

ANGEL

Angel

Third Quarter 2025 Earnings Conference Call

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

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

Operator

Good afternoon. At this time, I'd like to welcome everyone to Angel's Q3 2025 Earnings Call.

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

As a reminder, this conference is being recorded.

It's now my pleasure to introduce your host, Jeanette Masters, Investor Relations. You may begin your conference.

Jeanette Masters

Hello, everyone, and welcome to Angel's Q3 2025 earnings call.

Joining me are Angel's co-founder and CEO, Neal Harmon, and Angel's Chief Financial Officer, Scott Klossner.

Our third 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 30 minutes of opening remarks before we turn over the call to questions from our sell-side analysts, as well as questions pre-submitted by our guild members.

Thank you all for joining us. Let me pass the call over to Neal.

Neal Harmon

Thank you, Jeanette, and good morning, everyone.

It's an honor to speak with you today on our first earnings call as a publicly traded company. Scott and I are particularly delighted that we're getting started with a great set of third quarter results where our most important measure of success, our Guild membership, is 1.6 million—up more than 500% year-over-year and up 19% sequentially.

Also, today we're announcing acquisitions of the highest performing franchises on the Angel platform and a successful AI-driven discovery technology in the Angel app which has positively impacted watch times by 12%, the most significant driver of Angel Guild retention, but more on all of that shortly.

This moment marks the culmination of a journey years in the making, the successful completion of our listing, resulting in Angel's debut on the New York Stock Exchange. It reflects the strength of the Angel community, our mission to tell values-driven stories, and the power of our unique audience-first model.

As Jeanette mentioned, I'm joined today by Scott Klossner, who brings a wealth of experience in his 35-year career as an executive across capital markets, M&A, and financial leadership at multiple public companies and has been instrumental in preparing Angel for life as a public company. I'm grateful for his partnership and steady hand.

On behalf of our leadership team, I also want to express sincere gratitude to everyone who helped get us here: our Angel Guild members, our early supporters, our investors, and our entire team. Your hard work, faith, and dedication have made today and every milestone possible and this is just the beginning.

About two months ago, the Angel team was welcomed by the New York Stock Exchange, marking the milestone of our public debut. Don't underestimate the importance of this milestone in our journey. It elevates the Angel brand, increasing our reach. It allows us to grow the Angel Guild more rapidly, our recurring revenue business. It supports engagement of the Angel Guild, which is our differentiating edge in the over-hundred-billion-dollar per year global TV and streaming market that is growing in excess of 20% annually.

Angel was founded on a fundamental belief that telling values-driven stories will inspire families and communities around the world. Our company is a response to an increasingly out-of-touch Hollywood studio model. At Angel, 1.6 million members of the Angel Guild – not remote Hollywood gatekeepers – decide what films and television series get produced and distributed in theatres and on the Angel platform to inspire mainstream audiences.

Our Guild members put their money where their eyes, heart, and values are.

The Angel Guild details the kind of programming they crave and acts as virtual co-producers on every project. This fast-growing community is at the heart of everything we do.

As of the end of the third quarter, our Guild is 1.6 million paying members and continues to grow at an exciting pace. For those new to the Angel story, it's worth highlighting just how significant this growth has been. The paid marketing for the Guild launched in the second quarter of 2023, and by the end of 2024, membership had reached just shy of 550,000, and accounted for just over one-third of total revenue. Today, just eleven months later, members now contribute 77% of our revenue, underscoring the power and scalability of this community-driven model.

The Angel Guild does three things that define our business model. Votes to select films and TV series, second, Rallies in theaters to support theatrical releases and spark cultural movements, and third funds in part, future films and TV shows through their monthly memberships.

Together, they are helping us reorient the Hollywood studio model to one that is audience-centric and mainstream. In our model, we don't guess what audiences want to pay to see; they tell Angel and filmmakers what they want to see – and back it up with their dollars. Evan Shapiro from *The Media Odyssey Podcast* believes this is the future of Hollywood, and also that Angel is pioneering it. In less than two years, we've found 1.6 million people who agree with us, and we believe that this represents only a fraction of the total audience that can become part of our Angel Guild, and we can't wait to welcome all of you.

Our approach is confirmed by independent data. The average Rotten Tomatoes audience score for Angel theatrical releases is 93%, significantly above those of any major distributor or streaming platform globally¹. Allowing audiences to decide which films and television series can come onto our platform is going to be massively disruptive.

Every Guild member also makes what we call the Pledge to Amplify Light, which says: "When I vote, I pledge to help choose excellent entertainment that is true, honest, noble, just, authentic, lovely, or admirable."

¹ Rotten Tomatoes comparison based on internally analyzed publicly available data

That pledge is more than words; it's our reason for being. It's how a fast-growing global community aligns around a shared mission. It's what unites us. It's why we started this company.

For shareholders, the Guild isn't just a curation machine; it's a recurring-revenue engine. Membership fees provide consistent, recurring income that helps fund new projects, support filmmakers, and build long-term shareholder value.

There is power behind a story that resonates. I've met countless billionaires who, after decades of building businesses, decide it's now time to make a movie. They understand that film is more than entertainment – it's culture and legacy. This desire to leave a mark isn't unique to billionaires; it's universal. The Angel Guild makes that possible for regular people. We partner with those who share the same passion to create stories that inspire and endure and Guild members get to interact with filmmakers and get to see films be produced and come to the silver screen. One of the most rewarding things for me is seeing how fast the Angel brand has grown. I can wear an Angel t-shirt in an airport anywhere in the world, and someone will stop and thank us for what we are doing. That recognition isn't the result of traditional marketing spend; it's the result of a movement that aligns around values-driven, family-friendly storytelling that's making our world a better place.

This quarter was a foundational one: while it followed a naturally lower theatrical-release period as the back-to-school season concluded, there was a strong demonstration of the stability and scalability of our recurring Guild revenue and the resilience of our community model.

Revenue reflected the smaller slate of new releases, but the underlying metrics that matter most: engagement, retention, and Guild membership continued to grow. That's the key story for investors. Our business isn't solely defined by the timing of film releases or the seasonality of entertainment but by the enduring relationships we've facilitated by building the technology to connect audiences and filmmakers.

Every new Guild member contributes to a growing base of high-margin recurring revenue that compounds over time. And as the Guild grows, their joint decisions become smarter at picking the winners for mainstream audiences. We call it audience intelligence. While *Sound of Freedom* showcased the potential of our model for scale, the Guild itself has now grown to more than twice the size of the revenue of our previously biggest hits. The Guild is an engaged, vibrant community that continues to expand and strengthen our long-term foundation.

Looking ahead, we have a strong theatrical lineup that we expect will meaningfully contribute to both top-line growth and Guild expansion in the fourth quarter.

Last month, we announced our first significant strategic development that reflects our commitment to long-term IP ownership and brand-defining storytelling. This was the acquisition of the DAVID franchise, in partnership with 2521 Entertainment.

DAVID is an epic animated film and TV series based on the timeless story of David's journey from humble shepherd to king. It tests the limits of faith, courage, and love—culminating in a battle for the soul of a kingdom. It's Angel's most highly anticipated theatrical release, and it's the largest crowdfunded film in history. It's the kind of film that makes our work at Angel totally worth doing.

This animated epic features original music by acclaimed musicians Phil Wickham, Miri Mesika, and Lauren Daigle is set to premiere in theaters on December 19, 2025 – just in time for Christmas for all our families.

I'm thrilled to share that *DAVID* has already earned nearly \$3 million in theatrical presales in just three weeks – the highest in Angel's history, outpacing even *King of Kings* and *Sound of Freedom*. Also, this is actually the highest ever reported for an animated theatrical musical in such a timeframe.

And perhaps our greatest achievement, at least in our home, is getting my children to sing something other than *K-pop Demon Hunters*. They've got *DAVID* now, the *DAVID* soundtrack playing on repeat, and it's been part of our strategic release to release all the songs for *DAVID*, which are available for streaming right now.

As previously mentioned, this morning we announced the definitive agreements to acquire our three highest performing series on the Angel platform: *Tuttle Twins*, *Homestead* and *The Wingfeather Saga*.

Homestead is a premium, post-apocalyptic thriller film and television series. The film, starring Neal McDonough, and Season One of the series, draw audiences into a fractured America struggling to survive after a nuclear blast, delivering suspense within a deeply human story of faith, family, and resilience. We are releasing additional episodes of Season One shortly and will soon begin production on Season Two. *Homestead* differentiates itself with strong production value, high rewatchability, and measurable Guild pull for both acquisition and retention. It stands as the strongest member-acquisition title in the Angel library. In fact, *Homestead* is growing faster than Season One of our previously highest performing series based on the New Testament.

Earlier this month, Season Four of the hit animated television series *Tuttle Twins* premiered and my little boys made me very aware of it. The series takes families on adventures that teach liberty and virtue through laughter and imagination. *Tuttle Twins* is the most watched TV series on Angel.

And we are very excited, Season Three of *The Wingfeather Saga*, based on Andrew Peterson's bestselling fantasy series, is also now streaming exclusively on Angel and my boys have asked me to watch it tonight with them. It remains one of the most successful crowdfunded family animated series ever produced.

The important takeaway from the acquisitions I just touched on comes back to the Guild.

Strategically, these three acquisitions give Angel control of compelling intellectual property and highly successful franchises, compounding the long-term value of our library and increasing the retention numbers of the Guild.

Whichever the genre – whether fiction or nonfiction, film or television series – Angel delivers the values-driven entertainment that our Guild tells us they're looking for in theatres and on the Angel platform.

In addition to *DAVID* and *Homestead*, we have a diverse lineup of upcoming releases.

I Was a Stranger — a powerful story of resilience and hope set against the backdrop of the Syrian Civil War — has been featured in more than 50 film festivals worldwide and received the Amnesty International Film Award. It is a beautiful film and is set to debut in theaters on January 9, 2026.

Then, on February 6, we plan to release *Solo Mio*, our first romantic comedy, starring the incredibly talented Kevin James.

We're also preparing to launch season 18 of *Dry Bar Comedy*, our flagship 'funny for everyone' franchise, with more than six billion views. Praised by Jay Leno and featuring specials such as 'Adam Carolla Comes Cleaner,' *Dry Bar Comedy* has a library of 400 hours of family-friendly entertainment, much of which is available exclusively on Angel.

Wayfinders' highly successful pilot episode sparked tremendous excitement within the Angel Guild, and we're eagerly anticipating its Season One debut on the Angel app on December 16, 2025. The series exemplifies exceptional storytelling that found its home at Angel after creative differences with a major streamer—proof that great stories thrive where filmmakers are free to stay true to their vision.

This momentum segues perfectly into how the Guild serves as the key driver of our recurring revenue stream, while taking a moment to expand on our additional revenue lines.

We currently have four primary revenue streams, each reinforcing the other: Angel Guild Memberships, Theatrical Releases, Licensing, and Other Revenue.

Angel Guild Memberships are Monthly and annual membership fees that provide a growing base of recurring revenue. Both Basic and Premium tiers include voting rights and early access to releases, with Premium offering complimentary theatrical tickets and merchandise discounts. We have recently introduced Basic Plus without ads.

Second, theatrical releases bring revenue from releasing our original films through direct relationships with exhibitor partners. Every ticket sold generates a share of box office receipts with international distribution typically routed through local partners. Theatrical's purpose at Angel is to give the Guild a moment to celebrate and to attract new filmmaker partners, as theatrical releases help retention.

Third, licensing our films and TV shows to major platforms like Amazon, Apple, and Netflix. Longer term, we intend to extend those rights into extend our rights into derivative experiences such as video games, live productions, and themed attractions.

Fourth, other revenue is a small catch-all for merchandise and physical media sales in our direct-to-consumer online store, as well as wholesale partnerships with retailers. This diversified model reflects how the Angel Guild powers not only our creative pipeline, but also our economic engine.

As our membership base grows, each of these categories benefits from higher engagement, cross-promotion, and cross-pollination, ultimately creating a reinforcing cycle of growth, loyalty, and recurring revenue. While the timing of theatrical releases and other factors may create quarter-to-quarter variability as I noted earlier, our long-term focus and strength is clear. Base hits and blockbusters both help Angel expand and strengthen the Angel Guild.

Every investment we make in our technology is designed to deepen the relationship between artist and community. We're innovating ways for members to interact directly with filmmakers, vote on projects, and participate in the success of the stories they crave.

That connection will allow Angel to scale both sustainably and profitably in the years ahead.

During the third quarter Angel expanded our library across key platforms, including Samsung, Amazon, and Apple, which reduced in-app purchase fees from 30% to 15%, saving over \$3.5 million annually. Angel also strengthened partner relationships with Roku, LG, and others, with improved revenue terms and record TV performance. Approximately 30% of Guild signups come from these channels.

On web and mobile, key optimizations boosted engagement and revenue. Redesigns to onboarding, signup flow, and pricing increased Guild signups by 9% and revenue by 6%. Mobile enhancements, including over-the-air updates and flexible checkout options, continue to improve the overall experience.

Our simplified submission process and automated upload flows enabled a record 150 concurrent film submissions by filmmakers. New membership plans and parental controls expand options and personalize experiences for our audience. These initiatives reinforce Angel's commitment to innovation and delivering exceptional experiences to viewers and filmmakers alike.

Finally—and this is huge—our teams are already seeing breakthroughs from adopting AI. We ran a simple A/B test: traditional discovery as the control, AI-driven discovery as the experiment. The result? The AI version boosted average watch time for Guild members by a full 12%. And remember, watch time is the most significant factor to increase retention.

To summarize, Angel's value isn't just measured by quarterly box-office results, but by the strength, growth, and recurring nature of the Guild that powers them.

To our early supporters, team, filmmakers, and the entire Angel Guild: thank you for your courage, creativity, engagement, and faith. You've proven that when people unite around a mission to tell values-driven stories, we can transform an industry. And maybe we can make the world a better place for our children.

With that, I'll turn it over to Scott to walk through our financial results in more detail.

Scott Klossner

Thank you, Neal, good morning.

It's a privilege to be here to walk you through the details behind what was really a historic quarter for Angel.

As Neal outlined, our results this quarter highlight both the strength of our model and the scale of the community supporting it. It's important to understand how we're balancing rapid growth with responsible investment to position the company to take advantage of this enormous opportunity. I believe the Q3 results reflect the success of our strategy.

Our Q3 topline was \$76.5 million in revenue which is a 280% increase over 2024 when we did \$20 million in the third quarter.

For the first nine months of 2025, revenue grew 223% to \$211.6 million, up from \$65.5 million last year.

The Guild revenue accounted for 77% of total revenue in this quarter, as compared to last year when it accounted for only 45% in the quarter.

Total Guild Membership as of September 30th reached 1.6 million members. That's up from 1.3 million (a 19% increase) in the second quarter and up over 500%, contributing an additional \$50 million in revenue from the Guild for the quarter over last year.

Trailing Twelve Months, Average revenue per Guild member (ARPM) per month, is currently \$13.70. This is a new metric we are disclosing publicly.

What's important to note in all these numbers is the foundation we are building. We are continuing to see our investment in member acquisition delivering significant top-line growth and momentum. This level of growth we're seeing is the result of the value proposition to our members, leading to significant value creation for our shareholders.

Cost of revenues was \$34.3 million, compared to \$8.1 million in the same quarter last year. This is due to more memberships, and the transaction fees related to that growth, along with higher royalty payments to filmmakers as they benefit from their performance, which in turn fuels Guild growth. A true financial meritocracy for our filmmakers is key to the Angel strategy.

Selling and marketing expense was \$64.7 million, up from \$16.6 million in the same quarter last year. And as long as we can efficiently grow the Angel Guild you will continue to see this investment. Along with Guild investment we had two theatrical releases during the period also contributing to the increase in selling & marketing expense.

General and administrative expenses were \$10.1 million, and research and development totaled \$4.2 million in the quarter. We are seeing significant economies of scale as G&A expenses are relatively flat

year-over-year to date. Now as a public company we will feel pressure to expand G&A but will work to be efficient in our support of the Company and its growth.

Our investment in growth of the Guild, over 500% year-over-year, led to a net loss of \$38.6 million, or (\$0.25) per share for the quarter, compared to a net loss of \$13.9 million, or (\$0.10) per share, in the same period last year. This includes expenses related to our merger and the process of trading on the New York Stock Exchange.

As to the balance sheet, Angel ended the quarter with \$63.3 million in cash and cash equivalents, compared with \$7.2 million at the end of 2024.

Now as to IP acquisition. As we did with the *DAVID* film and the other franchises we are acquiring, we continue to remain opportunistic as amazing films and/or television series come along that fulfill an economic and strategic benefit. These are few in number compared to the Guild library, but we believe have the potential to accelerate growth and provide enormous value to Angel and our members.

We also continue to invest in technology to extend our reach, scale the business, and strengthen our ecosystem. These are intentional and responsible investments, carefully aligned with the mission of Angel to grow the Guild and deliver high quality, values-driven entertainment to the world.

Unlike traditional studios that rely on high-cost, in-house content production, our audience-first approach, along with our distinctive film-maker royalty partnership model allows us to scale efficiently, by funding and distributing projects based on real audience demand and filmmakers believing in their fine product. This approach reduces execution risk and capital intensity.

Now just before our public listing, we also closed a \$100 million credit facility with Trinity Capital, providing additional flexibility to fund continued growth of the Angel Guild. As of the end of the quarter we had drawn \$40 million on that facility.

Since 2021, we have been holding Bitcoin as part of our treasury strategy. That balance is reflected in the Q at \$34.6 million. This equates to about 1.8 bitcoin per million shares of Angel.

To provide the Company with greater flexibility, and with Angel now shelf eligible, we have filed a shelf-registration of \$400 million and expect to file an at-the-market (ATM) offering shortly after the government reopens. We believe that having this in place is a matter of sound corporate governance and prudent capital planning: providing optionality as strategic opportunities arise.

Before I close, I'd like to address our approach to guidance.

We're in a period of exceptionally high growth, and with that comes a number of dynamic variables, including the timing of theatrical releases, Guild membership momentum, and film and television-related investments that can shift from quarter to quarter.

While things will change and evolve, to provide guidance would be premature, given the pace and variability of our expansion.

Like entertainment platforms that have gone before us in their early years, our focus is on scaling efficiently before shifting toward formal targets. We will continue to provide transparency through our quarterly updates. We're a fast-growing company prioritizing disciplined execution and sustainable growth.

In summary, the third quarter marked a historic period for Angel Studios and an exciting beginning to our journey as a public company.

Our results demonstrate the power of the Angel Guild model: a recurring revenue engine fueled by a passionate global community. We have millions more members to add to our Guild as we believe Angel

curated films will serve the majority of families in America seeking excellent, values-driven stories to share with each other. We have a lot of work ahead to meet our goals and as values-driven entertainment continues to expand globally, we're uniquely positioned to lead that movement.

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

Operator

Certainly. We'll now be conducting a question-and-answer session. If you'd like to be placed into question queue, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. One moment, please, while we poll for questions.

Our first question is from Jason Helfstein from Oppenheimer. Your line is now live.

Jason Helfstein

Hi, everyone, and congratulations on your first earnings call and joining the public market. Neal, just one for you and then a few financial questions for Scott, and then I'll get back in the queue.

Help us to think about, for example, the *DAVID* franchise. I don't know if you're going to disclose how much that acquisition was. I assume you look at this as an incremental driver of subscriber acquisition. Maybe just talk through how you think about the ROI of this type of franchise, and then I'll ask a few questions from Scott.

Neal Harmon

The *DAVID* acquisition was \$80 million, and it was done in conjunction with 2521 Entertainment, who's been a great long-term partner. Strategically, it was about the combination of a film and a series. This is the highest Guild-rated title in our history, and the series, they're five-minute shorts, and have performed exceptionally well on our service. When you actually see the *DAVID* movie, you'll find that the quality of this movie, it was produced by talent from Pixar, Disney, DreamWorks. The script was reviewed by the writer for the head of story for some Pixar movies.

It's just phenomenal work. As I've done early screenings, people are "wow'd", and think it looks like a \$200 million movie. Between the fact that it's the highest level of work that we've ever done, and then we have the potential to turn it into a series and have all of the IP rights associated with Derivative Works and such, this is a long-term play, and a real great opportunity for 2026, because we'll do the release of the film at the end of the year in fourth quarter, which is the second best quarter for theatrical releases. It's the best quarter historically for streaming.

We'll be able to take advantage of the *Young David* series during the fourth quarter. Then we'll be able to take the momentum from the theatrical release and carry that as it goes on into the Guild and into other windows into our 2026 results. We are very excited about that. There'll be more to come on that in our report next year.

Jason Helfstein

Thanks, that's great. That's a perfect segue. Scott, understanding you're not giving guidance and understand the logic there, but just maybe help us think a little bit about seasonality for net adds between 3Q and 4Q. Neal just noted how 4Q is typically a strong time for streaming, but please elaborate there.

Scott Klossner

As Neal mentioned, fourth quarter is the strongest streaming month or quarter of the year, generally speaking. It's four and two are generally the two strongest. As we move towards the holiday season, and as people start to come on, and as we release more and more of the content that we have, obviously, we have the big *DAVID* release, which we talked about, we anticipate. That's a number that will grow as it goes into the fourth quarter. It's an effective month for us.

We measure everything in the way that we acquire acquisitions, we're looking at what our costs are, how much we have to invest, what's our return on those assets, on and on and on. As we're doing that, we're measuring. We will lean in as we get responses from the customer base. But we would anticipate to see fourth quarter being a strong quarter for us.

Neal Harmon

If I could add something there, if you don't mind, Jason. The release lineup for streaming, we've got *The Wingfeather Saga*, that came out a couple of days ago, the first two episodes, *Tuttle Twins* season four, *Homestead* is coming out here in November, *Wayfinders* is coming out in December, *Young David*, like the lineup for the titles that are hitting the platform in fourth quarter, they're our biggest IP, our biggest titles with brand new content. I think that that bodes well for the net adds in the fourth quarter.

Jason Helfstein

I want to ask a bit about the content licensing revenue in the quarter. What were the dynamics that drove the sequential increase there? Maybe tie that back, I think the gross margin was—so despite theatrical similar to 1Q, gross margins were below 1Q levels, and I think it ties back to content licensing. Just talk about the dynamics that are impacting the sequential increase in content licensing revenue, and how that flows through, and the swing factors around gross margins on a consolidated basis, thanks.

Scott Klossner

Generally speaking, the mix of theatrical and Guild as it's evolving over time, we're getting more and more Guild revenue as a percentage of our total revenue. Guild COGS includes things like transaction costs, the Guild tickets that we provide for our premium members, and those things, so that the actual Guild gross margin is somewhat lower than theatrical.

As we recognize revenue from theatrical, a lot of those costs have been taken out by the theater, and then we get our cut from the theaters as that occurs. If we have a huge release in the theater, or multiple releases in the theater, you'll see gross margins going up somewhat, and as the Guild grows and becomes a bigger and bigger piece of the whole pie, you'll see some variability in the gross margin that way. The ARPM that we measure doesn't change dramatically from month-to-month. There can be some variability in it, but for the most part, the gross margin is more affected by mix of theatrical and gross margin than anything else, really.

Neal Harmon

If I could add, on content licensing, one of the big innovations that happened this year was we got direct relationships with a lot of distributors, Apple, Amazon, Fandango, and others for premium video on demand, and that had a sizable impact on the content licensing revenue item.

Scott Klossner

Neal mentioned in the call that as we're gaining more and more volume in a lot of our activities with our vendors, there'll also be some benefits to scale throughout the expense structure of the Company over time. We talked about some of the Apple benefits that we've gotten from the deals we've been able to cut from them.

Jason Helfstein

Thank you.

Operator

Next question today is coming from Ryan Meyers from Lake Street Capital. Your line is now live.

Ryan Meyers

Hey, guys. Thanks for taking my questions. Congratulations on the first earnings call as a public company. First question for me, appreciate the color that you guys gave us on average revenue per member. Can you talk us through this? Maybe what you guys are targeting here. Is this \$13 to \$14 the target range for you, or is there opportunity for that to get higher?

Scott Klossner

There's always opportunities in many ways. ARPM, the measurement that we're using, is over a 12-month period. You won't see high volatility from month-to-month or quarter-to-quarter in general. But the things that would affect that would be that which, you know, is the mix of premium to basic, plus to basic with ads. As those things adjust over time, you'll see some movement in that. We would also like to add the percentage of customers or members that are coming in on an annual basis because there's a discount for annual memberships.

Those things will move the number. As the volume grows and as the Guild grows over time, that mix will adjust and change. We're not actually targeting a specific number. We don't see a huge movement at the moment, but adding this third tier should be very, telling, and we're A/B testing this all the time.

We have some idea what that'll do, and if you add a third tier to the higher amount, it would imply that there would be some upward movement in that number. But again, it's one of those things such as; if ARPM is slightly dropping, but volume is increasing massively, at the end of the day, it's about the ability to generate the revenue from the members. But it shouldn't move too hard. I think where it's currently at is it's a math problem driven by those factors that we just talked about mostly.

Ryan Meyers

Okay, got it. makes sense. When thinking about marketing spend for the quarter, it came in about \$65 million. Any sort of commentary you can give us as far as how we should be thinking about that for the fourth quarter and then the balance of 2026?

Scott Klossner

Yeah, I think there's going to always be some volatility in that number, particularly as we offer theatrical releases. When you see a *DAVID* go out, if it goes from a double to a triple to a home run, you'll see us lean in on marketing expense in those instances. That could cause some significant variability in that number.

We measure, we A/B test, we're always looking at the data. As we are looking at our ability to acquire customers at the cost and it's efficient, we will continue to lean in as we see things like well, as you mentioned, as ARPM starts to move in terms of we see the different tiers that are coming in, it affects customer lifetime value. We will always lean into the most effective and efficient sort of space or band for us to operate in. I wouldn't think of \$65 million as a static number, though. I think that'll move particularly depending on the different theatrical releases we have.

Neal Harmon

We expect incremental increases. We're now tracking—to be helpful, we are now tracking the average revenue per member and we're breaking out the marketing and the revenue for the Guild to help investors better understand how that's incrementally growing in terms of marketing spend, Guild memberships and overall Guild revenue.

Ryan Meyers

Okay, got it. Appreciate the visibility there. Thanks for taking my questions.

Scott Klossner

Thanks Ryan.

Operator

Thank you. The next question today is coming from Thomas Forte from Maxim; your line is now live.

Thomas Forte

Great. First off, Neal and Scott, congratulations on going public. I have deep respect for your mission and also enjoy your movies quite a bit. One question, one follow-up. Now that you're a publicly traded company, how has that impacted your ability to attract members of the Guild?

Neal Harmon

I love that question. Thank you, Tom. So ANGX is a symbol. If there was ever a company that merits being a public company, it's Angel. We had almost 70,000 investors when we went live on the New York Stock Exchange. This isn't just a number; it's a symbol of the movement and of the success and impact of the movement. It allows a lot more people to enlist in the movement. It was really interesting to see, because we had raised \$55 million leading right up to the public listing. Then we saw volumes in excess of that in a day's time on the exchange.

The public markets offer incredible scale. We were able to do a deal with Trinity Capital as part of this process and raise other capital for growing the Guild. This should all be positive towards our Guild growth opportunities ahead.

Thomas Forte

Wonderful. All right, and then for my follow-up, super impressed. How are you able to attract Kevin James to Angel Studios for his upcoming release, *Solo Mio*? Then as part of attracting him, are you obligated to spend a disproportionate amount of money on marketing compared to your other films?

Neal Harmon

I'll let Scott cover the marketing question and then I'll talk about how we attracted him.

Scott Klossner

Yeah, there are times when there's some contractual requirements on advertising, without speaking specifically to Kevin's deal. But for the most part, advertising is driven in large part by its performance in the theaters and how it's performing both in pre-sales, as well as when it's released into the theaters, and how it's performing in the theaters. That will be the biggest driver of that number and, it's never an inordinate amount. We never make deals where we're guaranteeing some sort of \$30 million investment. It's always

in sync with how the film is producing so that we can keep that in check vis-a-vis the revenue that we're going to get.

Neal Harmon

Yeah, that's important to our model when we do a deal, is that marketing spend is right-sized for the release. Now attracting Kevin James, today, Angel has two sides to its network and market, and we have a differentiated edge on each side. We've got the audience, and then we've got filmmakers and Kevin James was attracted because of both of these components.

On the audience side, the Guild helps us make the decisions as to which films and TV shows we select. They're engaged, they're invested and they put their money and their feet where their decisions are. They show up in theaters to help support the release of films. That creates a platform for filmmakers that they can't get anywhere else.

When Kevin James wants to be on the silver screen, and he wants a lot of people that are getting behind the opening release on February 6 next year, well, Angel is his best opportunity. We have 1.6 million Guild members who now know that the Guild trusts this story, that it's highly rated and they'll vote with their feet.

Secondly, on the filmmaker side, the way we do things differently is that we share in the net with our partners. This provides the benefit that we don't have as much capital outlay and costs to operate and scale our business as most do. But also, on the filmmaker side, it benefits them because when they truly believe in their work, the results show, which is the case here, as work, which Kevin James is an amazing actor, comedian, and he does and he should because *Solo Mio* scored off the charts.

The traditional streamers pay too much for the duds and too little for the successes, and Kevin believes he's going to be a success, and as such, he decided to go with Angel. He gets a platform to launch it, a huge community, and he gets to share in the upside. Those two are the reasons that Kevin and other A players are coming to Angel.

Scott Klossner

I think there's a constant theme here, which is that as a Company, we're more like a tech company in the sense that we are constantly trying to align our revenues with our expenses, as opposed to having massive sort of dislocations between one and the other over time.

Neal Harmon

Correct, because the Angel app, we actually sell the tickets direct to the audience for *Solo Mio*, and we can right size the marketing spend around that.

Thomas Forte

Thank you, Neal. Thank you, Scott.

Neal Harmon

Thank you, Tom.

Operator

Thank you. Next question is coming from Eric Handler from ROTH Capital. Your line is now live.

Eric Handler

Good morning, guys. Thanks for the questions. Two questions; First, I wonder if you'd be willing to give a breakdown between your various tiers for your members at this point. Then as a follow up to that, I know it's still very early with basic plus advertising. What is your early read on that, including advertising as part of the package?

Neal Harmon

Yes, really good question. Thank you, Eric. We haven't published the breakdown. However, what's been really encouraging is we did basic with ads, and then distinguished basic, and then we have premium at the top tier. By introducing a basic without ads, that has helped us increase the premium account. That's very exciting for us. But we haven't published the actual breakout of those numbers. We're constantly testing these things. You'll see evolution over time as we hone in on the message and on the right offering for new Guild members.

Eric Handler

Fair enough. Then Scott, I wonder if you could just sort of give your key milestones or goals that you want to achieve in 2026?

Scott Klossner

As we look at the Company, obviously when we talk around the Company about what it is we want to do next year, we always fall back on all questions leading to growing the Guild. That's the essence of what we're trying to do here. We're trying to build a Company and an opportunity where we can provide the kind of content that we want our families to share for the rest of their lives.

Without giving any specific guidance. Typically, what we're looking to do is continue to invest in the Guild like we've been doing. We'll see the economies of scale start to grow, even in terms of vis-a-vis the marketing expense as we grow that Guild base and it gets larger and larger. If you look at membership in our sector, you see that members who are with you the longest tend to stay with you once they've gone past about a 90 day or even a six month period. They stay with you much, much longer. As that base of those who have been with us continues to grow and becomes a bigger part of our foundation, we would see that provide economies to our expenses and give us some operational leverage to improve upon that. It's a constant every day. We're looking to improve upon that, get stronger and start to scale our business a little bit more every month and every quarter.

Eric Handler

Thanks, Scott.

Scott Klossner

You're welcome, Eric. Thank you.

Operator

Thank you, next question is coming from Steven Cahill from Wells Fargo. Your line is now live.

Steven Cahill

Thank you, a couple of strategic questions and a housekeeping one. On the theatrical side, we've seen a lot of growth in premium, large format like IMAX-type screens, which seem to have a good kind of virtuous

circle of folks returning to the box office. Curious for your theatrical releases, how are you thinking about premium large format theaters?

Relatedly, when you think about how to go to market on streaming, there's a model of being more niche where we often see penetration reach levels, but on smaller services like Starz or Crunchy Roll. Then there's licensing to scale players where you have a lot less control, but often the numbers of viewership can get pretty big. I'm thinking platforms like Netflix or Disney. How do you think about scaling your streaming platform within this overall industry structure, which is kind of constantly changing?

Then just a housekeeping one on deferred revenue. I think deferred revenue has moved up a little bit since the beginning of the year. Just wondering if you could comment on what's driving the deferred revenue increase. Thank you.

Neal Harmon

Great, thank you very much, Steven. Would you cover the deferred revenue, and I'll cover the other part of the question?

Scott Klossner

Regarding deferred revenue, it's driven by the amount of our annual memberships vis-a-vis our monthly memberships. Sometimes it depends on offers that we're providing. For instance, we may have a Black Friday sale or something else on annuals that would push that number. That would increase the deferred revenue compared to the revenues over time. That's literally the way we look at it. It has to do with the 12-month amortization on the revenue recognition on annual revenues.

That'll vary a little bit based on different variables; Sometimes it's consumer behavior and the time of year that they're inputting. It depends on the type of offerings that we have. We actually draw customers in based on the different content that we provide. That will change in some ways. A series will have a different response than a feature film might. That, again, will impact annual memberships, which then have to be amortized over the 12 months that they're with us.

Neal Harmon

Thanks, Scott. The big IMAX screens, we very much think about that on a per title basis on whether a film justifies being on that kind of a screen. Before moving *Zero A.D.* into 2026 and then moving *DAVID* here into the fourth quarter, we were having discussions with IMAX about *Zero A.D.* in IMAX because *Zero A.D.* is just this amazing, breathtaking experience and deserves to be on IMAX screen. It's very much on a per title strategy and whether that makes sense for IMAX and for Angel.

On your question about the size of the market and the way we think about the market, without offending the coasts, because most of the decisions in this industry have traditionally been made in New York and California. From my perspective, and those now millions of people who are coming to this movement, the coasts are serving around 10% of the audience. Those are the people who go to the theaters regularly, 10% of the audience goes to the theaters and they have a worldview that mirrors Hollywood. We look at that as more fringe.

That's the way that I see it, Steven, but the numbers also support that. Angel's mission is to tell stories that amplify light, which is the broad umbrella. Faith is a sub-category of that umbrella. HarrisX did a global faith and entertainment survey where they found that 73% of global entertainment consumers consider their religion and their faith very important to them. It's basically a proxy for light. We think of that HarrisX survey as the floor for the total addressable market. When we look at that HarrisX survey for the US market, it's at 77% of Americans.

If I just did some simple calculations for you, and we just took Netflix, for instance, and their install base, I think August they reported 82 million total households subscribed to Netflix. Let's call that great market penetration in the US. If we took the faith base, that would be over 62 million households. Now, the question I have is how far can Angel expand above that, because Angel has a broader tent approach to the way we do this, because we're values-driven.

When we look at the global market and the way that it's moving by 2034, Oppenheimer did a report for us that said our global addressable market is over 300 billion. This is very mainstream. I think people will discover that over time, even though the industry likes to think of Angel as serving a niche, it's very much serving the desires of mainstream audiences throughout America, and throughout the world, who just want to be represented better. Angel lets them decide what Angel distributes. This model is extremely disruptive and we're very excited about the future.

Steven Cahill

Thank you.

Scott Klossner

You bet.

Operator

Thank you. Those are all the questions we have from the line. We now want to take a few questions from your Angel Guild members that have pre-submitted questions online.

Let me start with the first one. Is Angel Studios committed to walking the path of courageous value-driven storytelling, or will it eventually be pressured into the same market and political compromises that have hollowed out Hollywood? In becoming public, it worries me that you'll compromise the core message on your movie, series, and animations. How can you assure us that won't happen?

Neal Harmon

Just to be really direct, that's up to you. Because at Angel, you get to decide what we can distribute. We have to have your permission. As the CEO of Angel Studios and as a founder, I can't publish something on the Angel platform without your permission. That power is in your hands at Angel. The Angel brand represents all of you and that will continue.

Now you might ask yourself, okay, fine, but now that you're a public company, perhaps the Company could be taken over by larger companies and that the mission can be veered off. The unique way in which we went public was to address this very question. We have almost 70,000 people who are cheering for us, rooting for us, and literally made all of this possible by investing in Angel. Then another 150,000 people who have invested in Angel projects. They asked over and over again, if you guys go public, are you going to lose the mission? How can you hold onto the mission? How do you make sure that the public markets don't veer us off course?

What we did is we gave the original founders, and the people who helped us way back in 2016, and a group of people who helped us in 2021, we gave everyone super voting shares. They get 10 votes per share. Those original people who believed in us when there was no reason to believe, because the situation got very bleak for Angel in the early days in a big, huge lawsuit, and helped us get through that, we gave them and the founders the power to decide the future of the Company. We're going to, that's the reason that we're here. is for that mission. The reason that we're here is to make the world a better place for our children and grandchildren. We believe that will actually be very profitable as a media and technology business. That's where we intend to go. Thanks for that great question, and you can be assured that Angel is rock solid on our mission.

Operator

Thanks. Let's move on to your next Guild member, this member asks; I've been a Guild member for six months and my family and I love the Tuttle Twins in particular. I was wondering, how can I share access with my friends and family?

Neal Harmon

I love this question as well. We have a couple of opportunities to share as Guild members. Just in time for the holidays, we've got ways that you can gift Guild memberships in the Angel store on the website. We also introduced a brand new feature where you can share pretty much anything in the Guild like you can on YouTube, except it makes it so that when you share, they don't have to have a Guild membership. Just go to the Tuttle Twins episode in the app on your phone that you want to share, click the share for free access link, and then give that link to your friends. and do this. Like do this often.

This is the way that we can spread the movement, and what we see is a great uptake from those people who are shared for free where they end up joining Angel. You can share without having to share your password the way you may have previously done on other streaming platforms, but we wanted to make that easy, available for all Guild members to expand the movement.

Operator

Thank you. Let's take our final Guild member question. I'm a film producer and also a Guild member and appreciate what Angel is doing. How do I get in touch with you about a project we could work on?

Neal Harmon

Oh, another good question. Filmmakers of all sorts are very welcome. If you go to angel.com/filmmakers, or just go to angel.com and click on the menu, there's a place there to learn more about filmmakers, this gives you everything that you need. It gives them estimates as to royalty payments, it explains how the Angel model works, how it benefits filmmakers, how Angel gives unprecedented creative control to our partners, and we just facilitate technology that connects the artists with their community. That was a great question and we're very excited about the number of submissions now that are coming in and we're building this timeless library of stories that amplify light.

Operator

Back over to you for any closing remarks.

Neal Harmon

Thanks, everyone. I think the headline here is simple. The Angel community is redefining the future of film and television, and our 1.6 million Guild members growing more than 500% year-over-year are a testament to that fact and that we're onto something great. This strong third quarter earnings release is our first as a publicly traded company on the New York Stock Exchange. With everything we have in the pipeline, we hope to come back and deliver many more.

We're on the road in the coming weeks meeting institutional investors at a range of tech and media conferences, and we would love to meet as many of you as possible. I encourage you to get in touch with our Investor Relations team, Luk Janssens and Jeanette Masters, to book your meeting with us.

Thank you for joining us today and we will see you all soon.

Operator

Thank you. That does conclude today's teleconference and webcast. You may disconnect your line at this time and have a wonderful day. We thank you for your participation today.