

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 10, 2025

Angel Studios, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-41150
(Commission File Number)

86-3483780
(I.R.S. Employer
Identification No.)

295 W Center St.
Provo, UT 84601
(Address of principal executive offices)

(760) 933-8437
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	ANGX	The New York Stock Exchange

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

Emerging growth company ☒

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

INTRODUCTORY NOTE

On September 10, 2025 (the "**Closing Date**"), Angel Studios, Inc., a Delaware corporation (f/k/a Southport Acquisition Corporation ("**Southport**")) (the "**Company**"), consummated the previously announced business combination pursuant to that certain Agreement and Plan of Merger, dated as of September 11, 2024 (as amended, the "**Merger Agreement**"), by and among the Company, Sigma Merger Sub, Inc., a Delaware corporation and direct wholly owned subsidiary of the Company ("**Merger Sub**"), and Angel Studios Legacy, Inc. (f/k/a Angel Studios, Inc.), a Delaware corporation ("**Angel Legacy**").

Pursuant to the terms of the Merger Agreement, a merger was effected in which Merger Sub merged with and into Angel Legacy, the separate corporate existence of Merger Sub ceased and Angel Legacy survived as the surviving company and direct wholly-owned subsidiary of the Company (the "**Merger**" and, collectively with the other transactions described in the Merger Agreement, the "**Business Combination**"). On the Closing Date and prior to the Effective Time of the Merger (as defined in the Merger Agreement), the Company changed its name from "Southport Acquisition Corporation" to "Angel Studios, Inc."

At the Effective Time, each share of Angel Legacy common stock issued and outstanding as of immediately prior to the Effective Time (other than Excluded Shares (as defined in the Merger Agreement)), was canceled and converted into the right to receive a number of shares of the Corresponding Class (as defined below) of Company Common Stock (as defined below) equal to the quotient obtained by dividing (i) the Aggregate Merger Consideration (as defined in the Merger Agreement) by (ii) the aggregate number of shares of Angel Legacy common stock issued and outstanding immediately prior to the Effective Time (other than any shares of Angel Legacy common stock held in treasury by Angel Legacy) (such quotient, the "**Merger Consideration Per Fully Diluted Share**"), with fractional shares rounded down to the nearest whole share (with no cash settlements made in lieu of fractional shares eliminated by rounding).

At the Effective Time, each option to purchase Angel Legacy common stock, whether vested or unvested (an "**Angel Legacy Option**") outstanding as of immediately prior to the Effective Time was converted into an option to purchase shares of the Corresponding Class of Company Common Stock (an "**Assumed Company Option**") on substantially the same terms and conditions as were in effect with respect to such Angel Legacy Option, including with respect to vesting and termination-related provisions, except that such Assumed Company Option related to the number of whole shares of the Corresponding Class of Company Common Stock (rounded down to the nearest whole share) equal to (i) the number of shares of the applicable class of Angel Legacy common stock subject to such Angel Legacy Option multiplied by (ii) the Merger Consideration Per Fully Diluted Share. The exercise price per share for each Assumed Company Option is equal to (i) the exercise price per share of the applicable Angel Legacy Option divided by (ii) the Merger Consideration Per Fully Diluted Share (rounded up to the nearest full cent).

As of the Effective Time, the Company has a dual-class structure, with the Company's Class A common stock ("**Company Class A Common Stock**") having one vote per share and the Company's Class B common stock ("**Company Class B Common Stock**") having ten votes per share (Company Class A Common Stock and Company Class B Common Stock, together, the "**Company Common Stock**"). As used herein, "**Corresponding Class**" refers to: (i) for Angel Legacy Class A common stock, Company Class A Common Stock; (ii) for Angel Legacy Class B common stock, Company Class B Common Stock; (iii) for Angel Legacy Class C common stock, Company Class A Common Stock; and (iv) for Angel Legacy Class

Each share of Southport Class B common stock issued and outstanding immediately prior to the Effective Time was converted into shares of Southport Class A common stock on a one-for-one basis, immediately prior to the Effective Time, and each share of Southport Class A common stock issued and outstanding as of immediately prior to the effective time of the Merger (including the as-converted shares of Southport Class B common stock) remains outstanding and represents one share of Company Class A Common Stock.

A description of the Business Combination and the terms of the Merger Agreement are included in the joint proxy statement/prospectus declared effective by the Securities and Exchange Commission (the "SEC") on July 22, 2025 (the "**Proxy Statement**"), which is incorporated by reference herein, in the sections entitled "SAC Stockholder Proposal No. 1: The Business Combination Proposal—Background to the Business Combination" beginning on page 186 and "SAC Stockholder Proposal No. 1: The Business Combination Proposal—Related Agreements—The Merger Agreement" beginning on page 170 of the Proxy Statement.

The foregoing description of the Merger Agreement is a summary only and is qualified in its entirety by the full text of the Merger Agreement, a copy of which is included hereto as Exhibit 2.1 and is incorporated by reference herein.

Item 1.01 Entry into a Material Definitive Agreement.

Amended and Restated Registration Rights Agreement

On the Closing Date, in connection with the consummation of the Business Combination and as contemplated by the Merger Agreement, the Company, Southport Acquisition Sponsor LLC, a Delaware limited liability company (the "**Sponsor**"), certain stockholders of Angel Legacy, Jared Stone and the other parties thereto entered into an Amended and Restated Registration Rights Agreement (the "**Registration Rights Agreement**").

The material terms of the Registration Rights Agreement are described in the section of the Proxy Statement beginning on page 185 entitled "SAC Stockholder Proposal No. 1: The Business Combination Proposal—Related Agreements—Registration Rights Agreement." Such description is qualified in its entirety by the text of the Registration Rights Agreement, which is included as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Lock-Up Agreement

On the Closing Date, in connection with the consummation of the Business Combination, the Company, the Sponsor, and certain Angel Legacy stockholders entered into a Lock-Up Agreement (the "**Lock-Up Agreement**"). The terms of the Lock-Up Agreement are described in the Proxy Statement in the section entitled "SAC Stockholder Proposal No. 1: The Business Combination Proposal—Related Agreements—Lock-Up Agreement" beginning on page 185 of the Proxy Statement.

The foregoing description of the Lock-Up Agreement is qualified in its entirety by the full text of the Lock-Up Agreement, a copy of which is included hereto as Exhibit 4.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Indemnification Agreements

On the Closing Date, in connection with the consummation of the Business Combination, the Company entered into indemnification agreements with each of its directors and officers, pursuant to Section 145 of Delaware General Corporation Law (the "**DGCL**") and the Company's Amended and Restated Bylaws of the Company (the "**Bylaws**"). The indemnification agreements provide directors and officers with contractual rights to indemnification and advancement for certain expenses, including, without limitation, attorneys' fees, related disbursements and other out-of-pocket costs incurred by a director or officer in any action or proceeding arising out of their services as one of the Company's directors or officers or as a director or officer of any other company or enterprise to which the person provides services at the Company's request.

The foregoing description of the indemnification agreements is qualified in its entirety by the full text of the form of indemnification agreement, which is included hereto as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The disclosure set forth in the "Introductory Note" above is incorporated by reference herein into this Item 2.01.

At a special meeting of the stockholders of Angel Legacy, held on September 5, 2025, Angel Legacy stockholders approved the Business Combination. The Business Combination was completed on the Closing Date. As of the Closing Date and following the completion of the Business Combination, the Company became the sole stockholder of Angel Legacy, owning all of its issued and outstanding capital stock.

FORM 10 INFORMATION

Prior to the Closing Date, the Company was a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) with no operations, formed as a vehicle to effect a business combination with one or more operating businesses. At the Effective Time, the Company became a holding company whose only assets consist of equity interests in Angel Legacy.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K includes forward-looking statements regarding, among other things, the plans, strategies and prospects of the Company. These statements are based on the beliefs and assumptions of the management of the Company. Although the Company believes that its plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, the Company cannot assure you that it will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events or results of operations, and any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These statements may be preceded by, followed by or include the words "believes," "continues," "estimates," "expects," "may," "might," "will," "should," "could," "seeks," "plans," "scheduled," "possible," "potential," "predict," "anticipates," "intends," "aims," "works," "focuses," "aspires," "strives" or "sets out" or similar expressions.

Forward-looking statements are not guarantees of performance, and the absence of these words does not mean that a statement is not forward looking. You should understand that the following important factors, in addition to those discussed under the heading "*Risk Factors*" and elsewhere in this Current Report on Form 8-K, could affect the future results of the Company, and could cause those results or other outcomes to differ materially and adversely from those expressed or implied in the forward-looking statements contained herein. Forward-looking statements in this Current Report on Form 8-K may include, for example, statements about:

- the ability to recognize the anticipated benefits of and successfully deploy the Business Combination, which may be affected by, among other things, competition, and the ability of the combined business to grow and manage growth profitably;
- the Company's ability to achieve and maintain profitability in the future;
- the Company's ability to successfully monetize projects;
- the Company's success in retaining or recruiting its officers, key employees or directors;
- officers and directors allocating their time to other businesses and potentially having conflicts of interest with the Company's business;
- the Company's ability to attract and maintain an adequate customer base;
- the Company's ability to create and distribute content that is popular with consumers and affiliates;
- the Company's reliance on a number of partners to make its service available on their devices;
- the Company's ability to continue to develop and enhance its existing technology;
- any significant disruption in or unauthorized access to the Company's computer systems or those of third parties that the Company utilizes in its operations, including those relating to cybersecurity or arising from cyber-attacks;
- the Company's ability to successfully, or profitably, compete with current and new competitors;

- the Company's ability to consummate any interim financing, and the ability of the Company to raise additional capital, if necessary;
- the Company's ability to successfully defend litigation or investigations;
- the ability to maintain the listing of the Company's Common Stock on the NYSE;
- the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors;
- changes in applicable laws or regulations;
- geopolitical events and general economic conditions; and
- other risks and uncertainties set forth in the Proxy Statement in the section entitled "Risk Factors" beginning on page 91, which is incorporated herein by reference.

Business and Properties

The business and properties of Southport and Angel Legacy prior to the Business Combination are described in the Proxy Statement in the sections entitled "Information About SAC" beginning on page 305 and "Information About ASI" beginning on page 339 of the Proxy Statement, which are incorporated herein by reference.

Risk Factors

The risks associated with the Company's business are described in the Proxy Statement in the section entitled "Risk Factors" beginning on page 91 of the Proxy Statement, which is incorporated herein by reference.

Unaudited Pro Forma Condensed Consolidated Combined Financial Information

The unaudited pro forma condensed combined balance sheet as of June 30, 2025 and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2024 and the six months ended June 30, 2025 of the Company are included as Exhibit 99.3 to this Current Report on Form 8-K, which is incorporated herein by reference.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of the financial condition and results of operation of Angel Legacy prior to the Business Combination is included in the Form S-1 in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 30 of the Form S-1, which is incorporated herein by reference.

Directors and Executive Officers

Information with respect to the Company's directors and executive officers after the Closing Date is set forth in the Form S-1 in the sections entitled "Management" beginning on page 44 and "Executive Compensation" beginning on page 49 of the Form S-1, which are incorporated herein by reference.

Directors

At the Effective Time, in connection with the Business Combination, each of David Winfield, Jared Stone, Jeb Spencer, Jennifer Nuckles, Cathleen Schreiner Gates, Matthew Hansen and Sigmund Anderman, constituting all of the members of the board of directors of Southport (the "**Southport Board**") resigned. The size of the board of the Company (the "**Board**") was fixed to five members, and each of Neal Hamon, Paul Ahlstrom, Steve Sarowitz, Mina Nguyen and Robert C. Gay became directors of the Company until the next annual meeting of stockholders of the Company or until their successors are duly elected and qualified to serve or until their earlier death, resignation or

removal. Biographical information for these individuals is set forth in the Form S-1 in the section entitled "Management—Directors and Officers" beginning on page 44 of the Form S-1, which is incorporated herein by reference.

Independence of Directors

The Board determined that each of the directors, other than Neal Harmon, qualify as "independent" as defined under the applicable NYSE listing rules and SEC rules. The Board consists of a majority of "independent" directors as defined under such rules. Pursuant to the Company's governing documents, the Board will have regularly scheduled meetings at which only independent directors are present. In addition, the Company is subject to the rules of the SEC and NYSE relating to the membership, qualifications and operations of its committees.

Committees of the Board of Directors

As of the Effective Time, the standing committees of the Board consist of an audit committee (the "**Audit Committee**"), a compensation committee (the "**Compensation Committee**") and a nominating and corporate governance committee (the "**Nominating Committee**"). Each of the committees reports to the Board.

Effective as of the Effective Time, the Board appointed Robert C. Gay, Paul Ahlstrom and Mina Nguyen to serve on the Audit Committee, with Robert C. Gay as chair of the Audit Committee. The Board appointed Mina Nguyen and Steve Sarowitz to serve on the Compensation Committee, with Mina Nguyen as chair of the Compensation Committee. The Board appointed Paul Ahlstrom and Mina Nguyen to serve on the Nominating Committee, with Paul Ahlstrom as chair of the Nominating Committee.

Executive Officers

As of the Effective Time, in connection with the Business Combination, Jeb Spencer, Chief Executive Officer of the Company, resigned. On the Closing Date, the Board appointed Neal Harmon to serve as Chief Executive Officer and Chairman of the Board, Jeffrey Harmon to serve as Chief Content Officer, Jordan Harmon to serve as President, Elizabeth Ellis to serve as Chief Operating Officer and Scott Klossner to serve as Chief Financial Officer of the Company. Biographical information for the new executive officers is set forth in the Form S-1 in the section entitled "Management—Directors and Officers" beginning on page 44 of the Form S-1, which is incorporated herein by reference.

Executive Officer and Director Compensation

Information with respect to the compensation arrangements for the Company's named executive officers and directors after the Closing Date is set forth in the Form S-1 in the section entitled "Executive Compensation" beginning on page 49 of the Form S-1, which is incorporated herein by reference.

The compensation of the Company's executive officers is comprised of (i) base salary and (ii) long-term equity incentives, consisting of stock options, granted under the 2025 Plan (as defined below) and any other equity plan that may be approved by the Board from time to time. The disclosure set forth in Item 5.02 of this Current Report on Form 8-K under the section entitled "Company 2025 Long-Term Incentive Plan" is incorporated by reference into this Item 2.01.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information known to the Company regarding the beneficial ownership of Company Common Stock as of September 11, 2025, after giving effect to the Closing, by:

- each person who is known by the Company to be the beneficial owner of more than 5% of the outstanding shares of Company Common Stock;
- each current named executive officer and director of the Company; and

6

- all current executive officers and directors of the Company, as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days.

The beneficial ownership percentages set forth in the table below are based on 99,910,315 shares of Class A Common Stock and 68,703,802 shares of Class B Common Stock issued and outstanding as of September 11, 2025.

Unless otherwise noted in the footnotes to the following table, and subject to applicable community property laws, the persons and entities named in the table have sole voting and investment power with respect to their beneficially owned common stock.

Name and Address of Beneficial Owner ⁽¹⁾	Class A Common Stock		Class B Common Stock		Percentage of Company Voting Power ⁽²⁾
	Shares	Percentage	Shares	Percentage	
Greater than 5% holder					
Gigafund 1, LP ⁽³⁾	19,459,882	19.48%	-	-	2.47%
Directors and Officers					
Neal Harmon ⁽⁴⁾	26,495	*	22,363,411	32.55%	28.42%
Jeffrey Harmon ⁽⁵⁾	26,324	*	22,241,185	32.37%	28.27%
Jordan Harmon ⁽⁶⁾	8,673	*	1,362,302	1.98%	1.73%
Elizabeth Ellis ⁽⁷⁾	5,264	*	1,528,947	2.23%	1.94%
Scott Klossner	-	-	-	-	-
Paul Ahlstrom	5,587,502 ⁽⁸⁾	5.59%	312,226 ⁽⁹⁾	*	1.11%
Mina Nguyen ⁽¹⁰⁾	-	-	294,275	*	0.37%
Steve Sarowitz ⁽¹¹⁾	703,970	*	-	-	-
Robert Gay ⁽¹²⁾	205,789	*	-	-	0.03%
All directors and executive officers as a group (8 persons) ⁽¹³⁾	6,564,017	6.57%	48,102,347	70.01%	61.96%

(1) Unless otherwise noted, the business address of each of the named executive officers and directors of the Company is 295 W Center St., Provo, UT 84601.

(2) Voting power is calculated as a total of votes per share divided by the total number of votes available. Class A Common Stock has one vote per share and Class B Common Stock has ten votes per share. Based on the total number of shares outstanding, there are a total of 786,948,335 votes available to be cast.

(3) Stephen Oksoui and Luke Nosek are both managers and each have 50.0% voting and/or dispositive power with respect to all of the reported shares of Gigafund 1, LP. The principal address of Gigafund 1, L.P. is 1, LP 555 E. 5th Street #3127 Austin, TX 78701.

- (4) Includes (i) 22,032,683 shares of Class B Common Stock owned by Mr. Neal Harmon directly, as well as (ii) vested stock incentive options exercisable for 330,728 shares of Class B Common Stock that Mr. Neal Harmon has the right to acquire within 60 days of September 11, 2025.
- (5) Includes (i) 21,911,388 shares of Class B Common Stock owned by Mr. Jeffrey Harmon directly, as well as (ii) vested stock incentive options exercisable for 329,797 shares of Class B Common Stock that Mr. Jeffrey Harmon has the right to acquire within 60 days of September 11, 2025.
- (6) Includes (i) 647,079 shares of Class B Common Stock owned by Mr. Jordan Harmon directly, as well as (ii) vested stock incentive options exercisable for 715,223 shares of Class B Common Stock that Mr. Jordan Harmon has the right to acquire within 60 days of September 11, 2025.
- (7) Includes (i) 133,761 shares of Class B Common Stock owned by Mrs. Ellis directly, as well as (ii) vested stock incentive options exercisable for 1,395,186 shares of Class B Common Stock that Ms. Ellis has the right to acquire within 60 days of September 11, 2025.
- (8) Includes (i) 1,950,628 shares of Class A Common Stock owned by Mr. Ahlstrom directly, as well as (ii) 3,635,162 shares of Class A Common Stock held by Alta Ventures Mexico Fund I, LP, of which Mr. Ahlstrom is the indirect controlling person, and (iii) 1,712 shares of Class A Common Stock held by NISI Publishing, LLC, of which Mr. Ahlstrom is the indirect controlling person.
- (9) Includes (i) 1,712 shares of Class B Common Stock held by NISI Publishing, LLC, of which Mr. Ahlstrom is the indirect controlling person, and (ii) vested stock incentive options exercisable for 310,514 shares of Class B Common Stock that Mr. Ahlstrom has the right to acquire within 60 days of September 11, 2025.
- (10) Reflects vested stock incentive options exercisable for shares of Class B Common Stock that Ms. Ngyuen has the right to acquire within 60 days of September 11, 2025.
- (11) Reflects 703,970 shares of Class C Common Stock that held by 4S UNITY DIRECT, LLC, of which Mr. Sarowitz is the indirect controlling person.
- (12) Reflects 205,789 shares of Class C Common Stock that held by KI 2025 Directs, LLC, of which Mr. Gay is the indirect controlling person.
- (13) Percentage for all directors and named executive officers as a group is based on the combined total of all 54,666,364 shares of Class A Common Stock and Class B Common Stock beneficially owned by such individuals, relative to the combined total of 168,614,117 shares of Class A Common Stock and Class B Common Stock outstanding as of September 11, 2025 (comprised of 99,910,315 shares of Class A Common Stock outstanding and 68,703,802 shares of Class B Common Stock outstanding).

Certain Engagements in Connection with the Business Combination and Related Transactions

The certain relationships and related party transactions of the Company are described in the Form S-1 in the section entitled "Certain Relationships and Related Person Transactions" beginning on page 56 of the Form S-1, which is incorporated herein by reference.

Legal Proceedings

Information about legal proceedings is set forth in the Proxy Statement in the section entitled "Information About SAC—Legal Proceedings," beginning on page 325 of the Proxy Statement and the section entitled "Information About ASI—Legal Proceedings" beginning on page 352 of the Proxy Statement, which is incorporated herein by reference.

Market Price, Ticker and Dividend Information of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

Market Information and Holders

Southport common stock, the SAC Public Warrants (as defined in the Proxy Statement) and Southport units (consisting of one share of Southport common stock and one half of one SAC Public Warrants, the "**Units**") were historically quoted on the OTC Pink Marketplace under the ticker symbols "PORT," "PORTW" and "PORTU," respectively. At the Effective Time, in connection with the Business Combination, the Units automatically separated into the component securities and, as a result, no longer trade as a separate security.

On September 11, 2025, our Company Common Stock began trading on The New York Stock Exchange under the new trading symbols "ANGX" and the Southport Public Warrants were converted into Company Common Stock.

The transfer agent and registrar for our common stock is Continental Stock Transfer and Trust Company. The transfer agent's address is 1 State Street, 30th floor, New York, NY 10004, and its telephone number is (917) 262-2373.

Additional information regarding holders of the Company's securities is set forth in the section entitled "Description of Registrant's Securities to be Registered" below.

Dividends

The Company has not paid any cash dividends on its Common Stock to date. The Board may from time to time consider whether or not to institute a dividend policy. The payment of cash dividends in the future will be dependent upon the Company's revenues and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends will be within the discretion of the Board. The Company's ability to declare dividends will also be limited by restrictive covenants pursuant to any debt financing.

Description of Registrant's Securities to be Registered

Common Stock

A description of the Company Common Stock is included in the Form S-1 in the section entitled "Description of Capital Stock" beginning on page 69 in the Form S-1, which is incorporated herein by reference.

Director and Officer Indemnification

Our Second Amended and Restated Certificate of Incorporation (the "**Charter**") and the Bylaws authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our Bylaws further provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee, or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the Board. With certain exceptions, these agreements provide for indemnification for related expenses including, without limitation, attorneys' fees, related disbursements and other out-of-pocket expenses.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against officers and directors, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against officers and directors pursuant to these indemnification provisions. The disclosure set forth in Item 1.01 of this Current Report on Form 8-K under the section entitled "Indemnification Agreements" is incorporated by reference into this Item 2.01.

Financial Statements and Supplementary Data

The information set forth in Item 9.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 3.03 Material Modification to Rights of Security Holders.

The information set forth in Item 5.03 of this Current Report on Form 8-K is incorporated herein by reference.

Item 5.01 Changes in Control of the Registrant.

The information set forth in the section entitled "Introductory Note" and in the section entitled "Security Ownership of Certain Beneficial Owners and Management" in Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

9

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information set forth in the sections entitled "Directors and Executive Officers" and "Certain Relationships and Related Transactions" in Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

Company 2025 Long-Term Incentive Plan

The information set forth above in the sections titled "Directors and Executive Officers," "Independence of Directors," "Committees of the Board of Directors" and "Executive Officer and Director Compensation" in Item 2.01 are incorporated herein by reference.

In addition, the Company 2025 Long-Term Incentive Plan (the "**2025 Plan**") became effective as of the Effective Time. The material terms of the 2025 Plan are described in the Form S-1 in the section entitled "Executive Compensation—The 2025 Plan" beginning on page 54, which is incorporated herein by reference. The 2025 Plan was adopted by the Company on September 10, 2025, following Company stockholder approval at the special meeting of the Company, held on August 25, 2025 (the "**Company Special Meeting**") and adoption by the Southport Board on September 5, 2025. The foregoing description of the 2025 Plan is qualified in its entirety by the full text of the 2025 Plan, which is included hereto as Exhibit 10.3, and incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

At the Company Special Meeting, the Company stockholders approved and adopted the Charter, which became effective upon filing with the Secretary of State of the State of Delaware on the Closing Date. On September 9, 2024, the Board approved and adopted the Bylaws, which became effective as of the Effective Time, in accordance with the Merger Agreement.

Copies of the Charter and the Bylaws are included hereto as Exhibit 3.1 and Exhibit 3.2, respectively, and are incorporated herein by reference.

The description of the Charter and the general effect of the Charter and Bylaws upon the rights of holders of the Company's capital stock are included in the Proxy Statement under the section entitled "SAC Stockholder Proposal No. 2—The Charter Proposal" beginning on page 232 and the Form S-1, under the section entitled "Description of Capital Stock—Anti-takeover Effects of the Charter and the Bylaws" beginning on page 69 of the S-1, which are incorporated herein by reference.

Item 5.06 Change in Shell Company Status.

As a result of the Merger, which fulfilled the definition of a business combination as required by the Amended and Restated Certificate of Incorporation of the Company, in effect immediately prior to the Closing Date, the Company ceased to be a shell company (as defined in Rule 12b-2 of the Exchange Act) as of the Closing Date. A description of the Business Combination and the terms of the Business Combination Agreement are included in the Proxy Statement in the sections entitled "SAC Stockholder Proposal No. 1: The Business Combination Proposal—Background to the Business Combination" beginning on page 186 and "SAC Stockholder Proposal No. 1: The Business Combination Proposal—The Merger Agreement" beginning on page 170 of the Proxy Statement, which are incorporated herein by reference. Further, the information set forth in the Introductory Note and under Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

10

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited financial statements of Angel Legacy as of and for the fiscal years ended December 31, 2024 and 2023 and the unaudited financial statements of Angel Legacy as of and for the six months ended June 30, 2025, including, in each case, the accompanying notes, which are included hereto as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet of the Company as of June 30, 2025 and the unaudited pro forma condensed combined statements of operations of the Company for the fiscal year ended December 31, 2024 and for the six months ended June 30, 2025 (collectively, the "**Unaudited Pro Forma Financial Information**") which are included hereto as Exhibit 99.3 to this Current Report on Form 8-K and are incorporated herein by reference. The Unaudited Pro Forma Financial Statements give effect to the Business Combination.

The Unaudited Pro Forma Financial Information is presented for illustrative purposes only and is not intended to represent or be indicative of the Company's consolidated results of operations or financial position that would have been reported had the Business Combination been completed as of the dates presented in the Unaudited Pro Forma Financial Information. The Unaudited Pro Forma Financial Information should not be taken as a representation of the Company's future consolidated results of operations or financial condition. The pro forma adjustments in the Unaudited Pro Forma Financial Information are based on available information and certain assumptions that management believes are reasonable under the circumstances.

(d) Exhibits.

**Exhibit
No.**

Description

[2.1+](#) [Agreement and Plan of Merger, dated as of September 11, 2024, by and among Southport, Sigma Merger Sub and Angel Legacy \(incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-4 \(File No. 333-283151-01\) filed on July 15, 2025 and declared effective on July 22, 2025 \(the "Form S-4"\)\)](#).

3.1	Second Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 (File No. 333-290281) filed on September 16, 2025 (the "Form S-1")) .
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Form S-1 filed on September 16, 2025) .
4.1	Form of Lock-Up Agreement (incorporated by reference to Exhibit 4.1 to the Form S-1 filed on September 16, 2025) .
4.2	Form of Subordinated Convertible Promissory Note (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on August 15, 2025 (File No. 000-56642)) .
10.1	Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.1 to the Form S-1 filed on September 16, 2025) .
10.2	Form of Indemnification Agreement by and between the Company and its directors and officers (incorporated by reference to Exhibit 10.2 to the Form S-1 filed on September 16, 2025) .
10.3	Form of Incentive Equity Plan (incorporated by reference to Exhibit 10.3 to the Form S-1 filed on September 16, 2025) .
10.4	Form of Note Purchase Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 000-56642) filed on August 15, 2025) .

10.5	Loan and Security Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 000-56642) filed on September 10, 2025) .
10.6	Participation Rights Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 000-56642) filed on September 10, 2025) .
99.1	Audited Financial Statements of Angel Legacy as of and for the fiscal years ended December 31, 2024 and 2023 .
99.2	Unaudited financial statements of Angel Legacy as of and for the three months ended June 30, 2025 and for the six months ended June 30, 2025 .
99.3	Unaudited Pro Forma Information of the Company .

+ The schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

Indicates management contract or compensatory plan or arrangement.

SIGNATURE

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

ANGEL STUDIOS, INC.

Date: September 16, 2025

By: /s/ Scott Klossner
 Scott Klossner
 Chief Financial Officer

ANGEL STUDIOS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<u>Report of Independent Registered Public Accounting Firm</u> (PCAOB Firm ID:270)	F-2
Consolidated Financial Statements:	
<u>Consolidated Balance Sheets as of December 31, 2024 and 2023</u>	F-3
<u>Consolidated Statements of Operations as of December 31, 2024, 2023 and 2022</u>	F-4
<u>Consolidated Statements of Stockholders' Equity as of December 31, 2024, 2023, and 2022</u>	F-5
<u>Consolidated Statements of Cash Flows as of December 31, 2024, 2023 and 2022</u>	F-6
<u>Notes to Consolidated Financial Statements</u>	F-7

To the Board of Directors and Stockholders of
Angel Studios, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Angel Studios, Inc. and subsidiaries (collectively, the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Going Concern

As described in Note 1 to the financial statements, the Company has incurred net losses, has a net working capital deficiency, and negative operating cash flows. These factors initially cast doubt on the Company's ability to continue as a going concern. The determination of whether the Company will be able to meet its obligations one year from the issuance of these financial statements is inherently judgmental and subjective. Management has considered both quantitative and qualitative information and has determined that there are other conditions or events known or reasonably knowable through the date of issuance of these financial statements that, in combination with management's plans, indicate substantial doubt to be alleviated.

As the Company's ability to continue as a going concern involves a high degree of estimation uncertainty, we performed the following procedures among others:

- We assessed whether there were other conditions or events present that would cause further substantial doubt about the Company's ability to continue as a going concern.
- We considered whether the financial statements contained all relevant disclosures as required by generally accepted accounting principles in the United States.
- We reviewed and evaluated management's assessment of the conditions or events known or reasonably knowable through the date of issuance of the financial statements and the plans to alleviate substantial doubt.

/s/ TANNER LLC

We have served as the Company's auditor since 2016

Salt Lake City, Utah

March 28, 2025

ANGEL STUDIOS, INC.
Consolidated Balance Sheets

	<i>As of</i>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,211,826	\$ 25,201,425
Accounts receivable, net	16,234,301	24,140,903
Current portion of licensing receivables, net	8,785,636	7,851,505
Physical media inventory	1,711,638	2,843,681
Current portion of notes receivable	747,282	707,508
Loan guarantee receivable	9,112,500	—
Prepaid expenses and other	9,146,017	4,316,577
Total current assets	<u>52,949,200</u>	<u>65,061,599</u>
Licensing receivables, net	12,074,629	11,279,260
Notes receivable, net of current portion	4,235,344	4,502,079
Property and equipment, net	778,927	1,212,056
Content, net	1,710,866	1,389,588
Intangible assets, net	1,917,155	1,987,190
Digital assets	12,457,387	2,961,790
Investments in affiliates	9,066,137	4,503,153
Operating lease right-of-use assets	2,744,693	1,286,237
Other long-term assets	589,924	4,075,243
Total assets	<u>\$ 98,524,262</u>	<u>\$ 98,258,195</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,929,482	\$ 3,169,248
Accrued expenses	13,074,655	6,297,230
Current portion of accrued licensing royalties	15,362,400	25,958,085
Notes payable	11,455,940	4,160,277
Current portion of operating lease liabilities	673,295	364,633
Deferred revenue	22,171,808	3,920,648
Loan guarantee payable	9,112,500	—
Current portion of accrued settlement costs	280,238	253,882
Total current liabilities	<u>80,060,318</u>	<u>44,124,003</u>
Accrued settlement costs, net of current portion	4,091,733	4,371,972
Accrued licensing royalties, long-term	8,367,099	9,125,409
Operating lease liabilities, net of current portion	2,153,463	961,151
Total liabilities	<u>\$ 94,672,613</u>	<u>\$ 58,582,535</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value, 85,000,000 shares authorized; 26,987,787 and 24,991,329 shares issued and outstanding as of December 31, 2024, and December 31, 2023, respectively	\$ 26,987	\$ 24,991
Additional paid-in capital	95,472,458	49,875,530
Noncontrolling interests	8,222,953	(151,670)
Accumulated deficit	(99,870,749)	(10,073,191)
Total stockholders' equity	<u>3,851,649</u>	<u>39,675,660</u>
Total liabilities and stockholders' equity	<u>\$ 98,524,262</u>	<u>\$ 98,258,195</u>

See accompanying notes to the consolidated financial statements

ANGEL STUDIOS, INC.
Consolidated Statements of Operations

	<i>Year Ended December 31,</i>		
	2024	2023	2022
Revenue:			
Licensed content and other revenue	\$ 88,691,769	\$ 167,150,134	\$ 41,536,516
Pay it Forward revenue	7,824,670	35,287,182	33,980,046
Total revenue	96,516,439	202,437,316	75,516,562
Operating expenses:			
Cost of revenues	42,066,179	86,032,540	40,392,001
Selling and marketing	95,210,452	74,181,413	19,257,984
General and administrative	22,283,772	18,121,437	12,049,547
Research and development	14,364,827	13,905,426	12,345,518
Legal expense	10,832,877	2,038,974	802,044
Net loss (gain) on digital assets	(1,683,946)	4,000	5,065,413
Total operating expenses	183,074,161	194,283,790	89,912,507
Operating income (loss)	(86,557,722)	8,153,526	(14,395,945)
Other income (expense):			
Interest expense	(2,366,014)	(3,657,958)	(694,374)
Interest income	3,490,743	1,819,121	614,426
Impairment of investment in affiliates	(1,000,000)	—	—
Total other income (expense), net	124,729	(1,838,837)	(79,948)
Income (loss) before income tax expense (benefit)	(86,432,993)	6,314,689	(14,475,893)
Income tax expense (benefit)	3,534,602	(2,697,435)	(765,185)
Net income (loss)	\$ (89,967,595)	\$ 9,012,124	\$ (13,710,708)
Net income (loss) attributable to noncontrolling interests	(172,101)	(151,670)	—
Net income (loss) attributable to controlling interests	\$ (89,795,494)	\$ 9,163,794	\$ (13,710,708)
Net income (loss) per common share - basic	\$ (3.482)	\$ 0.370	\$ (0.565)
Net income (loss) per common share - diluted	\$ (3.482)	\$ 0.353	\$ (0.565)
Weighted average common shares outstanding - basic	25,791,117	24,775,858	24,264,683
Weighted average common shares outstanding - diluted	25,791,117	25,929,246	24,264,683

See accompanying notes to the consolidated financial statements

ANGEL STUDIOS, INC.
Consolidated Statements of Stockholders' Equity

	Common Stock								Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests	Total Equity
	Class A		Class B		Class C		Class F					
	Units	Amount	Units	Amount	Units	Amount	Units	Amount				
Balance as of January 1, 2022	20,842,227	20,842	3,349,017	3,349	508,420	508	—	—	39,538,876	(5,187,312)	—	\$ 34,376,263
Stock options exercised	77,012	77	—	—	—	—	—	—	258,778	—	—	258,855
Transfer of Common Stock	(9,912,072)	(9,912)	—	—	—	—	9,912,072	9,912	—	—	—	—
Repurchase of Common Stock	(48,002)	(48)	—	—	(456,364)	(456)	—	—	(85,684)	(341,029)	—	(427,217)
Stock-based compensation expense	—	—	—	—	—	—	—	—	1,503,969	—	—	1,503,969
Net loss	—	—	—	—	—	—	—	—	—	(13,710,708)	—	(13,710,708)
Balance as of December 31, 2022	10,959,165	\$ 10,959	3,349,017	\$ 3,349	52,056	\$ 52	9,912,072	\$ 9,912	\$ 41,215,939	\$ (19,239,049)	\$ —	\$ 22,001,162
Stock options exercised	—	—	—	—	—	—	197,656	198	235,528	—	—	235,726
Issuance of Common Stock, net of fees	—	—	—	—	528,914	529	—	—	7,499,472	—	—	7,500,001
Transfer of Common Stock	(20,000)	(20)	(2,630)	(3)	317,346	318	(294,716)	(295)	—	—	—	—
Repurchase of Common Stock	—	—	—	—	—	—	(7,551)	(8)	(107,065)	—	—	(107,073)
Stock-based compensation expense	—	—	—	—	—	—	—	—	1,031,656	—	—	1,031,656
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	2,064	—	2,064
Net income (loss)	—	—	—	—	—	—	—	—	—	9,163,794	(151,670)	9,012,124
Balance as of December 31, 2023	10,939,165	\$ 10,939	3,346,387	\$ 3,346	898,316	\$ 899	9,807,461	\$ 9,807	\$ 49,875,530	\$ (10,073,191)	\$ (151,670)	\$ 39,675,660
Stock options exercised	—	—	—	—	—	—	197,966	198	619,039	—	—	619,237
Issuance of Common Stock, net of fees	—	—	(29)	—	1,831,008	1,831	—	—	42,042,560	—	—	42,044,391
Transfer of Common Stock	331,663	332	(340,942)	(341)	231,583	231	(222,304)	(222)	—	—	—	—
Repurchase of Common Stock	—	—	—	—	(10,672)	(11)	(21,815)	(22)	(706,611)	—	—	(706,644)
Stock-based compensation expense	—	—	—	—	—	—	—	—	3,641,940	—	—	3,641,940
Consolidation of noncontrolling interests	—	—	—	—	—	—	—	—	—	—	8,546,724	8,546,724
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	(2,064)	—	(2,064)
Net loss	—	—	—	—	—	—	—	—	—	(89,795,494)	(172,101)	(89,967,595)
Balance as of December 31, 2024	11,270,828	\$ 11,271	3,005,416	\$ 3,005	2,950,235	\$ 2,950	9,761,308	\$ 9,761	\$ 95,472,458	\$ (99,870,749)	\$ 8,222,953	\$ 3,851,649

See accompanying notes to the consolidated financial statements

ANGEL STUDIOS, INC.
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income (loss)	\$ (89,967,595)	\$ 9,012,124	\$ (13,710,708)
Adjustments to reconcile net income (loss) to net cash and cash equivalents provided by (used in) operating activities:			
Depreciation and amortization	1,004,823	916,945	665,920
Amortization of operating lease assets	678,806	666,653	453,996
Stock-based compensation expense	3,641,940	1,031,656	1,503,969
Net loss (gain) on digital assets	(1,683,946)	4,000	5,065,413
Impairment of investment in affiliates	1,000,000	—	—
Investments in affiliates gain	(67,608)	(9,364)	(67,608)
Non-cash interest expense	—	305,271	—
Bad debt expense	204,151	2,392,342	—
Change in deferred income taxes	4,000,319	37,611	(434,946)
Change in operating assets and liabilities:			
Accounts receivable	7,702,451	(19,343,719)	3,251,012
Physical media inventory	1,132,043	(2,343,001)	1,369,233
Prepaid expenses and other current assets	(4,829,440)	(2,696,030)	2,056,587
Certificate of deposit	—	154,187	(1,914)
Licensing receivables	(1,729,500)	(19,130,765)	—
Content	(519,143)	(313,855)	(504,609)
Other long-term assets	(515,000)	(4,000,319)	—
Accounts payable and accrued expenses	13,455,520	4,751,709	(12,931,847)
Accrued licensing royalties	(11,353,995)	31,847,030	3,094,538
Operating lease liabilities	(636,288)	(657,296)	(423,806)
Deferred revenue	18,251,160	3,287,013	(1,048,481)
Net cash and cash equivalents provided by (used in) operating activities	(60,231,302)	5,912,192	(11,663,251)
Cash flows from investing activities:			
Purchases of property and equipment	(303,793)	(572,463)	(1,135,362)
Issuance of notes receivable	(1,865,603)	(3,366,462)	(3,392,877)
Collections of notes receivable	2,092,564	5,090,166	2,779,320
Purchase of digital assets	(624,644)	(118,965)	—
Sale of digital assets	2,287,978	—	—
Investments in affiliates	(5,495,376)	(1,720,390)	(1,747,980)
Net cash and cash equivalents used in investing activities	(3,908,874)	(688,114)	(3,496,899)
Cash flows from financing activities:			
Repayment of notes payable	(18,626,081)	(26,981,122)	(208,373)
Receipt of notes payable	23,750,000	28,911,394	2,000,000
Exercise of stock options	619,237	235,726	258,855
Issuance of common stock	32,818,130	7,500,001	—
Investments in minority owned entities	8,800,000	—	—
Fees related to issuance of common stock and minority interest	(502,000)	—	—
Repurchase of common stock	(706,645)	(107,073)	(427,217)
Debt financing fees	—	(305,271)	—
Net cash and cash equivalents provided by financing activities	46,152,641	9,253,655	1,623,265
Effect of changes in foreign currency exchange rates on cash and cash equivalents	(2,064)	2,064	—
Net increase (decrease) in cash and cash equivalents	(17,989,599)	14,479,797	(13,536,885)
Cash and cash equivalents at beginning of period	25,201,425	10,721,628	24,258,513
Cash and cash equivalents at end of period	\$ 7,211,826	\$ 25,201,425	\$ 10,721,628
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 2,371,370	\$ 3,586,937	\$ 498,769
Cash paid for income taxes	\$ 1,375,433	\$ 22,208	\$ (2,078,744)
Supplemental schedule of noncash financing activities:			
Investment of bitcoin for issuance of common stock	\$ 9,474,985	\$ —	\$ —
Operating lease right-of-use assets and liabilities	\$ 2,137,262	\$ —	\$ 2,406,886

See accompanying notes to the consolidated financial statements

Angel Studios, Inc.
Notes to Consolidated Financial Statements

The financial information presented in these financial statements is and should be read in conjunction with the entity's latest annual audited financial statements. Interim disclosures generally do not repeat those in the annual statements.

1. Description of Organization and Summary of Significant Accounting Policies

Organization

The company comprises Angel Studios, Inc. and its subsidiaries and affiliates (collectively, the "Company"). The Company was originally organized as a Utah limited liability company on November 13, 2013. On February 7, 2014, the entity converted to a Delaware corporation. The Company's mission is to share stories with the world that amplify light. This is done by aligning the Company's interests with those of the creators and the audience and utilizing the wisdom of crowds to help guide decisions on the content that gets created.

Proposed Business Combination

The Merger

On September 11, 2024, Southport Acquisition Corporation, a Delaware corporation ("Southport"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among Southport, Sigma Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of Southport ("Merger Sub"), and the Company.

The Merger Agreement provides that, among other things and upon the terms and subject to the conditions thereof, the following transactions will occur: (1) at the closing of the transactions contemplated by the Merger Agreement (the "Closing"), upon the terms and subject to the conditions thereof, and in accordance with the Delaware General Corporation Law, as amended (the "DGCL"), Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Southport (the "Merger or Business Combination"); (2) at the Closing, all of the outstanding capital stock of the Company (other than shares subject to Company options, shares held in treasury and any dissenting shares) will be converted into the right to receive shares of common stock, par value \$0.0001 per share, of Southport ("Southport Common Stock"), in an aggregate amount equal to (x) \$1.5 billion plus the aggregate gross proceeds of any capital raised by the Company prior to the Closing, divided by (y) \$10.00; (3) at the Closing, all of the outstanding options to acquire capital stock of the Company will be converted into comparable options to acquire shares of Southport Common Stock (subject to appropriate adjustments to the number of shares of Southport Common Stock underlying such options and the exercise price of such options); (4) subject to the approval of the holders of Southport's public warrants, Southport will amend its public warrants so that, immediately prior to the Closing, each of the issued and outstanding Southport public warrants automatically will convert into 0.1 newly issued share of Southport class A common stock and such warrants will cease to be outstanding (the "Warrant Conversion"); and (5) at the Closing, Southport will be renamed "Angel Studios, Inc."

The board of directors of Southport has unanimously (i) approved and declared advisable the Merger Agreement and the Merger and (ii) resolved to recommend approval of the Merger Agreement and related matters by the stockholders of Southport.

The Merger Agreement is subject to the satisfaction or waiver of certain customary closing conditions, including, among others, (i) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which occurred on December 5, 2024, (ii) the absence of any law or injunction prohibiting the consummation of the Merger, (iii) the effectiveness of the registration statement on Form S-4 to be filed by Southport in connection with the transaction, (iv) the approval of the Merger Agreement and the transactions contemplated thereby by the respective stockholders of Southport and the Company, (v) the approval by Southport's stockholders of an extension to Southport's deadline to consummate a business combination to September 30, 2025, which approval was obtained on November 13, 2024, (vi) the receipt of approval for listing on the New York Stock Exchange or the Nasdaq Stock Market (or any other nationally recognized stock exchange in the United States as may be agreed by the Company and Southport) of the Southport class A common stock (including shares issued in the transaction), (vii) Southport having at least \$5,000,001 of net tangible assets (as determined in accordance with Rule 3a51-1(g)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") upon the Closing, (viii) the performance in all material respects of the respective covenants of Southport and the Company to be performed as of or prior to the Closing, including with respect to Southport, the covenant with respect to the warrantholder approval and (ix) the representations and warranties of Southport and the Company remaining accurate (to such standards described in the Merger Agreement) as of the effective time of the Merger.

Each party's obligations to consummate the Merger are also conditioned upon the accuracy of the other party's representations and warranties, subject to customary materiality and material adverse effect qualifiers, and the performance in all material respects by the other party of its covenants in the Merger Agreement to be performed as of or prior to the Closing.

The Merger Agreement contains customary representations and warranties by Southport, Merger Sub and the Company. The representations and warranties of the respective parties to the Merger Agreement generally will not survive the Closing.

The Merger Agreement may be terminated at any time prior to the Closing (i) by written consent of Southport and the Company, (ii) by either the Company or Southport, if certain approvals of the stockholders of Southport or the Company, to the extent required under the Merger Agreement, are not obtained as set forth therein, (iii) by the Company, if there is a Modification in Recommendation (as defined in the Merger Agreement), or by Southport, if there is a Company Modification in Recommendation (as defined in the Merger Agreement), and (iv) by either Southport or the Company in certain other circumstances set forth in the Merger Agreement, including (a) if any governmental authority shall have issued or otherwise entered a final, nonappealable order making consummation of the Merger illegal or otherwise preventing or prohibiting consummation of the Merger, (b) in the event of certain uncured material breaches by the other party or (c) if the Closing has not occurred on or before September 30, 2025.

Certain Related Agreements

The Sponsor Support Agreement

On September 11, 2024, Southport also entered into a Sponsor Support Agreement (the "Sponsor Support Agreement"), by and among Southport, Southport Acquisition Sponsor LLC, a Delaware limited liability company (the "Sponsor"), and the Company, pursuant to which the Sponsor has agreed to, among other things, (i) vote in favor of the Merger Agreement and the transactions contemplated thereby and (ii) not redeem its shares of Southport Common Stock in connection therewith. In addition, the Sponsor has agreed to forfeit all of the Southport private placement warrants held by it at the Closing for no additional consideration. The Sponsor has also agreed to cover certain expenses incurred by Southport that are unpaid and payable at the Closing in excess of a specified cap. The Sponsor Support Agreement will terminate upon the earlier of the termination of the Merger Agreement or written agreement by the parties.

Angel Studios Stockholder Support Agreement

On September 11, 2024, Southport also entered into a Stockholder Support Agreement (the "Angel Studios Stockholder Support Agreement") by and among Southport, the Company and certain stockholders of the Company (the "Key Stockholders"). Under the Angel Studios Stockholder Support Agreement, the Key Stockholders agreed, with respect to the outstanding shares of the Company's common stock held by such Key Stockholders, to vote their shares or execute and deliver a written consent adopting the Merger Agreement and related transactions and approving the Merger Agreement and transactions contemplated thereby.

Registration Rights Agreement

The Merger Agreement contemplates that, at the Closing, Southport, the Sponsor, certain equityholders of the Company, Jared Stone and the other parties thereto, will enter into a Registration Rights Agreement (the "Registration Rights Agreement"), pursuant to which Southport will grant customary registration rights to the other parties thereto, including to register for resale, pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), certain shares of Southport Common Stock that are held by the other parties thereto.

Lock-Up Agreement

The Merger Agreement contemplates that, at the Closing, Southport and the Key Holders (as defined in the Merger Agreement) will enter into a Lock-Up Agreement (the "Lock-Up Agreement"). The Lock-Up Agreement contains certain restrictions on transfer with respect to shares of Southport Common Stock held by the Key Holders immediately following the Closing (other than shares purchased in the public market after the Closing) and the shares of Southport Common Stock issued to directors and executive officers of the combined company upon settlement or exercise of stock options or other equity awards outstanding as of immediately following the Closing in respect of awards of the Company outstanding immediately prior to the Closing (the "Lock-Up Shares"). Such restrictions begin at the Closing and end on the earlier of (i) one year after the Closing and (ii) (a) for 33.0% of the Lock-Up Shares, the date on which the last reported sale price of Southport Common Stock equals or exceeds \$12.50 per share for any 20 trading days within any thirty-trading day period commencing at least thirty days after the Closing and (b) for an additional 50.0% of the Lock-up Shares, the date on which the last reported sale price of Southport Common Stock equals or exceeds \$15.00 per share for any twenty trading days within any thirty-trading day period commencing at least thirty days after the Closing.

The foregoing descriptions of the Merger Agreement, the Sponsor Support Agreement and the Angel Studios Stockholder Support Agreement, and the transactions and documents contemplated thereby (including, without limitation, the Registration Rights Agreement and the Lock-Up Agreement), are not complete and are subject to and qualified in their entirety by reference to the Merger Agreement, the Sponsor Support Agreement and the Angel Studios Stockholder Support Agreement, copies of which were filed with a Current Report on Form 8-K/A on September 11, 2024, as Exhibit 2.1, Exhibit 10.1 and Exhibit 10.2, respectively, and the terms of which are incorporated by reference herein.

Amendment to Agreement and Plan of Merger

On February 14, 2025, Southport, the Company and Merger Sub entered into the Amendment No. 1 to Agreement and Plan of Merger (the "Merger Agreement Amendment"), which amends the Merger Agreement to make the following adjustments:

1. Remove the closing condition requiring Southport to have at least \$5,000,001 of net tangible assets upon the Closing;
2. Amend the definition of "Acquiror Expense Cap" in the Merger agreement to increase the amount of expenses from an amount equal to (a) \$11,000,000 minus (b) the aggregate amount of reasonable and documented Transaction Expenses; provided that the amount in clause (b) shall not exceed \$3,500,000; to an amount equal to (a) \$11,415,000 minus (b) the aggregate amount of reasonable and documented Transaction Expenses; provided that the amount in clause (b) shall not exceed \$3,863,342;
3. Amend the definition of "Transaction Expenses" in the Merger Agreement to include costs and expenses related to the preparation, filing and distribution of the Joint Proxy Statement/Registration Statement and other Company SEC filings; and
4. Amend the provision regarding expense statements to increase the amount of expenses from \$11,000,000 to \$11,415,000.

The Merger Agreement Amendment was filed with a Current Report on Form 8-K on February 18, 2025, as Exhibit 2.1, and is incorporated herein by reference.

The Merger Agreement, the Merger Agreement Amendment, the Sponsor Support Agreement and the Angel Studios Stockholder Support Agreement and the other documents related thereto (collectively, the "Transaction Documents") have been included to provide investors with information regarding their terms. They are not intended to provide any other factual information about the Company, Southport or their respective affiliates. The representations, warranties, covenants and agreements contained in the Transaction Documents were made only for purposes of the Merger Agreement as of the specific dates therein, were solely for the benefit of the parties to the Transaction Documents and may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Transaction Documents instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors are not third-party beneficiaries under the Transaction Documents and should not rely on the representations, warranties, covenants and agreements or any descriptions thereof as characterizations of the actual state of facts or condition of the parties thereto or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of representations and warranties may change after the applicable dates of the Transaction Documents, which subsequent information may or may not be fully reflected in the Company's public disclosures.

Basis of Presentation

These consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP").

As comprehensive income equals net income, separate statements of comprehensive income were not included in the accompanying consolidated financial statements.

Principles of Consolidation

The accompanying consolidated financial statements of the Company include the accounts of Angel Studios, Inc. and its majority-owned and controlled subsidiaries and affiliates. The Company reviews its relationships with other entities to identify whether it is the primary beneficiary of a variable interest entity ("VIE"). If the determination is made that the Company is the primary beneficiary, then the entity is consolidated.

All significant intercompany balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Regularly, the Company evaluates the assumptions, judgments, and estimates. Actual results may differ from these estimates.

Reclassifications

Certain prior period balances have been reclassified to conform to the current period presentation in the consolidated financial statements and the accompanying notes.

Concentrations of Credit Risk

The Company's cash is held in non-interest-bearing and interest-bearing accounts that may exceed the Federal Deposit Insurance Corporation (the "FDIC") insurance limits. If such banking institutions were to fail, the Company could lose all or a portion of those amounts held in excess of such insurance limitations. For example, the FDIC took control of Silicon Valley Bank (SVB), where the Company held a portion of its cash and cash equivalents. The Federal Reserve subsequently announced that account holders would be made whole, and the Company once again received access to all of its cash and cash equivalents. However, the FDIC may not make all account holders whole in the event of future bank failures. In addition, even if account holders are ultimately made whole with respect to a future bank failure, account holders' access to their accounts and assets held in their accounts may be substantially delayed. Any material loss that the Company may experience in the future or inability for a material time period to access our cash and cash equivalents could have an adverse effect on the Company's ability to pay its operational expenses or make other payments, which could adversely affect the business.

Major vendors are defined as those vendors having expenditures made by the Company which exceed 10.0% of the Company's total cost of revenues. Concentrations of vendors were as follows for the years ended December 31:

	2024	2023	2022
Vendor A	*	35 %	41 %
Vendor B	26 %	22 %	*
Vendor C	*	21 %	*

Major customers are defined as those customers generating revenues for the Company which exceed 10.0% of the Company's total recognized revenues. Concentrations of customers were as follows for the years ended December 31:

	2024	2023	2022
Customer A	*	12 %	*

Major concentrations of customers with licensing receivables are defined as those customers with a licensing receivables balances for the Company which exceed 10.0% of the Company's outstanding licensing receivables. Concentrations of customers with licensing receivables balance were as follows for the years ended December 31:

	2024	2023	2022
Customer B	100 %	100 %	*

*Vendors and customers that did not exceed the 10.0% concentration threshold.

Digital Assets

In 2021, the Company saw a need to further diversify and maximize returns on cash balances that are not required to maintain adequate operating liquidity. As such, the Company implemented a policy that would allow for the investment in bitcoin (digital assets) under this policy. The Company believes their bitcoin holdings are highly liquid. However, digital assets may be subject to volatile market prices, which may be unfavorable at the time when the Company wants or needs to liquidate them. The Company has ownership of and control over their digital assets and may use third-party custodial services to secure it. The Company will record an impairment of the digital asset during the reporting period if the fair value drops below the cost basis of the digital assets. The Company recorded an impairment of \$3.0 thousand, \$4.0 thousand and \$5.1 million on the digital assets during the years ended December 31, 2024, 2023 and 2022, respectively.

The Company sold bitcoin holdings with a total book value of \$0.6 million for a net gain of \$1.7 million during the year ended December 31, 2024. No bitcoin holdings were sold during the years ended December 31, 2023 and 2022.

Liquidity

The consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern within one year from the date of issuance of these consolidated financial statements. For the year ended December 31, 2024, the Company incurred a net loss of approximately \$90.0 million and used cash in operating activities of approximately \$60.2 million. The Company had an accumulated deficit of approximately \$99.9 million as of December 31, 2024. A significant portion of the net loss for the year ended December 31, 2024, was due to a one-time contractual commitment for marketing spend on a theatrical release, legal expenses related to unfavorable outcome of arbitration and increased marketing expenses to grow Angel Guild memberships. Management does not anticipate the same level of marketing spend as a percentage of revenue for future theatrical releases. The content license agreement with The Chosen, Inc. (f/k/a The Chosen, LLC) ("The Chosen") dated October 18, 2022 (the "Chosen Agreement"), which has generated significant past revenues, was canceled during the quarter ended June 30, 2024. Management anticipates that the Company will continue to incur operating losses and use cash in operating activities in 2025.

Management is working to increase revenues through the growth of Angel Guild memberships, the Company's pipeline of theatrical releases in 2025 and additional streaming agreements. The Company finances marketing activities for theatrical releases through P&A loan agreements with individual and institutional investors. Additionally, the Company has raised capital through the sale of its Class A common stock, par value \$0.001 per share (the "Class A Common Stock"), Class B common stock, par value \$0.001 per share ("Class B Common Stock"), Class C common stock, par value \$0.001 per share (the "Class C Common Stock") and Class F common stock, par value \$0.001 per share (the "Class F Common Stock," and together with the Class A Common Stock, Class B Common Stock and Class C Common Stock, the "Common Stock"), generating approximately \$32.8 million of cash and \$9.5 million in bitcoin during the year ended December 31, 2024, \$7.5 million of cash during the year ended December 31, 2023 and \$0.00 during the year ended December 31, 2022. From January 1, 2025, through the date of this filing, the Company has (i) grown from 551,893 to over one million Angel Guild paying members, generating approximately \$39.5 million in cash from Angel Guild paid memberships, (ii) raised \$14.1 million through the sale of Common Stock and (iii) secured \$22.9 million in debt financing. Management believes it will be able to continue to fund operating capital shortfalls for the next year through the issuance of debt and Common Stock. While there is no assurance of success, management remains committed to its plans to grow revenues and manage expenses. If these efforts are not successful, or if securing debt and selling Common Stock on acceptable terms proves challenging, the Company can reduce our spend on marketing of the Angel Guild, which could materially affect our growth, our financial condition and/or our ability to continue as a going concern.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities to the Company of three months or less to be cash equivalents. As of December 31, 2024 and 2023, these cash equivalents consisted of treasury securities and totaled \$0.00 and \$4.7 million, respectively.

Accounts Receivable

The Company records its accounts receivable at sales value less an allowance for doubtful accounts receivable. Management determines the allowance for doubtful accounts receivable in accordance with ASC 326 by segmenting the receivables portfolio and using historical experience, market conditions and account aging to determine an allowance for each segment.

Account balances are written off against the allowance when the potential for recovery is remote. Recoveries of receivables previously written off are recorded when payment is received. As of December 31, 2024, the allowance for doubtful accounts receivable was \$0.4 million, which included a reserve of \$0.2 million related to receivables from theatrical distribution. As of December 31, 2023 and 2022, the Company's allowance for doubtful accounts receivable was \$0.3 million and \$0.00, respectively.

Licensing Receivables

Licensing receivables consist of amounts due from customers under the Company's multi-year content licensing arrangements. These receivables arise from the licensing of content to third parties, typically over terms ranging from several months to up to ten years, with an average duration of around three years.

For licensing arrangements where payments are due over a longer period, the Company assesses the need to recognize a significant financing component when the expected time between the satisfaction of the Company's performance obligations and the receipt of payment exceeds one year. In such cases, the licensing receivable is recorded at the present value of the future payments, discounted at a rate reflective of a separate financing transaction between the Company and the customer at contract inception. When no significant financing component is deemed to be present (e.g., when payments are expected within one year), the receivable is recorded at the transaction price, without adjustment for the time value of money.

The Company monitors licensing receivables for collectability and assesses for credit risk at each reporting period. Any expected credit losses are recognized in accordance with the Company's allowance for doubtful accounts policy.

Physical Media Inventory

Physical media inventory consists of apparel, DVDs, Blu-rays, books and other merchandise purchased for resale, related to content the Company is distributing. Physical media inventory is recorded at average cost. The Company periodically reviews the physical media inventory for excess supply, obsolescence, and valuations above estimated realization amounts and provides a reserve to cover these items. Management determined that no reserve for physical media inventory was necessary as of December 31, 2024, 2023 and 2022.

Prepaid Expenses and Other

Prepaid expenses primarily represent payments made in advance for services and goods to be received in future periods. These include but are not limited to prepayments for insurance, software, rent, fees and future advertising. As the benefits are consumed or utilized, the prepaid assets are recognized as expenses on the consolidated statements of operations.

Other assets may include royalty advances, deposits and interest receivable. The Company also capitalizes expenses related to its proposed Business Combination with Southport. As of December 31, 2024, the balance of prepaid expenses related to the proposed Business Combination was \$2.6 million.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated economic useful lives of the assets or over the related lease terms (if shorter) as follows:

Office and computer equipment	3 years
Production equipment	1 year
Leasehold improvements	1 year
Furniture and fixtures	3 years
Warehouse equipment	3 - 5 years
Computer software	2 years

Expenditures that materially increase values or capacities or extend useful lives of property and equipment are capitalized. Routine maintenance, repairs, and renewal costs are expensed as incurred. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation and amortization are removed from the related accounts and any gain or loss is reflected in the consolidated statements of operations.

Content

The Company produces content for Dry Bar Comedy shows that are recorded and streamed through various channels. The Company capitalizes costs associated with the production, including development costs, direct costs, and production overhead. The Company amortizes the content assets in cost of revenues on the consolidated statements of operations over the period of use, which is estimated to be ten years, beginning with the month of first availability. The amortization is calculated using the straight-line method.

Intangible Assets

Intangible assets consist of domain names the Company has acquired and are stated at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated economic useful lives of the domain names of approximately thirty years.

Impairment of Long-Lived Assets

Except for the digital assets write-down mentioned previously, no other significant write-downs occurred during the years ended December 31, 2024 and 2023.

Investments in Affiliates

Investments in affiliates represent the Company's investments in noncontrolling interests. The Company's investments where the Company has significant influence, but does not control, and joint ventures which are VIEs in which the Company is not the primary beneficiary, are recorded under the equity method of accounting in the accompanying consolidated financial statements. The Company's investments where the Company has little or no influence and which the Company is not the primary beneficiary, are recorded under the cost method of accounting in the accompanying consolidated financial statements.

Under the equity method, the Company's investments are stated at cost and adjusted for the Company's share of net earnings or losses and reduced by distributions. Equity in earnings is recognized based on the Company's ownership interest in the earnings of the VIE. Under the cost method, the Company's investments are stated at cost and will be reduced by any distributions received.

Notes Receivable

The Company enters into various notes receivables with filmmakers for marketing and other purposes. The Company records its notes receivable based on actual amounts loaned or paid for on behalf of the filmmaker. The Company also has a note receivable from the disposition of a business in 2021. The Company establishes specific reserves for those customer accounts identified with collection problems due to insolvency or other issues. The Company's notes receivable are considered past due when payment has not been received within thirty days of the due date. The amounts of the specific reserves are estimated by management based on various assumptions including the customer's financial position, age of the receivables and changes in payment schedules and histories.

Notes receivable balances are charged off against the allowance for doubtful notes when the potential for recovery is remote. Recoveries of notes receivable previously charged off are recorded when payment is received. The allowance for doubtful notes receivable was \$0.00 as of December 31, 2024 and 2023, respectively.

Other Long-term Assets

Other long-term assets mainly consist of security deposits that will be held for longer than one year and are recorded at fair value when paid and deferred tax assets. Any impairment in the other long-term assets will be recognized on the consolidated statements of operations.

Accrued Expenses

Accrued expenses represent liabilities for goods or services received by the Company as of the reporting date but for which invoices have not been received or processed. These expenses are recognized when all of the following conditions are met: there is a present obligation resulting from a past event (i.e., goods or services have been received), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

Accrued expenses are recognized and measured based on the best estimate of the amount owed at the reporting date. Estimates are based on available information and historical experience, taking into consideration any known uncertainties. Where necessary, accruals are adjusted in subsequent periods to reflect changes in circumstances or estimates.

Accrued Licensing Royalties

Accrued licensing royalties represent amounts owed by the Company to filmmakers based on the contractual terms agreed upon with the filmmaker. Estimates are made based on available information and historical experience, taking into consideration any known uncertainties. Where necessary, accruals are adjusted in subsequent periods to reflect changes in circumstances or estimates.

Deferred Revenue

Deferred revenue represents payments received in advance of the Company fulfilling its performance obligations under various arrangements, including Angel Guild memberships, content licensing, Pay it Forward payments for theatrical releases, theatrical ticket presales and other deferred revenue. The Company recognizes deferred revenue when cash is received before the related revenue recognition criteria are met, and such amounts are recognized as revenue when the related performance obligations are satisfied.

Angel Guild Memberships

Angel Guild membership fees, which include both standard and premium membership options, are recorded as deferred revenue when received. As of December 31, 2024, 2023 and 2022, the Company had \$19.8 million, \$2.9 million and \$0.00, respectively, of deferred revenue related to Angel Guild memberships. These amounts are expected to be recognized as revenue over the membership period, primarily within the next twelve months.

Content Licensing

For certain content licensing arrangements, the Company recognizes deferred revenue when payment is received in advance of delivering the content or when performance obligations related to the licensing arrangement have not yet been satisfied. Revenue is recognized as content is delivered and the customer can begin exploiting the content, or, in the case of usage-based royalties, when the sale or usage occurs. As of December 31, 2024, 2023 and 2022, the Company had \$0.00, \$0.1 million and \$0.4 million, respectively, of deferred revenue related to content licensing arrangements.

Pay it Forward

The Company receives Pay it Forward payments, which are used to offset the costs of free or discounted theatrical tickets provided to others. Pay it Forward payments in excess of ticket redemption expenses are initially recorded as deferred revenue. Revenue is recognized as Pay it Forward payments are redeemed for tickets or when it is determined that future ticket redemptions will be less than the deferred revenue balance. As of December 31, 2024, 2023 and 2022, the Company had \$0.4 million, \$0.9 million and \$0.00, respectively, of deferred revenue related to Pay it Forward payments, which is expected to be redeemed or recognized as revenue within the next 12 months.

Theatrical Ticket Presales

The Company records deferred revenue related to theatrical ticket presales, which represent payments received in advance of scheduled theatrical releases. Revenue is recognized when the related theatrical releases occur. As of December 31, 2024, 2023 and 2022, the Company had \$1.0 million, \$0.00 and \$0.00, respectively, of deferred revenue related to these presales.

Other Deferred Revenue

As of December 31, 2024, 2023 and 2022, the Company had an additional \$1.0 million, \$0.00 and \$0.2 million, respectively, in deferred revenue from various other types of contractual arrangements. These amounts will be recognized as revenue when the performance obligations are satisfied, primarily within the next twelve months.

Deferred Financing Costs and Note Discount

Our distribution clients utilize the services of VAS Portal, LLC d/b/a Angel Funding ("VAS Portal"), a Securities and Exchange Commission ("SEC") registered Funding Portal (SEC File No. 7-165) and a member of the Financial Industry Regulation Authority ("FINRA"), to facilitate crowdfunding of their projects by Angel Investors via what is referred to as the "Angel Funding Portal." VAS Portal is operated independent of the Company.

For Funds raised through the VAS Portal, VAS Portal typically receives a fee of 6.0% of total funds raised for their services. The Company utilized the services of VAS Portal to raise prints and advertising ("P&A") funds during the year ended December 31, 2024 and 2023. Funds raised by the Company through the VAS Portal are accounted for as a note discount and are amortized to interest expense over the term of the underlying instrument using the effective interest method. For additional information, see "Note 6. Notes Payable."

Revenue Recognition

The Company recognizes revenue when a customer obtains control of promised products or services. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to receive in exchange for these products or services. The Company applies the following five steps: (i) Identify the contract with the customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to performance obligations in the contract; and (v) Recognize revenue when or as the Company satisfies a performance obligation. The following components represent the most significant portions of revenue being recognized:

For the year ended December 31,			
	2024	2023	2022
Angel Guild	\$ 35,646,375	\$ 2,940,290	\$ —
Theatrical	29,445,641	106,838,828	4,720,674
Content licensing	16,588,700	38,687,753	11,924,036
Merchandise	5,808,750	18,020,076	23,609,414
Pay it Forward	5,610,677	31,856,327	33,980,046
Theatrical Pay it Forward	2,213,993	3,430,855	—
Other	1,202,303	663,187	1,282,392
Total Revenue	\$ 96,516,439	\$ 202,437,316	\$ 75,516,562

Angel Guild Revenue

The Angel Guild is a paid membership that gives certain benefits, such as early access to certain content and the ability to vote on future content. Premium memberships receive additional benefits, such as complimentary theatrical tickets and merchandise discounts. Members have the option to pay either on a monthly or annual basis. The payments for memberships are initially recorded as deferred revenue and allocated to three different performance obligations: (i) memberships – recognized on a straight-line basis over the membership period, (ii) complimentary theatrical tickets – allocated only in periods of theatrical releases by the Company and recognized as tickets are redeemed during the month of membership and (iii) merchandise – recognized as the benefit is used.

Theatrical Release Revenue

Prior to the digital release of licensed content, the Company might provide the option to release content as part of a theatrical release. Revenue from these events is recognized at a point in time – when the theatrical showing takes place. The Company will negotiate the terms of the theatrical distribution window (ranging from a few weeks to a few months), profit sharing percentage, and collection terms with the theater owners prior to the release. Theatrical release revenue fluctuates depending on the timing and scale of theatrical showings.

Content Licensing

The Company's content licensing arrangements include fixed fee and minimum guarantee arrangements, and sales or usage based royalties. The Company's fixed fee or minimum guarantee licensing arrangements may, in some cases, include multiple titles, multiple license periods (windows), rights to exploitation in different media, or rights to exploitation in multiple territories, which may be considered distinct performance obligations. When these performance obligations are considered distinct, the fixed fee or minimum guarantee in the arrangement is allocated to the title, window, media right or territory as applicable, based on estimates of relative standalone selling prices. The amounts related to each performance obligation (i.e.,

title, window, media or territory) are recognized when the content has been delivered, and the window for the exploitation right in that territory has begun, which is the point in time at which the customer is able to begin to use and benefit from the content.

Sales or usage based royalties represent amounts due to us based on the "sale" or "usage" of the Company's content by the customer, and revenues are recognized at the later of when the subsequent sale or usage occurs, or the performance obligation to which some or all the sales or usage-based royalty has been allocated has been satisfied (or partially satisfied). Generally, when the Company licenses completed content (with standalone functionality, such as a movie, or television show), its performance obligation will be satisfied prior to the sale or usage. The actual amounts due to the Company under these arrangements are typically not reported to the Company until several months after the close of the reporting period. The Company records revenue under these arrangements for the amounts due and not yet reported to the Company based on estimates of the sales or usage of these customers and pursuant to the terms of the contracts. Such estimates are based on information from the Company's customers, historical experience with similar titles in that market or territory, the performance of the title in other markets and/or available data in the industry. While the Company believes these estimates are reasonable estimates of the amounts due under these arrangements, such estimated amounts could differ from the actual amounts to be subsequently reported by the customer, which could be higher or lower than the Company's estimates, and could result in an adjustment to revenues in future periods. Any adjustments booked during the December 31, 2024 and 2023 periods have been immaterial.

For certain multi-year licensing arrangements, payments may be due over a longer period. When the Company expects the period between fulfillment of its performance obligation and the receipt of payment to be greater than a year, a significant financing component is present. In these cases, such payments are discounted to present value based on a discount rate reflective of a separate financing transaction between the customer and the Company, at contract inception. The Company does not assess contracts with deferred payments for significant financing components if, at contract inception, the Company expects the period between fulfillment of the performance obligation and subsequent payment to be one year or less.

Content licensing arrangements can last between several months to up to ten years. The typical period ranges around three years.

Merchandise Revenue

The Company has partnered with creators to distribute the creators' licensed original content and related merchandise. Merchandise revenue represents apparel, DVDs, Blu-rays, books and other intellectual property. Revenue is recognized upon shipment of the merchandise and is recognized at a point in time, when physically shipped.

Pay it Forward Revenue

Pay it Forward revenue consists of payments made from customers who want to keep the Company's content free to general users and help create future episodes and seasons of their favorite shows. Pay it Forward revenues are reported as Pay it Forward revenue in the consolidated statements of operations in accordance with ASC Topic 958, Not-for-Profit Entities.

Theatrical Pay it Forward Revenue

The Company also collects Pay it Forward payments for the Company's upcoming or current theatrical releases. These collections are used to offset the cost the Company incurs to purchase free or discounted tickets, ("ticket redemption expenses"), for people who may not have otherwise been able to watch the film. If total theatrical Pay it Forward payments are in excess of total ticket redemption expenses, the excess amount will initially be included on the Company's consolidated financial statements as deferred revenue. Deferred revenue will be recognized as Pay it Forward revenue during a reporting period if future ticket redemption expenses are expected to be less than the deferred revenue balance.

Other Revenue

Other revenue consists of tickets to Dry Bar Comedy shows and other events, concession sales, general and administrative management fees and in-app advertising. Other revenue is recognized when the services are performed or when the event takes place.

The following table presents the Company's revenue recognized over time or at a point in time (as previously described) for the years ended December 31:

	2024	2023	2022
Point in time revenue	\$ 60,002,166	\$ 198,201,716	\$ 73,927,248
Over time revenue	36,514,273	4,235,600	1,589,314
Total revenue	\$ 96,516,439	\$ 202,437,316	\$ 75,516,562

The Company does not disclose revenue by geography as it is impracticable to do so. The Company's business operations involve complex, interconnected revenue streams that are not easily attributable to specific geographic regions. Revenue is often generated through multi-region engagements, global contracts and shared operational resources, making geographic segmentation inaccurate or misleading. As a result, providing such information would not reflect the true nature of the Company's business and could lead to misinterpretation.

Cost of Revenues

Cost of revenues represents the direct costs incurred by the Company in generating its revenue. These costs include expenses directly associated with the goods or services sold during the reporting period. Cost of revenues is recognized in the consolidated statements of operations in the period in which the related revenue is recognized, following the matching principle.

Components of cost of revenues include licensing royalty expense, film delivery costs, hosting, merchandise costs, credit card fees, freight and shipping costs, and costs of services provided.

Selling and Marketing Expenses

Selling and marketing expenses represent costs incurred by the Company in promoting and selling its products or services. These expenses are recognized in the consolidated statements of operations in the period in which they are incurred.

Components of selling and marketing expenses include advertising and promotional activities, salaries and benefits for sales and marketing personnel, travel and entertainment expenses related to sales and marketing activities, and costs of marketing materials. It also includes costs incurred by the Company to purchase movie tickets for giving away, which costs are offset by the Pay it Forward receipts the Company receives from customers who Pay it Forward for others to see the show. The total amount of pay-it-forward receipts that were offset against selling and marketing costs during the years ended December 31, 2024, 2023 and 2022 were \$4.2 million, \$23.8 million and \$0.00, respectively.

General and Administrative Expenses

General and administrative expenses represent costs incurred by the Company that are not directly attributable to the production of goods or services. These expenses include, but are not limited to, salaries and benefits of administrative staff, office rent, utilities, office supplies, insurance, legal fees and other overhead costs necessary to support the operations of the business.

General and administrative expenses are recognized in the consolidated statements of operations in the period in which they are incurred. Expenses are measured at the fair value of the consideration given in exchange for goods or services received.

Research and Development Expenses

Research and development expenses consist primarily of payroll, software and other related expenses for research and development personnel responsible for making improvements to the Company's service offerings, including testing and maintaining and modifying the user interface and infrastructure. These expenses are recognized in the consolidated statements of operations in the period in which they are incurred.

Stock-Based Compensation

Stock-based payments made to employees, including grants of employee stock options, are measured using a fair value-based method. The related expense is recorded in the consolidated statements of operations over the period of service.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the tax bases of assets and liabilities. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred income tax assets are reviewed periodically for recoverability, and valuation allowances are provided when it is more likely than not that some or all of the deferred income tax assets may not be realized.

The Company believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities are adequate for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Company files income tax returns in the U.S. federal jurisdiction and certain state jurisdictions.

As of December 31, 2024, and 2023, the Company had \$0.00 and \$4.0 million, respectively, of deferred tax assets.

Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share attributable to the Company is computed by dividing income (loss) attributable to the Company by the weighted-average number of shares outstanding during the period. Diluted earnings (loss) per share attributable to the Company gives effect to all dilutive potential shares that are outstanding during the period (if any) and excludes stock options that are anti-dilutive as a result of any net losses during the period.

Operating Leases

The Company leases several office spaces which are accounted for as operating leases. Lease payments are due monthly and are based on the fixed terms of the leases. The lease terms expire at various dates through 2029 and provide for renewal options ranging from one year to five years. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties.

The Company determines if an arrangement is a lease at its inception. A rate implicit in the lease when readily determinable is used in arriving at the present value of lease payments. As the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on information available at lease commencement date for all of its leases. Lease expense for operating leases is recognized on a straight-line basis.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-08, "Intangibles-Goodwill and Other-Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets." This standard provides accounting and disclosure guidance for crypto assets that meet the definition of an intangible asset and certain other criteria. In-scope assets are subsequently measured at fair value with changes recorded in the consolidated statements of operations. The standard requires separate presentation of (1) in-scope crypto assets from other intangible assets and (2) changes in the fair value of those crypto assets. Disclosure of significant crypto asset holdings and an annual reconciliation of the beginning and ending balances of crypto assets are also required. This ASU becomes effective for annual periods beginning in 2025, including interim periods, with early adoption permitted. The Company will adopt this standard with its annual period beginning on January 1, 2025. The adoption of this standard will require an adjustment to the Company's opening Retained Earnings balance as of January 1, 2025, to recognize the cumulative effect of initially applying the change in accounting principle to previous periods. The adjustment subsequently made was an increase in our digital assets of \$16.0 million, which accounts for the difference between the December 31, 2024 ending book value of digital assets and their respective fair market value on January 1, 2025.

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this ASU retrospectively on December 31, 2024.

Segment Reporting

The Company operates as a single reportable segment, consistent with the adoption of ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The CODM, Neal Harmon, our Chief Executive Officer, evaluates the Company's financial performance and allocates resources based on consolidated financial results. The Company does not manage its operations or prepare financial information on a disaggregated basis beyond the consolidated level for internal reporting purposes.

The CODM reviews consolidated operating results, primarily focusing on revenue, operating income (loss), and key expense categories to assess performance and make strategic decisions. The single reportable segment derives its revenue as described above, primarily from Angel Guild revenue, theatrical release revenue, content licensing, merchandise revenue, Pay it Forward revenue and other revenue. Segment profit or loss is measured consistently with the consolidated operating income (loss) presented in the Consolidated Statements of Income.

In accordance with ASU 2023-07, the significant expense categories regularly provided to the CODM as part of the consolidated financial review include cost of revenue, selling and marketing, research and development, and general and administrative expenses. The amounts for these categories are included in the Consolidated Statements of Operations. These expenses represent the primary financial measures used by the CODM to evaluate operational efficiency and resource needs. No other significant expense categories or performance metrics are regularly provided to the CODM on a disaggregated basis.

The Company's accounting policies for segment reporting are consistent with the significant accounting policies described in this note.

2. Property and Equipment

Property and equipment consisted of the following as of December 31:

	2024	2023
Computer equipment	\$ 1,685,254	\$ 1,630,746
Leasehold improvements	454,082	420,903
Computer software	545,255	386,035
Furniture and fixtures	355,764	355,764
Production equipment	280,512	275,513
Warehouse equipment	106,856	57,936
	3,427,723	3,126,897
Less accumulated depreciation and amortization	(2,648,796)	(1,914,841)
	\$ 778,927	\$ 1,212,056

Depreciation and amortization expense on property and equipment for the years ended December 31, 2024, 2023 and 2022 was \$0.7 million, \$0.7 million and \$0.5 million, respectively.

3. Content

Content consisted of the following as of December 31:

	2024	2023
Content	\$ 2,158,394	\$ 1,639,251
Less accumulated amortization	(447,528)	(249,663)
	\$ 1,710,866	\$ 1,389,588

Amortization expense on content for the years ended December 31, 2024, 2023 and 2022 was \$0.2 million, \$0.2 million and \$0.1 million, respectively.

4. Notes Receivable

On March 1, 2021, the Company entered into an agreement to sell substantially all the assets and liabilities of the Company's content filtering service. As part of this transaction, the Company paid cash to the buyer to provide liquidity to the business and the buyer entered into a note with the Company and is required to pay \$9.9 million over fourteen years, or \$7.8 million if paid within five years. If the buyer defaults under any of its obligations under the agreement, they will be required to transfer and assign all assets

and liabilities back to the Company for no consideration. As of December 31, 2024, and 2023, the outstanding balance on the consolidated balance sheets is \$4.5 million and \$4.7 million, respectively.

In addition to the notes receivable from the sale of the filtering business, the Company enters into various notes receivables with filmmakers (the "Filmmaker Notes Receivable") for marketing and other purposes. The terms of these agreements are generally less than one year and non-interest bearing. The total amount of Filmmaker Notes Receivable as of December 31, 2024 and 2023 was \$0.5 million, respectively, which is included in current portion of notes receivable, on the consolidated balance sheets.

5. Intangible Assets

Intangible assets consisted of the following as of December 31:

	2024	2023
Domain names	\$ 2,191,454	\$ 2,188,489
Less accumulated amortization	(274,299)	(201,299)
	\$ 1,917,155	\$ 1,987,190

Amortization expense on intangible assets for the years ended December 31, 2024, 2023 and 2022 was \$73.0 thousand, \$73.0 thousand and \$73.0 thousand, respectively.

6. Notes Payable

In November 2022, the Company entered into a P&A loan agreement where the Company could draw up to \$5.0 million related to P&A expenses incurred during the theatrical release of specific content. The maturity date of the note was March 31, 2023, and was payable along with a 10.0% coupon on the aggregate amount drawn. The loan principal and all outstanding interest were paid in full in March 2023.

In June 2023, the Company closed on a round of crowdfunding for P&A expenses, in anticipation of the release of the Sound of Freedom film, in exchange for revenue participation rights of the film. The revenue participation rights allow each investor the right to receive an amount not to exceed 120.0% (initial investment plus a 20.0% return) of their crowdfunded amount. The investors have first priority on the cash receipts to the Company of the film and shall be paid in full before any other claims from the film are paid. The money raised was approximately \$5.0 million. The payback date was based on the timing of cash collections from the theatrical run of the film and was payable, directly to the investors. The \$5.0 million was recorded as notes payable and the 20.0% return was accrued over the term of the note and recorded as interest expense on the consolidated statements of operations. Issuance costs for this raise were approximately \$0.3 million, which was recorded as a note discount. As of December 31, 2023, the notes and interest had been repaid, and the note discount had been fully amortized.

During 2023, the Company entered into several additional rounds of P&A expense raises with institutional investors, in anticipation of the release of several different films, in exchange for revenue participation rights of the films. The revenue participation rights allow each institutional investor the right to receive an amount not to exceed 110.0% (initial investment plus a 10.0% return) of their invested amount. The institutional investors have first priority on the cash receipts to the Company of the particular film they invested in and shall be paid in full before any other claims from the film are paid. The money raised was approximately \$21.0 million which was recorded as notes payable and the 10.0% return was accrued over the term of the notes and recorded as interest expense on the consolidated statements of operations. The payback dates were based on the timing of cash collections from the various theatrical runs of the films. There were no issuance costs related to these raises. As of December 31, 2023, \$17.0 million of the notes and \$1.7 million in related interest had been repaid. All remaining principal and interest was paid back in the first quarter of 2024.

In January 2024, the Company entered into a short-term loan agreement for \$0.3 million with a 10.0% interest rate and maturity date of 100 days. As of December 31, 2024, the note principal and interest had been repaid.

In February 2024, the Company entered into a revolving P&A loan agreement with a related-party. See "Note 14. Related-Party Transactions" for further discussion.

In May 2024, the Company entered into P&A loans totaling \$3.0 million. The maturity date is dependent on the timing of cash collections from theatrical sales, licensing revenue, merchandise sales and other revenue. The principal balance is payable along with a 10.0% coupon on the total loans, and is expected to mature within the next year. As of December 31, 2024, the entire amount was outstanding.

In May 2024, the Company entered into a short-term loan agreement for \$0.5 million with a 10.0% interest rate and maturity date of 100 days. As of December 31, 2024, the note principal and interest had been repaid.

7. Investments in Affiliates

Consolidated Entities

The Company consolidates entities in which it has a controlling financial interest, either through a majority voting interest or as the primary beneficiary of a VIE, in accordance with ASC 810, Consolidation. As of December 31, 2024, the Company consolidates several subsidiaries and VIEs where the Company is the primary beneficiary.

Consolidated Subsidiaries (Voting Interest): The Company holds majority ownership in several subsidiaries which are consolidated based on voting interest control. These subsidiaries are integral to the Company's operations. There are no significant restrictions on the ability of these subsidiaries to transfer funds to the parent in the form of dividends, loans, or advances, except for standard regulatory requirements in certain jurisdictions.

Consolidated VIEs: The Company is the primary beneficiary of various VIEs, special-purpose entities established to raise capital for upcoming content and invest in new and related content. The Company consolidates these VIEs because it has the power to direct the activities that most significantly impact the VIEs' economic performance and has the obligation to absorb losses or the right to receive benefits that could be significant to the VIEs. The carrying amounts of the VIEs' assets and liabilities included in the consolidated balance sheet as of December 31, 2024, are \$8.6 million. Creditors of these VIEs have no recourse to the general credit of the Company. Certain restrictions exist for one of the Company's VIEs that require revenue generated by the exploitation of the film "Bonhoeffer" to be used to redeem the preferred shares of that VIE, which redemption value is \$6.0 million.

Investment in Unconsolidated Entities

The Company holds investments in several unconsolidated entities, some of which are accounted for under the equity method and others under the cost method.

Equity Method Investments

In October 2023, the Company entered into an equity purchase agreement with a third-party entity, acquiring preferred units for an aggregate purchase price of \$1.0 million. Based on the Company's assessment of the investee's financial outlook, the Company determined that it is unlikely the investment will be recovered in the foreseeable future. Accordingly, a full impairment of the \$1.0 million investment was recorded as of December 31, 2024. This impairment is reflected as a loss under the line item 'Impairment of investment in affiliates' in the other income (expense) section of our consolidated statements of operations for the year ended December 31, 2024. No similar impairments occurred during 2023.

Additionally, the Company holds equity investments in other unconsolidated entities. These entities are accounted for under the equity method, as the Company holds significant influence over their operations. The Company's share of the investees' net income (loss) was \$67.6 thousand and \$9.4 thousand for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, and 2023, the carrying value of these investments totaled approximately \$2.6 million and \$2.6 million, respectively. No impairments or significant valuation adjustments were required for these equity method investments.

Cost Method Investments

The Company also holds investments in entities where it does not have significant influence, which are accounted for under the cost method. Under the cost method, these investments are carried at cost, adjusted for observable price changes in orderly transactions for identical or similar investments and for impairments. As of December 31, 2024 and 2023, the carrying value of these investments totaled approximately \$5.6 million and \$0.9 million, respectively, with no impairment recorded during the periods.

Variable Interest Entities (Unconsolidated)

The Company has identified certain unconsolidated entities as VIEs under ASC 810, Consolidation. These VIEs are primarily fundraising and content related ventures. The Company does not consolidate these VIEs because it is not the primary beneficiary, meaning it does not have the power to direct the activities that most significantly impact the economic performance of the entities, nor does it have an obligation to absorb significant losses or the right to receive significant benefits from these VIEs.

The Company's maximum exposure to loss as a result of its involvement with these unconsolidated VIEs is limited to the Company's equity investment, totaling approximately \$0.00 as of December 31, 2024. This amount represents the carrying value of the Company's equity investments in these VIEs, recorded under investments in affiliates on its consolidated balance sheet. The Company's involvement in these VIEs is primarily through its operational relationships, and the Company does not have any future funding commitments or guarantees to these entities.

8. Accrued Expenses

Accrued expenses as of December 31, 2024 and 2023, consist of the following:

	2024	2023
Accrued legal expenses	\$ 5,431,494	\$ 198,372
Accrued marketing expenses	4,860,716	1,168,891
Accrued payroll expenses	1,358,213	1,080,829
Accrued sales tax	359,311	351,774
Accrued income tax	—	1,280,676
Other accrued expenses	1,064,921	2,216,688
	<u>\$ 13,074,655</u>	<u>\$ 6,297,230</u>

Accrued marketing expenses consist of amounts for advertising, promotional activities and other marketing-related costs that were incurred but unpaid at year-end for both periods. Accrued legal expenses represent amounts related to ongoing litigation and legal services incurred but not yet paid as of the respective balance sheet dates. Accrued payroll expenses represent compensation earned by employees, including wages, bonuses and other benefits, that are unpaid as of the balance sheet date. Accrued sales taxes include amounts for sales taxes collected from customers but not yet remitted to tax authorities at the end of the reporting period. Accrued income taxes reflect amounts related to taxes on the Company's income that are owed but not yet paid as of the balance sheet date. Other accrued expenses include various operational expenses such as professional fees and other miscellaneous items that are individually immaterial to the financial statements. These amounts are expected to be settled in the normal course of business within the next fiscal year.

9. Accrued Settlement Costs

In September 2020, the Company recorded an expense on the consolidated statements of operations and an accrued settlement cost on the consolidated balance sheets of \$5.3 million because of a settlement from the chapter 11 bankruptcy case that was filed on October 18, 2017. The total amount due from litigation and the resulting bankruptcy case was \$62.5 million, however, as part of the settlement agreement, it was agreed that the \$62.5 million will be lowered to \$9.9 million, payable over fourteen years without interest, as long as the Company makes timely payments and there is no breach or violation of the settlement agreement that remains uncured. As a result of this settlement, and the Company's plans to not break or violate the settlement agreement, the Company recorded an expense of \$5.3 million during the year ended December 31, 2020. The Company recorded the present value of \$9.9 million with an imputed interest rate of 10.0%. Payments of \$0.2 million are due quarterly. As of December 31, 2024 and 2023, the outstanding balance on the consolidated balance sheets is \$4.4 million and \$4.6 million, respectively, and all payments are current.

Because the Company had no uncured payment faults and did not default on its settlement promises through the date of this Annual Report on Form 10-K, the Company maintains the option to pay the remaining balance on the note, less a discount of \$2.1 million. The Company can elect to extend this option through October 2025.

The following table summarizes the scheduled maturities of short-term and long-term settlement costs for the five years subsequent to December 31, 2024:

Year Ending December 31:	Amount
2025	\$ 280,238
2026	309,331
2027	341,443
2028	376,890
2029	416,016
Thereafter	2,648,053
Total	<u>\$ 4,371,971</u>

10. Commitments and Contingencies

Legal Proceedings

The Company currently is, and from time to time might again become, involved in litigation arising in the normal course of business.

Litigation is necessary to defend the Company. The results of any current or future complex litigation matters cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact because of defense and settlement costs, distraction of management and resources, and other factors. Additionally, these matters may change in the future as the litigation and factual discovery unfolds. Legal fees are expensed as incurred. Insurance recoveries associated with legal costs incurred are recorded when they are received.

The Company assesses whether there is a reasonable possibility that a loss, or additional losses beyond those already accrued, may be incurred ("Material Loss"). If there is a reasonable possibility that a Material Loss may be incurred, the Company discloses an estimate or range of the amount of loss, either individually or in the aggregate, or discloses that an estimate of loss cannot be made. If a Material Loss occurs due to an unfavorable outcome in any legal matter, this may have an adverse effect on the consolidated financial position, results of operations, and liquidity of the Company. The Company records a provision for each liability when determined to be probable, and the amount of the loss may be reasonably estimated. These provisions are reviewed annually and adjusted as additional information becomes available. Management, after consultation with legal counsel, believes that the outcome of these proceedings will not have a material impact on the Company's consolidated financial position, results from operations or liquidity. The actual amounts from the resolution of these matters could vary from management's estimate.

Disney Litigation and the Preliminary Injunction

On December 12, 2016, the United States District Court for the Central District of California (the "California Court") in the matter of Disney Enterprises, Inc.; Lucasfilm Ltd., LLC; Twentieth Century Fox Film Corporation and Warner Bros. Entertainment, Inc. (the "Original Plaintiffs"), v. VidAngel (the "Disney Litigation"), granted the Original Plaintiffs' motion for preliminary injunction against the Company. On October 5, 2017, the California Court allowed the Original Plaintiffs to amend the original complaint to add three of their subsidiaries, MVL Film Finance LLC, New Line Productions, Inc. and Turner Entertainment Co., as additional Plaintiffs (collectively with the Original Plaintiffs, the "Plaintiffs"), and identify additional motion pictures as having allegedly been infringed. The Plaintiffs claimed that the Company unlawfully decrypted and infringed 819 titles in total.

On March 6, 2019, the California Court granted the Plaintiffs' motion for partial summary judgment as to liability. The order found that the Company was liable for infringing the copyrights and violating the Digital Millennium Copyright Act (the "DMCA"), with respect to certain motion pictures of the Plaintiffs'. Damages related to the respective copyright infringements and DMCA violations were decided by a jury trial in June 2019. The jury found that the Company willfully infringed the Plaintiffs' copyrights and awarded statutory damages of \$75.0 thousand for each of the 819 infringed titles, or \$61.4 million. The jury also awarded statutory damages of \$1.0 thousand for DMCA violations for each of the 819 infringed titles, or \$1.0 million. The total award for both counts is \$62.4 million. On September 23, 2019, a judgment consistent with the jury's verdict was entered against the Company by the California Court. The Plaintiffs also sought an award of costs and attorneys' fees.

On August 26, 2020, the Company entered into the settlement agreement, dated August 26, 2020 (the "Disney Settlement Agreement") with the Plaintiffs as part of the Company's Reorganization Plan (the "Reorganization Plan"), effectively ending the litigation.

The Permanent Injunction

On September 5, 2019, the California Court issued a permanent injunction against the Company. The permanent injunction enjoins the Company, its officers, agents, servants, employees and attorneys from: (1) circumventing technological measures protecting Plaintiffs' Copyrighted Works (as defined in the Disney Settlement Agreement) on DVDs, Blu-rays or any other medium; (2) copying Plaintiffs' Copyrighted Works, including, but not limited to, copying the works onto computers or servers; (3) streaming, transmitting or otherwise publicly performing any of Plaintiffs' Copyrighted Works over the internet, via web applications, via portable devices, via streaming devices or by means of any other device or process; and (4) engaging in any other activity that violates, directly or indirectly, Plaintiffs' anti-circumvention right, 17 U.S.C. § 1201(a), or that infringes by any means, directly or indirectly, any Plaintiffs' exclusive rights in any Copyrighted Work under Section 106 of the Copyright Act, 17 U.S.C. § 106.

The Company was required to cease and have ceased filtering and streaming all movies and TV programs owned by the Plaintiffs.

Chapter 11 Bankruptcy

On October 18, 2017, the Company filed a voluntary petition for relief under chapter 11, title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Central District of Utah (the "Bankruptcy Court"), case number 17-29073 (the "Bankruptcy Case"). On November 17, 2020, the Bankruptcy Court issued a final decree closing the Company's Bankruptcy Case.

ClearPlay Litigation

In 2014, the Company responded to a contention by ClearPlay that the Company (at such time, VidAngel) infringed on certain ClearPlay patents by suing ClearPlay in the United States District Court for the Central District of California (the case was later transferred to Utah). In doing so, the Company requested judicial determinations that the Company's technology and service did not infringe eight patents owned by ClearPlay and that the patents were invalid. In turn, ClearPlay counterclaimed against the Company, alleging patent infringement. On February 17, 2015, the case was stayed pending inter partes review by the United States Patent and Trademark Office (the "USPTO"), of several of ClearPlay's patents. The Company not party to or involved in the USPTO's review of those patents. Owing to those proceedings, on May 29, 2015, the Utah trial court closed the case without prejudice to the parties' rights to reassert any or all claims later. In July and August 2015, many of ClearPlay's patent claims, including many of the claims asserted against the Company, were invalidated by the USPTO. Certain of ClearPlay's other patent claims were upheld and others were never challenged in the USPTO. Following the USPTO's rulings, ClearPlay appealed certain of the USPTO's invalidity decisions to the United States Court of Appeals for the Federal Circuit. The findings of invalidity were all affirmed by the Federal Circuit on August 16, 2016. On October 31, 2016, the Magistrate Judge, Brooke C. Wells, conducted telephonic status conferences in this and a related case brought by ClearPlay against DISH Network and ordered that both cases be re-opened. Subsequently, Magistrate Judge Wells granted ClearPlay's motion to stay the litigation at least until a decision is rendered on the preliminary injunction by the Ninth Circuit. On October 12, 2017, the magistrate judge ordered the case stayed again, this time until a final decision is rendered in the Disney Litigation. On February 14, 2018, ClearPlay filed a claim in the Company's chapter 11 proceeding seeking an unliquidated sum. On April 14, 2020, the trustee appointed in the Company's Bankruptcy Case filed an objection to the claim in the Bankruptcy Court seeking an order to disallow the claim in its entirety. On October 21, 2020, the Bankruptcy Court issued an order converting the trustee's objection to ClearPlay's claim in the Bankruptcy Case to an adversary proceeding.

On April 20, 2021, the Bankruptcy Court lifted the stay as the final decision in the Disney Litigation had been determined and the Company was no longer in bankruptcy. VidAngel Entertainment assumed responsibility for defense of the ClearPlay litigation, and any settlement discussions thereto, as part of the asset purchase agreement, dated March 1, 2021, by and between the Company, Skip TV Holdings, LLC and VidAngel Entertainment, LLC (the "VidAngel Asset Purchase Agreement"). On November 4, 2021, the Company informed the court that Angel Studios sold VidAngel and VidAngel Entertainment is the successor. On January 14, 2022, ClearPlay filed a response stating the Company and VidAngel Entertainment are liable for past infringement as they are the successor to VidAngel.

On December 20, 2021, the Company served non-infringement and invalidity contentions concerning the patents asserted in this case. On January 7, 2022, ClearPlay filed a motion seeking to add additional causes of action under the DMCA and Utah state law for alleged tortious interference, which the Company opposed on February 4, 2022. On June 23, 2022, the Court granted leave for ClearPlay to amend its complaint to add these claims but deferred to a later stage of the proceedings any ruling on the futility of the claims. On December 8, 2023, the Court held a Markman hearing to construe the scope and meaning of certain disputed claim terms in the asserted patents. At the conclusion of the hearing, the Court took the matter under submission.

On August 30, 2024, the Company entered into a settlement agreement with ClearPlay pursuant to which, among other things, ClearPlay will receive a royalty of \$1.8 million, which is to be paid in thirty-six monthly installments of \$50.0 thousand per month. Pursuant to the VidAngel Asset Purchase Agreement, these payments will be made by VidAngel Entertainment, LLC and as such no liability was recorded by the Company. The litigation was subsequently dismissed with prejudice.

The Chosen Arbitration

Historically, the Company has generated a significant portion of its total revenue from distribution activities related to the Chosen Agreement. The Chosen Agreement outlines the contractual arrangement between the parties pursuant to which the Company was granted a limited license to distribute, solely on the Angel App, all previous and future episodes and seasons of the series "The Chosen," and any future audiovisual productions derivative thereof. Revenue from distribution activities related to the Chosen Agreement does not currently account for any percentage of the Company's revenue.

On April 4, 2023, The Chosen initiated a private binding arbitration against the Company alleging certain material breaches of contract under the Chosen Agreement and seeking to terminate the Chosen Agreement. On May 28, 2024, the arbitrator in the arbitration proceedings issued an interim arbitration award (the "Interim Arbitration Award") granting The Chosen's breach of contract claims and terminating the Chosen Agreement effective as of May 28, 2024. The Interim Arbitration Award granted The Chosen monetary damages in the amount of \$30.0 thousand, plus costs and potential recovery of an allocable portion of its attorney fees, which have been accrued

as of December 31, 2024. The Interim Arbitration Award denied in full The Chosen's claims for the remedies of disgorgement of profits and corrective advertising. On September 25, 2024, the final award (the "Final Arbitration Award") was issued, which remained consistent with the Interim Arbitration Award and granted a portion of The Chosen's costs and fees. On October 25, 2024, the Company filed an appeal of the Final Arbitration Award, as permitted under the arbitration provision of the Chosen Agreement. Three arbitrators have been selected to preside over the appeal, which is currently scheduled for May 15 to May 22, 2025. Unless and until a favorable outcome of such appellate review is determined, the Company will fully comply with the Final Arbitration Award, including with respect to the termination of the Chosen Agreement effective as of May 28, 2024.

Mergers and Acquisitions

In July 2022, the Company purchased an 8.0% interest in an entity that is partially owned by one or more of the Company's directors, officers, and stockholders. This entity produces content for the Company's platforms. The total purchase price was \$1.7 million. In August 2023, the Company entered into negotiations to acquire this entity in full. While negotiations are ongoing, the Company agreed to fund the operations of the entity. During the years ended December 31, 2024 and 2023, the Company funded \$4.4 million and \$0.9 million, respectively, related to supporting operations of the entity which was expensed by the Company.

In August 2024, the Company agreed to a non-binding term sheet to acquire the rights related to a project currently under a content licensing agreement. The total purchase price was \$30.0 million. The Company agreed to fund the operations of the entity until and following the completion of the acquisition. During the year ended December 31, 2024, the Company funded \$2.2 million related to supporting operations of the entity which was expensed by the Company.

As of December 31, 2024, the Company had made certain payments totaling \$2.3 million related to the proposed acquisition of Slingshot USA, LLC, which has yet to be completed. These payments consisted of a \$0.5 million non-refundable earnest money deposit and \$1.8 million in cash injections for production costs. The transaction is currently the subject of litigation, and the final outcome remains uncertain. The Company is assessing the ongoing financial obligations and risks associated with the proposed acquisition and litigation.

Operating Leases

The Company has several non-cancelable office and warehouse leases that mature between July 31, 2027, and March 31, 2029, with monthly payments that escalate between 3.0%-5.0% each year.

The following represents maturities of operating lease liabilities as of December 31, 2024:

Year Ending December 31:	Amount
2025	\$ 858,706
2026	893,740
2027	822,688
2028	567,760
2029	101,100
Total Lease Payments	3,243,994
Less: Interest	(417,236)
Present value of lease liabilities	\$ 2,826,758

The weighted average remaining lease terms and interest rates were as follows as of December 31, 2024:

Lease Term and Discount Rate	2024
Weighted Average Remaining Lease Term (years)	
Operating leases	3.7
Weighted Average Discount Rate	
Operating leases	7.27 %

Lease expense for operating lease liabilities was \$0.9 million, \$0.7 million and \$0.5 million for the years ended December 31, 2024, 2023 and 2022, respectively, and included in general and administrative expenses on the consolidated statements of operations.

Cash payments included in the measurement of operating lease liabilities for the years ended December 31, 2024, 2023 and 2022 were \$0.8 million, \$0.7 million and \$0.5 million, respectively

Loan Guarantees

The Company has agreed to various loan guarantees during the year ended December 31, 2024, which fall into two distinct categories: (1) loan guarantees evaluated under ASC 460, Guarantees, and (2) a specific loan guarantee related to assumable debt that is outside the scope of ASC 460.

ASC 460 Loan Guarantees

These guarantees could result in obligations if the related parties default on their loans. In accordance with ASC 460, Guarantees, the Company evaluated whether a liability needed to be recognized for each guarantee at the time the guarantees were issued. Based on the Company's assessment under ASC 460, no liability or corresponding receivable was recorded. The Company concluded that the likelihood of making payments under these guarantees is remote, and as such, no recognition was necessary. These guarantees remain disclosed as potential obligations, but no liability has been recognized as of December 31, 2024.

The Company's maximum exposure under all ASC 460 guarantees, if all related parties were to default and no recovery could be made, is \$3.1 million, including principal and related interest. The obligations behind these guarantees are all due during 2025.

Assumable Debt Guarantee

In addition to the above, the Company agreed to guarantee an \$8.5 million loan to a filmmaker during the year ended December 31, 2024, which falls outside the scope of ASC 460 due to the expectation that the Company will repay the loan on behalf of the filmmaker. The guaranteed loan consists of an \$8.5 million principal amount with a 10.0% coupon. The Company expects to fully repay the loan and subsequently collect the amount from the filmmaker's future earnings. As a result, a loan guarantee receivable asset and a corresponding loan guarantee payable liability were recorded on the consolidated balance sheet.

Class C Common Stock Contractual Adjustment

During 2023, one of the Company's investors purchased 528,914 shares of its Class C Common Stock. As part of the purchase agreement, the total shares purchased would be adjusted to 842,696 shares of Class C Common Stock if each of the below events occurred:

1. If gross revenues of the Company in 2023, 2024 or 2025 was less than \$100.0 million; and
2. If a material and adverse change to the Company's contract with The Chosen results in a reduction in revenue from the Chosen Agreement by at least 20.0% relative to the revenue that would have otherwise been entitled if not for the material change.

As the Company's revenues were below \$100.0 million during 2024, the Company is awaiting the results of the appeal of the arbitration with The Chosen to determine if the second event would be triggered and the additional shares would need to be recorded.

11. Stock Options

Stock Incentive Plan

The Company's 2014 Stock Incentive Plan, originally approved in 2014, was amended and restated in each of August 2016, July 2020, and February 2021 (the "Prior Stock Incentive Plan"). The Prior Stock Incentive Plan provided for the grant of incentive stock options, nonqualified stock options, stock appreciation rights and shares of restricted stock. In October 2023, the Company adopted the 2023 Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan reserves a total of 5,775,000 shares of the Company's Class F Common Stock for issuance thereunder and subject to the condition that the total number of shares issued thereunder, and along with the Prior Stock Incentive Plan, shall not exceed 16.5% of the fully diluted outstanding shares of the Company's Common Stock. Under the terms of the Stock Incentive Plan and including the reserved shares from the Prior Stock Incentive Plan, there were 5,494,650 shares of Class F Common Stock authorized for grant to employees, officers, directors and consultants, as of December 31, 2024.

The board of directors of the Company (the "Board") determines the terms of each grant. As of the date of this Annual Report on Form 10-K, the Company has only granted incentive stock options and nonqualified stock options. Generally, 25.0% of these options vest on the one-year anniversary of the vesting commencement date, and 1/36 of the remaining options vest each month thereafter. The options typically have a contractual life of ten years. There were 749,347, 792,105 and 782,298 shares of Class F Common Stock available for grant under the Stock Incentive Plan as of December 31, 2024, 2023 and 2022, respectively.

Performance Equity Plan

The Company's Performance Equity Plan (the "Performance Equity Plan") was adopted in October 2023 and provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights and shares of restricted stock to certain of its employees, directors and consultants. Awards made under the Performance Equity Plan are subject to certain performance vesting criteria based on either (i) the Company's stock price, as quoted on a publicly traded market or stock exchange, being equal to or greater than certain prices or (ii) the Company having at least two consecutive independent stock price valuations completed on its Common Stock (and approved by the Board) that value the Company's Common Stock at a price equal to or higher than the vesting stock price applicable to the award. The Performance Equity Plan reserves a total of 2,797,466 shares of the Company's Class C Common Stock for issuance. As of December 31, 2024, options exercisable for 2,224,846 shares of Class C Common Stock had been issued as part of the Performance Equity Plan, with 572,620 shares of Class C Common Stock remaining available for issuance. As of December 31, 2023, options exercisable for 924,692 shares of Class C Common Stock had been issued as part of the Performance Equity Plan, with 1,872,774 shares of Class C Common Stock remaining available for issuance. The options typically have a contractual life of ten years.

Stock-based compensation expense, related to options grants of the Stock Incentive Plan and Performance Equity Plan, for the years ended December 31, 2024, 2023 and 2022 was \$3.6 million, \$1.0 million and \$1.5 million, respectively. As of December 31, 2024, 2023 and 2022, the Company had \$23.3 million, \$8.0 million and \$2.0 million, respectively, of unrecognized stock-based compensation costs related to non-vested awards that will be recognized over a weighted-average period of 5.78, 4.97 and 2.72 years, respectively. The Company recognizes forfeitures as they occur.

The following sets forth the outstanding stock options for both the Stock Incentive Plan and the Performance Equity Plan and related activity for the years ended December 31, 2024, 2023 and 2022:

	Number of Options	Weighted Average Exercise Price Per Share
Outstanding as of January 1, 2022	2,291,628	4.47
Granted	431,763	11.95
Exercised	(77,011)	3.36
Forfeited	(319,068)	8.90
Outstanding as of December 31, 2022	2,327,312	5.26
Granted	1,712,073	14.18
Exercised	(197,656)	1.19
Forfeited	(139,619)	10.78
Outstanding as of December 31, 2023	3,702,110	9.41
Granted	1,925,301	23.13
Exercised	(197,966)	3.13
Forfeited	(438,289)	12.67
Outstanding as of December 31, 2024	4,991,156	14.67

The following summarizes information about stock options outstanding for both the Stock Incentive Plan and the Performance Equity Plan as of December 31, 2024:

Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
517,018	4.76	\$ 0.32	517,018	\$ 0.32
18,500	0.29	0.50	18,500	0.50
45,400	1.55	0.82	45,400	0.82
268,307	6.21	3.42	259,767	3.42
414,175	6.62	8.63	360,973	8.63
173,111	6.84	8.90	136,247	8.90
242,573	7.71	11.95	208,105	11.95
2,247,624	8.84	14.18	345,985	14.18
1,064,448	9.30	30.24	17,642	30.24
4,991,156	7.97	\$ 14.67	1,909,637	\$ 6.99

The fair value of each stock-based award granted from the Stock Incentive Plan was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions as of December 31:

	2024	2023	2022
Risk-free interest rate	3.43 - 4.68 %	3.63 - 4.86 %	2.85 - 3.67 %
Expected stock price volatility	50 %	50 %	50 %
Expected dividend yield	0 %	0 %	0 %
Expected life of options	5 - 10 years	5 years	5 years

The fair value of each stock-based award granted from the Performance Equity Plan was estimated on the date of grant using the Monte-Carlo option-pricing model with the following assumptions as of December 31:

	2024	2023
Risk-free interest rate	3.65 - 4.26 %	4.81 %
Expected stock price volatility	46 - 48 %	46 %
Expected dividend yield	0 %	0 %
Expected life of options	4.2 - 7.7 years	6.8 - 7.9 years

As of December 31, 2024, 2023 and 2022, the aggregate intrinsic value of options outstanding was \$77.7 million, \$17.7 million and \$15.5 million, respectively. As of December 31, 2024, 2023 and 2022, the aggregate intrinsic value of options exercisable was \$44.4 million, \$15.5 million and \$13.2 million, respectively.

Expected option lives and volatilities were based on historical data of the Company and comparable companies in the industry. The risk-free interest rate was calculated using similar rates published by the Federal Reserve. The Company has no plans to declare any future dividends.

12. Common Stock

The Company has authorized capital stock consisting of 85,000,000 shares of Common Stock, par value \$0.001 per share, of which 27,500,000 shares have been designated as Class A Common Stock, 4,000,000 have been designated as Class B Common Stock, 38,000,000 have been designated as Class C Common Stock and 15,500,000 have been designated as Class F Common Stock.

Voting Rights

Each outstanding share of Class A Common Stock and Class F Common Stock shall be entitled to five votes on each matter to be voted on by the stockholders of the Company. Each outstanding share of Class B Common Stock shall be entitled to fifty-five votes on each matter to be voted on by the stockholders of the Company. Each outstanding share of Class C Common Stock shall be entitled to one vote on each matter to be voted on by the stockholders of the Company. The holders of each class of Common Stock vote together as a single class. However, the majority of the voting power of the outstanding shares of two of the following classes of stock: the Class F Common Stock, the Class A Common Stock, and the Class B Common Stock, each voting separately as a class, can vote to amend or repeal, or adopt any provision in the Company's certificate of incorporation.

Election of Directors

So long as shares of Class A Common Stock, Class B Common Stock and Class F Common Stock, each independent of one another, remain outstanding, holders of the class of Common Stock will have the ability to elect an equal number of directors. Currently, the Board consists of one member elected by the holders of shares of Class A Common Stock, one member elected by the holders of shares of Class B Common Stock and one member elected by the holders of shares of Class F Common Stock. The other two members of the board are elected by all stockholders of the Company. The holders of shares of Class C Common Stock will gain the ability to elect a director once the total number of outstanding shares of Class C Common Stock exceeds 5.0%. As of December 31, 2024, shares of Class C Common Stock represented approximately 11.0% of the outstanding shares of the Company and at the next annual meeting of shareholders, the holders of shares of Class C Common Stock will have the right to elect a director.

Liquidation Rights

The holders of shares of Common Stock outstanding shall be entitled to receive all of the assets and funds of the Company remaining and available for distribution. Such assets and funds shall be divided among and paid to the holders of shares of Common Stock, on a pro-rata basis, according to the number of shares of Common Stock held by them.

Dividends

Dividends may be paid on the outstanding shares of Common Stock as and when declared by the Board, out of funds legally available, therefore.

Identical Rights

Holders of shares of Common Stock shall have the same rights and privileges and rank equally with, and have identical rights and privileges as, holders of all other shares of Common Stock, except with regard to voting rights as provided above.

Voluntary and Automatic Conversion into Class C Common Stock

Each one share of Class F Common Stock, Class A Common Stock and Class B Common Stock shall be convertible into one share of Class C Common Stock at the option of the holder at any time. Each one share of Class F Common Stock, Class A Common Stock and Class B Common Stock shall automatically convert into one share of Class C Common Stock upon certain criteria as defined in our amended and restated certification of incorporation.

Conversion of Class A Common Stock into Class F Common Stock

During 2022, current and prior employees and contractors who held shares of Class A Common Stock elected to convert their Class A Common Stock into Class F Common Stock. Class F Common Stock is exclusively reserved for current and prior employees and contractors of the Company. The conversions were made in accordance with the terms of the Prior Stock Incentive Plan and our articles of incorporation.

The conversion of Class A Common Stock to Class F Common Stock has no impact on the overall number of outstanding shares of the Common Stock. The conversion, and resulting ownership of Class F Common Stock rather than Class A Common Stock, affects the voting rights of the respective shareholders only in that, on matters where holders of shares of Common Stock vote separately as a class, each respective shareholder will be entitled to vote as a holder of shares of Class F Common Stock rather than as a holder of shares of Class A Common Stock.

Conversion of Class B Common Stock into Class A Common Stock

During 2024, certain holders of shares of Class B Common Stock who held more than the maximum allowed number of shares of Class B Common Stock pursuant to the Company's articles of incorporation, which is currently set at 8,333 shares of Class B Common Stock (the "Class B Cap"), had their shares of Class B Common Stock in excess of the Class B Cap, automatically converted into shares of Class A Common Stock. The conversion of Class B Common Stock to Class A Common Stock has no impact on the overall number of outstanding shares of the Common Stock. The conversion, and resulting ownership of Class B Common Stock rather than Class A Common Stock, affects the voting rights of the respective shareholders in that, on matters where holders of shares of Common Stock vote together, each respective share converted to Class A Common Stock will only have five votes per share, a reduction of fifty votes per share, and on matters where holders of shares of Common Stock vote separately as a class, each respective shareholder will be entitled to vote their respective shares of Class A Common Stock as a holder of shares of Class A Common Stock, and their respective shares of Class B Common Stock as a holder of shares of Class B Common Stock.

Loss per Share

The following table represents the Company's loss per share for the three months and year ended December 31:

	Year Ended		
	2024	2023	2022
Numerator:			
Net income (loss) attributable to controlling interests	\$ (89,795,494)	\$ 9,163,794	\$ (13,710,708)
Denominator:			
Weighted average basic shares outstanding	25,791,117	24,775,858	24,264,683
Effect of dilutive shares	—	1,153,388	—
Weighted average diluted shares	25,791,117	25,929,246	24,264,683
Basic gain (loss) per share	\$ (3.482)	\$ 0.370	\$ (0.565)
Diluted gain (loss) per share	\$ (3.482)	\$ 0.353	\$ (0.565)

Basic loss per share includes no dilution and is computed by dividing net income available to common stockholders by the weighted average common shares outstanding for the period. Diluted loss per share is calculated similarly to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the common shares were dilutive. Common shares were anti-dilutive in periods where the Company's performance resulted in a net loss. If the Company had income during the years ended December 31, 2024 and 2022, the number of dilutive shares should be 1,901,382 and 1,438,552, respectively.

13. Income Taxes

The components of the provision (benefit) for income taxes, net are as follows for the years ended December 31:

	2024	2023	2022
U.S. Federal:			
Current	\$ (251,837)	\$ 1,098,349	\$ (305,933)
Deferred	3,219,201	(3,219,201)	(366,667)
Total	2,967,364	(2,120,852)	(672,600)
U.S. State:			
Current	(213,880)	204,535	(24,306)
Deferred	781,118	(781,118)	(68,279)
Total	567,238	(576,583)	(92,585)
Provision (benefit) for income taxes, net	\$ 3,534,602	\$ (2,697,435)	\$ (765,185)

The items accounting for differences between income taxes computed at the federal statutory rate and the provision (benefit) recorded for income taxes are as follows for the years ended December 31:

	2024	2023	2022
Federal income tax at statutory rates	\$ (18,150,928)	\$ 1,326,085	\$ (3,016,213)
State income tax at statutory rates	(2,975,942)	(228,939)	(422,908)
DTA adjustment	(235,346)	(115,470)	—
Change in valuation allowance	25,861,296	(2,348,227)	2,348,227
Federal tax credits	(789,620)	(1,216,878)	—
Other	(174,858)	(114,006)	325,709
	\$ 3,534,602	\$ (2,697,435)	\$ (765,185)

Significant components of the Company's net deferred income tax assets, which are included in other long-term assets on the consolidated balance sheets, are as follows as of December 31:

	2024	2023	2022
Net operating loss carryforwards	\$ 18,872,026	\$ —	\$ 1,044,440
Research and development	5,564,482	3,787,461	1,108,958
Digital asset impairment	1,491,329	1,920,228	1,919,244
Research and development credits	1,180,635	229,867	—
Depreciation and amortization	(190,587)	(330,698)	(305,337)
Impairment of equity investment	243,557	—	—
Accruals and reserves	(310,990)	(554,006)	(317,970)
Deferred gain on sale	(989,156)	(1,052,533)	(1,101,108)
Valuation allowance	(25,861,296)	—	(2,348,227)
	\$ —	\$ 4,000,319	\$ —

As of December 31, 2024, the Company had net operating loss ("NOL") carryforwards available to offset future taxable income, of approximately \$77.1 million. The utilization of the NOL carryforwards is subject to annual limitations under Section 382 of the Internal Revenue Code of 1986, as amended. Section 382 imposes limitations on a corporation's ability to utilize its NOL carryforwards if it experiences an "ownership change." In general terms, an ownership change results from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50.0% over a three-year period.

The Company has concluded that there are no significant uncertain tax positions requiring disclosure.

14. Related-Party Transactions

The Company has a marketing services contract with an entity owned by one or more of the Company's directors, officers and stockholders. During the years ended December 31, 2024, 2023 and 2022, the Company incurred expenses of \$0.5 million, \$1.0 million and \$1.7 million, respectively, to the related party for marketing services.

In July 2021, the Company purchased a 50.0% interest in the entity that owns the building in which the Company leases its office space from. Lease payments made during the period of related party ownership were \$0.4 million for the years ended December 31, 2024, 2023 and 2022.

In August 2023, the Company entered into negotiations to purchase an entity that is partially owned by one or more of the Company's directors, officers and stockholders. See "Note 10. Commitments and Contingencies—Mergers and Acquisitions" for further discussion.

On February 23, 2024, the Company entered into a revolving P&A loan agreement (the "P&A Loan Agreement," as amended by the first amendment to the P&A Loan Agreement, dated as of December 1, 2024, the "P&A Loan Agreement Amendment," together with the P&A Loan Agreement, the "Amended P&A Loan Agreement") with Angel P&A, LLC, a Delaware limited liability company ("Angel P&A") that is 100.0% owned by one or more of the Company's directors, officers and stockholders. Angel P&A was set up for the specific purpose of raising up to \$15.0 million in P&A funds for the Company to use for upcoming theatrical releases, in exchange for revenue participation rights of the films. The revenue participation rights allow Angel P&A the right to receive an amount not to exceed 115.0% (initial investment plus a 10.0%-15.0% return, which depends on the term of the loan) of their invested amount. Angel P&A has priority on the: (i) cash receipts to the Company of the particular film they invested in and shall be paid in full before any other claims, with the exception of crowdfunding P&A raised (if any) which would take first priority, from the film are paid and (ii) proceeds from the receipts of all other films, net of our contractual payment obligations associated with such license or other agreements. An initial draw of \$10.0 million took place in March 2024 and was paid back in June 2024 along with a 10.0% return. A draw of \$2.0 million was made in July 2024 and paid back in September 2024 along with a 10.0% return. Draws totaling \$8.0 million were made in December 2024, with payment of principal and related interest due in 2025. Once Angel P&A receives the repayment on these notes, the interest portion will be distributed to the institutional investors and the original investment can either remain at Angel P&A (up to \$5.0 million) for additional P&A loans needed by the Company or be returned to the institutional investors until the Company has further need of the funds. The commitment period between Angel P&A and the Company, and between Angel P&A and the investors, lasts through February 2027. Angel P&A has no employees and is not anticipated to incur any operating expenses. As of December 31, 2024 and 2023, \$8.2 million and \$0.00, respectively, of notes payable and related interest were due to Angel P&A.

15. Subsequent Events

Subsequent events have been evaluated through March 28, 2025, which is the date the consolidated financial statements were available to be issued.

Loan and Security Agreement

On February 5, 2025, Angel Studios Licensing, LLC (the "Borrower"), a wholly-owned subsidiary of the Company, entered into a Loan and Security Agreement (the "Loan Agreement") with a third party lender (the "Lender") to secure senior secured financing related to the licensing receivables from the feature film "Sound of Freedom." Under the Loan Agreement, the Lender paid to the Borrower \$5.4 million (the "Loan") for working capital and future media acquisition and production. In exchange, the Borrower assigned the rights to collect future licensing receivables, with a total gross value of \$18.0 million, to the Lender. The Loan is repayable in nine quarterly installments of \$0.7 million each, commencing February 15, 2025, with a maturity date of February 15, 2027. Although the Loan is in the name of Angel Studios Licensing, LLC, the \$0.7 million quarterly payments will not be made directly by the Borrower from its operating cash but rather will be funded through gross receipts from the licensing agreement, as managed by a third-party collection manager (the "Collection Manager"). Upon an event of default or post-maturity, the unpaid balance accrues default interest at 2.0% per thirty days, compounding monthly, subject to applicable legal limits.

The Loan is secured by a first-priority security interest in all assets related to "Sound of Freedom," including distribution proceeds, and a repayment lien on all future media projects of the Borrower and the Company, subordinated to certain pre-existing obligations except for "Sound of Freedom" assets. The Company provided a corporate guaranty, granting the Lender a first-priority lien on its assets related to the film and a subordinated lien on other future projects until the indebtedness is repaid. Additional costs include a \$0.1 million set-up fee and \$30.0 thousand in legal fees payable to the Lender.

Concurrently, on February 5, 2025, the Company, the Lender and the Collection Manager entered into a collection account management agreement to manage the collection and distribution of approximately \$21.8 million in gross receipts from the licensing receivables from the feature film "Sound of Freedom." The Collection Manager will oversee the receipt and distribution of these funds, with priority payments of up to \$6.3 million directed to the Lender under the Loan Agreement, thus reducing net proceeds available to the Company. The Company will not be required to make direct cash payments for the \$0.7 million quarterly installments, as these will be paid directly from the collected licensing receipts. The Company maintains a receivable for the \$0.7 million quarterly payments, representing the amounts collected on its behalf to satisfy the loan repayment.

As a result of this transaction, the Company has derecognized short-term and long-term licensing receivables and related accrued royalty liabilities, as the rights to the receivables have been assigned to the Lender. Additionally, a financing discount previously applied to the receivables, which had been recognized as interest income over time, has now been fully recognized as interest income upon the closing of the Loan Agreement.

Debt and Financing

On February 19, 2025, the Company received a default notice from the lender regarding the assumable debt guarantee discussed in "Note 10. Commitments and Contingencies—Assumable Debt Guarantee" above. The guarantee relates to the loan for which the Company recorded a loan guarantee receivable and a corresponding loan guarantee payable as of December 31, 2024. Subsequent to December 31, 2024, the Company has been required to make \$2.0 million in payments under this guarantee and expects it will be paying the remaining balance over the coming months. For more details on the Company's loan guarantees and related accounting treatment, see "Note 10. Commitments and Contingencies—Assumable Debt Guarantee."

During January and February 2025, the Company entered into several loan agreements where bitcoin is used as collateral. The Company retains the economic risk of the bitcoin. The loans have terms of twelve months or less, with the total value of loan principal secured by bitcoin collateral amounting to \$13.5 million. Interest on the loans range between 11.5% to 15.0%.

During the first quarter of 2025, the Company sold an aggregate of 431,402 shares of Class C Common Stock to various purchasers, generating gross proceeds of approximately \$14.1 million. The issuances of the Class C Common Stock were made in reliance upon exemptions from registration provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. The Company intends to use the proceeds from the sales of Class C Common Stock to manage its business and provide working capital for its operations. The proceeds may also be used to pay expenses relating to salaries and other compensation to its officers and employees.

ANGEL STUDIOS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Financial Statements (Unaudited)

<u>Condensed Consolidated Balance Sheets as of June 30, 2025 (Unaudited) and December 31, 2024</u>	F-2
<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2025 and 2024</u>	F-3
<u>Condensed Consolidated Statements of Stockholders' Equity for the three months ended June 30, 2025 and 2024</u>	F-4
<u>Condensed Consolidated Statements of Stockholders' Equity for the six months ended June 30, 2025 and 2024</u>	F-5
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2025 and 2024</u>	F-6
<u>Notes to Condensed Consolidated Financial Statements</u>	F-7

ANGEL STUDIOS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	<i>As of</i>	
	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 27,999,679	\$ 7,211,826
Accounts receivable, net	20,911,417	16,234,301
Current portion of licensing receivables, net	8,785,563	8,785,636
Physical media inventory	1,474,442	1,711,638
Current portion of notes receivable	1,424,394	747,282
Digital assets receivable	28,750,840	—
Loan guarantee receivable	10,018,409	9,112,500
Prepaid expenses and other	9,768,056	9,146,017
Total current assets	<u>109,132,800</u>	<u>52,949,200</u>
Licensing receivables, net	8,011,726	12,074,629
Notes receivable, net of current portion	4,091,765	4,235,344
Property and equipment, net	616,105	778,927
Content, net	1,865,725	1,710,866
Intangible assets, net	1,880,631	1,917,155
Digital assets	3,722,670	12,457,387
Investments in affiliates	12,135,380	9,066,137
Operating lease right-of-use assets	2,544,912	2,744,693
Other long-term assets	4,089,924	589,924
Total assets	<u>\$ 148,091,638</u>	<u>\$ 98,524,262</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,829,464	\$ 7,929,482
Accrued expenses	19,243,682	13,074,655
Current portion of accrued licensing royalties	21,775,937	15,362,400
Current portion of notes payable	29,637,300	11,455,940
Current portion of operating lease liabilities	782,081	673,295
Deferred revenue	40,110,763	22,171,808
Loan guarantee payable	4,018,409	9,112,500
Current portion of accrued settlement costs	294,426	280,238
Total current liabilities	<u>123,692,062</u>	<u>80,060,318</u>
Accrued settlement costs, net of current portion	3,940,886	4,091,733
Accrued licensing royalties, long-term	5,033,766	8,367,099
Notes payable, net of current portion	5,772,849	—
Operating lease liabilities, net of current portion	1,859,987	2,153,463
Total liabilities	<u>\$ 140,299,550</u>	<u>\$ 94,672,613</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value, 85,000,000 shares authorized; 28,500,548 and 26,987,787 shares issued and outstanding as of June 30, 2025, and December 31, 2024, respectively	\$ 28,500	\$ 26,987
Additional paid-in capital	140,129,379	95,472,458
Noncontrolling interests	4,842,372	8,222,953
Accumulated deficit	(137,208,163)	(99,870,749)
Total stockholders' equity	<u>7,792,088</u>	<u>3,851,649</u>
Total liabilities and stockholders' equity	<u>\$ 148,091,638</u>	<u>\$ 98,524,262</u>

See accompanying notes to the condensed consolidated financial statements

ANGEL STUDIOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	<i>Three Months Ended June 30,</i>		<i>Six Months Ended June 30,</i>	
	2025	2024	2025	2024
Revenue:				
Licensed content and other revenue	\$ 87,397,850	\$ 15,306,128	\$ 133,604,594	\$ 40,576,400
Pay it Forward revenue	243,566	1,200,298	1,477,462	4,788,232
Total revenue	87,641,416	16,506,426	135,082,056	45,364,632
Operating expenses:				
Cost of revenues	27,286,383	9,787,029	46,766,587	23,701,627
Selling and marketing	61,510,343	16,328,695	112,035,657	37,821,260
General and administrative	9,838,725	4,670,798	17,205,979	9,913,236
Research and development	3,757,264	3,668,698	7,115,168	8,033,936
Legal expense	6,685,984	5,280,402	7,100,497	8,709,589
Total operating expenses	109,078,699	39,735,622	190,223,888	88,179,648
Operating loss	(21,437,283)	(23,229,196)	(55,141,832)	(42,815,016)
Other income (expense):				
Net gain on digital assets	7,452,328	732,410	4,153,223	732,410
Interest expense	(2,742,902)	(945,279)	(4,307,057)	(1,517,070)
Interest income	1,408,200	936,241	2,532,891	1,826,501
Impairment of failed acquisition	(500,000)	—	(500,000)	—
Total other income	5,617,626	723,372	1,879,057	1,041,841
Loss before income tax benefit	(15,819,657)	(22,505,824)	(53,262,775)	(41,773,175)
Income tax benefit	—	—	—	(4,403,068)
Net loss	\$ (15,819,657)	\$ (22,505,824)	\$ (53,262,775)	\$ (37,370,107)
Net income (loss) attributable to noncontrolling interests	62,865	(23,011)	36,657	(43,210)
Net loss attributable to controlling interests	\$ (15,882,522)	\$ (22,482,813)	\$ (53,299,432)	\$ (37,326,897)
Net loss per common share - basic	\$ (0.569)	\$ (0.889)	\$ (1.933)	\$ (1.485)
Net loss per common share - diluted	\$ (0.569)	\$ (0.889)	\$ (1.933)	\$ (1.485)
Weighted average common shares outstanding - basic	27,928,342	25,276,878	27,574,641	25,138,698
Weighted average common shares outstanding - diluted	27,928,342	25,276,878	27,574,641	25,138,698

See accompanying notes to the condensed consolidated financial statements

ANGEL STUDIOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)

	Three Months Ended								Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests	Total Equity
	Common Stock											
	Class A		Class B		Class C		Class F					
	Units	Amount	Units	Amount	Units	Amount	Units	Amount				
Balance as of March 31, 2025	11,270,828	\$ 11,271	3,005,416	\$ 3,005	3,401,888	\$ 3,402	9,788,472	\$ 9,788	\$ 112,917,006	\$ (121,325,641)	\$ 2,425,339	\$ (5,955,830)
Stock options exercised	—	—	—	—	—	—	23,996	24	110,193	—	—	110,217
Issuance of common stock, net of fees	—	—	—	—	1,012,026	1,012	—	—	23,705,954	—	—	23,706,966
Transfer of common stock	(15,142)	(15)	(8,181)	(8)	27,631	27	(4,308)	(4)	—	—	—	—
Repurchase of common stock	—	—	—	—	(5)	—	(2,073)	(2)	(67,909)	—	—	(67,911)
Stock-based compensation expense	—	—	—	—	—	—	—	—	2,126,929	—	—	2,126,929
Convertible note beneficial conversion feature	—	—	—	—	—	—	—	—	1,114,338	—	—	1,114,338
Issuance of warrants	—	—	—	—	—	—	—	—	222,868	—	—	222,868
Contributions from noncontrolling interests, net of fees	—	—	—	—	—	—	—	—	—	—	8,104,168	8,104,168
Redemptions from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(5,750,000)	(5,750,000)
Net income (loss)	—	—	—	—	—	—	—	—	—	(15,882,522)	62,865	(15,819,657)
Balance as of June 30, 2025	<u>11,255,686</u>	<u>\$ 11,256</u>	<u>2,997,235</u>	<u>\$ 2,997</u>	<u>4,441,540</u>	<u>\$ 4,441</u>	<u>9,806,087</u>	<u>\$ 9,806</u>	<u>\$ 140,129,379</u>	<u>\$ (137,208,163)</u>	<u>\$ 4,842,372</u>	<u>\$ 7,792,088</u>
Balance as of March 31, 2024	10,939,165	\$ 10,939	3,346,358	\$ 3,346	1,084,484	\$ 1,085	9,636,279	\$ 9,636	\$ 50,908,243	\$ (24,919,100)	\$ (171,869)	\$ 25,842,280
Stock options exercised	—	—	—	—	—	—	84,283	84	152,388	—	—	152,472
Issuance of common stock, net of fees	—	—	—	—	581,803	582	—	—	8,249,389	—	—	8,249,971
Transfer of common stock	—	—	—	—	15,136	15	(15,136)	(15)	—	—	—	—
Repurchase of common stock	—	—	—	—	—	—	(4,412)	(4)	(62,558)	—	—	(62,562)
Stock-based compensation expense	—	—	—	—	—	—	—	—	502,909	—	—	502,909
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	(238)	—	(238)
Net loss	—	—	—	—	—	—	—	—	—	(22,482,813)	(23,011)	(22,505,824)
Balance as of June 30, 2024	<u>10,939,165</u>	<u>\$ 10,939</u>	<u>3,346,358</u>	<u>\$ 3,346</u>	<u>1,681,423</u>	<u>\$ 1,682</u>	<u>9,701,014</u>	<u>\$ 9,701</u>	<u>\$ 59,750,371</u>	<u>\$ (47,402,151)</u>	<u>\$ (194,880)</u>	<u>\$ 12,179,008</u>

See accompanying notes to the condensed consolidated financial statements

ANGEL STUDIOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)

Six Months Ended

	Common Stock								Additional			
	Class A		Class B		Class C		Class F		Paid-in	Accumulated	Noncontrolling	Total
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Capital	Deficit	Interests	Equity
Balance as of December 31, 2024	11,270,828	\$ 11,271	3,005,416	\$ 3,005	2,950,235	\$ 2,950	9,761,308	\$ 9,761	\$ 95,472,458	\$ (99,870,749)	\$ 8,222,953	\$ 3,851,649
Stock options exercised	—	—	—	—	—	—	53,184	53	190,680	—	—	190,733
Issuance of common stock, net of fees	—	—	—	—	1,463,692	1,464	—	—	38,502,206	—	—	38,503,670
Transfer of common stock	(15,142)	(15)	(8,181)	(8)	27,631	27	(4,308)	(4)	—	—	—	—
Repurchase of common stock	—	—	—	—	(18)	—	(4,097)	(4)	(132,936)	—	—	(132,940)
Stock-based compensation expense	—	—	—	—	—	—	—	—	4,759,765	—	—	4,759,765
Convertible note beneficial conversion feature	—	—	—	—	—	—	—	—	1,114,338	—	—	1,114,338
Issuance of warrants	—	—	—	—	—	—	—	—	222,868	—	—	222,868
Digital assets market value adjustment	—	—	—	—	—	—	—	—	—	15,962,018	—	15,962,018
Contributions from noncontrolling interests, net of fees	—	—	—	—	—	—	—	—	—	—	8,332,762	8,332,762
Redemptions from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(11,750,000)	(11,750,000)
Net loss	—	—	—	—	—	—	—	—	—	(53,299,432)	36,657	(53,262,775)
Balance as of June 30, 2025	11,255,686	\$ 11,256	2,997,235	\$ 2,997	4,441,540	\$ 4,441	9,806,087	\$ 9,806	\$ 140,129,379	\$ (137,208,163)	\$ 4,842,372	\$ 7,792,088
Balance as of December 31, 2023	10,939,165	\$ 10,939	3,346,358	\$ 3,346	898,316	\$ 899	9,807,461	\$ 9,807	\$ 49,875,530	\$ (10,073,191)	\$ (151,670)	\$ 39,675,660
Stock options exercised	—	—	—	—	—	—	102,889	103	224,064	—	—	224,167
Issuance of common stock, net of fees	—	—	—	—	581,803	582	—	—	8,249,389	—	—	8,249,971
Transfer of common stock	—	—	—	—	201,304	201	(201,304)	(201)	—	—	—	—
Repurchase of common stock	—	—	—	—	—	—	(8,032)	(8)	(113,886)	—	—	(113,894)
Stock-based compensation expense	—	—	—	—	—	—	—	—	1,515,274	—	—	1,515,274
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	(2,063)	—	(2,063)
Net loss	—	—	—	—	—	—	—	—	—	(37,326,897)	(43,210)	(37,370,107)
Balance as of June 30, 2024	10,939,165	\$ 10,939	3,346,358	\$ 3,346	1,681,423	\$ 1,682	9,701,014	\$ 9,701	\$ 59,750,371	\$ (47,402,151)	\$ (194,880)	\$ 12,179,008

See accompanying notes to the condensed consolidated financial statements

ANGEL STUDIOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	<i>Six Months Ended June 30,</i>	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (53,262,775)	\$ (37,370,107)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation and amortization	437,579	524,206
Amortization of operating lease assets	345,761	343,521
Stock-based compensation expense	4,759,765	1,515,274
Net gain on digital assets	(4,153,223)	(732,410)
Investments in affiliates gain	(87,211)	(38,891)
Non-cash interest expense	161,285	—
Impairment of failed acquisition	500,000	—
Change in deferred income taxes	—	(4,403,068)
Change in operating assets and liabilities:		
Accounts receivable	(4,677,116)	16,539,539
Physical media inventory	237,196	(279,532)
Prepaid expenses and other current assets	(622,039)	(990,694)
Licensing receivables	4,062,976	(5,862,011)
Other long-term assets	—	(15,000)
Accounts payable and accrued expenses	6,910,533	2,082,526
Accrued licensing royalties	3,080,204	(3,918,106)
Operating lease liabilities	(330,670)	(325,368)
Deferred revenue	17,938,955	3,768,831
Net cash and cash equivalents used in operating activities	<u>(24,698,780)</u>	<u>(29,161,290)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(118,942)	(244,581)
Issuance of notes receivable	(974,176)	(1,352,311)
Collections of notes receivable	440,643	1,688,769
Purchase of digital assets	—	(48,515)
Sale of digital assets	99,118	964,178
Purchase of content	(4,274,150)	(317,747)
Investments in affiliates	(2,982,032)	39,458
Net cash and cash equivalents provided by (used in) investing activities	<u>(7,809,539)</u>	<u>729,251</u>
Cash flows from financing activities:		
Repayment of notes payable	(24,338,861)	(15,660,616)
Repayment of loan guarantee	(6,000,000)	—
Receipt of notes payable	48,891,000	15,043,019
Repayment of accrued settlement costs	(136,660)	(123,807)
Exercise of stock options	190,733	224,167
Issuance of common stock	38,503,670	8,249,971
Contribution of equity in noncontrolling interests	8,731,422	—
Redemption of equity in noncontrolling interests	(11,750,000)	—
Fees related to issuance of common stock and minority interest	(398,660)	—
Repurchase of common stock	(132,940)	(113,894)
Debt financing fees	(263,532)	—
Net cash and cash equivalents provided by financing activities	<u>53,296,172</u>	<u>7,618,840</u>
Effect of changes in foreign currency exchange rates on cash and cash equivalents	—	(2,063)
Net increase (decrease) in cash and cash equivalents	20,787,853	(20,815,262)
Cash and cash equivalents at beginning of period	<u>7,211,826</u>	<u>25,201,425</u>
Cash and cash equivalents at end of period	<u><u>\$ 27,999,679</u></u>	<u><u>\$ 4,386,163</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 2,624,497	\$ 949,124
Supplemental schedule of noncash financing activities:		
Adoption of ASU No. 2023-08	\$ 15,962,018	\$ —
Change from digital assets to digital assets receivable	21,748,336	—
Operating lease right-of-use assets and liabilities	145,980	2,137,262

See accompanying notes to the condensed consolidated financial statements

Angel Studios, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

The financial information presented in these unaudited financial statements is condensed and should be read in conjunction with the entity's latest annual audited financial statements. Interim disclosures generally do not repeat those in the annual statements.

1. Description of Organization and Summary of Significant Accounting Policies

Organization

The company comprises Angel Studios, Inc., a Delaware corporation, and its subsidiaries and affiliates (collectively, the "Company"). The Company's mission is to share stories with the world that amplify light. This is done by aligning the Company's interests with those of the creators and the audience and utilizing the wisdom of crowds to help guide decisions on the content that gets created.

Proposed Business Combination

The Merger

On September 11, 2024, the Company entered into that certain Agreement and Plan of Merger by and among the Company, Southport Acquisition Corporation ("Southport") and Sigma Merger Sub, Inc. ("Merger Sub") (the "Merger Agreement").

The Merger Agreement provides that, among other things and upon the terms and subject to the conditions thereof, the following transactions will occur:

1. at the closing of the transactions contemplated by the Merger Agreement (the "Closing"), upon the terms and subject to the conditions thereof, and in accordance with the Delaware General Corporation Law, as amended (the "DGCL"), Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Southport (the "Merger or Business Combination");
2. at the Closing, all of the outstanding capital stock of the Company (other than shares subject to Company options, shares held in treasury and any dissenting shares) will be converted into the right to receive shares of common stock, par value \$0.0001 per share, of Southport ("Southport Common Stock"), in an aggregate amount equal to (x) \$1.5 billion plus the aggregate gross proceeds of any capital raised by the Company prior to the Closing, divided by (y) \$10.00;
3. at the Closing, all of the outstanding options to acquire capital stock of the Company will be converted into comparable options to acquire shares of Southport Common Stock (subject to appropriate adjustments to the number of shares of Southport Common Stock underlying such options and the exercise price of such options);
4. subject to the approval of the holders of Southport's public warrants, Southport will amend its public warrants so that, immediately prior to the Closing, each of the issued and outstanding Southport public warrants automatically will convert into 0.1 newly issued share of Southport class A common stock and such warrants will cease to be outstanding (the "Warrant Conversion"); and
5. at the Closing, Southport will be renamed "Angel Studios, Inc."

The board of directors of Southport has unanimously (i) approved and declared advisable the Merger Agreement and the Merger and (ii) resolved to recommend approval of the Merger Agreement and related matters by the stockholders of Southport.

The Merger Agreement is subject to the satisfaction or waiver of certain customary closing conditions, including, among others, (i) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which occurred on December 5, 2024, (ii) the absence of any law or injunction prohibiting the consummation of the Merger, (iii) the effectiveness of the registration statement on Form S-4 to be filed by Southport in connection with the transaction, (iv) the approval of the Merger Agreement and the transactions contemplated thereby by the respective stockholders of Southport and the Company, (v) the approval by Southport's stockholders of an extension to Southport's deadline to consummate a business combination to September 30, 2025, which approval was obtained on November 13, 2024, (vi) the receipt of approval for listing on the New York Stock Exchange or the Nasdaq Stock Market (or any other nationally recognized stock exchange in the United States as may be agreed by the Company and Southport) of the Southport class A common stock (including shares issued in the transaction), (vii) Southport having at least \$5,000,001 of net tangible assets (as determined in accordance with Rule 3a51-1(g)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) upon the Closing, (viii) the performance in all material respects of the respective covenants of Southport and the Company to be performed as of or prior to the Closing, including with respect to Southport, the covenant with respect to the

warrantholder approval and (ix) the representations and warranties of Southport and the Company remaining accurate (to such standards described in the Merger Agreement) as of the effective time of the Merger.

Each party's obligations to consummate the Merger are also conditioned upon the accuracy of the other party's representations and warranties, subject to customary materiality and material adverse effect qualifiers, and the performance in all material respects by the other party of its covenants in the Merger Agreement to be performed as of or prior to the Closing.

The Merger Agreement contains customary representations and warranties by Southport, Merger Sub and the Company. The representations and warranties of the respective parties to the Merger Agreement generally will not survive the Closing.

The Merger Agreement may be terminated at any time prior to the Closing (i) by written consent of Southport and the Company, (ii) by either the Company or Southport, if certain approvals of the stockholders of Southport or the Company, to the extent required under the Merger Agreement, are not obtained as set forth therein, (iii) by the Company, if there is a Modification in Recommendation (as defined in the Merger Agreement), or by Southport, if there is a Company Modification in Recommendation (as defined in the Merger Agreement), and (iv) by either Southport or the Company in certain other circumstances set forth in the Merger Agreement, including (a) if any governmental authority shall have issued or otherwise entered a final, nonappealable order making consummation of the Merger illegal or otherwise preventing or prohibiting consummation of the Merger, (b) in the event of certain uncured material breaches by the other party or (c) if the Closing has not occurred on or before September 30, 2025.

Certain Related Agreements

The Sponsor Support Agreement

On September 11, 2024, Southport also entered into a Sponsor Support Agreement (the "Sponsor Support Agreement"), by and among Southport, Southport Acquisition Sponsor LLC, a Delaware limited liability company (the "Sponsor"), and the Company, pursuant to which the Sponsor has agreed to, among other things, (i) vote in favor of the Merger Agreement and the transactions contemplated thereby and (ii) not redeem its shares of Southport Common Stock in connection therewith. In addition, the Sponsor has agreed to forfeit all of the Southport private placement warrants held by it at the Closing for no additional consideration. The Sponsor has also agreed to cover certain expenses incurred by Southport that are unpaid and payable at the Closing in excess of a specified cap. The Sponsor Support Agreement will terminate upon the earlier of the termination of the Merger Agreement or written agreement by the parties.

Angel Studios Stockholder Support Agreement

On September 11, 2024, Southport also entered into a Stockholder Support Agreement (the "Angel Studios Stockholder Support Agreement") by and among Southport, the Company and certain stockholders of the Company (the "Key Stockholders"). Under the Angel Studios Stockholder Support Agreement, the Key Stockholders agreed, with respect to the outstanding shares of the Company's common stock held by such Key Stockholders, to vote their shares or execute and deliver a written consent adopting the Merger Agreement and related transactions and approving the Merger Agreement and transactions contemplated thereby.

Registration Rights Agreement

The Merger Agreement contemplates that, at the Closing, Southport, the Sponsor, certain equityholders of the Company, Jared Stone and the other parties thereto, will enter into a Registration Rights Agreement (the "Registration Rights Agreement"), pursuant to which Southport will grant customary registration rights to the other parties thereto, including to register for resale, pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), certain shares of Southport Common Stock that are held by the other parties thereto.

Lock-Up Agreement

The Merger Agreement contemplates that, at the Closing, Southport and the Key Holders (as defined in the Merger Agreement) will enter into a Lock-Up Agreement (the "Lock-Up Agreement"). The Lock-Up Agreement contains certain restrictions on transfer with respect to shares of Southport Common Stock held by the Key Holders immediately following the Closing (other than shares purchased in the public market after the Closing) and the shares of Southport Common Stock issued to directors and executive officers of the combined company upon settlement or exercise of stock options or other equity awards outstanding as of immediately following the Closing in respect of awards of the Company outstanding immediately prior to the Closing (the "Lock-Up Shares"). Such restrictions begin at the Closing and end on the earlier of (i) one year after the Closing and (ii) (a) for 33.0% of the Lock-Up Shares, the date on which the last reported sale price of Southport Common Stock equals or exceeds \$12.50 per share for any twenty trading days within any thirty-trading day period commencing at least thirty days after the Closing and (b) for an additional 50.0% of the Lock-up Shares,

the date on which the last reported sale price of Southport Common Stock equals or exceeds \$15.00 per share for any twenty trading days within any thirty-trading day period commencing at least thirty days after the Closing.

The foregoing descriptions of the Merger Agreement, the Sponsor Support Agreement and the Angel Studios Stockholder Support Agreement, and the transactions and documents contemplated thereby (including, without limitation, the Registration Rights Agreement and the Lock-Up Agreement), are not complete and are subject to and qualified in their entirety by reference to the Merger Agreement, the Sponsor Support Agreement and the Angel Studios Stockholder Support Agreement, copies of which were filed with a Current Report on Form 8-K/A on September 11, 2024, as Exhibit 2.1, Exhibit 10.1 and Exhibit 10.2, respectively, and the terms of which are incorporated by reference herein.

Amendment to Agreement and Plan of Merger

On February 14, 2025, Southport, the Company and Merger Sub entered into the Amendment No. 1 to Agreement and Plan of Merger (the "Merger Agreement Amendment"), which amends the Merger Agreement to make the following adjustments:

1. Remove the closing condition requiring Southport to have at least \$5,000,001 of net tangible assets upon the Closing;
2. Amend the definition of "Acquiror Expense Cap" in the Merger Agreement to increase the amount of expenses from an amount equal to (a) \$11,000,000.00 minus (b) the aggregate amount of reasonable and documented Transaction Expenses; provided that the amount in clause (b) shall not exceed \$3,500,000.00; to an amount equal to (a) \$11,415,000.00 minus (b) the aggregate amount of reasonable and documented Transaction Expenses; provided that the amount in clause (b) shall not exceed \$3,863,342.00;
3. Amend the definition of "Transaction Expenses" in the Merger Agreement to include costs and expenses related to the preparation, filing and distribution of the joint proxy statement/prospectus and other Company Securities and Exchange Commission ("SEC") filings; and
4. Amend the provision regarding expense statements to increase the amount of expenses from \$11,000,000.00 to \$11,415,000.00.

The Merger Agreement Amendment was filed with a Current Report on Form 8-K on February 18, 2025, as Exhibit 2.1, and is incorporated herein by reference.

The Merger Agreement, the Merger Agreement Amendment, the Sponsor Support Agreement and the Angel Studios Stockholder Support Agreement and the other documents related thereto (collectively, the "Transaction Documents") have been included to provide investors with information regarding their terms. They are not intended to provide any other factual information about the Company, Southport or their respective affiliates. The representations, warranties, covenants and agreements contained in the Transaction Documents were made only for purposes of the Merger Agreement as of the specific dates therein, were solely for the benefit of the parties to the Transaction Documents and may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Transaction Documents instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors are not third-party beneficiaries under the Transaction Documents and should not rely on the representations, warranties, covenants and agreements or any descriptions thereof as characterizations of the actual state of facts or condition of the parties thereto or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of representations and warranties may change after the applicable dates of the Transaction Documents, which subsequent information may or may not be fully reflected in the Company's public disclosures.

Basis of Presentation

The condensed consolidated financial statements include the accounts of the Company. All significant intercompany balances and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of the Company's management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been reflected in these unaudited condensed consolidated financial statements. Operating results for three and six months ended June 30, 2025, are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2025. The balance sheet at December 31, 2024 has been derived from the audited financial statements at that date, but does not include all the information and footnotes required by GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements should be read together with the annual

audited consolidated financial statements and related notes for the fiscal year ended December 31, 2024 included in the Company's Annual Report on Form 10-K filed with the SEC on March 28, 2025.

As comprehensive income equals net income, separate statements of comprehensive income were not included in the accompanying condensed consolidated financial statements.

Reclassifications

Certain prior period balances have been reclassified to conform to the current period presentation in the condensed consolidated financial statements and the accompanying notes.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Regularly, the Company evaluates the assumptions, judgments, and estimates. Actual results may differ from these estimates.

Fair Value Measurements

The Company applies the accounting provisions related to fair value measurements given in ASC 820, Fair Value Measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. They also establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows), and the cost approach (cost to replace the service capacity of an asset or replacement cost).

An asset or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of the valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect the Company's own assumptions

Digital Assets and Digital Assets Receivable

In 2021, the Company saw a need to further diversify and maximize returns on cash balances that are not required to maintain adequate operating liquidity. As such, the Company implemented a policy that would allow for the investment in bitcoin (digital assets) under this policy. The Company believes their bitcoin holdings are highly liquid. However, digital assets may be subject to volatile market prices, which may be unfavorable at the time when the Company wants or needs to liquidate them. The Company has ownership of and control over their digital assets and may use third-party custodial services to secure it. The digital assets are initially recorded at cost and are subsequently remeasured on the condensed consolidated balance sheet at fair value. Periods prior to January 1, 2025 include digital assets at cost, net of impairment losses incurred since their acquisition.

The Company determines and records the fair value of their digital assets in accordance with ASC Topic 820, *Fair Value Measurement*, based on quoted prices on the active exchange(s) that they have determined is the principal market for such assets (Level 1 inputs). The Company determines the cost basis of their digital assets using the cost at the time of acquisition of each unit received. Realized and unrealized gains and losses are now recorded to net loss (gain) on digital assets in the Company's condensed consolidated statement of operations.

For periods prior to January 1, 2025, prior to the adoption of ASU 2023-08, the Company's digital assets were initially recorded at cost, and subsequently measured at cost, net of any impairment losses incurred since acquisition. Impairment losses were recognized as "Write-down of digital assets" in the Company's Consolidated Statement of Operations in the period in which the impairment occurred. Also for periods prior to January 1, 2025, gains were not recorded until realized upon sale(s), at which point they were presented net of any impairment losses for the same digital assets held. In determining the gain to be recognized upon sale, the Company would calculate the difference between the sales price and carrying value of the digital assets sold immediately prior to sale.

The Company accounts for its digital assets, which are comprised solely of bitcoin, as indefinite-lived intangible assets. The Company's digital assets are initially recorded at cost. Subsequent to the Company's adoption of ASU 2023-08 on January 1, 2025, bitcoin assets are measured at fair value as of each reporting period. The Company determines the fair value of its bitcoin based on quoted (unadjusted) prices on the Coinbase exchange, the active exchange that the Company has determined is its principal market for bitcoin (Level 1 inputs). Changes in fair value are recognized as incurred in the Company's condensed consolidated statements of operations, within "Net gain on digital assets", within operating expenses in the Company's condensed consolidated statements of operations.

The Company has recorded a portion of their digital assets as digital assets receivable for the digital assets the Company sent to third party lenders to be held in custody as collateral against certain notes payable. The digital asset receivables are initially measured upon transfer at fair value and subsequently measured at fair value each reporting period. The changes in fair value are recognized on the condensed consolidated statements of operations. For more information, see Note 3, *Debt*.

See Note 2, *Digital Assets and Digital Assets Receivables*, for further information regarding digital assets.

Liquidity

The condensed consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern within one year from the date of issuance of these condensed consolidated financial statements. For the six months ended June 30, 2025, the Company incurred a net loss of approximately \$53.3 million and used cash in operating activities of approximately \$24.7 million. The Company had an accumulated deficit of approximately \$137.2 million as June 30, 2025.

Management is working to increase revenues through the growth of Angel Guild memberships, the Company's pipeline of theatrical releases in 2025 and additional streaming agreements. The Company finances marketing activities for theatrical releases through two primary methods: (i) Regulation A offerings that are tailored to raise money for the print and advertising costs ("P&A") for specific theatrical releases and (ii) P&A loan agreements with individual and institutional investors. During the six months ended June 30, 2025, the Company raised \$8.3 million from Regulation A offerings and received \$25.0 million from P&A loans, both of which were used for P&A in various theatrical releases during the year. During the year ended December 31, 2024, the Company raised \$0.0 million from Regulation A offerings and received \$23.3 million from P&A loans. During the six months ended June 30, 2025, the Company paid \$25.5 million for the repayments of P&A loans, including interest and paid \$11.8 million as a redemption of shares for Regulation A investors, from the proceeds collected from the theatrical releases and other revenues earned. During the year ended December 31, 2024, the Company paid \$17.9 million for the repayments of P&A loans, including interest and paid \$0.0 million as a redemption of shares for Regulation A investors, from the proceeds collected from the theatrical releases and other revenues earned.

Additionally, the Company has raised capital through the sale of its Class A common stock, par value \$0.001 per share (the "Class A Common Stock"), Class B common stock, par value \$0.001 per share ("Class B Common Stock"), Class C common stock, par value \$0.001 per share (the "Class C Common Stock") and Class F common stock, par value \$0.001 per share (the "Class F Common Stock," and together with the Class A Common Stock, Class B Common Stock and Class C Common Stock, the "Common Stock"), generating approximately \$38.5 million of cash during the six months ended June 30, 2025, and \$32.8 million of cash and \$9.5 million in bitcoin during the year ended December 31, 2024. During the six months ended June 30, 2025, the Company has (i) grown from 0.6 million to 1.3 million Angel Guild paying members, generating approximately \$101.1 million in cash from Angel Guild paid memberships. Management believes the Company will be able to continue to fund operating capital shortfalls through August 2026 through the issuance of debt and Common Stock. While there is no assurance of success, management remains committed to its plans to grow revenues and manage expenses. If these efforts are not successful, or if securing debt and selling Common Stock on acceptable terms proves challenging, the Company can reduce its spend on marketing of the Angel Guild, which could materially affect its growth, its financial condition and/or its ability to continue as a going concern.

Accounts Receivable

The Company records its accounts receivable at sales value less an allowance for doubtful accounts receivable. Management determines the allowance for doubtful accounts receivable in accordance with ASC 326 by segmenting the receivables portfolio and using historical experience, market conditions and account aging to determine an allowance for each segment.

Account balances are written off against the allowance when the potential for recovery is remote. Recoveries of receivables previously written off are recorded when payment is received. As of June 30, 2025, the allowance for doubtful accounts receivable was \$0.5 million. As of December 31, 2024, the Company's allowance for doubtful accounts receivable was \$0.4 million.

Licensing Receivables

Licensing receivables consist of amounts due from customers under the Company's multi-year content licensing arrangements. These receivables arise from the licensing of content to third parties, typically over terms ranging from several months to up to ten years, with an average duration of around three years.

For licensing arrangements where payments are due over a longer period, the Company assesses the need to recognize a significant financing component when the expected time between the satisfaction of the Company's performance obligations and the receipt of payment exceeds one year. In such cases, the licensing receivable is recorded at the present value of the future payments, discounted at a rate reflective of a separate financing transaction between the Company and the customer at contract inception. When no significant financing component is deemed to be present (e.g., when payments are expected within one year), the receivable is recorded at the transaction price, without adjustment for the time value of money.

The Company monitors licensing receivables for collectability and assesses for credit risk at each reporting period. Any expected credit losses are recognized in accordance with the Company's allowance for doubtful accounts policy.

Physical Inventory

Physical inventory consists of apparel, DVDs, Blu-rays, books, and other merchandise purchased for resale, related to content the Company is distributing. Physical inventory is recorded at average cost. The Company periodically reviews the physical media inventory for excess supply, obsolescence, and valuations above estimated realization amounts, and provides a reserve to cover these items. Management determined that no reserve for physical media inventory was necessary as of June 30, 2025, and December 31, 2024.

Prepaid Expenses and Other

Prepaid expenses primarily represent payments made in advance for services and goods to be received in future periods. These include, but are not limited to, prepayments for insurance, software, rent, fees and future advertising. As the benefits are consumed or utilized, the prepaid assets are recognized as expenses on the condensed consolidated statements of operations.

Other assets may include royalty advances, deposits and interest receivable.

Investments in Affiliates

Investments in affiliates represent the Company's investments in noncontrolling interests. The Company's investments where the Company has significant influence, but does not control, and joint ventures which are variable interest entities ("VIE") in which the Company is not the primary beneficiary, are recorded under the equity method of accounting in the accompanying condensed consolidated financial statements. The Company's investments where the Company has little or no influence and which the Company is not the primary beneficiary, are recorded under the cost method of accounting in the accompanying condensed consolidated financial statements.

Under the equity method, the Company's investment is stated at cost and adjusted for the Company's share of net earnings or losses and reduced by distributions. Equity in earnings is recognized based on the Company's ownership interest in the earnings of the VIE. Under the cost method, the Company's investment is stated at cost and will be reduced by any distributions received.

Notes Receivable

The Company enters into various notes receivable with filmmakers for marketing and other purposes. The Company records its notes receivable based on actual amounts loaned or paid for on behalf of the filmmaker. The Company also has a note receivable from the disposition of a business in 2021. The Company establishes specific reserves for those customer accounts identified with collection problems due to insolvency or other issues. The Company's notes receivable are considered past due when payment has not been received within thirty days of the due date. The amounts of the specific reserves are estimated by management based on various assumptions, including the customer's financial position, age of the receivables and changes in payment schedules and histories.

Notes receivable balances are charged off against the allowance for doubtful notes when the potential for recovery is remote. Recoveries of notes receivable previously charged off are recorded when payment is received. The allowance for doubtful notes receivable was \$0.0 million as of June 30, 2025 and December 31, 2024.

Accrued Licensing Royalties

Accrued licensing royalties represent amounts owed by the Company to filmmakers based on the contractual terms agreed upon with the filmmaker. Estimates are made based on available information and historical experience, taking into consideration any known uncertainties. Where necessary, accruals are adjusted in subsequent periods to reflect changes in circumstances or estimates.

Deferred Revenue

Deferred revenue represents payments received in advance of the Company fulfilling its performance obligations under various arrangements, including Angel Guild memberships, content licensing, Pay it Forward payments for theatrical releases, theatrical ticket presales and other deferred revenue. The Company recognizes deferred revenue when cash is received before the related revenue recognition criteria are met, and such amounts are recognized as revenue when the related performance obligations are satisfied.

Angel Guild Memberships

Angel Guild membership fees, which include both standard and premium membership options, are recorded as deferred revenue when received. As of June 30, 2025 and December 31, 2024, the Company had \$39.4 million and \$19.8 million, respectively, of deferred revenue related to Angel Guild memberships. These amounts are expected to be recognized as revenue over the membership period, primarily within the next twelve months.

Content Licensing

For certain content licensing arrangements, the Company recognizes deferred revenue when payment is received in advance of delivering the content or when performance obligations related to the licensing arrangement have not yet been satisfied. Revenue is recognized as content is delivered and the customer can begin exploiting the content, or, in the case of usage-based royalties, when the sale or usage occurs. As of June 30, 2025 and December 31, 2024, the Company had \$0.0 million of deferred revenue related to content licensing arrangements.

Pay it Forward

The Company receives Pay it Forward payments, which are used to offset the costs of free or discounted theatrical tickets provided to others. Pay it Forward payments in excess of Ticket Redemption Expenses (as defined below) are initially recorded as deferred revenue. Revenue is recognized as Pay it Forward payments are redeemed for tickets or when it is determined that future ticket redemptions will be less than the deferred revenue balance. As of June 30, 2025 and December 31, 2024, the Company had \$0.0 million and \$0.4 million, respectively, of deferred revenue related to Pay it Forward payments, which is expected to be redeemed or recognized as revenue within the next twelve months.

Theatrical Ticket Presales

The Company records deferred revenue related to theatrical ticket presales, which represent payments received in advance of scheduled theatrical releases. Revenue is recognized when the related theatrical releases occur. As of June 30, 2025 and December 31, 2024, the Company had \$0.1 million and \$1.0 million, respectively, of deferred revenue related to these presales.

Other Deferred Revenue

As of June 30, 2025 and December 31, 2024, the Company had \$0.6 million and \$1.0 million, respectively, in deferred revenue from various other types of contractual arrangements. These amounts will be recognized as revenue when the performance obligations are satisfied, primarily within the next twelve months.

Revenue Recognition

The Company recognizes revenue when a customer obtains control of promised products or services. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to receive in exchange for these products or services. The Company applies the following five steps: (i) Identify the contract with the customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to performance obligations in the contract; and (v) Recognize revenue when or as the Company satisfies a performance obligation. The following components represent the most significant portions of revenue being recognized:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Angel Guild	\$ 46,803,621	\$ 7,576,999	\$ 81,501,139	\$ 12,239,312
Theatrical	32,579,632	4,492,280	40,307,838	12,876,923
Content licensing	6,565,573	1,986,740	9,162,077	12,051,753
Merchandise	1,126,830	745,181	2,070,674	2,612,373
Pay it Forward	222,831	1,200,298	758,092	4,788,232
Theatrical Pay it Forward	20,735	—	719,370	—
Other	322,194	504,928	562,866	796,039
Total Revenue	\$ 87,641,416	\$ 16,506,426	\$ 135,082,056	\$ 45,364,632

Angel Guild Revenue

The Angel Guild is a paid membership that gives certain benefits, such as early access to certain content and the ability to vote on future content. Premium memberships receive additional benefits, such as complimentary theatrical tickets and merchandise discounts. Members have the option to pay either on a monthly or annual basis. The payments for memberships are initially recorded as deferred revenue and allocated to three different performance obligations: (i) memberships – recognized on a straight-line basis over the membership period, (ii) complimentary theatrical tickets – allocated only in periods of theatrical releases by the Company and recognized as tickets are redeemed during the month of membership and (iii) merchandise – recognized as the benefit is used.

Theatrical Release Revenue

Prior to the digital release of licensed content, the Company might provide the option to release content as part of a theatrical release. Revenue from these events is recognized at a point in time – when the theatrical showing takes place. The Company will negotiate the terms of the theatrical distribution window (ranging from a few weeks to a few months), profit sharing percentage, and collection terms with the theater owners prior to the release. Theatrical release revenue fluctuates depending on the timing and scale of theatrical showings.

Content Licensing Revenue

The Company's content licensing arrangements include fixed fee and minimum guarantee arrangements, and sales or usage based royalties. The Company's fixed fee or minimum guarantee licensing arrangements may, in some cases, include multiple titles, multiple license periods (windows), rights to exploitation in different media, or rights to exploitation in multiple territories, which may be considered distinct performance obligations. When these performance obligations are considered distinct, the fixed fee or minimum guarantee in the arrangement is allocated to the title, window, media right or territory as applicable, based on estimates of relative standalone selling prices. The amounts related to each performance obligation (i.e., title, window, media or territory) are recognized when the content has been delivered, and the window for the exploitation right in that territory has begun, which is the point in time at which the customer is able to begin to use and benefit from the content.

Sales or usage based royalties represent amounts due to the Company based on the "sale" or "usage" of its content by the customer, and revenues are recognized at the later of when the subsequent sale or usage occurs, or the performance obligation to which some or all the sales or usage-based royalty has been allocated has been satisfied (or partially satisfied). Generally, when the Company licenses completed content (with standalone functionality, such as a movie, or television show), its performance obligation will be satisfied prior to the sale or usage. The actual amounts due to the Company under these arrangements are typically not reported to the Company until several months after the close of the reporting period. The Company records revenue under these arrangements for the amounts due and not yet reported to the Company based on estimates of the sales or usage of these customers and pursuant to the terms of the contracts. Such estimates are based on information from the Company's customers, historical experience with similar titles in that market or territory, the performance of the title in other markets and/or available data in the industry. While the Company believes these estimates are reasonable estimates of the amounts due under these arrangements, such estimated amounts could differ from the actual amounts to be subsequently reported by the customer, which could be higher or lower than the Company's estimates, and could result in an adjustment to revenues in future periods. Any adjustments booked during the June 30, 2025 and 2024 periods have been immaterial.

For certain multi-year licensing arrangements, payments may be due over a longer period. When the Company expects the period between fulfillment of its performance obligation and the receipt of payment to be greater than a year, a significant financing component is present. In these cases, such payments are discounted to present value based on a discount rate reflective of a separate financing transaction between the customer and the Company, at contract inception. The Company does not assess contracts with deferred payments for significant financing components if, at contract inception, the Company expects the period between fulfillment of the performance obligation and subsequent payment to be one year or less.

Content licensing arrangements can last between several months to up to ten years. The typical period ranges around three years.

Merchandise Revenue

The Company has partnered with creators to distribute the creators' licensed original content and related merchandise. Merchandise revenue represents apparel, DVDs, Blu-rays, books and other intellectual property. Revenue is recognized upon shipment of the merchandise and is recognized at a point in time, when physically shipped.

Pay it Forward Revenue

Pay it Forward revenue consists of payments made from customers who want to keep the Company's content free to general users and help create future episodes and seasons of their favorite shows. Pay it Forward revenues are reported as Pay it Forward revenue in the condensed consolidated statements of operations in accordance with ASC Topic 958, Not-for-Profit Entities.

Theatrical Pay it Forward Revenue

The Company also collects Pay it Forward payments for the Company's upcoming or current theatrical releases. These collections are used to offset the cost the Company incurs to purchase free or discounted tickets ("Ticket Redemption Expenses") for people who may not have otherwise been able to watch the film. If total theatrical Pay it Forward payments are in excess of total Ticket Redemption Expenses, the excess amount will initially be included on the Company's condensed consolidated financial statements as deferred revenue. Deferred revenue will be recognized as Pay it Forward revenue during a reporting period if future Ticket Redemption Expenses are expected to be less than the deferred revenue balance.

Other Revenue

Other revenue consists of tickets to Dry Bar Comedy shows and other events, concession sales, general and administrative management fees and in-app advertising. Other revenue is recognized when the services are performed or when the event takes place.

The Company does not disclose revenue by geography as it is impracticable to do so. The Company's business operations involve complex, interconnected revenue streams that are not easily attributable to specific geographic regions. Revenue is often generated through multi-region engagements, global contracts and shared operational resources, making geographic segmentation inaccurate or misleading. As a result, providing such information would not reflect the true nature of the Company's business and could lead to misinterpretation.

Cost of Revenues

Cost of revenues represents the direct costs incurred by the Company in generating its revenue. These costs include expenses directly associated with the goods or services sold during the reporting period. Cost of revenues is recognized in the condensed consolidated statements of operations in the period in which the related revenue is recognized, following the matching principle.

Components of cost of revenues include licensing royalty expense, film delivery costs, hosting, merchandise costs, credit card fees, freight and shipping costs, and costs of services provided.

Selling and Marketing Expenses

Selling and marketing expenses represent costs incurred by the Company in promoting and selling its products or services. These expenses are recognized in the condensed consolidated statements of operations in the period in which they are incurred.

Components of selling and marketing expenses include advertising and promotional activities, salaries and benefits for sales and marketing personnel, travel and entertainment expenses related to sales and marketing activities, and costs of marketing materials. It also includes costs incurred by the Company to purchase movie tickets for giving away, which costs are offset by the Pay it Forward receipts the Company receives from customers who Pay it Forward for others to see the show. The total amount of Pay it Forward receipts that were offset against selling and marketing costs for the three months ended June 30, 2025, and 2024, were \$2.2 million and \$1.2 million, respectively, and for the six months ended June 30, 2025, and 2024, were \$2.5 million and \$2.9 million, respectively.

General and Administrative Expenses

General and administrative expenses represent costs incurred by the Company that are not directly attributable to the production of goods or services. These expenses include, but are not limited to, salaries and benefits of administrative staff, office rent, utilities, office supplies, insurance, legal fees and other overhead costs necessary to support the operations of the business.

General and administrative expenses are recognized in the condensed consolidated statements of operations in the period in which they are incurred. Expenses are measured at the fair value of the consideration given in exchange for goods or services received.

Research and Development Expenses

Research and development expenses consist primarily of payroll, software and other related expenses for research and development personnel responsible for making improvements to the Company's service offerings, including testing and maintaining and modifying the user interface and infrastructure. These expenses are recognized in the condensed consolidated statements of operations in the period in which they are incurred.

Stock-Based Compensation

Stock-based payments made to employees, including grants of employee stock options, are measured using a fair value-based method. The related expense is recorded in the condensed consolidated statements of operations over the period of service.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the condensed consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the tax bases of assets and liabilities. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred income tax assets are reviewed periodically for recoverability, and valuation allowances are provided when it is more likely than not that some or all of the deferred income tax assets may not be realized.

The Company believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities are adequate for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Company files income tax returns in the U.S. federal jurisdiction and certain state jurisdictions.

As of June 30, 2025 and December 31, 2024, the Company had \$0.0 million of deferred tax assets.

Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share attributable to the Company is computed by dividing income (loss) attributable to the Company by the weighted-average number of shares outstanding during the period. Diluted earnings (loss) per share attributable to the Company gives effect to all dilutive potential shares that are outstanding during the period (if any) and excludes stock options that are anti-dilutive as a result of any net losses during the period.

Segment Reporting

The Company operates as a single reportable segment. The Chief Operating Decision Maker ("CODM"), Neal Harmon, our Chief Executive Officer, evaluates the Company's financial performance and allocates resources based on consolidated financial results. The Company does not manage its operations or prepare financial information on a disaggregated basis beyond the consolidated level for internal reporting purposes.

The CODM reviews consolidated operating results, primarily focusing on revenue, operating income (loss), and key expense categories to assess performance and make strategic decisions. The single reportable segment derives its revenue as described above, primarily from Angel Guild revenue, theatrical release revenue, content licensing, merchandise revenue, Pay it Forward revenue and other revenue. Segment profit or loss is measured consistently with the condensed consolidated operating income (loss) presented in the condensed consolidated statements of income.

The significant expense categories regularly provided to the CODM as part of the consolidated financial review include cost of revenue, selling and marketing, research and development and general and administrative expenses. The amounts for these categories are included in the condensed consolidated statements of operations. These expenses represent the primary financial measures used by the CODM to evaluate operational efficiency and resource needs. No other significant expense categories or performance metrics are regularly provided to the CODM on a disaggregated basis.

The Company's accounting policies for segment reporting are consistent with the significant accounting policies described in Note 1.

Convertible Notes and Warrants

The Company accounts for warrants and convertible features of debt as either equity-classified or liability-classified instruments based on an assessment of the financial instrument's specific terms.

The assessment for the convertible features of debt considers whether the convertible debt instrument is issued at a substantial premium. The Company has determined that a premium of 10 percent or more is considered substantial.

The assessment for the warrants considers whether the warrants are freestanding financial instruments, meet the definition of a liability, and whether the warrants meet all the requirements for equity classification, including whether the warrants are indexed to the Company's own stock and whether the warrant holders could potentially require "net cash settlement", among other conditions for equity classification.

The Company has determined that all outstanding warrants and convertible features of debt meet the criteria for equity classification. The warrants and the convertible features of the debt are recorded as a component of additional paid-in capital on the condensed consolidated statements of stockholders' equity at the time of issuance.

The fair value of the warrants and the convertible features of the debt are estimated using the Black Scholes option pricing model at the time of issuance.

Recent Accounting Pronouncements*Recently Issued Accounting Pronouncements Not Yet Adopted**ASU 2023-09*

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU enhances the transparency and decision-usefulness of income tax disclosures by requiring, among other items, greater disaggregation in the rate reconciliation and income taxes paid by jurisdiction.

The guidance is effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted. The ASU does not affect interim period disclosures (e.g., Form 10-Q), and as such, no changes have been made to the Company's interim reporting. The Company is currently evaluating the impact of this ASU on its annual income tax disclosures and does not expect it to have a material impact on its consolidated financial statements.

2. Digital Assets and Digital Assets Receivable

The table below summarizes the digital assets shown on the Company's condensed consolidated balance sheets as of:

	June 30, 2025	December 31, 2024
Digital assets held:		
Approximate number of bitcoin held	34.7	304.2
Digital asset cost basis	\$ 2,210,425	\$ 19,091,091
Digital asset carrying value	\$ 3,722,670	\$ 12,457,387

The carrying value on the Company's condensed consolidated balance sheets at each period-end prior to the adoption of ASC 2023-08 represented the lowest fair value (based on Level 1 inputs in the fair value hierarchy) of the bitcoin at any time since their acquisition. Therefore, these fair value measurements were made during the period of their acquisition through December 31, 2024.

The table below summarizes the digital assets receivable shown on the Company's condensed consolidated balance sheets as of:

	June 30, 2025	December 31, 2024
Digital assets receivable:		
Approximate number of bitcoin held	268.4	—
Digital asset cost basis	\$ 16,815,138	\$ —
Digital asset carrying value	\$ 28,750,840	\$ —

The following table summarizes the Company's digital asset purchases, gains (losses) on digital assets as calculated after the adoption of ASU 2023-08 on January 1, 2025, and write-down of digital assets as calculated prior to the adoption of ASU 2023-08 for the periods indicated. This table is inclusive of both the Company's digital assets held and digital assets receivable.

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Approximate number of bitcoin acquired	—	0.1	0.01	0.9
Approximate number of bitcoin dispensed	—	(13.9)	(1.1)	(13.9)
Digital asset additions	\$ —	\$ 3,523	\$ —	\$ 48,515
Digital asset dispositions	\$ —	\$ 964,178	\$ 99,118	\$ 964,178
Unrealized gains (losses), net	\$ 7,452,328	\$ —	\$ 4,156,594	\$ —
Realized gains (losses), net	\$ —	\$ 732,410	\$ (3,371)	\$ 732,410

3. Debt

Notes Payable

The following table summarizes the Company's debt facilities as of June 30, 2025 and December 31, 2024 (in millions):

Type of Facility or Arrangement	Balance as of June 30, 2025	Balance as of December 31, 2024	Original Principal Amount	Interest Rate	Repayment Terms
May 2024 P&A loans	\$ 2.1	\$ 3.3	\$ 3.0	10.0* %	For detailed terms, see (1)
Feb 2025 loan agreement	4.3	—	5.4	18.5	For detailed terms, see (2)
Jan and Feb 2025 note agreements	13.5	—	13.5	11.5 - 12.0	For detailed terms, see (3)
May 2025 convertible note	5.1	—	5.0	15.0	See <i>Convertible Note and Warrant</i> section below.
Revolving P&A loans (See Note 6, <i>Related-Party Transactions</i>)	11.8	8.2		10.0 - 15.0*	The current notes mature between July and August 2025.
Total	36.8	11.5			
Less: Discounts, net of amortization	(1.4)	—			
Total notes payable balance	<u>\$ 35.4</u>	<u>\$ 11.5</u>			

* The interest rates for these loans are calculated as simple interest, where the amount of interest is a fixed amount of the principal.

- (1) The maturity date is dependent on the timing of cash collections from theatrical sales, licensing revenue, merchandise sales and other revenue. The balance is expected to be fully paid within the next twelve months.
- (2) On February 5, 2025, the Company entered into a loan agreement with a third-party lender to secure senior secured financing related to the licensing receivables from the feature film "Sound of Freedom." Under the agreement, the lender paid to the borrower \$5.4 million (the "Loan") for working capital and future media acquisition and production. In exchange, the borrower assigned the rights to certain licensing receivables to the lender. The loan has an effective interest rate of 18.5% and is repayable in nine quarterly installments of \$0.7 million each, commencing February 15, 2025, with a maturity date of February 15, 2027. The loan is secured by a first-priority security interest in all assets related to "Sound of Freedom," including distribution proceeds, and a repayment lien on all future media projects of the borrower and the Company, subordinated to certain pre-existing obligations except for "Sound of Freedom" assets. Additional costs included \$0.1 million in set-up and legal fees which were recorded as a debt discount. Maturity date is dependent on the timing of cash collections from theatrical sales, licensing revenue, merchandise sales and other revenue. \$2.3 million of the remaining balance is classified as short-term, as it is expected to be repaid in the next 12 months.
- (3) The notes mature between February 2026 and April 2026. The Company used a portion of their digital assets to be held in custody as collateral on the notes. The initial margin required as collateral ranged between 150.0% – 167.0% percent of the note amount. Additional collateral is required if the value of the note to collateralized digital currency falls between 140.0% – 143.0% percent, depending on the note. As of June 30, 2025, the market value of digital assets transferred to the lenders as collateral was approximately \$28.8 million. As the Company retains the economic risk of the digital currency, digital assets receivable are recorded in the condensed consolidated balance sheets.

Convertible Note and Warrant

In May 2025, the Company entered into a note and warrant purchase agreement with an unaffiliated third party, providing for the private placement of a subordinated convertible promissory note and warrant to purchase 30,525 shares of the Company's Class C common stock with an exercise price of \$32.76 per share. The Company does not have the right to prepay the convertible note. Interest is compounded monthly and payable on the maturity date. A discount of \$1.3 million was recorded for the convertible feature of the note and the warrant, as allocated based on the relative fair values of the elements of the convertible note. This discount was recorded as paid-in capital. Due to the total fair value of the note, including the warrant and convertible feature, being greater than the principal amount of the note, the effective interest rate is greater than the coupon rate and is approximately 30.9%.

The following table summarizes further details of the Note:

Notes	Issuance Date	Maturity Date	Principal Amount	Coupon Interest Rate
2025 Note	May 2, 2025	May 1, 2027	\$ 5,000,000	15.00 %

Conversion Rights of the Note

At the investor's option and prior to the maturity date, the convertible note and any accrued interest may be converted into shares of the Company's Class C common stock at a fixed price of \$32.76 per share.

Components and Fair Value of the Note and Warrant

The convertible note and warrant consisted of the following components as of June 30, 2025. The principal shown in the table below consists of the original principal amount of the note as well as the interest (which is paid-in-kind each month).

2025 Note	As of June 30, 2025
Principal	\$ 5,125,781
Less: discount, net of amortization	1,272,193
Net carrying amount	\$ 3,853,588
Estimated fair value at date of issuance ⁽¹⁾	\$ 6,825,393

(1) The fair value includes the note, the conversion feature on the note, and the warrant. The conversion feature and warrant were determined based on the Black Scholes option pricing model on the date of issuance of the note and has been classified as level 3 in the fair value hierarchy.

Interest Expense

The following table summarizes interest expenses related to the convertible note and warrant:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Amortization of debt discount	\$ 65,016	\$ —	\$ 65,016	\$ —
Coupon interest payable on convertible note	125,781	—	125,781	—
Total interest expense on convertible note	<u>\$ 190,797</u>	<u>\$ —</u>	<u>\$ 190,797</u>	<u>\$ —</u>

4. Commitments and Contingencies

Legal Proceedings

The Company currently is, and from time to time might again become, involved in litigation arising in the normal course of business.

Litigation is necessary to defend the Company. The results of any current or future complex litigation matters cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact because of defense and settlement costs, distraction of management and resources, and other factors. Additionally, these matters may change in the future as the litigation and factual discovery unfolds. Legal fees are expensed as incurred. Insurance recoveries associated with legal costs incurred are recorded when they are received.

The Company assesses whether there is a reasonable possibility that a loss, or additional losses beyond those already accrued, may be incurred ("Material Loss"). If there is a reasonable possibility that a Material Loss may be incurred, the Company discloses an estimate or range of the amount of loss, either individually or in the aggregate, or discloses that an estimate of loss cannot be made. If a Material

Loss occurs due to an unfavorable outcome in any legal matter, this may have an adverse effect on the condensed consolidated financial position, results of operations, and liquidity of the Company. The Company records a provision for each liability when determined to be probable, and the amount of the loss may be reasonably estimated. These provisions are reviewed annually and adjusted as additional information becomes available. Management, after consultation with legal counsel, believes that the outcome of these proceedings will not have a material impact on the Company's condensed consolidated financial position, results from operations or liquidity. The actual amounts from the resolution of these matters could vary from management's estimate.

Mergers and Acquisitions

In July 2022, the Company purchased an 8.0% interest in an entity that is partially owned by one or more of the Company's directors, officers, and stockholders. This entity produces content for the Company's platforms. The total purchase price was \$1.7 million. In August 2023, the Company entered into negotiations to acquire this entity in full. While negotiations are ongoing, the Company agreed to fund the operations of the entity. The Company funded a total of \$4.4 million during the year ended December 31, 2024. During the six months ended June 30, 2025 the Company funded an additional \$1.9 million related to supporting operations of the entity which was expensed by the Company.

In August 2024, the Company agreed to a non-binding term sheet to acquire the rights related to a project currently under a content licensing agreement. The total purchase price was \$30.0 million. The Company agreed to fund the operations of the entity until and following the completion of the acquisition. During the year ended December 31, 2024, the Company funded \$2.2 million. During the six months ended June 30, 2025, the Company funded an additional \$2.9 million related to supporting operations of the entity which was expensed by the Company.

In April 2025, the Company entered into a non-binding term sheet to acquire Black Autumn Show, Inc., including its Homestead film, television series and related assets, for stock consideration based on a valuation of up to \$28.2 million. The Company agreed to fund feature seasons of the television series through either (i) royalties earned from the film and television show or (ii) additional funding to cover the remaining production costs. Currently, the Company has not had to pay any additional funding outside of the royalties earned.

In May 2025, the Company agreed to purchase the IP for Sketch from Wonder Project Inc. for \$6 million in cash; \$2 million each is to be paid on or before May 31, 2025, June 30, 2025, and July 31, 2025. The purchase is now complete and the final payment has been completed. With this purchase, Angel Studios now controls the rights, title, and interest in the film, including any subsequent productions.

As of June 30, 2025, the Company made certain payments totaling \$2.5 million to acquire a stake in Slingshot USA, LLC ("Slingshot"). In addition, the Company made a payment of \$0.5 million for a non-refundable earnest money deposit to facilitate negotiations and acquire the majority stake in Slingshot USA, LLC. The transaction is currently the subject of litigation, and the Company has determined that it is unlikely that they will recover the earnest money deposit. Therefore, as of June 30, 2025, the Company wrote off the \$0.5 million non-refundable earnest money deposit. The Company is assessing the ongoing financial obligations and risks associated with the litigation.

Class C Common Stock Contractual Adjustment

During 2023, one of the Company's investors purchased 528,914 shares of its Class C Common Stock. As part of the agreement, the total shares purchased would be adjusted to 842,696 shares of Class C Common Stock if each of the below events occurred:

1. If gross revenues of the Company in 2023, 2024 or 2025 was less than \$100.0 million; and
2. If a material and adverse change occurs to one of the Company's distribution agreements that results in a reduction in revenue of at least 20.0% relative to the revenue that would have otherwise been entitled if not for the material change.

During Q2 2025, the Company determined that both of these triggering events had occurred, and the additional shares have been issued and recorded.

5. Common Stock

The Company has authorized capital stock consisting of 85,000,000 shares of common stock, par value \$0.001 per share, of which 27,500,000 shares have been designated as Class A Common Stock, 4,000,000 have been designated as Class B Common Stock, 38,000,000 have been designated as Class C Common Stock and 15,500,000 have been designated as Class F Common Stock.

Warrant Offerings

In May 2025, the Company entered into a note and warrant purchase agreement with an unaffiliated third party, providing for the private placement of a subordinated convertible promissory note with a principal balance of \$5.0 million and warrant to purchase 30,525 shares of the Company's Class C Common Stock with an exercise price of \$32.76 per share. The warrant may be exercised during the term of the convertible note and will expire at 5 p.m. Utah local time on May 1, 2027.

The Company determined that the warrant meets the criteria for equity classification. Therefore, the warrant is recorded as a component of additional paid-in capital on the condensed consolidated statements of stockholders' equity at the time of issuance. The fair value of the warrant was estimated using the Black-Scholes option pricing model at the time of issuance and will not be remeasured throughout its life, pursuant to ASC 470.

For more information regarding the note and warrant purchase agreement, refer to Note 3.

Loss per Share

The following table represents the Company's loss per share for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended		Six Months Ended	
	2025	2024	2025	2024
Numerator:				
Net loss attributable to controlling interests	\$ (15,882,522)	\$ (22,482,813)	\$ (53,299,432)	\$ (37,326,897)
Denominator:				
Weighted average basic shares outstanding	27,928,342	25,276,878	27,574,641	25,138,698
Effect of dilutive shares	—	—	—	—
Weighted average diluted shares	27,928,342	25,276,878	27,574,641	25,138,698
Basic loss per share	\$ (0.569)	\$ (0.889)	\$ (1.933)	\$ (1.485)
Diluted loss per share	\$ (0.569)	\$ (0.889)	\$ (1.933)	\$ (1.485)

Basic loss per share includes no dilution and is computed by dividing net income available to common stockholders by the weighted average common shares outstanding for the period. Diluted loss per share is calculated similarly to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the common shares were dilutive. All potential common shares were anti-dilutive as a result of the Company's net losses during the three and six months ended June 30, 2025 and 2024.

The following table sets forth the outstanding potentially dilutive securities that have been excluded in the calculation of diluted loss per share as their inclusion would be anti-dilutive, for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended		Six Months Ended	
	2025	2024	2025	2024
Stock options to purchase common stock	3,053,407	1,617,912	2,860,817	1,596,761
Convertible securities to acquire common stock	156,465	—	156,465	—
Warrants to purchase common stock	30,525	—	30,525	—
Total outstanding potentially dilutive securities	3,240,397	1,617,912	3,047,807	1,596,761

6. Related-Party Transactions

The Company has a marketing services contract with an entity owned by one or more of the Company's directors, officers, and stockholders. During the three months ended June 30, 2025 and 2024, the Company incurred expenses of \$0.2 million and \$0.1 million, respectively, to the related party for marketing services. During the six months ended June 30, 2025 and 2024, the Company incurred expenses of \$0.3 million and \$0.3 million, respectively, to the related party for marketing services.

In July 2021, the Company purchased a 50.0% interest in the entity that owns the building in which the Company leases its office space from. Lease payments made during the period of related party ownership were \$0.1 million and \$0.1 million for the three months ended June 30, 2025 and 2024, respectively and \$0.2 million and \$0.3 million for the six months ended June 30, 2025 and 2024, respectively.

In February 2024, the Company entered into a revolving P&A loan agreement with Angel P&A, LLC, a Delaware limited liability company ("Angel P&A") that is 100.0% owned by one or more of the Company's directors, officers, and stockholders. Angel P&A was set up for the specific purpose of raising P&A funds for the Company to use for upcoming theatrical releases, in exchange for revenue participation rights of the films. The revenue participation rights allow Angel P&A the right to receive an amount not to exceed 110.0% (initial investment plus a 10.0% return) of their invested amount. Angel P&A has priority on the cash receipts to the Company of the particular film they invested in and shall be paid in full before any other claims, with the exception of money raised under Regulation A of Section 3(6) of the Securities Act, for P&A (if any) which would take first priority, from the film are paid. When Angel P&A receives the repayment on these notes, the interest portion is distributed to the institutional investors and the original investment can either remain at Angel P&A for additional P&A loans needed by the Company or be returned to the institutional investors until the Company has further need of the funds. The commitment period between Angel P&A and the Company, and between Angel P&A and the investors, lasts through February 2027. Angel P&A has no employees and is not anticipated to incur any operating expenses. The maturity on the loans are typically due between 80 – 120 days from the individual draw. As of June 30, 2025 and December 31, 2024, the total outstanding balance of revolving P&A loans is \$11.8 million and \$8.2 million, respectively.

7. Subsequent Events

Subsequent events have been evaluated through August 13, 2025, which is the date the condensed consolidated financial statements were available to be issued.

Sale of Common Stock

From July 1, 2025, through the date of this Quarterly Report on Form 10-Q, the Company sold an aggregate of 201,946 shares of Class C Common Stock to various purchasers, generating gross proceeds of approximately \$7.9 million. The issuances of the Class C Common Stock were made in reliance upon exemptions from registration provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. The Company intends to use the proceeds from the sales of Class C Common Stock to manage its business and provide working capital for its operations. The proceeds may also be used to pay expenses relating to salaries and other compensation to its officers and employees.

Entry Into A Material Definitive Agreement

In August 2025, the Company entered into two convertible promissory notes (the "August Notes") with separate, unaffiliated investors (the "August Investors") totaling \$7.0 million, bearing interest at 16.0% per annum. The August Notes are convertible into shares of the Company's Class C Common Stock at a conversion price of \$39.00 per share. If at any time, before or on December 31, 2025, the Company's common stock becomes listed on a national securities exchange, this note will automatically convert into a number of shares of the Company's Class C Common Stock equal to the then outstanding principle and accrued interest amounts.

If the automatic conversion is not triggered, the August Investors may at their sole discretion, at any time when the notes remain outstanding, including after the Maturity Date, elect to convert the shares of the Company's Class C Common Stock at a fixed price of \$39.00 per share. If the notes are not converted, the Company will be required to repay the August Notes plus all accrued and outstanding interest on before December 31, 2025.

ANGEL STUDIOS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

[Unaudited Pro Forma Condensed Combined Balance Sheets as of and for the six months ended June 30, 2025](#)

F-6

[Unaudited Pro Forma Condensed Combined Statements of Operations for the six months ended June 30, 2025](#)

F-9

[Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2024](#)

F-11

[Notes to Unaudited Pro Forma Condensed Combined Financial Information](#)

F-13

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms included below have the same meaning as terms defined and included in the joint proxy statement/prospectus declared effective by the SEC on July 22, 2025 (the "Proxy Statement"), which is incorporated by reference herein.

Introduction

The following unaudited pro forma condensed combined financial information and accompanying notes are provided to aid you in your analysis of the financial aspects of the Merger, the Company Interim Financing (described in the "Financing Transactions and Background Relevant to Financing Transactions" section below) and other financing transactions, together the "Financing Transactions," and adjustments for other material events. These other material events are referred to herein as "Other Material Events" and the pro forma adjustments for the Other Material Events are referred to herein as "Adjustments for Other Material Events." The following information is also relevant to understanding the unaudited pro forma condensed combined financial information contained herein:

- On September 11, 2024, SAC, Merger Sub and ASI entered into the Merger Agreement. Pursuant to the terms of the Merger Agreement, among other things:
 - Upon the Closing, (i) Merger Sub merged with and into ASI, the separate corporate existence of Merger Sub ceased and ASI was the surviving corporation and a wholly owned subsidiary of the Combined Company and (ii) ASI was subsequently dissolved, with SAC continuing as the sole surviving corporation and SAC changed its name to "Angel Studios, Inc."
 - At the effective time of the Merger, each share of ASI Common Stock outstanding as of immediately prior to the effective time of the Merger (other than the Excluded Shares) was canceled and converted into the right to receive a number of shares of the Corresponding Class of Combined Company Common Stock equal to the quotient obtained by dividing (i) the Aggregate Merger Consideration by (ii) the aggregate number of shares of ASI Common Stock issued and outstanding immediately prior to the effective time of the Merger as calculated pursuant to the Merger Agreement (such quotient, the Merger Consideration Per Fully Diluted Share), with fractional shares rounded down to the nearest whole share (and no cash settlements shall be made in lieu of fractional shares eliminated by rounding).
 - Each share of SAC Class B Common Stock issued and outstanding immediately prior to the effective time of the Merger was converted into shares of SAC Class A Common Stock on a one-for-one basis immediately prior to the effective time of the Merger, and each share of SAC Class A Common Stock issued and outstanding as of immediately prior to the effective time of the Merger (including the as-converted shares of SAC Class B Common Stock) remained outstanding and represent one share of Combined Company Class A Common Stock.
 - At the effective time of the Merger, each ASI Option outstanding as of immediately prior to the effective time of the Merger was converted into a Combined Company Option on substantially the same terms and conditions as are in effect with respect to such ASI Option immediately prior to the effective time, including with respect to vesting and termination-related provisions. Subject to the terms of the Merger Agreement, each Combined Company Option relates to the number of whole shares of the Corresponding Class of Combined Company Common Stock (rounded down to the nearest whole share) equal to (i) the number of shares of the applicable class of ASI Common Stock subject to such ASI Option multiplied by (ii) the Merger Consideration Per Fully Diluted Share. The exercise price per share for each Combined Company Option equals (i) the exercise price per share of the applicable ASI Option divided by (ii) the Merger Consideration Per Fully Diluted Share (rounded up to the nearest full cent).
 - Immediately prior to the effective time of the Merger, each of the 11,500,000 issued and outstanding SAC Public Warrants automatically converted into 0.1 newly issued share of SAC Class A Common Stock.
- In connection with the Merger Agreement, SAC entered into the Sponsor Support Agreement, pursuant to which the Sponsor has agreed to forfeit all 11,700,000 issued and outstanding SAC Private Placement Warrants held by it immediately prior to and contingent upon the Closing. The SAC Private Placement Warrants were immediately canceled upon their forfeiture.
- On November 13, 2024, SAC held the Third Extension Special Meeting and obtained approval of SAC's stockholders of the Extension Proposal and the Redemption Limitation Amendment Proposal. Promptly thereafter, SAC filed with the

Secretary of State of the State of Delaware an amendment to the SAC Charter to implement the Extension Proposal and the Redemption Limitation Amendment Proposal.

- On February 14, 2025, SAC, ASI and Merger Sub entered into the Merger Agreement Amendment, which amended the Merger Agreement to (i) remove the closing condition that SAC have at least \$5,000,001 of net tangible assets upon the Closing, (ii) amend the definitions of "Acquiror Expense Cap" (as defined in the Merger Agreement Amendment) and "Transaction Expenses" (as defined in the Merger Agreement Amendment) and (iii) amend the provision regarding expense statements.

The table below presents the exchange of ASI Class A Common Stock and ASI Class C Common Stock for Combined Company Class A Common Stock that occurred upon the Closing:

	ASI Common Stock outstanding as of June 30, 2025 (Historical)	Conversion of ASI Class B Common Stock into ASI Class C Common Stock resulting from secondary market transactions subsequent to June 30, 2025 ⁽¹⁾	Issuance of ASI Class C Common Stock subsequent to June 30, 2025 pursuant to ASI Reg A Offering	Issuance of ASI Class C Common Stock subsequent to June 30, 2025 pursuant to conversion of the Convertible Notes issued in May 2025 and August 2025	Exercise of ASI Options for ASI Class F Common Stock subsequent to June 30, 2025	ASI Class B Common Stock and ASI Class F Common Stock assumed outstanding immediately prior to Closing
ASI Class A Common Stock, par value \$0.001 per share	11,255,686	—	—	—	—	11,255,686
ASI Class C Common Stock, par value \$0.001 per share	4,441,540	16,679	1,250,000	343,001	238,080	6,289,300
	15,697,226					17,544,986
						53,504,621
						93,873,782
					Assumed Exchange Ratio - Class A	
					Estimated shares of Combined Company Class A Common Stock issued to ASI stockholders upon Closing	

- (1) Subsequent to June 30, 2025, 12,194 shares of ASI Class B Common Stock and 4,485 shares of ASI Class F Common Stock were sold in various secondary market transactions. Under ASI's current certificate of incorporation, transfers of previously issued shares of ASI Class A Common Stock, ASI Class B Common Stock, and ASI Class F Common Stock will be automatically converted into ASI Class C Common Stock on a one-for-one basis. As a result of the sales in secondary market transactions subsequent to June 30, 2025, 12,194 previously issued and outstanding shares of ASI Class B Common Stock and 4,485 previously issued and outstanding shares of ASI Class F Common Stock were automatically converted into 16,679 shares of ASI Class C Common Stock.

The table below presents the exchange of ASI Class B Common Stock and ASI Class F Common Stock for Combined Company Class B Common Stock that occurred upon the Closing:

	ASI Common Stock outstanding as of June 30, 2025 (Historical)	Conversion of ASI Class B Common Stock into ASI Class C Common Stock resulting from secondary market transactions subsequent to June 30, 2025 ⁽¹⁾	Exercise of ASI Options for ASI Class F Common Stock subsequent to June 30, 2025	ASI Class B Common Stock and ASI Class F Common Stock assumed outstanding immediately prior to Closing
ASI Class B Common Stock par value \$0.001 per share	2,997,235	(12,194)	—	2,985,041
ASI Class F Common Stock par value \$0.001 per share	9,806,087	(4,485)	56,401	9,858,003
	12,803,322			12,843,044
				53,504,621
				68,716,220
				Assumed Exchange Ratio - Class B
				Estimated shares of Combined Company Class B Common Stock issued to ASI stockholders upon Closing

- (1) Subsequent to June 30, 2025, 12,194 shares of ASI Class B Common Stock and 4,485 shares of ASI Class F Common Stock were sold in various secondary market transactions. Under ASI's current certificate of incorporation, transfers of previously issued shares of ASI Class A Common Stock, ASI Class B Common Stock, and ASI Class F Common Stock will be automatically converted into ASI Class C Common Stock on a one-for-one basis. As a result of the sales in secondary market transactions subsequent to June 30, 2025, 12,194 previously issued and outstanding shares of ASI Class B Common Stock and 4,485 previously issued and outstanding shares of ASI Class F Common Stock were automatically converted into 16,679 shares of ASI Class C Common Stock.

Financing Transactions and Background Relevant to Financing Transactions

Company Interim Financing

The Company Interim Financing consists of any equity or debt financing arrangements entered into by ASI during the period from the date of the Merger Agreement through the Closing. The transactions described directly below represent the Company Interim Financing entered into subsequent to June 30, 2025:

- Subsequent to June 30, 2025, ASI sold 205,920 shares of ASI Class C Common Stock to various purchasers at a price of \$39.00 per share for aggregate proceeds of approximately \$8.0 million, and 32,160 shares of ASI Class C Common Stock at a price of \$44.00 per share for aggregate proceeds of approximately \$1.4 million (see Note 3(aaa)). All sales of ASI

Class C Common Stock described directly above were sold in reliance upon exemptions from registration provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder.

- Subsequent to June 30, 2025, ASI entered into two separate note purchase agreements with two separate investors, pursuant to which ASI issued convertible promissory notes with an aggregate principal balance of \$7.0 million ("August 2025 Convertible Note"). Each note bears interest at a rate of 16.0% per annum, compounded monthly, and matures on December 31, 2025, or earlier upon the occurrence of an event of default. Prior to maturity, each note provides for automatic conversion, immediately prior to the closing of the Merger or other qualifying listing event, into shares of ASI Class C Common Stock at a fixed conversion price of \$39.00 per share. In addition, at any time prior to or after maturity, each investor may, at its option, elect to convert all or a portion of the outstanding principal and accrued interest into shares of ASI Class C Common Stock at the conversion price of \$39.00 per share (see Note 3(eee)).
- Subsequent to June 30, 2025, ASI commenced a Regulation A offering of up to \$55.0 million in shares of ASI Class C Common Stock at a purchase price of \$44.00 per share. ASI estimates total offering expenses, including broker-dealer, legal, escrow, and other professional fees, of approximately \$0.4 million (see Note 3(fff)).

Other Financing Transactions

- Subsequent to June 30, 2025, the Sponsor made payments directly to SAC's third-party vendors for certain transaction costs and other costs incurred by SAC. These payments on SAC's behalf resulted in increases in the principal due on the Sponsor Promissory Note in the amounts of \$70,925 (see Note 3(e)) and \$0.1 million (see Note 3(bbb) and Note 4(aaa)), respectively.
- Subsequent to June 30, 2025, the 5,000,000 shares of preferred stock issued by Angel Studios 022, Inc. ("Angel Studios 022"), a subsidiary of ASI, were redeemed. ASI paid \$5.8 million in connection with the redemption of such preferred stock held by noncontrolling interests (see Note 3(ccc)).
- Subsequent to June 30, 2025, Angel Studios 024, Inc. ("Angel Studios 024"), a subsidiary of ASI, issued 5,000,000 shares of preferred stock to various purchasers, in a Form I-A offering and received cash of \$4.9 million, net of offering costs of \$0.1 million (see Note 3(ddd)).

Other Material Events and Background Relevant to Other Material Events

- Subsequent to June 30, 2025, certain ASI employees exercised 5,297 options to purchase ASI Class F Common Stock. The exercise prices for the 5,297 options were paid on a cashless basis via net share settlement (see Note 3(aa)). Additionally, certain ASI employees exercised 51,104 options to purchase ASI Class F Common Stock. The exercise prices for the 51,104 options were paid in cash (see Note 3(bb)).
- Subsequent to June 30, 2025, 12,194 shares of ASI Class B Common Stock and 4,485 shares of ASI Class F Common Stock were sold in various secondary market transactions. Under ASI's current certificate of incorporation, transfers of previously issued shares of ASI Class A Common Stock, ASI Class B Common Stock, and ASI Class F Common Stock will be automatically converted into ASI Class C Common Stock on a one-for-one basis. As a result of the sales in secondary market transactions subsequent to June 30, 2025, 12,194 previously issued and outstanding shares of ASI Class B Common Stock and 4,485 previously issued and outstanding shares of ASI Class F Common Stock were automatically converted into 16,679 shares of ASI Class C Common Stock (see Note 3(cc)).

Additional Information Related to the Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information has been prepared based on SAC's and ASI's historical financial statements as adjusted to give effect to the Merger, the Financing Transactions and the Adjustments for Other Material Events. The unaudited pro forma condensed combined balance sheet as of June 30, 2025 gives pro forma effect to the Merger as if it had occurred on June 30, 2025. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2024 reflects adjustments assuming that any adjustments that were made to the unaudited pro forma condensed combined balance sheet as of June 30, 2025 are assumed to have been made on January 1, 2024 for the purpose of adjusting the unaudited pro forma condensed combined statement of operations. The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2025 reflects adjustments assuming that any adjustments that were made to the unaudited pro forma condensed combined balance sheet as of June 30, 2025 are assumed to have been made on January 1, 2024 for the purpose of adjusting the unaudited pro forma condensed combined statement of operations.

The unaudited pro forma condensed combined financial information has been derived from and should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial information;
- the historical audited financial statements of SAC as of and for the year ended December 31, 2024, and the related notes included in the Registration Statement on Form S-1 filed with the SEC on September 16, 2025 (the "**Registration Statement**");
- the historical unaudited financial statements of SAC as of and for the six months ended June 30, 2025, and the related notes included in the Registration Statement;
- the historical audited consolidated financial statements of ASI as of and for the year ended December 31, 2024, and the related notes included in the Registration Statement;
- the historical unaudited consolidated financial statements of ASI as of and for the six months ended June 30, 2025, and the related notes included in the Registration Statement; and
- other information relating to ASI and SAC contained in the Proxy Statement, including in the sections entitled "*SAC's Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*ASI's Management's Discussion and Analysis of Financial Condition and Results of Operations*," the Annexes and other financial information relating to each of SAC and ASI included elsewhere in the Proxy Statement.

The unaudited pro forma condensed combined financial information is provided for illustrative purposes only and is not necessarily indicative of what the actual results of operations and financial position would have been had the Merger the Financing Transactions and the Other Material Events taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the Combined Company. The unaudited pro forma adjustments are based on information currently available, and assumptions and estimates underlying the unaudited pro forma adjustments are described in the accompanying notes to the unaudited pro forma condensed combined financial information. If the actual facts are different than these assumptions, the amounts and shares outstanding in the unaudited pro forma condensed combined financial information that follows will be different, and those changes could be material.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2025

	Southport Acquisition Corp. Historical	Angel Studios, Inc. Historical	Financing Transactions	Notes	Adjustments for Material Events	Notes	Other Transaction Accounting Adjustments	Notes	Pro Forma Balance Sheet
<i>(In thousands, except for share data)</i>									
Assets									
Current assets									
Cash and cash equivalents	\$ 329	\$ 28,000	\$ 9,446	3(aaa)	\$ 120	3(bb)	\$ 442	3(a)	\$ 84,505
	—	—	(5,750)	3(ccc)	—	—	(1,290)	3(b)	—
	—	—	4,875	3(ddd)	—	—	(2,839)	3(c)	—
	—	—	54,650	3(fff)	—	—	(250)	3(d)	—
	—	—	7,000	3(eee)	—	—	(6,436)	3(e)	—
	—	—	—	—	—	—	(2,425)	3(f)	—
	—	—	—	—	—	—	(366)	3(g)	—
	—	—	—	—	—	—	(1,000)	3(p)	—
	—	—	—	—	—	—	(1)	3(m)	—
Accounts receivable, net	—	20,911	—	—	—	—	—	—	20,911
Current portion of licensing receivables, net	—	8,786	—	—	—	—	—	—	8,786
Physical media inventory	—	1,474	—	—	—	—	—	—	1,474
Current portion of notes receivable	—	1,424	—	—	—	—	—	—	1,424
Digital assets receivable	—	28,751	—	—	—	—	—	—	28,751
Loan guarantee receivable	—	10,018	—	—	—	—	—	—	10,018
Current portion of digital assets receivable	—	—	—	—	—	—	—	—	—
Prepaid expenses and other	84	9,767	—	—	—	—	1,290	3(b)	11,141
	—	—	—	—	—	—	—	3(c)	—
Total current assets	413	109,131	70,221		120		(12,875)		167,010
Marketable securities held in Trust Account	438	—	—	—	—	—	(442)	3(a)	—
	—	—	—	—	—	—	4	3(h)	—
Licensing receivables, net	—	8,012	—	—	—	—	—	—	8,012
Notes receivable, net of current portion	—	4,092	—	—	—	—	—	—	4,092
Property and equipment, net	—	616	—	—	—	—	—	—	616
Content, net	—	1,866	—	—	—	—	—	—	1,866
Intangible assets, net	—	1,881	—	—	—	—	—	—	1,881
Digital assets	—	3,723	—	—	—	—	—	—	3,723
Digital assets receivable, net of current portion	—	—	—	—	—	—	—	—	—
Investments in affiliates	—	12,135	—	—	—	—	—	—	12,135
Operating lease right-of-use assets	—	2,545	—	—	—	—	—	—	2,545
Other long-term assets	—	4,090	—	—	—	—	—	—	4,090
Total assets	\$ 851	\$ 148,091	\$ 70,221		\$ 120		\$ (13,313)		\$ 205,970
Liabilities and stockholders' (deficit)/equity									
Current liabilities:									
Accrued offering costs	\$ 184	\$ —	\$ —	—	\$ —	—	\$ (184)	3(g)	\$ —
Promissory note - related party	814	—	115	3(bbb)	—	—	71	3(e)	—
	—	—	—	—	—	—	(1,000)	3(p)	—
Due to related party	271	—	—	—	—	—	—	—	271
Administrative support fee - related party	502	—	—	—	—	—	—	—	502
Excise tax liability	2,425	—	—	—	—	—	(2,425)	3(f)	—
Accounts payable	297	7,829	—	—	—	—	(2,423)	3(e)	5,613

(In thousands, except for share data)	Southport Acquisition Corp. Historical	Angel Studios, Inc. Historical	Financing Transactions	Notes	Adjustments for Material Events	Notes	Other Transaction Accounting Adjustments	Notes	Pro Forma Balance Sheet
Accrued expenses	290	19,244			—		(90)	3(e)	19,235
							(117)	3(e)	
							(182)	3(g)	
Current portion of accrued licensing royalties	—	21,776	—		—		—		21,776
Current portion of notes payable	—	29,637	6,189	3(eee)	—		92	3(s)	29,637
							(6,281)	3(s)	
Current portion of operating lease liabilities	—	782	—		—		—		782
Deferred revenue	—	40,111	—		—		—		40,111
Loan guarantee payable	—	4,018	—		—		—		4,018
Current portion of accrued settlement costs	—	294	—		—		—		294
Total current liabilities	4,783	123,691	6,304		—		(12,539)		122,239
Warrant liability	5,798	—	—		—		4,096	3(i)	—
							4,026	3(j)	
							(7,020)	3(k)	
							(6,900)	3(l)	
Accrued settlement costs, net of current portion	—	3,941	—		—		—		3,941
Accrued licensing royalties, long-term	—	5,034	—		—		—		5,034
Notes payable, net of current portion	—	5,773	—		—		(3,854)	3(q)	1,919
Other accrued liabilities	—	—	—		—		1,588	3(c)	1,588
Operating lease liabilities, net of current portion	—	1,860	—		—		—		1,860
Total liabilities	10,581	140,299	6,304		—		(20,603)		136,581
SAC Class A Common Stock subject to possible redemption; 200,000,000 shares authorized; 37,987 shares issued and outstanding subject to possible redemption at redemption value	438	—	—		—		(442)	3(m)	—
							4	3(r)	
Stockholders' equity (deficit):									
ASI Common stock, \$0.001 par value, 85,000,000 shares authorized; 27,466,604 shares issued and outstanding	—	29	—	3(aaa)	—	3(aa)	(30)	3(n)	—
	—	—	1	3(fff)	—	3(bb)	—	3(q)	—
	—	—	—		—	3(cc)	—	3(s)	—
SAC Class A Common Stock, \$0.0001 par value; 200,000,000 shares authorized; 4,200,000 issued and outstanding (excluding 1,163,113 shares subject to possible redemption)	—	—	—		—		—	3(o)	—
SAC Class B Common Stock, \$0.0001 par value; 20,000,000 shares authorized; 1,550,000 shares issued and outstanding	—	—	—		—		—	3(o)	—
Combined Company Class A Common Stock, par value \$0.0001	—	—	—		—		—	3(m)	10
	—	—	—		—		—	3(l)	—
	—	—	—		—		9	3(n)	—
	—	—	—		—		1	3(o)	—
Combined Company Class B Common Stock, par value \$0.0001	—	—	—		—		7	3(n)	7

(In thousands, except for share data)	Southport Acquisition Corp. Historical	Angel Studios, Inc. Historical	Financing Transactions	Notes	Adjustments for Material Events	Notes	Other Transaction Accounting Adjustments	Notes	Pro Forma Balance Sheet
Additional paid-in capital	705	140,129	9,446	3(aaa)	—	3(aa)	3,853	3(q)	204,591
	—	—	54,649	3(fff)	120	3(bb)	7,020	3(k)	—
	—	—	811	3(eee)	—	3(cc)	441	3(m)	—
	—	—	—	—	—	—	(25,760)	3(n)	—
	—	—	—	—	—	—	6,900	3(l)	—
	—	—	—	—	—	—	(4)	3(r)	—
	—	—	—	—	—	—	6,281	3(s)	—
Noncontrolling interests	—	4,842	(5,750)	3(ccc)	—	—	—	—	3,967
	—	—	4,875	3(ddd)	—	—	(250)	3(d)	—
Accumulated deficit	(10,873)	(137,208)	(115)	3(bbb)	—	—	(6,417)	3(e)	—
	—	—	—	—	—	—	(92)	3(s)	—
	—	—	—	—	—	—	4	3(h)	—
	—	—	—	—	—	—	(4,096)	3(i)	—
	—	—	—	—	—	—	(4,026)	3(j)	—
	—	—	—	—	—	—	25,774	3(n)	—
Total stockholders' (deficit) equity	(10,168)	7,792	63,917		120		7,728		69,389
Total liabilities, SAC Class A Common Stock subject to possible redemption, and stockholders' (deficit) equity	\$ 851	\$ 148,091	\$ 70,221		\$ 120		\$ (13,313)		\$ 205,970

See accompanying notes to the unaudited pro forma condensed combined financial information.

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2025								
	Southport Acquisition Corp. Reclassified	Angel Studios, Inc.	Adjustments for Material		Adjustments for Material		Other Transaction Accounting		Pro Forma Statement of	
(In thousands, except per share and weighted-average share data)	(Note 5)	(Note 5)	Events	Notes	Events	Notes	Adjustments	Notes	Operations	Notes
Revenue:										
Licensed content and other revenue	\$ —	\$ 133,605	\$ —		\$ —		\$ —		\$ 133,605	
Pay it forward revenue	—	1,477	—		—		—		1,477	
Total revenue	—	135,082	—		—		—		135,082	
Operating expenses:										
Cost of revenues	—	46,767	—		—		—		46,767	
Selling and marketing	—	112,036	—		—		—		112,036	
General and administrative	419	17,206	—		—		323	4(b)	17,948	
Research and development	—	7,115	—		—		—		7,115	
Legal expense	—	7,100	—		—		—		7,100	
Total operating expense	419	190,224	—		—		323		190,966	
Loss from operations	(419)	(55,142)	—		—		(323)		(55,884)	
Other income (expense):										
Net gain on digital assets	—	4,153	—		—		—		4,153	
Interest expense	—	(4,307)	191	4(bbb)	—		—		(4,116)	
Interest income	—	2,533	—		—		—		2,533	
Impairment of failed acquisition	—	(500)	—		—		—		(500)	
Change in fair value of warrant liability	(1,159)	—	—		—		585	4(d)	—	
							574	4(i)		
Dividend income on marketable securities held in Trust Account	9	—	—		—		(9)	4(f)	—	
Total other (expense) income	(1,150)	1,879	191		—		1,150		2,070	
Loss before benefit for income taxes	(1,569)	(53,263)	191		—		827		(53,814)	
Income tax (expense) benefit	(89)	—	—		—		(65)	4(c)	(154)	
Net loss	\$ (1,658)	\$ (53,263)	\$ 191		\$ —		\$ 762		\$ (53,968)	
Net loss attributable to noncontrolling interests	—	37	—		—	4(bb)	—		37	
						4(aa)				
Net loss attributable to controlling interests	\$ (1,658)	\$ (53,300)	\$ 191		\$ —		\$ 762		\$ (54,005)	
SAC basic and diluted weighted average shares outstanding, redeemable Class A Common Stock	37,986	—	—		—		—		—	
SAC basic and diluted net loss per share, redeemable Class A Common Stock	\$ 0.05	\$ —	\$ —		\$ —		\$ —		\$ —	
SAC basic and diluted weighted average shares outstanding, non-redeemable Class A and Class B Common Stock	5,750,000	—	—		—		—		—	

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2025								
	Southport Acquisition Corp. Reclassified	Angel Studios, Inc.	Adjustments for Material	Adjustments for Material	Other Transaction Accounting	Pro Forma Statement of				
	(Note 5)	(Note 5)	Events	Notes	Events	Notes	Adjustments	Notes	Operations	Notes
(In thousands, except per share and weighted-average share data)										
SAC basic and diluted net loss per share, non-redeemable Class A and Class B Common Stock	\$ (0.29)	\$ —	\$ —		\$ —		\$ —		\$ —	
ASI basic and diluted weighted average shares outstanding, Common Stock	—	27,574,641	—		—		—		—	
ASI basic and diluted net loss per share attributable to controlling interests	\$ —	\$ (1.93)	\$ —		\$ —		\$ —		\$ —	
Weighted average shares outstanding, Combined Company Class A Common Stock - basic and diluted	—	—	—		—		—		100,811,819	4(j)
Net loss per share attributable to controlling interests, Combined Company Class A Common Stock - basic and diluted	\$ —	\$ —	\$ —		\$ —		\$ —		\$ (0.32)	4(j)
Weighted average shares outstanding, Combined Company Class B Common Stock - basic and diluted	—	—	—		—		—		68,716,220	4(j)
Net loss per share attributable to controlling interests, Combined Company Class B Common Stock - basic and diluted	\$ —	\$ —	\$ —		\$ —		\$ —		\$ (0.32)	4(j)

See accompanying notes to the unaudited pro forma condensed combined financial information.

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Year Ended December 31, 2024	Year Ended December 31, 2024							
	Southport Acquisition Corp. Reclassified (Note 5)	Angel Studios, Inc. (Note 5)	Financing Transactions	Notes	Adjustments for Material Events	Notes	Other Transaction Accounting Adjustments	Notes	Pro Forma Statement of Operations
									Notes
<i>(In thousands, except per share and weighted average share data)</i>									
Revenue:									
Licensed content and other revenue	\$ —	\$ 88,692	\$ —		\$ —		\$ —		\$ 88,692
Pay it forward revenue	—	7,825	—		—		—		7,825
Total revenue	—	96,517	—		—		—		96,517
Operating expenses:									
Cost of revenues	—	42,066	—		—		—		42,066
Selling and marketing	—	95,210	—		—		—		95,210
General and administrative	1,587	22,284	115	4(aaa)	—		250	4(a)	33,830
	—	—	—		—		1,290	4(b)	—
	—	—	—		—		1,887	4(g)	—
	—	—	—		—		6,417	4(h)	—
Research and development	—	14,365	—		—		—		14,365
Legal expense	—	10,833	—		—		—		10,833
Net loss on digital assets	—	(1,684)	—		—		—		(1,684)
Total operating expense	1,587	183,074	115		—		9,844		194,620
Loss from operations	(1,587)	(86,557)	(115)		—		(9,844)		(98,103)
Other (expense) income:									
Interest expense	—	(2,366)	—		—		—		(2,366)
Interest income	—	3,491	—		—		—		3,491
Impairment of investment in affiliates	—	(1,000)	—		—		—		(1,000)
Change in fair value of warrant liability	(4,059)	—	—		—		2,046	4(d)	—
	—	—	—		—		2,013	4(f)	—
Dividend income on marketable securities held in Trust Account	966	—	—		—		(966)	4(f)	—
Financing expense	(275)	—	—		—		275	4(e)	—
Net other (expense) income	(3,368)	125	—		—		3,368		125
(Loss) income before (provision) benefit for income taxes	(4,955)	(86,432)	(115)		—		(6,476)		(97,978)
Income tax (expense) benefit	(152)	(3,535)	—		—		1,684	4(c)	(2,003)
	—	—	—		—		—		—
Net (loss) income	\$ (5,107)	\$ (89,967)	\$ (115)		\$ —		\$ (4,792)		\$ (99,981)
Net loss attributable to noncontrolling interests	—	(172)	—		—		—	4(hb)	(172)
	—	—	—		—		—	4(aa)	—
Net (loss) income attributable to controlling interests	\$ (5,107)	\$ (89,795)	\$ (115)		\$ —		\$ (4,792)		\$ (99,809)

	Year Ended December 31, 2024	Year Ended December 31, 2024								
	Southport Acquisition Corp. Reclassified (Note 5)	Angel Studios, Inc. (Note 5)	Financing Transactions	Notes	Adjustments for Material Events	Notes	Other Transaction Accounting Adjustments	Notes	Pro Form Statement of Operations	Notes
<i>(In thousands, except per share and weighted average share data)</i>										
SAC basic and diluted weighted average shares outstanding, redeemable Class A Common Stock	1,613,326	—	—	—	—	—	—	—	—	—
SAC basic and diluted net loss per share, redeemable Class A Common Stock	\$ (0.46)	\$ —	\$ —	—	\$ —	—	\$ —	—	\$ —	—
SAC basic and diluted weighted average shares outstanding, non-redeemable Class A and Class B Common Stock	5,750,000	—	—	—	—	—	—	—	—	—
SAC basic and diluted net loss per share, non-redeemable Class A and Class B Common Stock	\$ (0.76)	\$ —	\$ —	—	\$ —	—	\$ —	—	\$ —	—
ASI basic and diluted weighted average shares outstanding, Common Stock	—	25,791,117	—	—	—	—	—	—	—	—
ASI basic and diluted net loss per share attributable to controlling interests	\$ —	\$ (3.48)	\$ —	—	\$ —	—	\$ —	—	\$ —	—
Weighted average shares outstanding, Combined Company Class A Common Stock - basic and diluted	—	—	—	—	—	—	—	—	100,811,819	4(j)
Net loss per share attributable to controlling interests, Combined Company Class A Common Stock - basic and diluted	\$ —	\$ —	\$ —	—	\$ —	—	\$ —	—	\$ (0.59)	4(j)
Weighted average shares outstanding, Combined Company Class B Common Stock - basic and diluted	—	—	—	—	—	—	—	—	68,716,220	4(j)
Net loss per share attributable to controlling interests, Combined Company Class B Common Stock - basic and diluted	\$ —	\$ —	\$ —	—	\$ —	—	\$ —	—	\$ (0.59)	4(j)

See accompanying notes to the unaudited pro forma condensed combined financial information.

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of SEC Regulation S-X, as amended by the final rule, Release No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses. Release No. 33-10786 replaces the historical pro forma adjustments criteria with simplified requirements to depict the accounting for the transaction ("Transaction Accounting Adjustments") and presents the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur ("Management's Adjustments"). SAC and ASI management have elected not to present Management's Adjustments and will only be presenting Transaction Accounting Adjustments in the unaudited pro forma condensed combined financial information. The adjustments presented in the unaudited pro forma condensed combined financial information have been identified and presented to provide relevant information necessary for an understanding of the Combined Company upon consummation of the Merger, the Financing Transactions and the Adjustments for Other Material Events. The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Merger. SAC and ASI have not had any historical relationship prior to the Merger. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The pro forma adjustments reflecting the consummation of the Merger, the Financing Transactions and the Other Material Events are based on certain currently available information and certain assumptions and methodologies that both SAC and ASI believe are reasonable under the circumstances. The pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments, and it is possible the differences may be material. Both SAC and ASI believe that the assumptions and methodologies provide a reasonable basis for presenting all the significant effects of the Merger, the Financing Transactions and the Other Material Events based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

Included in the shares outstanding and weighted average shares outstanding (for the calculation of pro forma basic and diluted net loss per share) as presented in the unaudited pro forma condensed combined financial information are the shares of Combined Company Common Stock issued to legacy ASI stockholders and the SAC Common Stock that remained outstanding on the Closing Date and represent shares of Combined Company Common Stock, which includes SAC Common Stock held by SAC public stockholders, the Sponsor and the Third-Party SAC Investors.

The tables directly below present shares outstanding upon the Closing Date as depicted in the unaudited pro forma condensed combined balance sheet:

	Shares	% Ownership
Combined Company Class A shares held by ASI stockholders ⁽¹⁾	93,873,782	55.4%
Combined Company Class B shares held by ASI stockholders ⁽²⁾	68,716,220	40.5%
Combined Company Class A shares held by Sponsor ⁽³⁾	4,512,506	2.7%
Combined Company Class A shares held by SAC public stockholders ⁽⁴⁾	1,188,037	0.7%
Combined Company Class A shares held by Third-Party SAC Investors ⁽⁵⁾	1,237,494	0.7%
	169,528,039	100.0%

- (1) Consists of Combined Company Class A Common Stock issued to holders of shares of ASI Class A Common Stock and ASI Class C Common Stock upon the effective time of the Merger, which is equal to the product of (x) the Merger Consideration Per Fully Diluted Share (assuming \$125.9 million of Company Interim Financing) multiplied by (y) the sum of (A) 11,255,686 shares of ASI Class A Common Stock plus (B) 6,289,300 shares of ASI Class C Common Stock, in each case assumed to be outstanding immediately prior to the Closing.
- (2) Consists of Combined Company Class B Common Stock issued to holders of shares of ASI Class B Common Stock and ASI Class F Common Stock upon the effective time of the Merger, which is equal to the product of (x) the Merger Consideration Per Fully Diluted Share (assuming \$125.9 million of Company Interim Financing) multiplied by (y) the sum of (A) 2,985,041 shares of ASI Class B Common Stock plus (B) 9,858,003 shares of ASI Class F Common Stock, in each case assumed to be outstanding immediately prior to the Closing.
- (3) Consists of (i) 4,200,000 issued and outstanding shares of SAC Class A Common Stock and (ii) 312,506 issued and outstanding shares of SAC Class B Common Stock, which will convert on a one-for-one basis into shares of SAC Class A Common Stock immediately prior to the Closing. Each of these 4,512,506 shares of SAC Class A Common Stock issued and outstanding immediately prior to the Closing will remain outstanding and represent one share of Combined Company Class A Common Stock.

The Sponsor has agreed to waive its redemption rights with respect to all of the SAC Common Stock held by the Sponsor in connection with the consummation of the Merger.

- (4) Consists of (a) 38,037 SAC Public Shares and (b) 1,150,000 shares held by SAC public stockholders following the conversion of 11,500,000 SAC Public Warrants at a rate of 0.1 share of SAC Class A Common Stock per SAC Public Warrant immediately prior to the effective time of the Merger.
- (5) Consists of 1,237,494 shares of SAC Class B Common Stock transferred by the Sponsor to the Third-Party SAC Investors in connection with the First Extension Special Meeting, which converted on a one-for-one basis into shares of SAC Class A Common Stock immediately prior to the Closing. Such Third-Party SAC Investors are not entitled to redemption rights with respect to the shares of SAC Class B Common Stock held by them. Each share of SAC Class A Common Stock issued and outstanding immediately prior to the Closing remained outstanding and represents one share of Combined Company Class A Common Stock.

2. Accounting Treatment for the Merger

Notwithstanding the legal form, the Merger was accounted for as a reverse recapitalization in accordance with GAAP and not as a business combination under ASC 805. Under this method of accounting, SAC was treated as the acquired company for accounting purposes, whereas ASI was treated as the accounting acquirer. In accordance with this method of accounting, the Merger was treated as the equivalent of ASI issuing shares for the net assets of SAC, accompanied by a recapitalization. The net assets of SAC were stated at historical cost, with no goodwill or other intangible assets recorded, and operations prior to the Merger were those of ASI. ASI has been determined to be the accounting acquirer for purposes of the Merger based on an evaluation of the following facts and circumstances:

- Legacy ASI stockholders have a majority of the voting interest in the Combined Company, with approximately 99.0% of the voting power.
- All of the senior management of the Combined Company came from the senior management of ASI.
- ASI appointed a majority of the directors to the board of directors of the Combined Company and the chair of the board of directors of the Combined Company is the Chief Executive Officer of ASI.
- The intended strategy of the Combined Company is to continue to focus on ASI's core service offerings.

3. Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2025

The pro forma notes and adjustments, based on preliminary estimates that could change materially as additional information is obtained, are as follows:

Pro Forma Adjustments for Financing Transactions:

- (aaa) To reflect the sale of (i) 205,920 shares of ASI Class C Common Stock to various accredited investors at a price of \$39.00 per share for aggregate proceeds of approximately \$8.0 million, and (ii) 32,160 shares of ASI Class C Common Stock at a price of \$44.00 per share for aggregate proceeds of approximately \$1.4 million, subsequent to June 30, 2025, which were issued by ASI through reliance upon exemptions from registration provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder.
- (bbb) To reflect a \$0.1 million increase to promissory note - related party for certain costs incurred by SAC subsequent to June 30, 2025. These costs were paid by the Sponsor subsequent to June 30, 2025. The incurring of \$0.1 million of costs and the Sponsor's payment of these costs have been recorded as an increase to accumulated deficit and an increase to promissory note - related party (SAC's obligation under its promissory note payable to the Sponsor).
- (ccc) To reflect the redemption of 5,000,000 shares of preferred stock issued by Angel Studios 022, for which ASI paid \$5.8 million in connection with the redemption of such preferred stock held by noncontrolling interests.
- (ddd) To reflect the issuance of shares of preferred stock by Angel Studios 024 to certain investors subsequent to June 30, 2025. It was determined that the preferred stock should not be classified as a liability under ASC 480-10-25 as it was not mandatorily redeemable. In addition, it was determined that the preferred stock should not be classified as temporary equity under ASC 480-10-S99-3A as it can only be redeemed under circumstances that are within the sole control of the issuer, Angel Studios 024. As the preferred stock did not meet the requirements described above for either liability or temporary equity classification, it was determined that it should be classified as permanent equity.

In addition, as Angel Studios 024 is a consolidated subsidiary of ASI, and as the preferred stock is not held by ASI, it was determined that, in accordance with ASC 810-10-45, the preferred stock represented a noncontrolling interest in ASI.

- (eee) To reflect the issuance of two separate note purchase agreements ("August 2024 Convertible Notes") by ASI to two separate investors, with an aggregate principal balance of \$7.0 million. Each note bears interest at a rate of 16.0% per annum, compounded monthly, and matures on December 31, 2025, or earlier upon the occurrence of an event of default. Prior to maturity, each note provides for automatic conversion, immediately prior to the closing of the Merger or other qualifying listing event, into shares of ASI Class C Common Stock at a fixed conversion price of \$39.00 per share. In addition, at any time prior to or after maturity, each investor may, at its option, elect to convert all or a portion of the outstanding principal and accrued interest into shares of ASI Class C Common Stock at the conversion price of \$39.00 per share.
- (fff) To reflect the commencement by ASI of a Regulation A offering of up to \$55.0 million in shares of ASI Class C Common Stock at a purchase price of \$44.00 per share, with estimated total offering expenses, including broker-dealer, legal, escrow, and other professional fees, of approximately \$0.4 million.

Pro Forma Adjustments for Other Material Events:

- (aa) To reflect the cashless exercise, subsequent to June 30, 2025, of ASI employees' options, which resulted in the issuance of 5,297 shares of ASI Class F Common Stock.
- (bb) To reflect the cash exercise, subsequent to June 30, 2025, of ASI employees' stock options, which resulted in the issuance of 51,104 shares of ASI Class F Common Stock.
- (cc) To reflect the automatic conversion of 12,194 shares of ASI Class B Common Stock and 4,485 shares of ASI Class F Common Stock to ASI Class C Common Stock as a result of secondary market sales subsequent to June 30, 2025 pursuant to the conversion clause in Article V, Section B(3) (b) of ASI's Charter.

Pro Forma Other Transaction Accounting Adjustments:

- (a) To reflect the release of the marketable securities held in the Trust Account to Cash and cash equivalents.
- (b) To reflect the expected payment on the Closing Date of a \$1.3 million premium for a prepaid directors' and officers' insurance policy for the Combined Company's directors and officers.
- (c) To reflect the payment of total preliminary estimated transaction costs of ASI of \$2.8 million, which includes the payment of \$2.5 million of transaction costs that were incurred prior to June 30, 2025 and that were recorded as accounts payable and accrued expenses and other current liabilities in the historical ASI financial statements, as well as payment of \$0.3 million of transaction costs that are anticipated to be incurred subsequent to June 30, 2025 but prior to the Closing Date. Additionally, this entry reflects the accrual of \$1.5 million in fees for investment banking services and other financial and legal advice, which is recorded within Other accrued liabilities as payment is due after the Closing.
- (d) To reflect the payment on the Closing Date of the \$0.3 million premium for a directors' and officers' tail insurance policy.
- (e) To reflect the incurrence and payment of total preliminary estimated transaction costs of SAC of approximately \$6.4 million, which includes the payment of \$90,119 transaction costs that were incurred prior to June 30, 2025 and that were recorded as accounts payable in SAC's historical financial statements. The adjustment reflects the Sponsor's payment on behalf of SAC of \$70,925 of transaction costs that were incurred by SAC subsequent to June 30, 2025 and that were recorded as an increase to promissory note - related party. The adjustment also reflects approximately \$6.4 million in transaction costs related to the Merger that are not deemed specific incremental costs directly attributable to the offering of securities associated with the Closing. These costs of \$6.4 million are recorded as an increase to accumulated deficit.
- (f) To reflect the settlement of the excise tax payable calculated as 1.0% of the fair value of the 18,849,935 shares of SAC Class A Common Stock redeemed on July 7, 2023 for a total of \$197.7 million, 1.0% of the fair value of the 2,986,952

shares of SAC Class A Common Stock redeemed on March 14, 2024 for a total of \$32.2 million, and 1.0% of the fair value of the 1,125,126 shares of SAC Class A Common Stock redeemed on November 13, 2024 for a total of \$12.5 million.

- (g) To reflect the cash payment of accrued offering costs and certain other accrued legal expenses of SAC, which will be paid on the Closing Date.
- (h) To reflect actual and expected income on marketable securities held in the Trust Account from July 1, 2025 through the Closing Date.
- (i) To reflect the fair value remeasurement of the liability-classified SAC Private Placement Warrants immediately prior to their assumed settlement on the Closing Date, using the most currently available quoted market price information for SAC as of September 10, 2025. See Note 3(k) for discussion of the SAC Private Placement Warrant settlement.
- (j) To reflect the fair value remeasurement of the liability-classified SAC Public Warrants immediately prior to their assumed conversion on the Closing Date, using the most currently available quoted market price information for SAC as of September 10, 2025. See Note 3(l) for discussion of the SAC Public Warrant conversion.
- (k) To reflect the forfeiture of 11,700,000 SAC Private Placement Warrants by the Sponsor (with no consideration to the Sponsor) pursuant to the terms of the Sponsor Support Agreement. The terms specify that the forfeited warrants immediately canceled upon the Closing Date. The adjustment consists of a decrease to warrant liability with a corresponding increase to additional paid-in capital for the fair value of the warrants using the most currently available quoted market price information for SAC as of September 10, 2025. Additional paid-in capital is increased as the forfeiture was deemed to be specific and incremental to the offering of securities that was issued upon the Closing Date as the forfeiture was deemed entered into to remove a source of potential dilution to induce parties to the Merger Agreement to consummate the Merger.
- (l) To reflect the conversion of 11,500,000 SAC Public Warrants into stock. The adjustment consists of a decrease to warrant liability for the fair value of the warrants on the Closing Date, an increase to SAC Class A Common Stock at \$0.0001 par value and a corresponding increase to additional paid-in capital. Additional paid-in capital is increased as the conversion and exchange, at a rate of 0.1, was deemed to be specific and incremental to the offering of securities that were issued upon the Closing Date as the conversion and exchange of warrants was deemed entered into to remove a source of potential dilution to induce parties to the Merger Agreement to consummate the Merger.
- (m) To reflect redemption of 50 public shares of SAC Class A Common Stock at a redemption price of approximately \$11.54 per share, for an aggregate redemption amount of approximately \$577.
- (n) To reflect the recapitalization of ASI through the Merger and the issuance of 93,873,782 shares of Combined Company Class A Common Stock and the issuance of 68,716,220 shares of Combined Company Class B Common Stock, respectively, and the elimination of the accumulated deficit of SAC, inclusive of the elimination of the SAC accumulated deficit impacts from the Transaction Accounting Adjustments.

Notwithstanding the legal form, the Merger was accounted for as a reverse recapitalization in accordance with GAAP and not as a business combination under ASC 805. Under this method of accounting, SAC was treated as the acquired company for accounting purposes, whereas ASI was treated as the accounting acquirer. In accordance with this method of accounting, the Merger was treated as the equivalent of ASI issuing shares for the net assets of SAC, accompanied by a recapitalization. The net assets of SAC were stated at historical cost, with no goodwill or other intangible assets recorded, and operations prior to the Merger are those of ASI.

The reverse recapitalization adjustment is determined as follows (in thousands):

Derecognition of ASI Common Stock	\$	(30)
Derecognition of SAC's accumulated deficit	\$	25,775
Issuance of Combined Company Class A Common Stock in accordance with the Conversion Ratio under the No Redemption Scenario	\$	9
Issuance of Combined Company Class B Common Stock in accordance with the Conversion Ratio under the No Redemption Scenario	\$	7
Net reduction of additional paid-in capital due to derecognition of SAC's accumulated deficit and ASI's historical equity and issuance of Combined Company Common Stock	\$	(25,760)

(1) The derecognition of SAC's accumulated deficit is determined as follows (in thousands):

Historical accumulated deficit of SAC as of June 30, 2025	\$	(10,873)
General and administrative expense from directors' and officers' tail insurance policy, see 3(d)	\$	(250)
Estimated transaction costs of SAC through the Closing Date, see 3(e)	\$	(6,419)
Dividend income on marketable securities held in Trust Account, see 3(h)	\$	4
To remeasure SAC Private Placement Warrants upon settlement on the estimated Closing Date, see 3(i)	\$	(4,096)
To remeasure SAC Public Placement Warrants upon conversion on the Closing Date, see 3(j)	\$	(4,026)
To record SAC operating expenses incurred subsequent to March 31, 2025. These expenses were paid by the Sponsor and recorded to the Sponsor Promissory Note, see 3(bbb)	\$	(115)
Total adjustment to derecognize SAC's accumulated deficit	\$	(25,775)

- (o) To reflect the conversion, on a one-for-one basis, of all 1,550,000 issued and outstanding shares of SAC Class B Common Stock into shares of SAC Class A Common Stock immediately prior to the Closing. All 5,750,000 shares of SAC Class A Common Stock issued and outstanding immediately prior to the Closing (1,550,000 shares of SAC Class B Common Stock converted into shares of SAC Class A Common Stock on a one-for-one basis and 4,200,000 shares of SAC Class A Common Stock issued and outstanding) remained outstanding and represented shares of Combined Company Class A Common Stock.
- (p) To reflect the repayment of the outstanding principal on the Sponsor Promissory Note on the Closing Date.
- (q) To reflect the conversion of the May 2025 Convertible Note into 161,147 shares of Combined Company Class A Common Stock prior to the Closing Date, with no remaining outstanding balance of the note subsequent to conversion.
- (r) To reflect the change in redemption value of the SAC Public Shares due to the actual and expected income on marketable securities from the Trust Account from July 1, 2025 through the Closing Date (see Note 3(h)). Changes in the redemption value of stock classified as temporary equity may be recognized immediately as they occur by adjusting the carrying amount of the stock in accordance with ASC 480-10-S99-3A.
- (s) To reflect the accrual of interest expense from July 1, 2025 through the Closing Date and the subsequent conversion of the August 2025 Convertible Note into 181,854 shares of Combined Company Class A Common Stock prior to the Closing Date, with no remaining outstanding balance following the conversion.
- (t) To reflect the dissolution of ASI into the SAC accounted for as a transfer of assets and liabilities among entities under common control with ASI's assets and liabilities recognized by the SAC at their historical carrying values. As the transfer represents a movement within entities under common control, the net impact to the pro forma balance sheet is zero.

4. **Adjustments to Unaudited Pro Forma Condensed Combined Statement of Operations for the Six months ended June 30, 2025, and for the Year Ended December 31, 2024, respectively**

The pro forma notes and adjustments, based on preliminary estimates that could change materially as additional information is obtained, are as follows:

Pro Forma Adjustments for Financing Transactions:

- (aaa) To reflect other costs incurred by SAC subsequent to June 30, 2025. These other costs were paid by the Sponsor subsequent to June 30, 2025. SAC paid the Sponsor for these other costs through repayment of the Sponsor Promissory Note on the Closing Date. These other costs were reflected within the Promissory note - related party line item of the unaudited pro forma condensed combined balance sheet. Refer to Note 3(bbb).
- (bbb) To reflect elimination of interest expense on the convertible note issued to an ASI investor for the six months ended June 30, 2025. These adjustments to the unaudited pro forma condensed combined statements of operations reflect adjustments assuming that any adjustment made to the unaudited pro forma condensed combined balance sheet (the conversion of the convertible note in Note 3(q)) as of June 30, 2025 are assumed to have been made on January 1, 2024 for purposes of making adjustments to the pro forma statement of operations.

Pro Forma Adjustments for Other Material Events:

- (aa) To reflect the impact of the allocation of net loss attributable to noncontrolling interest resulting from the redemption of preferred shares of Angel Studios 024, as discussed further in Note 3(ccc). The adjustment to net loss attributable to noncontrolling interests is presented as \$0.00 as Angel Studios 024 had no net income or net loss for the six months ended June 30, 2025 and for the year ended December 31, 2024, respectively.
- (bb) To reflect the impact of the allocation of net loss attributable to noncontrolling interest resulting from the issuance of preferred shares of Angel Studios 024, as discussed further in Note 3(ddd). The adjustment to net loss attributable to noncontrolling interests is presented as \$0.00 as Angel Studios 024 had no net income or net loss for the six months ended June 30, 2025 and for the year ended December 31, 2024, respectively.

Pro Forma Transaction Accounting Adjustments:

- (a) To reflect expense recognized for the directors' and officers' tail insurance policy recorded in Note 3(d).
- (b) To reflect three months and one year of amortization expense for the Combined Company's directors' and officers' insurance policy recorded in Note 3(b) for the six months ended June 30, 2025 and for the year ended December 31, 2024, respectively.
- (c) To reflect an adjustment to income taxes as a result of the tax impact of the pro forma adjustments using a blended income tax rate of 25.6% for the six months ended June 30, 2025 and for the year ended December 31, 2024, respectively. The tax rate is based on a federal income tax rate of 21.0% and state income tax rate of 4.6%.
- (d) To reflect an adjustment to eliminate the impact of the change in the fair value of the 11,700,000 liability-classified SAC Private Placement Warrants as it is assumed that the derivative warrant liability would have been eliminated upon the forfeiture of the SAC Private Placement Warrants by the Sponsor under the Sponsor Support Agreement (Note 3(k)).
- (e) To reflect the reversal of previously recognized non-redemption agreement expense upon the Closing, as this expense would not have been incurred because the Combined Company does not have redeemable shares.
- (f) To reflect the removal of the previously recognized income from SAC's marketable securities held in Trust Account as the Trust Account will be released upon the Closing.
- (g) To reflect the estimated transaction costs of ASI which cannot be deferred and offset against proceeds of the offering associated with Closing.

- (h) To reflect the estimated transaction costs of SAC for certain accounting, auditing and other professional fees expected to be incurred in connection with the Merger that are not deemed directly attributable to the offering of securities associated with the Closing. This is a non-recurring item.
- (i) To reflect the removal of the change in fair value of warrant liability of the SAC Public Warrants due to the Warrant Conversion in Note 3(l) occurred on January 1, 2024 for purposes of the pro forma statement of operations.
- (j) The pro forma basic and diluted net loss per share attributable to controlling interests amounts for the six months ended June 30, 2025 and for the year ended December 31, 2024, respectively are computed using the two-class method required for companies with multiple classes of common stock, which determines net loss per share or earnings per common share for each class of common stock according to dividends declared or accumulated and participation rights in distributed and undistributed earnings or losses. The pro forma weighted average shares outstanding presented in the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2025 and for the year ended December 31, 2024, respectively are based on the number of Combined Company shares assumed outstanding as of the Closing, assuming the Closing occurred on January 1, 2024.

Pro forma basic and diluted net loss per share attributable to controlling interests is calculated as follows for the six months ended June 30, 2025:

	Six Months Ended June 30, 2025	
	Class A	Class B
Numerator:		
Allocation of pro forma net loss attributable to controlling interests	\$ (32,113,804)	\$ (21,889,688)
Less: Deemed dividend for redemption of preferred stock of ASI subsidiary classified as a noncontrolling interest	\$ (520,329)	\$ (354,671)
Allocation of pro forma net loss attributable to controlling interests	\$ (32,634,133)	\$ (22,244,359)
Denominator:		
Non-redeemable SAC Class A Common Stock outstanding immediately prior to the Closing, which will represent Combined Company Class A Common Stock effective January 1, 2024 as a result of assuming closing of the Merger on January 1, 2024	6,938,037	—
Assumed January 1, 2024 issuance of Combined Company Class A Common Stock to ASI stockholders as a result of assuming closing of the Merger on January 1, 2024	93,873,782	—
Assumed January 1, 2024 issuance of Combined Company Class B Common Stock to ASI stockholders as a result of assuming closing of the Merger on January 1, 2024	—	68,716,220
Pro forma weighted-average shares outstanding - basic and diluted	100,811,819	68,716,220
Pro forma net loss per share:		
Pro forma net loss per share attributable to controlling interests, Combined Company Class A Common Stock - basic and diluted	\$ (0.32)	
Pro forma net loss per share attributable to controlling interests, Combined Company Class B Common Stock - basic and diluted	\$ (0.32)	

The following securities were excluded from the computation of pro forma diluted net loss per share attributable to controlling interests for the six months ended June 30, 2025 because including them would have had an anti-dilutive effect:

	Six Months Ended June 30, 2025
Options to purchase Combined Company Class A Common Stock ⁽¹⁾	14,721,968
Options to purchase Combined Company Class B Common Stock ⁽²⁾	17,038,108
Total anti-dilutive Combined Company Common Stock	31,760,076

- (1) These amounts represent 2,751,532 ASI Options to purchase shares of ASI Class C Common Stock outstanding immediately prior to the Closing which will convert into 2,751,532 Combined Company Options to purchase shares of Combined Company Class A Common Stock at the Closing. These 2,751,532 Combined Company Options will be exercisable for 14,721,968 shares of Combined Company Class A Common Stock equal to the 2,751,532 Combined Company Options multiplied by the assumed exchange ratio of 5.3504621. The assumed exchange ratio of 5.3504621 is calculated as (x) the Base Purchase Price equal to the sum of \$1.5 billion (the pre-transaction equity value of ASI) and \$125.9 million (the aggregate gross proceeds of the Company Interim Financing) divided by \$10.00 which is then divided by (y) the sum of (A) 11,255,686 shares of ASI Class A common stock plus (B) 6,289,300 shares of ASI Class C common stock plus (C) 2,985,041 shares of ASI Class B common stock plus (D) 9,858,003 shares of ASI Class F common stock, in each case assumed to be outstanding immediately prior to the Closing.

- (2) These amounts represent 3,184,418 ASI Options to purchase shares of ASI Class F Common Stock outstanding immediately prior to the Closing which will convert into 3,184,418 Combined Company Options to purchase shares of Combined Company Class B Common Stock at the Closing. These 3,184,418 Combined Company Options will be exercisable for 17,038,108 shares of Combined Company Class B Common Stock equal to the 3,184,418 Combined Company Options multiplied by the assumed exchange ratio of 5.3504621. The assumed exchange ratio of 5.3504621 is calculated as (x) the Base Purchase Price equal to the sum of \$1.5 billion (the pre-transaction equity value of ASI) and \$125.9 million (the aggregate gross proceeds of the Company Interim Financing) divided by \$10.00 which is then divided by (y) the sum of (A) 11,255,686 shares of ASI Class A common stock plus (B) 6,289,300 shares of ASI Class C common stock plus (C) 2,985,041 shares of ASI Class B common stock plus (D) 9,858,003 shares of ASI Class F common stock, in each case assumed to be outstanding immediately prior to the Closing.

Pro forma basic and diluted net loss per share attributable to controlling interests is calculated as follows for the year ended December 31, 2024:

	Year Ended December 31, 2024	
	Class A	Class B
Numerator:		
Allocation of pro forma net loss attributable to controlling interests	\$ (59,353,000)	\$ (40,456,703)
Denominator:		
SAC Class A Common Stock outstanding immediately prior to the Closing, which represent Combined Company Class A Common Stock effective January 1, 2024 as a result of assuming closing of the Merger on January 1, 2024	6,938,037	—
Assumed January 1, 2024 issuance of Combined Company Class A Common Stock to ASI stockholders as a result of assuming closing of the Merger on January 1, 2024	93,873,782	—
Assumed January 1, 2024 issuance of Combined Company Class B Common Stock to ASI stockholders as a result of assuming closing of the Merger on January 1, 2024	—	68,716,220
Pro forma weighted-average shares outstanding - basic and diluted	100,811,819	68,716,220
Pro forma net loss per share:		
Pro forma net loss per share attributable to controlling interests, Combined Company Class A Common Stock - basic and diluted	\$ (0.59)	
Pro forma net loss per share attributable to controlling interests, Combined Company Class B Common Stock - basic and diluted		\$ (0.59)

The following securities were excluded from the computation of pro forma diluted net loss per share attributable to controlling interests for the year ended December 31, 2024 because including them would have had an anti-dilutive effect:

	Year Ended December 31, 2024
Options to purchase Combined Company Class A Common Stock ⁽¹⁾	14,721,968
Options to purchase Combined Company Class B Common Stock ⁽²⁾	17,038,108
Total anti-dilutive Combined Company Common Stock	31,760,076

- (1) These amounts represent 2,751,532 ASI Options to purchase shares of ASI Class C Common Stock outstanding immediately prior to the Closing which will convert into 2,751,532 Combined Company Options to purchase shares of Combined Company Class A Common Stock at the Closing. These 2,751,532 Combined Company Options will be exercisable for 14,721,968 shares of Combined Company Class A Common Stock equal to the 2,751,532 Combined Company Options multiplied by the assumed exchange ratio of 5.3504621. The assumed exchange ratio of 5.3504621 is calculated as (x) the Base Purchase Price equal to the sum of \$1.5 billion (the pre-transaction equity value of ASI) and \$125.9 million (the aggregate gross proceeds of the Company Interim Financing) divided by \$10.00 which is then divided by (y) the sum of (A) 11,255,686 shares of ASI Class A common stock plus (B) 6,289,300 shares of ASI Class C common stock plus (C) 2,985,041 shares of ASI Class B common stock plus (D) 9,858,003 shares of ASI Class F common stock, in each case assumed to be outstanding immediately prior to the Closing.
- (2) These amounts represent 3,184,418 ASI Options to purchase shares of ASI Class F Common Stock outstanding immediately prior to the Closing which will convert into 3,184,418 Combined Company Options to purchase shares of Combined Company Class B Common Stock at the Closing. These 3,184,418 Combined Company Options will be exercisable for 17,038,108 shares of Combined Company Class B Common Stock equal to the 3,184,418 Combined Company Options multiplied by the assumed exchange ratio of 5.3504621. The assumed exchange ratio of 5.3504621 is calculated as (x) the Base Purchase Price equal to the sum of \$1.5 billion (the pre-transaction equity value of ASI) and \$125.9 million (the aggregate gross proceeds of the Company Interim Financing) divided by \$10.00 which is then divided by (y) the sum of (A) 11,255,686 shares of ASI Class A common stock

plus (B) 6,289,300 shares of ASI Class C common stock plus (C) 2,985,041 shares of ASI Class B common stock plus (D) 9,858,003 shares of ASI Class F common stock, in each case assumed to be outstanding immediately prior to the Closing.

5. Conforming Accounting Policies and Reclassification Adjustments

During the preparation of this unaudited pro forma condensed combined financial information, ASI performed a preliminary analysis of SAC's financial information to identify differences in financial statement presentation as compared to the presentation of ASI. Certain reclassification adjustments have been made to conform SAC's historical financial statement presentation to ASI's historical financial statement presentation. Following the completion of the Merger, or as more information becomes available, ASI will finalize the review of financial statement presentation, which could differ from the presentation set forth in the unaudited pro forma condensed combined financial information presented herein.

The following items represent certain reclassification adjustments to conform the presentation of SAC's historical statement of operations for the six months ended June 30, 2025 and for the year ended December 31, 2024 to the presentation of ASI's historical consolidated statement of operations for the six months ended June 30, 2025 and for the year ended December 31, 2024, respectively. These reclassification adjustments have no impact on net loss for the six months ended June 30, 2025 and for the year ended December 31, 2024, respectively, and are summarized below:

(In thousands)		Six Months Ended June 30, 2025			
Angel Studios, Inc. Historical Consolidated Statement of Operations Line Items	Southport Acquisition Corp. Historical Consolidated Statement of Operations Line Items	Southport Acquisition Corp. (Historical)	Reclassification	Notes	Southport Acquisition Corp Reclassified
Revenue:					
Licensed content and other revenue		\$ —	\$ —		\$ —
Pay it forward revenue		—	—		—
Total Revenue		—	—		—
Operating expense:	Operating expense:				
Cost of revenues		—	—		—
Selling and marketing		—	—		—
General and administrative		—	419	5(a)	419
Research and development		—	—		—
Legal expense		—	—		—
	Administrative expenses	116	(116)	5(a)	—
	Administrative expenses - related party	90	(90)	5(a)	—
	Legal and accounting expenses	345	(345)	5(a)	—
	Insurance expense	51	(51)	5(a)	—
	Franchise tax expense	(183)	183	5(a)	—
Total operating expense	Total operating expense	419	—		419
Loss from operations	Loss from operations	(419)	—		(419)
Other income (expense):	Other income (expense):				
Net gain on digital assets		—	—		—
Interest expense		—	—		—
Interest income		—	—		—
Impairment of failed acquisition		—	—		—
	Change in fair value of warrant liability	(1,159)	—		(1,159)
	Dividend income on marketable securities held in trust account	9	—		9
Total other expense	Total other expense	(1,150)	—		(1,150)
Loss before provision for income taxes	Loss before provision for income taxes	(1,569)	—		(1,569)
Income tax expense	Income tax expense	(89)	—		(89)
Net loss	Net loss	\$ (1,658)	\$ —		\$ (1,658)

(In thousands)

Angel Studios, Inc.
Historical Consolidated
Statement of Operations
Line Items

Southport Acquisition
Corp. Historical
Consolidated Statement of
Operations Line Items

Year Ended
December 31, 2024

		Southport Acquisition Corp. (Historical)	Reclassification	Notes	Southport Acquisition Corp Reclassified
Revenue:					
Licensed content and other revenue		\$ —	\$ —		\$ —
Pay it forward revenue		—	—		—
Total Revenue		—	—		—
Operating expense:	Operating expense:				
Cost of revenues		—	—		—
Selling and marketing		—	—		—
General and administrative		—	1,587	5(a)	1,587
Research and development		—	—		—
Legal expense		—	—		—
Net loss on digital assets		—	—		—
	Administrative expenses	206	(206)	5(a)	—
	Administrative expenses - related party	180	(180)	5(a)	—
	Legal and accounting expenses	721	(721)	5(a)	—
	Insurance expense	227	(227)	5(a)	—
	Franchise tax expense	239	(239)	5(a)	—
	Other operating costs	14	(14)	5(a)	—
Total operating expense	Total operating expense	1,587	—		1,587
Loss from operations	Loss from operations	(1,587)	—		(1,587)
Other (expense) income:	Other (expense) income:				
Interest expense		—	—		—
Interest income		—	—		—
Impairment of investment in affiliates					
	Change in fair value of warrant liability	(4,059)	—		(4,059)
	Dividend income on marketable securities held in trust account	966	—		966
	Financing expense	(275)	—		(275)
Total other expense	Total other expense	(3,368)	—		(3,368)
Loss before provision for income taxes	Loss before provision for income taxes	(4,955)	—		(4,955)
Income tax expense	Income tax expense	(152)	—		(152)
Net loss	Net loss	\$ (5,107)	\$ —		\$ (5,107)

- (a) To reclassify SAC's insurance expense, administrative expenses, administrative expenses – related party, legal and accounting expenses, franchise tax expense and other operating costs to general and administrative expense.

