue were recognized during the quarter for that film. However, the bulk of the advertising spend was deployed in 2025. Now, the returns on this marketing spend and investment, things like international distribution, premium video on demand, and the real prize of Guild membership growth, will materialize throughout 2026.

Unit economics with our Guild continue to improve as well. We are attracting Guild members more efficiently than ever. Marketing spend remains a growth driver. However, the cost to acquire each new member is improving, and that improvement is flowing directly to the bottom line. And we expect this to translate into an improved, Adjusted EBITDA loss in 2026 of no greater than \$25 million for the year, representing meaningful progress relative to 2025.

Our gross margin percentage was at 60%, and G&A expenses grew at only 25% year-over-year, compared to our revenue growth of 233% year-over-year.

Now, Angel ended Q4 with \$44 million in cash equivalents, compared to \$7 million in 2024 at the year end.

Now, let me say how pleased we are with the team's execution and the performance of the films and television series that are now part of Angel. We will continue to provide, in 2026 and beyond, transparency through our quarterly updates, and we will look forward to sharing more as the year develops.

Thank you, and with that, I'll turn it back to the operator to open the line for questions.

Operator

Thank you. If you would like to ask a question at this time, please press star, 1 on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. You may press star, 2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Your first question comes from Eric Wold with Texas Capital. Please state your question.

Eric Wold

Thank you. Good morning, everyone. Thanks for taking my question. So, a couple of questions. I guess, first off, Scott, it sounds like, obviously, on the Adjusted EBITDA guidance of being no greater than a \$25 million loss. It clearly doesn't sound like you want to slow down on subscriber growth, but that growth is coming a lot more efficiently. Maybe talk a little bit about what is driving that efficiency. What are you seeing? Is it better targeting, improved choice of where you advertise, stronger retention? I guess maybe all of the above, but kind of what's driving that better efficiency? And I'll have a follow-up as well.

Scott Klossner

Good morning, Eric. It's good to hear from you. I think the important thing to understand is, look, we've talked a little bit about the flywheel in prior calls and in different meetings as we talk about the business.

And what we're seeing is—with this amazing slate of films that we have out there and series that we're bringing to the platform, we're seeing better and better retention. We're seeing better content, which leads to more customers coming on board. It means that as more customers come on board, that creates greater royalties for the filmmakers. As we get bigger and larger royalty pool available for the filmmakers, we'll get better filmmakers and better content. And that just grows and grows and sort of is that flywheel effect.

We're seeing that happen. We're seeing the growth of the Guild. We added 400,000 members in Q4 of this year. That was a 25% increase. That increase provided much greater opportunity for us to be able to acquire films and series through the royalty pool. And that flywheel, of course, sort of represents itself in terms of the customer offering. With a greater customer offering, we're able to look at the retention numbers are coming down—excuse me, the opposite. The retention numbers are going up, which then gives us a better ability to invest in acquisition.

You don't look at CAC, just the expense piece of the ROI. You have to consider it in terms of the CLV, the customer lifetime value. So, as that customer lifetime value grows with greater retention, it gives us the ability to invest more efficiently in acquisition. And these great films in and of themselves help with the conversion numbers. So, as conversion goes up, we're able to, again, acquire more efficiently, more cash effectively to bring those customers on board and grow the Company.

As you've seen, we're at 2.2 million members as of right now. We're not backing off on growth in any way, shape, or form. This is a growth company, and there's no trade-off to become more profitable. As we've talked through in the past, this is sort of an artifact of what happens as you gain a great membership base that wants to be a part of the Guild and continues to enjoy the films and series that we're bringing.

Eric Wold

No, that's perfect. The follow-up would be, I guess, on the content side, in the past, you kind of talked about theatrical content as being really a driver of subscriber growth, and clearly that was the case with *DAVID* in the fourth quarter and first quarter. I guess as the Angel Guild becomes increasingly self-sufficient going forward and getting closer to driving profitability on its own, is there a point at which theatrical releases will increase in themselves to be more of a profit driver than more of a driver of marketing towards the Guild? I know they kind of work hand-in-hand, but would you think of the theatrical side as being more of a standalone profit center, so to speak?

Neal Harmon

That's a great question, Eric. We think of theatrical as lead generation and as community building. So, it's going to be important in this era. As you know, Gen Z is the largest demographic when it comes to attending theaters. They grew up on devices, and it's really important to them to have these experiences in-person as a community. And they grew 25% in their attendance to theaters over the last year, from 4.9 to 6.1, I believe, visits per year in theaters. That's really important.

People want to experience things together, and this is particularly important for the Guild. The Guild wants to go and see their work have an impact on the rest of the culture and society. And they might want to bump into Guild members while they're there in the theaters laughing together, watching *Solo Mio*. And so this theatrical experience is really, really important for the community side of Angel, but it's also important for the filmmakers.

Filmmakers feel like the pinnacle of any filmmaking or storytelling career is to be on the silver screen. And it's one of the key reasons that Kevin James came to Angel, is because he wanted *Solo Mio*. He knew that that would be experienced better in person, and sure enough, true to form it was. When I attended, people were laughing in-person, clapping, and it was really, really fun to experience that.

We see that as so beneficial to the growth of the Guild and to getting filmmakers excited about coming to Angel, that it's critical to the growth of the Guild, but it's not important for that division to be a profitable business for us. We see those as marketing events. We see those as break-even events. That's our strategy—is to keep them as close to break-even as possible, and then once in a while, you'll have a breakout that will generate profitability. But that's going to be the exception, not the rule, and it's not part of the strategy.

The strategy is to turn those events, whether they are small releases like *I Was a Stranger*, or mid-size releases like *Solo Mio*, or large releases like *DAVID*. Every single one of those is going to be measured by new filmmakers it brings in and how well it grows the Guild. That's the way that we track the business, that's the way that we measure the success of theatrical, and that's the way we'll continue to do so.

Scott Klossner

Perfect. Thank you both.

Operator

Your next question comes from Ryan Meyers with Lake Street Capital. Please state your question.

Ryan Meyers

Hey, guys. Thanks for taking my questions. First one for me, we think about the selling and marketing that you reported in the fourth quarter, can you give us how much of that actually came from the *DAVID* marketing spend, and then how we should think about that in 2026 as you're targeting that Adjusted EBITDA for the full year?

Neal Harmon

Yeah, that's a great question, and I'm glad you asked it. So, fortunately, we break out now our marketing Guild line, and then all the rest of the marketing for the other verticals is another bucket in our reports. So, that gets you pretty close. We haven't published that specific number, but it gets you pretty close to where you should be thinking about it.

The very powerful thing about selling and marketing expenses in Q4 is the move that we made, Ryan. And so, if you follow the history, I think we signed and resolved the litigation item on *DAVID* the beginning of October, and then we launched December 19. So, it was like 80 days, roughly. It was a bold move for us to pull that off in fourth quarter, to acquire that film, acquire all the rights, launch it in about 80 days. But it is so exciting, and the reason that we have so many great results already so far this year is because we made that decision.

DAVID is going to give us the opportunity, from a derivative standpoint, for additional series content: a Broadway musical, and video games, among other things. But the most important thing about *DAVID* is that we have the highest Guild-rated title in our history, and one of the highest Rotten Tomatoes audience scores of last year for the entire industry. It's an animated feature that's 5-plus, as rated by the Guild. This title—we haven't even begun to see where this title is going to take the Guild growth and attract and bring in families into the platform, and additional titles along these lines.

It's roughly broken out for you. At least the Guild is very clear for you. And *DAVID* was a big chunk of the rest of it. It was an important move, it was a bold move, and it's going to be paying dividends throughout 2026 and beyond.

Ryan Meyers

Okay, got it. And then just wondering if you can comment now that the Guild has grown the way that it has over the past 12 months or so. Just maybe some early signs of what you're seeing in terms of customer churn there, maybe how long a lot of the Guild members are sticking with the platform. Just any sort of color or visibility into that would be helpful.

Neal Harmon

Great question, Ryan. We don't publish our churn numbers, but I will say that with the growth of the library, we're seeing improvements in our retention, and it's also giving us more breadth in audience growth, more diversity in audience growth, more scale. Which is why we've broken into numbers way beyond what we had originally projected for 2025, and so far we've already added 10% to the Guild in 2026.

So, we're seeing improvements on that front. We're actually seeing improvements this quarter, and the report for this quarter will come up on us quickly in terms of marketing efficiency. But it's really important that the reason that we are bullish about both growth and our path to profitability is because these numbers are turning out better than expected and they're improving.

Scott Klossner

Could I add a point to that, I think it's really important. If you had the opportunity to meet our acquisition team, the team that acquires content for us, they have found—one of my favorite meetings of the week is to sit down with the acquisition team because it's amazing to watch the innovation that's occurring, whether it's utilizing AI or just their smarts and their ability to find better ways. And they're constantly improving. Every day they wake up as though the score is 0-0 and they have to win that day, and it's fun to watch. These people are just doing amazing things in terms of their abilities and their capability and what it's bringing to the team.

We're adding great content, we're doing great things, but it's really the people behind it that are driving all of that activity and the results, which so far have been—they've been great, and we're excited about it. And we're even more excited as to what's coming because it's not a linear function. We're seeing geometric progression and improvements almost in every area of the business.

Ryan Meyers

Okay, got it. That's helpful color. Thanks for taking my questions, guys.

Neal Harmon

Thanks, Ryan.

Operator

Your next question comes from Jason Helfstein with Oppenheimer & Company. Please state your question.

Jason Helfstein

Hey, how's it going?

Neal Harmon

Hi, Jason.

Jason Helfstein

So, two questions. First, you gave us the breakdown of sales and marketing in the (inaudible) so we can kind of get a sense of basically like the variable contribution profit or loss in the Guild and theatrical. I guess as you're thinking with the bill to the guide, the EBITDA guide for 2026, i.e. the better than '25 loss. I mean, obviously, you're not going to give a specific—but does one line versus the other have a disproportionate impact? So, if we're thinking about the unit economic improvement at the Guild versus, let's say, theatrical, is one of those disproportionately moving that kind of EBITDA loss improvement? Or should we think about it even? Or any other color, I guess, as you're thinking about efficiency of adding Guild members for '26?

Scott Klossner

Yeah, I can address part of that for sure. I think we've talked about it in some to some degree in regards to the flywheel and how we are finding investments and unit economic benefit both in the—well, particularly in the Guild, and that's why the Guild continues to grow so fast. And at the same time, we're able to look at our guidance in terms of the EBITDA loss that we reflected upon. I think we will continue to see that. It's happening on both sides as well. We're getting better about understanding our customer in the theatrical. I think today we've done 15—how many theatricals have we done?

Neal Harmon

I think we're over 17 now.

Scott Klossner

17 now, right, because of all this year's. 17. And it's a learning process as you do each one and we're getting better at them, and it varies. Every theatrical release is a little bit different.

But the real sort of changes that we're seeing in terms of the guidance or the profitability of the Company, or moving towards profitability, the majority of that is coming from seeing, number one, the size of the Guild. It's just spending off more and more resource that we can then use for acquisition, et cetera. And then number two is that the team has just found some—the usage of this content that we have, these great films that we're bringing in, the retention numbers that would improve through the series, et cetera, that we've got continues to see it. So, that's really driving what's behind a lot of this.

Neal Harmon

If I could add, Scott. Jason, thanks for your question. At the scale of a release like *DAVID*, we got some key learnings through that process that we haven't been able to experience before that are very exciting around awareness and conversion marketing, that mix, and the strategy in which it's rolled out. And it's applicable to the entire business. We've already taken some of those principles and we've applied them to the Guild acquisition strategy, and so some of our key efficiencies that we're going to experience in 2026 are due to the learnings and the scale of the *DAVID* release.

Jason Helfstein

And then a follow-up question. Thanks for that. I guess post the Warner Bros. Paramount acquisition, Paramount is going to be looking for a lot of cost synergies. I assume that's going to mean probably a lot of unhappy talent. And how you think about that potentially opens up more doors for you to work with more talent. If you had many more doors open of talent to work with, do you feel like you have enough capital to support those projects? Or are you thinking about potentially how you'd work on bringing more outside capital to support more creative projects if that was an opportunity? Thank you.

Neal Harmon

Oh, I love that question. So, we just feel like that lots of stars are aligning for Angel in terms of what's going on in technology, what's going on in society, culturally. Angel has managed to become a uniting force in the world because we're values-driven. For example, we got some kind words, and Amy Redford, Robert Redford's daughter, was in the office yesterday presenting and thanking the Company for providing such an innovative path to market when Hollywood is facing so many problems right now.

And so, between Amy Redford and Ben Kingsley and Mary-Louise Parker and Andy Serkis, and all the talent that are beginning to come and work with Angel, we just feel like that we have a very big tent and a lot of opportunities. As long as the filmmaker partners are willing to serve an audience and serve an audience first, and that's what they need to do. And the people who are coming to Angel are excited about that.

We're pleased in the way that all of that has turned out because we've started licensing some great titles from Samuel Goldwyn and other names are slipping me. But if you've been in the Guild, you've also seen titles coming through from Lionsgate and there are other titles that are coming through the Guild right now where larger studios are now seeing the advantage and the benefit and the economic power of the Guild. We hope that some of those titles could one day be on Angel as long as they amplify light. And as our library grows and becomes a beloved, trusted library, our ability to attract filmmakers will improve, and then like Scott said about the flywheel, our ability to attract broader and broader audiences to the Guild will improve as well.

All positive for us. The way that that's going down, there's a positive side that there might be licensing opportunities there, but there's also the side where the old model is breaking down and people are trying to figure things out. And it almost feels like that with the AI innovations that are happening that investors are sensing that there's something going on. If you imagine a wave or the tide, that the water's all going out and funding around film production is drying up right now because everyone senses that something's afoot where things are going to actually change dramatically.

Now, we believe at Angel that AI can be a support to film production. It's going to drop the cost of film production. But there will always be this human element, the element of soul, where people can recognize when there's soul behind the story, behind the actor, behind the script. They can recognize that it's another person, and they sense and feel that.

But what we think is going to happen is that this water is going to recede and all this investment is going to recede, and then somebody in the next 12 months is going to release a film that looks like it's a \$150 million production, and they're going to do it with a very small team, maybe in a basement. And that title is going to rock the world. And then as soon as the path to doing soul-filled titles that are also assisted, like bring down the VFX production costs and all the other production costs of the titles, then there'll be a tsunami of investment in smaller, tighter, more focused storytelling. And then the thousand independent films that are produced every year are going to turn into 3,000, 5,000, 10,000. We just have no idea where it's going to grow.

But there's a tsunami of opportunity that's coming. And what Angel needs to do, as this investment has receded, is take advantage of the opportunities in the titles that have been coming to us, grow them as far as possible, and build our community to the point that we will be the best positioned, as a community, to build an amazing library and sift through all these titles that will be coming and the new investment that will be coming once people have figured it out. And we just think we're so well positioned to do so, and we're embracing these AI tools.

These AI companies are losing billions of dollars, and we just feel like AI is on sale. We need to just get as much gains and leapfrog what is possible with the Angel Guild during this window, and then the funding is going to come, as soon as people can see clearly how do I make sure that my invested dollars in storytelling are used well. That's coming, and we're excited about it, and it's coming soon.

Eric Wold

Thank you.

Operator

Your next question comes from Thomas Forte with Maxim Group. Please state your question.

Thomas Forte

Great. Thanks. First off, Neal and Scott, congratulations on an excellent fourth quarter and full year. And congrats on *DAVID, Solo Mio*. One question and one follow-up.

So, I think there's a misperception in the marketplace that your films are only religious based. I've watched your whole theatrical release library, and while some of the content is heavily focused on religion, such as *DAVID, His Only Son*, and *THE King of Kings*, or has strong religious ties, such as *Bonhoeffer, Cabrini*, and *Sound of Hope*, it's clear to me your efforts to amplify light go beyond religion, as illustrated by a growing number of titles, including *Sketch, Sound of Freedom, Solo Mio*, and the upcoming *Animal Farm*. So, I'd appreciate your thoughts if you believe consumers, investors, and content creators are starting to realize that your excellent content goes beyond religious-themed work, and what, if any, are the implications of that?

Neal Harmon

Well, Tom, first off, you've watched our entire library. That's amazing. So, for you to pick up on the fact that Angel is broad—it is very broad, and values-driven is a broad idea—the way that you have. Very impressed that you've done so. What you're seeing is happening. You'll see a release right now, Tom, on the Amy Redford project, and then, of course, we've got *Animal Farm* with Andy Serkis and Seth Rogen, and an incredible cast that the Guild found amplifies light.

And in fact, if you look at this year, we have *I Was a Stranger* was not necessarily faith, it was values. *Solo Mio*, it was so fun. It was values-driven romantic comedy. *Animal Farm*, values-driven. *Young Washington*, it's a war epic and historical project for the 250th anniversary of the United States of America. And *Zero A.D.*, it's a thriller, but it is related to a religious story. So, if you look at just the slate so far this year, and there's more coming at CinemaCon, four of the five announced titles are values-driven and one's faith. But it's a broad title in that it's a thriller, and the story's told in a way that it can reach all kinds of audiences.

So, I'm glad you picked up on it. I think that that is accelerating just by virtue of—*Animal Farm's* a great example, Amy Redford announcement's a great example. And the audience appreciates it as well. If there's anything that we hear consistently from Guild members and then other people in the audience is that what Angel knows is how to tell a story in a way—and when they say that, they're actually meaning they believe that we're making them. But in reality, Angel doesn't make stuff, we just build a community and tools so that the Guild can select stuff that's the best. But people recognize the excellence of what's coming through Angel and how good the storytelling, and they, generally speaking, come away from an Angel project thoughtful, wanting to do better, wanting to change their lives for the better, or feeling uplifted. That's a core brand element that's just building in power and momentum as we go.

So, glad you picked up on that, Tom.

Thomas Forte

Great. Thanks. So, Neal, for my follow-up, can you talk about your curation process for theatrical releases? For example, your recent release *I Was a Stranger* was an excellent movie. It had high scores on both the Rotten Tomatoes, Tomato Meter, and Popcorn Meter, but it had a very modest box office

performance. Beyond the Guild voting for a title, how do you determine which ones are released in theaters?

Neal Harmon

Great question. So, in fact, we've had a number of titles that have been very highly rated in the mid-'90s that we haven't taken to theaters, and then others like *Animal Farm* that we decided to take to theaters, and it has a lower Guild score. Very thoughtful, cautionary tale movie. But what's the difference between them? Well, one is more suited to a streaming release, and the other is more suited to theatrical release.

People, when they go to theaters, they want to experience stuff that feels cinematic. It needs to feel like an event. It needs to be an experience. Because buying a ticket—even the largest audience right now, like the Gen Z population, the largest theater-going audience, they were only able to buy a ticket six times last year. And so it's an event to go to the theater, and it's an exciting event. And so, we need to pick the films that fit the event-level status, the cinematic-level status, that they fit a genre that makes sense there. And we're learning as we go.

There's no question, *I Was a Stranger* delivered on the cinematic experience. That title, it did like two million in the box office? Two and a half million in the box office. Very timely title, and beloved title. We had so many people coming and saying that's the best Angel film that they've ever seen.

But for us, the success is that we right sized the advertising and marketing of that release, and then we take advantage of that title to attract more people to the Angel Guild. Like success on *I Was a Stranger* front in that sense. We right sized the marketing budget, and then we're now taking advantage of that title as we grow, and as that message is so relevant. But the same thing with *Solo Mio*, which did over \$25 million in the box office. But again, we right sized the marketing spend, and *Solo Mio* just came to the Guild this week. So, those numbers are just barely starting.

That's the way we think about theatrical. We want to provide a cinematic experience every time. We want to provide an opportunity for our filmmakers to aspire and have the chance to do a theatrical release. We want to make sure that the exhibitors, that they know that when Angel does a release, that we're going to fill the seats the opening weekend, and that's possible because of the Guild. And so, that's the way we pick it, that's the way we make sure that we're successful, and we'll continue to do so.

Thomas Forte

Great. Thanks, Neal. Thanks, Scott.

Operator

Your next question comes from Eric Handler with Roth MKM. Please state your question.

Eric Handler

Good morning. Thanks for the question. With regards to your guidance, I wonder if you're willing to give some guide rails or some type of comfort range that you have with regards to Guild membership growth or revenue in order to achieve that EBITDA loss of less than \$25 million. There's a lot of ways to get there, so I'm hoping you might be able to at least fill in some of the blanks there.

Neal Harmon

Yeah, sure. So, Eric, I'm glad you asked that question. And Scott mentioned the flywheel earlier in the call, and as we're getting to the scale that we are, it's providing the chance to become more profitable without

sacrificing growth, and I think you're going to see that. We're very bullish about our ability to go after our total addressable market, which is 35 times where we are today in the U.S., and then it's growing over 20% a year globally. For us, it's really important that the moment we've become a profitable company, that's when we're going to start rolling out the—I mean, that's currently what our plan is, to start rolling out the Guild push for other countries and territories and languages.

Our confidence—the good news is that we have a report that's coming up very, very soon, and you'll be able to see. Our confidence is high in our ability to deliver on that guidance and without sacrificing any growth. So, 2026 is going to be a big year for us, Eric, because so many things are coming together in the way that our community works and in the way that technology has enabled a team of 300 people to do what we're going to pull off this year.

Looking forward to reporting on it next quarter and the quarter after that, but we're very comfortable with this guidance.

Scott Klossner

Eric, it's interesting, and I realize it feels a little bit like a seed change in the terms of as you look at 2025 versus 2026, and it is from a numbers perspective. But one thing that hasn't changed is that we're a growth company, and that's where the majority of our investment still goes. That's the majority of what we're still trying to do. We've improved a lot about the Company, but part of it is just we're bigger this year. If you look at so far, we're at 2 million at the end of the year. A couple months into Q1, we're at 2.2. We're not pulling back at all in any shape on terms of our growth expectations.

We hope to delight all the analysts in the market with our growth numbers at the end of the year. I don't know if that's sort of the range you're looking for, but I would expect to be delighted if I was the world in terms of how we're going to grow the Company. But there's no moment where we sit in a room and say, hey, you know what? We really need to slow this thing down. That moment hasn't occurred yet.

Eric Handler

That's helpful. And then as a follow-up, I know last year you started an advertising tier for Guild membership. I know the advertising right now is still very much Angel promotions. But can you talk about is this something that you expect to use as a lever in 2026?

Neal Harmon

Eric, thanks for asking about that. So, I think you're referring to the basic with ads tier, and then the basic tier, and then we have the premium tier and the basic with ads tier, and then we actually have a free that we don't focus on. We actually have a free account that also has ads where we have a good size of titles that are available on the free account. This is a fledgling technology and project. It's very much in the skunk work stage. So, we think about it as a potential for a big breakthrough in 2026, but we haven't built our plans on that piece at all.

All the plans and our guidance on earnings and our confidence about our ability to grow are within what we've built and what we see today, and then that has some potential upside for us, but it's very much in a fledgling stage, and we'll keep you updated on it in the future as it grows. But the reason we're excited about that project is because it opens up the door to grow the free tier a lot more once we crack that nut. But I wouldn't think about it for 2026 models if I was in your shoes.

Eric Handler

That's helpful. Thank you.

Neal Harmon

Yep.

Scott Klossner

Good to see you, Eric.

Operator

Your next question comes from Drew Crum with B. Riley Securities. Please state your question.

Drew Crum

Okay, thanks. Hey, guys. Good morning. I wanted to ask about the content pipeline. Can you address the source of the step up in your library for 2026? Does it contemplate any acquisitions? Should we expect a commencement level of investment in content? And given the commercial success you've seen with *DAVID* and the fact that you now control the IP, can you share what your plans are for that franchise going forward?

Neal Harmon

Drew, welcome to the call. We're glad to have you. I think this is your first time, so thank you.

Drew Crum

Good to be here.

Neal Harmon

Thank you for your question. So, first, in terms of the content library and the source of the content library, it has definitely helped us that we have partners with large libraries that are coming to Angel. And so, Samuel Goldwyn, Lionsgate—there will be more announcements about that in the future, we believe. And those libraries allow us to step up the level of titles that are coming into the ecosystem. We also have partners globally that have begun catching on to what Angel is doing.

The source—if I can just turn the question to common feedback that we get. We pay out royalties every quarter. And as you can see on angel.com/filmmakers, the total filmmaker revenue share today is like \$228 million and it's just growing. As the Guild is growing exponentially, this number just keeps growing. Every time somebody gets the checks, they're surprised by how well—we get calls. Like, somebody called us and said, I think you added a zero to my wire this quarter. When has that ever happened with a filmmaker in recent years? But we had not made a mistake, and we'd actually paid exactly what they were meant to be paid.

But because all these titles have to pass the Guild first, and it's such a high bar to pass the Guild, that the ones that make it into that revenue stream that are sharing these royalties that will now be coming from—we're at a \$360 million run rate, and the royalty pool grows as our run rate grows. They get to share in that take, and it's a very lucrative process or lucrative event for them to actually get a title onto Angel. That news just spreads like wildfire, and people are coming to us, and they're bending over backwards and trying to figure out how do I get my titles onto the Angel Guild and into this library because it is so lucrative?

We don't know all the places they're going to come. We're specifically working on some key partners that are traditional studios, long-time players that have big libraries that are helping us get to those kind of numbers. But the important thing will be for us is to maintain or exceed the quality level so that we can continue this flywheel process.

Scott Klossner

Yeah, I think you think of it a little bit like gravity. I mean, as Angel gets bigger, it's going to create more inertia for people to bring their content to us, their films and series. And as we talked before, with the way technology is moving, there is going to be more production, and we're going to see that. And as we get bigger, it will keep drawing that in, and it's just going to be a very interesting year for us in 2026 and for the whole sector, if you will.

Drew Crum

Got it. Okay. And maybe a follow-up. You mentioned the gifted membership initiative. Is there anything else you're planning to do with the Angel Guild pricing or promotions that would move revenue per member in 2026, or is that trailing 12-month figure of \$13.70-ish a good run rate for this year?

Neal Harmon

Yeah, so I'm glad you asked that question, because we had a breakthrough last year where we introduced the basic account at \$18, and that price point with the premium at \$20 increased the uptick of premium, and it raised when we reported us up to \$13.70. And then we had the Gift the Guild that adds to our margins in a very strategic way, and then also grows the size of the Guild, but that basic with ads account we provide for \$6, when it's paid for by the account holder for somebody else.

We have two examples, one example of it increasing, one example of it lowering, and so this could move either direction. And so, I think that sticking with where your models are—or in that vicinity is a safe place to go, and that's the way that we think about the business is that's going to be moving up and down as we play with these levers.

Scott Klossner

Yeah, I would add to that. Just consider this, we grew the Guild by 25% in Q4. When you have that many new members coming on, the mix of premiums versus the basic tier versus the basic with ads tier, it's hard for us to predict exactly which ones are going to move, which way the customers are going to come in. And especially when we're at 200 million members, it'll have a very different sort of response to the acquisition every month. But right now, we're growing so fast as a percent of our total that that number will move a little bit. It may go up slightly; it may go down slightly.

As far as key initiatives, Gift the Guild will have an effect on it. It'll be interesting to watch. Having the basic tier without ads will change things this year. We don't know exactly by how much the other direction. So, it's a number that's going to vary some. I don't expect anything major. And at this point in time, as we look at the forecast and we talk about things, it is not contemplating any sort of price changes within the tiers in terms of the projections for the rest of the year.

Drew Crum

Okay, got it. Thanks, guys.

Neal Harmon

Thank you, Drew.

Scott Klossner

You bet.

Operator

And our last question for today comes from Omar Mejias with Wells Fargo. Please state your question.

Omar Mejias

Hey, guys. Thanks for the question. Neal, I appreciate your comments on AI as this certainly remains at the top of investor minds, and we've seen other streamers and studios starting to lean into AI, either to M&A or in-house efforts. You talked about operational improvements and efficiencies, but can you give some examples of how some of these AI creation tools could generate more content for Guild members at a faster pace while at the same time reducing content spent on a per-title basis?

Neal Harmon

Yes. So, Omar, thank you for your question. Glad to have you on. Let me just first at the outset say, Angel is a community with a purpose. That's what our company is, and we build technology to support that community and enhance the relationships between the filmmakers and the Guild members, and the Guild members with each other and within their own families. We're doing that, and we're telling stories that amplify light, and we're going to scale that. And we're going to accelerate the rate at which we scale that, and we're going to strengthen the relationships between those people, because of the gains that we can get this year and beyond using AI.

We're not turning into an AI company. There are some great AI companies out there. Anthropic and OpenAI and Grok and others that are spending billions on this technology, and we just see this technology as like magic that we can get gains from our team. It's just absolutely incredible what we're able to pull off with a team of 300 people, and it's going to be really exciting to see how far we can scale with our existing team.

Now, that's the operational side, and you're asking specifically about the production side, but I think AI is a hot thing. We're not saying we're going to become an AI company, but we are going to use AI and our proprietary data to give us an edge in the marketplace and to serve this Guild community.

Now, our role isn't to actually create content. We don't produce content at Angel, and there's innovation happening all over the world. Many people have seen the sea dance video with the fake Brad Pitt and Tom Cruise fighting. There's a great clip online of a mother and a daughter who are acting out a scene on their coffee table, and then it turns into a raft on an ocean, and they're going through, and they're essentially taking the outfits and the VFX and the ocean, and AI is providing all that, but the two people are actually delivering the performance.

So, when we talk about the tsunami of content that's coming, we think that these technologies—they're going to dramatically drop the cost of costumes, sets, special effects. All the stuff that used to be the barrier to entry for this industry, those things are all going like this in cost. And so, as a result, if it's that inexpensive, then you're going to be seeing savants and people rise up out of small towns out of the middle of nowhere, countries where you wouldn't even ever imagine, where people will create stuff that will blow the world's mind, and we just think that we're about to see a creative renaissance because of this technology.

A lot of people are worried about it, but we're—we were talking to Amy Redford yesterday, and she was telling our Company that in their stories, the hero is curiosity and the villain is fear. And the fear, we feel like is totally unjustified. We're cheering on the investment into AI, we're taking advantage of it, and we're encouraging our filmmakers to do it.

We actually started a program here at Angel where our animated partners—they can use our technology to help them iterate on their animated projects using artificial intelligence. We're trying to facilitate those conversations, and we're adopting this technology rapidly, all the way everywhere through our

Company. What we envision is that Angel will be a team of 300 teams, not 300 people, and we've got to facilitate this tsunami of content that's going to be coming to the market as people figure out how to tell these stories, and we believe it's happening in the next 12 months. That full-length feature films that are crafted by individuals, storytellers, that are very talented, that they'll be able to utilize those tools, and once that happens, it's just going to be exciting what's coming.

Omar Mejias

That's very helpful, and then maybe a quick one for me on—I think you guys talked about some innovative acquisition strategies driving membership growth. Can you elaborate on what are some of these strategies and the runway ahead you have? Thank you very much.

Neal Harmon

Are you referring to title acquisition strategies?

Omar Mejias

Guild membership growth.

Neal Harmon

Oh, good, good, good, good. So, membership growth, yes. Now, you'll see as you look through our history as we have grown the library, that it's really critical to the growth of the Guild—the growth of the library and the growth of the Guild are interdependent, and so think about every single title as a new market. It's a brand-new market. So, *I Was a Stranger*, which is about refugees who escaped from Syria and then immigrated to the U.S. It speaks to a new market, and it has actors in it that are—there's a couple of recognizable people in there, but every project will have a recognizable actor and then it will serve a topic that will serve an audience. So, now, we have an opportunity to go after a market because of a new title, and that's what we do.

And now we have tools like AI tools that can help us. You used to have to hire agencies to go and buy ad campaigns and do all the SEO work, and now you can just unleash a team of agents and analyze the data around the titles, and launch those campaigns way more efficiently, and then go and build an audience around a specific title. So, we add a new title, we use the technology that's available to us to go and spread that title and reach its audience as fast and as efficiently as we can, and then that title adds to the breadth and the diversity of the Guild. And then the Guild selects the next title, the future title, which brings in a new actor, a new genre, a new director that also enhances our ability to do that. And just think about us hyper-optimizing on every step of that flywheel process using these tools in order to grow the Guild.

Is that helpful?

Omar Mejias

Super helpful. Appreciate it, guys.

Neal Harmon

You bet.

Operator

Thank you. And that is our last question for today, so I will now turn it over to Neal for closing remarks.

Neal Harmon

Well, thank you all for your thoughtful questions. And those of you who joined us for the first time this quarter, we appreciate you being here this morning.

What you're seeing in all of these numbers isn't just growth, it's validation. Validation that audiences have been waiting for stories that reflect their values and validation that community-powered stories that amplify light can compete at the highest levels of the entertainment industry.

We're not a legacy studio trying to adapt, we're something brand new. And the Guild, which is currently at 2.2 million people who vote with their wallets and their voices, is our competitive moat that no algorithm or acquisition can replicate.

We have the slate, the technology, the team, and the community to make 2026 a defining year, and we are laser-focused on the path to profitability and growth, and we're doing it without compromising the mission that brought every one of us to the table.

Thank you, again, for your time, your trust, and your belief in what we're building, and we'll see you next quarter.