CASE STUDIES / ENTERTAINMENT DIVISION / ANGEL STUDIOS · ANGX

POST-SPAC GROWTH-WITH-LOSSES CASE · REFERENCE EDITION

Angel Studios — The Community-Funded Studio

2.22 million Guild members funding the slate. $230M NOL that may already be capped. 303 bitcoin on the balance sheet. Negative stockholders' equity. This is the practitioner read.

Angel Studios, Inc. (NYSE: ANGX) reached the public market in September 2025 through a reverse recapitalization with the Southport SPAC. Six months later, in Q1 2026, it printed its first quarter of positive Adjusted EBITDA, a 143% revenue jump, and a 106% year-over-year increase in paying Guild members — the customer-funded flywheel that finances the film slate. It also carries $102M of notes payable at effective interest rates of 14–31%, a $230M NOL that is likely already limited under Section 382 by the SPAC transaction, 303 bitcoin marked to market through the P&L, and total stockholders' equity of negative $41 million. The valuation question is whether the Guild is a SaaS-grade recurring revenue stream that deserves a subscription multiple, or a subsidy of a still-cash-burning studio. This case walks the memo, model, and deck side-by-side.

2.22M
Angel Guild paying members, Q1 2026

$115.1M
Q1 2026 revenue, +143% YoY

$230.2M
NOL carryforward, likely §382-limited

303.1
Bitcoin on balance sheet

($41.5M)
Total stockholders' equity

The full case, free.

Memo, model, and deck — all in the same reference set.

CASE MEMO
Angel Studios full walk (PDF)
Twelve-section reference · branded print chrome

MODEL
Three-statement model (XLSX)
Historicals + Guild ARR build + §382 NOL walk

DECK
Practitioner deck (PDF)
Board-review format · twenty slides

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SECTION 1

The Business in Plain English

Before the balance sheet, the interest rates, and the §382 arithmetic, a first-time reader needs three orientation facts: what Angel Studios actually does, how it makes money, and why its most famous title — *The Chosen* — is no longer part of the company. This section provides that orientation. Every subsequent section assumes the reader has read it.

1.0 The Angel arc — first they laughed, then they fought, now they're building the alternative

The old activist axiom — *first they ignore you, then they laugh at you, then they fight you, then you win* — describes the arc of Angel Studios almost too precisely to be useful as metaphor. It is the actual sequence. The company that trades on the NYSE today as ANGX at a $774 million market cap is the successor to a Utah family business that Hollywood thought was a gimmick, that four of the six major American film studios jointly sued out of its original business model, that went through Chapter 11 bankruptcy under a $62.4 million copyright judgment, and that emerged from bankruptcy having built the only at-scale theatrical-distribution platform in modern American cinema whose growth does not depend on the mainstream media ecosystem's permission. Every subsequent number in this case — the debt at 30% effective rates, the negative book equity, the dilutive equity issuances, the 143% year-over-year revenue growth, the 2.22 million Guild members, the $184 million *Sound of Freedom* box office — is a consequence of that arc. The reader has to understand the arc first. The mechanics follow.

First they laughed — the VidAngel filtering years (2013-2016). The Harmon brothers launched VidAngel in 2013 as a family-content filtering service. Subscribers paid a monthly fee. VidAngel bought physical DVDs and Blu-rays of major-studio films, ripped the content, applied user-selected filters that removed profanity, nudity, or graphic violence, and streamed the filtered version to subscribers. The founders' theory was that the Family Movie Act of 2005 authorized what they were doing and that a large fraction of American families would pay a small monthly fee to watch mainstream Hollywood on their own values-based terms. Hollywood dismissed it as a niche gimmick. The tech press treated it as a curiosity. Serious streaming-industry analysts did not cover the company. In 2013-2016, VidAngel operated with roughly 100,000 subscribers and no meaningful place in the streaming-industry conversation. It was, by the standards of the industry it was quietly critiquing, invisible.

Then they fought — the Disney lawsuit and Chapter 11 (2016-2020). In June 2016, Disney, Lucasfilm, 20th Century Fox, and Warner Bros. jointly sued VidAngel in the United States District Court for the Central District of California. The complaint alleged copyright infringement and circumvention of DMCA encryption under 17 U.S.C. §1201. In December 2016, the district court granted a preliminary injunction shutting down VidAngel's filtering service for major-studio content. The Ninth Circuit affirmed on appeal in August 2017. In October 2017, VidAngel filed for Chapter 11 bankruptcy protection. In June 2019, a federal jury awarded the studios **$62.4 million in statutory damages** — approximately $75,000 per infringed work across 819 titles. In 2020, VidAngel emerged from bankruptcy under a court-approved plan of reorganization, settled the damages judgment on terms that let the company continue operating, discontinued filtering for major-studio content, and made a strategic choice that would define the next chapter: instead of filtering someone else's content, the company would distribute its own. The rebranded entity became Angel Studios. Section 1.5 walks the full lawsuit record.

Now they're building the alternative (2020-2026). The Angel Studios distribution model, born out of the bankruptcy settlement, matured through six specific inflection points across five years. First, the 2019 distribution partnership with independent filmmaker Dallas Jenkins on *The Chosen* — a multi-season biblical drama that became the largest equity-crowdfunded media project in history and reached an estimated 200 million viewers globally by 2023. Second, the launch of the Angel Guild subscription in 2021, which formalized the crowdfunding-plus-streaming-plus-project-voting model that funds the theatrical slate today. Third, *Sound of Freedom* in 2023, which reached $184 million in domestic box office with a 99% Popcornmeter audience score against a 57% Tomatometer critical score — the audience-critic gap that the memo returns to repeatedly because it IS the model. Fourth, the Chosen license termination in 2024-2025, which forced Angel to rebuild its content pipeline around Angel-controlled IP rather than the flagship title that put the company on the map. Fifth, the reverse recapitalization with Southport Acquisition Corp in September 2025 that put ANGX on the NYSE. Sixth, the first quarter of positive Adjusted EBITDA in Q1 2026, on 143% year-over-year revenue growth, 2.22 million paying Guild members, and a $25 million *Solo Mio* theatrical release that scored a 95% Popcornmeter.

> **Why the arc matters for the case.** Angel Studios is not a struggling micro-cap that happens to have interesting content. Angel Studios is a company that Hollywood tried to shut down through the federal courts, that survived Chapter 11, that rebuilt around a distribution model the industry does not understand, and that is now inflecting through the first quarter of operating profitability with a customer base Hollywood has spent a decade refusing to serve. The negative book equity, the high-cost debt, the dilution risk, the $200 million cash-required hole walked in subsection 7.8 — those are the reality of a company that went through bankruptcy in 2017 and is still climbing out. Every subsequent section of this case study reads more clearly against the arc. A reader who understands that Angel is *succeeding in spite of the traditional gatekeepers*, rather than *failing to*

> *compete on their terms*, will read the same numbers and reach a different conclusion. That reframing is why the story goes here, at the top of the case, before any of the mechanics.

1.1 How Angel Studios makes money

Angel Studios is not a traditional film studio. It is a **distribution-and-curation platform** for values-based film and television content, and its business model is closer to a subscription streaming service crossed with a crowdfunding platform than to Paramount Pictures or Warner Bros. Angel does not primarily produce content; it acquires distribution rights, funds theatrical releases through a mix of subscriber prepayments and outside capital, and monetizes each title across four coordinated revenue streams.

Table 1.1 — Angel Studios revenue streams at Q1 2026

Revenue stream	Q1 2026	% of total	What it is
Angel Guild subscription	$83.2M	72%	Monthly membership; average $13.69/mo per paying member; 2.22M paying members at 3/31/26
Theatrical distribution	$18.0M	16%	Angel's share of domestic box office on titles it distributed (Sound of Freedom, Cabrini, Solo Mio, etc.)
Content licensing	$10.2M	9%	Downstream licensing of Angel-distributed titles to third-party streamers and networks
Other (merchandise, sponsorships)	$3.7M	3%	Ancillary revenue from merchandise, sponsor integrations, and event-based monetization
Total revenue	**$115.1M**	**100%**	**Up 143% year-over-year**

Source: Form 10-Q for the quarter ended March 31, 2026, Item 2 MD&A revenue disaggregation.

The subscription line dominates. Seventy-two percent of Q1 2026 revenue came from the Angel Guild — 2.22 million paying members paying an average of roughly $13.69 per month for streaming access and, critically, for a role in choosing what gets funded next. Theatrical distribution is the second-largest line at 16%, driven by titles Angel took to wide release using Guild capital and outside co-financing. Content licensing generates 9%. Merchandise and sponsorship contribute the balance. This is a fundamentally different revenue mix than a legacy Hollywood studio — it looks much more like Netflix (subscription-first) with a theatrical release arm bolted on.

1.2 What the Angel Guild is

The Angel Guild is the piece of the business that requires the most explanation because it does not exist anywhere else in the media industry at scale. It is a paid membership community — not a fan club, not a Kickstarter, not a Patreon — that combines three functions in a single subscription: **a streaming service, a project greenlight vote, and a source of pre-purchased tickets that funds theatrical releases**. Each function feeds the other two.

Streaming access. Every paying Guild member gets full streaming access to Angel's content library, currently including *Sound of Freedom*, *Cabrini*, *Sight*, *Bonhoeffer*, *Solo Mio*, *Dry Bar Comedy*, and the back catalog Angel has assembled since 2013. This is the reason a Guild member pays every month even if they never vote on a new project. If Angel offered nothing but this, the Guild would look like a niche faith-and-family streaming service.

Voting rights. Every paying Guild member gets a vote on which projects Angel green-lights next. Projects are pitched to the Guild; members watch teaser reels; members vote yes or no. Only projects that clear a Guild-vote threshold advance to development and production financing. This is the mechanism that gave Angel *The Chosen*, *Sound of Freedom*, and *Cabrini* — each was Guild-voted before Angel put outside capital behind it. This voting mechanism is where the "community-funded studio" language comes from, and it is the piece a Wall Street analyst covering Roku or Fubo has literally never seen before.

Pay It Forward tickets. When a Guild-voted project reaches theatrical release, Guild members can buy pre-purchased tickets that get gifted to non-members at the box office. This is how *Sound of Freedom* reached $184M in domestic box office in 2023 — Guild members prepaid tickets, and Angel distributed them through opening weekend to non-members who came for free. The mechanic acts as an alternative to conventional advertising: the marketing spend goes into distributed tickets rather than TV spots, and the ticket-count boost creates real box-office traction. It also creates **deferred revenue** on Angel's balance sheet — pre-purchased ticket obligations sit as a liability until the ticket is redeemed at the theater. At March 31, 2026, deferred Guild membership revenue was $73.6M — a customer-prepaid war chest that funds each next slate.

> **Why the Guild matters for valuation.** If the Guild is treated as a SaaS-grade recurring subscription — 2.22M paying members, $13.69/mo ARPM, low churn, community lock-in — it valued at streaming multiples looks like a $500M-$1B+ standalone asset. If the Guild is instead treated as a bulk pre-purchase of theatrical tickets and merchandise — reader-friendly but not durable recurring revenue — the multiple compresses hard. The 10-K discloses that Guild members can cancel at any time and average member tenure is not yet long enough to prove

> SaaS-grade retention. Section 9 walks the valuation math both ways. The reader should exit Section 2 knowing that the Guild is the single most important valuation lever in the case.

1.3 The Chosen backstory — created by Dallas Jenkins, distributed by Angel, now separated

A common misconception is that Angel Studios created *The Chosen*. It did not. **The Chosen was created, written, and directed by Dallas Jenkins**, an independent filmmaker who developed the multi-season biblical drama as an independent production starting in 2017. Angel Studios (then operating as VidAngel and later renamed Angel Studios) entered a distribution partnership with Jenkins's production entity in 2019, at which point *The Chosen* became the flagship title on Angel's streaming platform. Angel was the distributor; Dallas Jenkins retained creative control and, critically, ownership of the underlying intellectual property.

The distribution partnership put Angel on the map. *The Chosen* Season 1 raised $10.2M via equity crowdfunding — the largest such raise in media-industry history at that time — and Angel's platform hosted the streaming release. Season 2, Season 3, and Season 4 followed the same model. By 2023, *The Chosen* had been watched by an estimated 200 million viewers globally and was the anchor content driving Angel Guild membership growth. Angel captured distribution economics; Jenkins's production entity captured the IP and production margin.

The partnership deteriorated in 2023-2024. Disputes surfaced over distribution accounting, revenue-share terms, marketing spend allocation, and creative control decisions. In May 2024, an arbitrator terminated the Chosen license agreement — meaning Angel lost the right to distribute new seasons and, on a defined ramp-down, lost streaming rights to the existing seasons. Angel appealed. In June 2025, the arbitration panel upheld the termination. In July 2025, the parties signed a mutual release and settlement.

The Chosen's Season 5 and subsequent seasons are now distributed by the **Come and See Foundation**, a nonprofit affiliated with Dallas Jenkins's production entity, with a strategic partnership with **Amazon Prime Video** for streaming distribution. Angel Studios no longer participates in the economics of *The Chosen*.

This is the single most important context for reading Angel's FY2025 and Q1 2026 financials. In FY2024, revenue attributable to *The Chosen* was 19.7% of total. In Q1 2026, that percentage is **zero**. Every dollar of the 2.22 million Guild members' membership fees, the $18.0M of Q1 2026 theatrical revenue, and the $10.2M of Q1 2026 content licensing revenue now flows from titles Angel controls itself — *Sound of Freedom*, *Cabrini*, *Sight*, *Bonhoeffer*, *Solo Mio*, and the pipeline anchored by *Young Washington*, *Angel and the Badman*, and *Zero A.D.*

> **Why this matters for the case.** The Chosen exit is the single biggest reason Angel's losses look the way they do in FY2024 and FY2025 — the company had to replace 19.7% of revenue with Angel-controlled IP while simultaneously scaling the Guild subscription base. The 143% year-over-year revenue growth in Q1 2026 and the first quarter of positive Adjusted EBITDA is the empirical answer to whether Angel could make that transition without collapsing. So far the answer is yes, but the case takes no position on whether the 2026 slate will hold that trajectory. Section 13 (Legacy Overhangs) walks the litigation record in detail.

At Friday's close, ANGX traded at $4.15 per share, a market capitalization of approximately $774 million. The 52-week range is $2.05 to $20.39 — a 10x round-trip in twelve months that includes the SPAC-close run, the post-close Reg A dilution, the Chosen-arbitration overhang, and the Q1 2026 inflection. Next earnings are scheduled for August 4, 2026. Every subsequent section of this case reads against that $774M market-cap anchor.

1.4 The Harmon brothers — who founded Angel Studios

Angel Studios was founded in Provo, Utah in 2013 by four brothers and a cousin. **Neal Harmon** is the CEO and public face of the company. His brothers **Daniel Harmon** (creative), **Jeffrey Harmon** (co-founder, marketing), and **Jordan Harmon** (co-founder), together with cousin **Benton Crane**, complete the founding team. Before Angel, the same team ran Harmon Brothers, a Utah-based creative advertising agency best known for the viral Squatty Potty, Poo-Pourri, and Purple Mattress campaigns of the mid-2010s. The Harmon Brothers agency's conversion-focused, faith-and-family-values creative sensibility is the same sensibility that runs Angel Studios today — the marketing DNA of the parent company transferred wholesale into the studio.

The founders are members of The Church of Jesus Christ of Latter-day Saints (LDS/Mormon) and have spoken openly about the faith foundation of the business. That foundation is not incidental — it explains the values-based curation model, the Utah headquarters, the Guild's community-lock-in dynamics, and the specific content categories Angel operates in (faith-forward drama, family films, biblical narrative). It also explains the Class B super-voting share structure, which was designed to preserve the founder team's ability to keep the studio's content mission intact against outside-shareholder pressure.

1.5 The Disney v. VidAngel copyright suit — and the pivot that produced Angel Studios

To understand Angel Studios, the reader has to understand that Angel Studios is the successor to **VidAngel**, an earlier company the same Harmon founders operated from 2013 through 2020 as a family-content **filtering service**. VidAngel's original business model worked like this: subscribers paid a monthly fee, VidAngel bought physical DVDs and Blu-rays of major-studio films, ripped the content, applied user-selectable filters that removed profanity, nudity, violence, or other objectionable material, and streamed the filtered version to subscribers. VidAngel claimed the model was legal under the Family Movie Act of 2005, which authorizes filtering of copyrighted content for private home viewing. The studios disagreed.

In June 2016, **Disney, Lucasfilm, 20th Century Fox, and Warner Bros.** jointly sued VidAngel in the United States District Court for the Central District of California. The complaint alleged (i) copyright infringement, (ii) circumvention of encryption on DVDs and Blu-rays in violation of the Digital Millennium Copyright Act (17 U.S.C. §1201), and (iii) unfair competition. The studios' theory was that VidAngel's filtering-and-streaming service went beyond what the Family Movie Act authorized because it involved (a) making unauthorized digital copies of encrypted works, and (b) redistributing those copies via a subscription streaming service. In December 2016, the district court granted the studios a **preliminary injunction** shutting down VidAngel's filtering service for major-studio content. The Ninth Circuit affirmed on appeal in August 2017.

In October 2017, VidAngel filed for **Chapter 11 bankruptcy protection**. The case ran through 2018 and 2019 while the district-court copyright-damages trial proceeded in parallel. In June 2019, a federal jury awarded the studios **$62.4 million in statutory damages** — approximately $75,000 per infringed work across 819 titles. The judgment was affirmed on appeal. In 2020, VidAngel emerged from bankruptcy under a court-approved plan of reorganization, settled the damages judgment on terms that let the company continue operating, discontinued its filtering service for major-studio content, and pivoted to a new business model: **distributing content Angel controlled itself, rather than filtering content it did not**. The rebranded entity became Angel Studios.

> **Why the Disney lawsuit matters.** Every element of the current Angel Studios business model — the Guild's vote-to-greenlight mechanism, the Pay-It-Forward theatrical distribution model, the crowdfunded-slate-financing architecture, the acquisition of exclusive distribution rights rather than filtering rights, the Chosen partnership with Dallas Jenkins — is a direct consequence of the strategic pivot forced by the Disney v. VidAngel judgment. Angel Studios exists in its current form because filtering someone else's content is a legal dead end and distributing your own content is not. The founders responded by building a distribution flywheel that did not depend on the studios' permission. That flywheel is now producing 143% year-over-year revenue growth. The Disney lawsuit is not ancient history — it is the origin story that explains the current business.

1.6 Who owns Angel today — the shareholder map

Angel Studios' ownership is easier to understand once the reader separates **voting control** from **economic ownership**. The dual-class structure was designed to keep voting control with the founder team while economic ownership diversified through the SPAC transaction and subsequent equity issuances. Table 1.2 puts both lenses on the same page.

Table 1.2 — Ownership map at April 27, 2026 (illustrative practitioner summary)

Holder group	Approx. shares	% economic	% voting	Notes
Harmon family & Class B super-voting insiders	~85M Class B + Class A	~35-40%	~75-80%	Class B carries 10 votes per share; pre-SPAC founder + insider block
Public float (Class A, NYSE traded)	~101M Class A	~55-60%	~15-20%	Includes SPAC public shareholders, Reg A investors, ATM and April 2026 offering
SPAC sponsor entities (Southport)	~7M Class A	~4%	~1%	Sponsor promote shares from pre-SPAC Southport
Named related-party creditors (informational)	—	—	—	Michael Sarowitz (May 2025 convert + warrants); Angel P&A LLC (director/officer-owned $38.5M revolver)
Total Class A + Class B outstanding	**~186M**	**100%**	**100%**	**Per Q1 2026 press release, April 27, 2026 reference date**

Source: Institute summary from Form 10-K for the year ended December 31, 2025 (Item 12 Security Ownership); Form 10-Q for the quarter ended March 31, 2026, Note 6; Q1 2026 earnings press release dated April 30, 2026; Business Combination Proxy Statement dated August 2025 (SEC EDGAR). Class B and Class A splits within the founder block are aggregated for readability; the underlying Schedule 13G / Section 16 filings itemize individual founder holdings.

The voting-control picture is the practitioner takeaway. Even after the SPAC transaction, the Reg A offering, the ATM program, and the April 2026 registered offering — three separate rounds of Class A dilution that pushed public-float economic ownership above 55% — the founder team retains roughly **75-80% of the votes** through Class B super-voting shares. Any material change to the company's direction, mission, or capital structure requires either founder buy-in or a Class B amendment that Class B holders themselves would have to approve. This is why the Harmon family remains, in practice, in operating and strategic control of the company even at a $774M market cap where their economic stake is a minority.

> **Named related-party creditors are not shareholders, but read like them.** Michael Sarowitz (a private-family-office investor) holds the May 2025 convertible note with warrants — a $5M principal note carrying 15% coupon and 30.9% effective rate that converts to Class A at a defined trigger. Angel P&A, LLC is a related-party entity owned by directors, officers, and stockholders of Angel Studios; it provided the $38.5M P&A revolver at 10-15% and was repaid in full in April 2026 out of the registered offering proceeds. Neither is technically a shareholder today, but both are named parties whose economics compete with public-shareholder economics on the same dollar of theatrical box-office receipts. Section 12 (Governance & Related-Party Structure) walks the full related-party architecture.

1.7 The capital structure in one page — a reader's simplifier

Angel Studios' capital structure is legitimately complicated. There are two share classes, five debt facilities at rates from 10% to 30.9%, an insider-owned related-party revolver, four undrawn term-loan tranches with covenants, 35.9M anti-dilutive potentially issuable shares, warrants, options, RSUs, a 303-bitcoin treasury with unrealized-loss volatility, and a $230M NOL that may already be capped by §382. Sections 3 through 12 walk each piece in detail. This subsection is the reader's cheat sheet — everything on one page, in the order a practitioner would build it.

Table 1.3 — Angel Studios capital structure at a glance (all figures at 3/31/2026 or 4/27/2026 reference date)

Layer	Instrument	Amount	Practitioner note
Equity	Class A common (NYSE: ANGX)	~101M shares	Public float; 1 vote per share; $4.15 close = ~$774M market cap
	Class B super-voting common	~85M shares	Not listed; 10 votes per share; Harmon family + pre-SPAC insiders
	Preferred stock authorized	1M shares	None issued as of 3/31/2026
Debt	May 2024 P&A loans	$2.0M	10.0% coupon; cash-collections driven
	May 2025 Sarowitz convert + warrants	$5.7M	15% coupon / **30.9% effective rate**; converts to Class A
	Sept 2025 term loan (Tranche 1)	$40.0M	13.5% coupon / 16.3% effective; matures 10/1/2030
	Feb 2026 term loan (Tranche 2)	$20.0M	13.5% coupon / 14.5% effective; matures 10/1/2030
		$38.5M	

Layer	Instrument	Amount	Practitioner note
	Angel P&A revolver (related party)		10-15%; director/officer-owned; repaid April 2026
Undrawn	Term-loan Tranches 3 & 4	$40.0M	ARR & equity-issuance covenants gate access
Overhang	Anti-dilutive potentially issuable shares	35.9M	Warrants, options, RSUs, convertible-note shares; +21% of outstanding
	Bitcoin treasury (ASU 2023-08)	303.1 BTC = $20.7M	Fair-value; P&L volatility; $5.8M unrealized loss in Q1 2026
	Federal NOL carryforward	$230.2M	Fully valuation-allowanced; likely §382-capped by SPAC ownership change
Working capital	Deferred Guild membership revenue	$73.6M	Customer-prepaid subscription liability; funds next slate
	Total stockholders' equity	**$(41.5)M**	Negative; accumulated deficit $255.3M reflects pre-pivot losses

Source: Form 10-Q for the quarter ended March 31, 2026, balance sheet (page 3), Notes 4 (Debt), 5 (Equity), 6 (Common Stock), 7 (Bitcoin), 8 (Subsequent Events); Q1 2026 press release dated April 30, 2026.

> **The one-line simplifier.** Public shareholders own ~55-60% of the economics of a $774M market-cap company that runs a 2.22M-member subscription business, is investing through the Chosen exit with a 143% year-over-year revenue print, carries a $102M pile of high-cost debt from the pre-inflection years, has $40M of covenant-gated dry powder, a $230M NOL that may already be capped, a 303-bitcoin treasury that trades through the P&L, and negative book equity that reflects accumulated losses rather than current cash burn. Voting control sits with the founder team through Class B super-voting shares. The reader who exits Section 1 with that summary can now read Sections 3 through 13 as detail on each piece, not as first-encounter surprise.

SECTION 2

Executive Summary

Section 2 established what Angel Studios does, how the Guild works, and why The Chosen is no longer part of the company. This section is the numeric read on what those facts produce on the balance sheet and income statement. The financial position looks distressed at first glance — negative stockholders' equity, double-digit interest rates, dilutive equity issuance — because Angel is investing through the post-Chosen content-pipeline rebuild while simultaneously scaling the Guild subscription base. Q1 2026 revenue growth (143% year-over-year) and first-quarter-of-positive Adjusted EBITDA is the empirical answer to whether that investment thesis is working. The case takes no position on whether it continues.

On September 25, 2025, Angel Studios completed a reverse recapitalization with a special-purpose acquisition company called Southport Acquisition Corp. Angel Legacy was the accounting acquirer; the transaction generated zero net cash proceeds; direct transaction costs of $4.9 million ran through general and administrative expense; and the surviving public company began trading on the New York Stock Exchange under the ticker **ANGX**. Six months later, the company reported its first quarter of positive Adjusted EBITDA. Total revenue for the three months ended March 31, 2026, was $115.1 million, up 143% year-over-year. Paying members of the Angel Guild reached 2.22 million, up 11% quarter-over-quarter and 106% year-over-year. Selling and marketing expense, which had run at 107% of revenue in Q1 2025, dropped to 49% of revenue in Q1 2026.

Those numbers describe a business that is inflecting. The rest of the balance sheet describes a business that must earn every dollar of that inflection.

At March 31, 2026, Angel Studios carried total liabilities of $254.5 million against total assets of $213.1 million, producing **total stockholders' equity of negative $41.5 million**. Accumulated deficit was $255.3 million. Notes payable totaled $102.3 million at effective interest rates between 14.5% and 30.9%. A revolving production-and-advertising loan facility of $38.5 million was fully owned by directors, officers, and stockholders of the company — a related-party structure that priced insider capital at 10% to 15% and gave that capital first-priority repayment against theatrical box-office receipts of the funded titles. The company held 303.1 bitcoin marked at $20.7 million on the balance sheet, down from $26.5 million at year-end 2025, a $5.8 million unrealized loss that ran through the P&L under ASU 2023-08 fair-value accounting. And the company had accumulated a federal net operating loss carryforward of approximately $230.2 million, offset in full by a valuation allowance.

This case is a valuation-first read on that combined picture. The Institute questions are three:

1. What is the Angel Guild actually worth? The Guild is 72% of revenue at Q1 2026 and grew 140% year-over-year. Trailing-twelve-month average revenue per member is $13.69 per month. The Q1 2026 balance sheet carries $73.6 million of deferred Guild membership revenue — a customer-prepaid war chest that funds each next slate. If the Guild is treated as SaaS-grade recurring revenue and valued at streaming/subscription multiples, Angel's implied equity value is materially higher than the residual $34.5 million April 2026 registered offering at $2.10 per share suggests. If the Guild is treated as a subsidy of a still-loss-generating studio — a bulk pre-purchase of theatrical tickets and merchandise rather than a durable subscription — the multiple compresses.

2. Is the $230.2M NOL a real shield, or an accounting artifact? Section 382 of the Internal Revenue Code limits a corporation's ability to use its net operating losses following an "ownership change" — typically a greater-than-50-percentage-point shift in 5% shareholders over a rolling three-year window. The Southport reverse-recap in September 2025 is the fact pattern that Section 382 was written to catch. Angel Legacy converted 160.7 million shares into the public shell in a transaction with a SPAC shareholder base rotating through redemptions, and then followed that transaction with a $55M Regulation A offering, a $150M at-the-market equity distribution agreement, and a $34.5M April 2026 registered offering. If a Section 382 ownership change occurred at the SPAC close, the annual usable NOL is limited to the pre-change equity value multiplied by the long-term tax-exempt rate. At Angel's post-close valuation and a rate near 4.5%, the annual shield is small enough that the $230.2 million pile could take a decade or more to bleed out even if the company achieves sustained profitability. The 10-K states the limitation risk explicitly; the case walks the practitioner arithmetic.

3. Can Angel produce its own IP after losing The Chosen? Angel's original growth was built on distribution of The Chosen, the largest equity-crowdfunded media project in history. In May 2024, an arbitrator terminated the Chosen license agreement. In June 2025, the arbitration panel upheld the termination. In July 2025, the parties signed a mutual release. Every dollar of the 2.22 million Guild members' membership fees, the $18.0 million of Q1 2026 theatrical revenue, and the $10.2 million of Q1 2026 content licensing revenue now flows from titles Angel controls itself — Sound of Freedom, Cabrini, Sight, Bonhoeffer, and the Q1 2026 flagship Solo Mio (Kevin James), which crossed $25 million in domestic box office with a 95% Popcornmeter score. The 2026 slate anchored by Young Washington (Kelsey Grammer, Mary-Louise Parker, Ben Kingsley), Angel and the Badman (Tommy Lee Jones), and Zero A.D. (Sam Worthington, Jim Caviezel, Ben Mendelsohn) is the empirical test of whether the Guild flywheel works without The Chosen.

> **Reader's guide.** Sections 3 through 8 are the valuation stack, in the order a practitioner would build it: capital structure, trading levels, precedent transactions, trading comparables, historical financial build, and the valuation framework itself. Sections 9 through 13 are the structural deep dives that a diligence reader needs to trust the numbers: the Guild flywheel, the §382 NOL walk, the bitcoin treasury, the governance and related-party architecture, and the legacy overhangs. Every number in the memo ties to a specific line in the March 31, 2026 Form 10-Q, the December 31, 2025 Form 10-K, or the April 30, 2026 press release. The companion Excel model exposes every calculation. The companion deck is the board-review version of the same reference.

SECTION 3

Company Snapshot & Capital Structure

2.1 Corporate profile

Table 2.1 — Corporate profile at March 31, 2026

State of incorporation	Delaware
Commission file number	001-41150
Principal executive offices	295 W Center St., Provo, UT 84601
Exchange & ticker	New York Stock Exchange · ANGX (Class A Common Stock)
Filer status	Non-accelerated filer · Smaller reporting company · Emerging growth company
Founded	2013 · Neal Harmon (CEO) with brothers Daniel, Jeffrey, and Jordan Harmon and cousin Benton Crane
Public since	September 25, 2025, via reverse recapitalization with Southport Acquisition Corp
Fiscal year end	December 31

Source: Form 10-K for the year ended December 31, 2025, page 1 and Item 5; Form 10-Q for the quarter ended March 31, 2026, pages 1 and 17.

2.2 Authorized capital — the dual-class stack

Angel Studios has authorized a total of 701 million shares of capital stock: 500 million shares of Class A Common Stock at one vote per share, 200 million shares of Class B Common Stock at ten votes per share, and 1 million shares of preferred stock. Class B super-voting shares concentrate voting control with the Harmon family and legacy pre-SPAC holders. The dual-class structure was carried through the September 2025 Business Combination and is a permanent feature of the capital structure absent an amendment approved by the Class B holders themselves.

Table 2.2 — Authorized capital stock and voting mechanics

Class	Shares authorized	Par value	Votes per share	Notes
Class A Common Stock	500,000,000	$0.0001	1	Publicly traded on NYSE under “ANGX”
Class B Common Stock	200,000,000	$0.0001	10	Not listed; held by founders and pre-SPAC insiders
Preferred Stock	1,000,000	$0.0001	—	None issued as of 3/31/2026
Total authorized	**701,000,000**			**—**

Source: Form 10-Q for the quarter ended March 31, 2026, Note 6 (Common Stock), page 22.

2.3 Shares outstanding walk — Q1 2026 and post-quarter

The shares-outstanding walk from the Business Combination close through the April 2026 registered offering is the diligence starting point for any dilution or per-share valuation calculation. The Business Combination itself contributed 168.6 million shares. Reg A, at-the-market, option exercises, and repurchases brought the balance to 169.85 million at 3/31/2026. The April 2026 registered offering added 16.4 million shares in a single transaction — a 9.7% increase in outstanding shares at a public offering price of $2.10.

Table 2.3 — Shares outstanding walk, Business Combination close through April 2026

Event	Date	Shares issued / (retired)	Cumulative shares	Reference
Southport common stock outstanding pre-close	Prior to 9/25/2025	6,937,923	6,937,923	10-Q, Note 2, p 17
Angel Legacy shares converted at close	9/25/2025	160,673,772	167,611,695	10-Q, Note 2, p 17
Shares issued to Angel Legacy convertible noteholders	9/25/2025	973,002	168,584,697	10-Q, Note 2, p 17
Regulation A offering, $8.23 per share, $55.0M gross	September 2025	6,688,077	175,272,774	10-Q, Item 2 MD&A, p 27
Shares outstanding, April 27, 2026 (reference date)			**186,412,364**	**Q1 press release**

Event	Date	Shares issued / (retired)	Cumulative shares	Reference
ATM equity distribution program, $1.0M gross	December 2025	196,348	175,469,122	10-Q, Item 2 MD&A, p 27
Other pre-Q1 2026 activity (options, RSU vesting, buybacks)	Q4 2025	(6,373,550)	169,095,572	10-Q, p 5 SE roll
Q1 2026 net share activity	Q1 2026	754,756	169,850,328	10-Q, p 3 balance sheet
April 2026 registered underwritten offering, $2.10 per share, $34.5M gross	April 2026	16,445,000	186,295,328	10-Q, Note 8 subsequent events, p 24
April 2026 other activity	April 2026	117,036	186,412,364	Q1 2026 press release, footnote 4
Shares outstanding, April 27, 2026 (reference date)			**186,412,364**	**Q1 press release**

Source: Form 10-Q for the quarter ended March 31, 2026, Notes 2 and 8; Item 2 MD&A; Q1 2026 earnings press release dated April 30, 2026, footnote 4.

2.4 Debt facilities and effective interest rates

Angel Studios carries $102.3 million of net notes payable at March 31, 2026, spread across five distinct facilities and, in one case, an insider-owned production-and-advertising vehicle. Coupon rates run from 10% to 15%. Because each facility other than the May 2024 P&A loans and Angel P&A revolver was issued with warrant or convertible features, the **effective interest rate** — the imputed borrowing cost after allocating the warrant or conversion value to additional paid-in capital — is materially higher than the coupon in every case. The May 2025 convertible note has an effective rate of 30.9%.

Table 2.4 — Debt facilities at March 31, 2026 ($ in millions)

Facility	Carrying value	Original principal	Coupon rate	Effective rate	Maturity
May 2024 P&A loans	$2.0	$3.0	10.0%	—	Cash-collections driven
May 2025 convertible note with warrants (Sarowitz)	$5.7	$5.0	15.0%	30.9%	May 1, 2027
September 2025 term loan — tranche 1	$40.0	$40.0	13.5%	16.3%	October 1, 2030
February 2026 term loan — tranche 2	$20.0	$20.0	13.5%	14.5%	October 1, 2030
Revolving P&A loans — Angel P&A, LLC (related party)	$38.5	—	10.0-15.0%	—	Repaid in full April 2026
Gross notes payable	**$106.2**				**—**
Less: unamortized discounts and issuance costs	**($3.9)**				**—**
Notes payable, net (per balance sheet)	**$102.3**				**—**

Source: Form 10-Q for the quarter ended March 31, 2026, Note 4 (Debt), pages 18-20. Effective rates reflect allocation of warrant fair value to additional paid-in capital in accordance with ASC 470.

2.5 Undrawn capacity and covenant architecture

The September 2025 term loan is structured as a $100 million delayed-draw facility across four committed tranches. Tranche 1 ($40M) funded at close. Tranche 2 ($20M) drew in February 2026. Tranche 3 ($20M) is available through December 31, 2026. Tranche 4 ($20M) is available through June 30, 2027. Availability of tranches 3 and 4 is conditioned on achievement of a specified **minimum annualized recurring revenue** and receipt of a specified minimum of net cash proceeds from equity issuance — a covenant structure that hard-wires the Guild ARR growth trajectory into the debt-facility architecture. Interest-only payments apply for the first 26 months; principal amortization begins in month 27, with a balloon maturity on October 1, 2030. The credit facility is secured by substantially all of the company's assets and includes a minimum-liquidity covenant.

Table 2.5 — Undrawn term-loan capacity at March 31, 2026

Tranche	Commitment	Drawn	Undrawn	Availability window
Tranche 1 (closing draw)	$40.0M	$40.0M	—	Funded September 8, 2025
Tranche 2	$20.0M	$20.0M	—	Drawn February 17, 2026
Tranche 3	$20.0M	—	$20.0M	Through December 31, 2026 (ARR + equity covenants)
Tranche 4	$20.0M	—	$20.0M	Through June 30, 2027 (ARR + equity covenants)
Total term-loan facility	**$100.0M**	**$60.0M**	**$40.0M**	**—**

Source: Form 10-Q for the quarter ended March 31, 2026, Note 4 (Debt), page 19; Item 2 MD&A, pages 27-28.

2.6 Anti-dilutive potentially issuable shares — the overhang

In addition to the 186.4 million shares outstanding at April 27, 2026, Angel Studios has 35.9 million potentially issuable shares outstanding as of Q1 2026 — anti-dilutive under GAAP loss-per-share arithmetic because the company posted a net loss, but real for any per-share valuation exercise a practitioner would run. This overhang represents an additional 21% of shares outstanding at the reference date.

Table 2.6 — Potentially issuable common shares (anti-dilutive) at March 31, 2026

Instrument	Shares	Notes
Stock options to purchase common stock	30,671,642	Includes ISOs and NSOs granted under equity plan
Unvested restricted stock awards	3,208,113	Time-vesting RSAs to employees and directors
Convertible securities to acquire common stock	935,251	May 2025 note ($6.13 conversion) principal + PIK interest
	1,040,931	
Total potentially issuable common shares	**35,855,937**	**21.1% of April 27, 2026 shares outstanding**

Instrument	Shares	Notes
Warrants to purchase common stock		May 2025 Sarowitz warrant ($6.13) + Sept 2025 & Feb 2026 lender warrants ($7.29)
Total potentially issuable common shares	**35,855,937**	**21.1% of April 27, 2026 shares outstanding**

Source: Form 10-Q for the quarter ended March 31, 2026, Note 6 (Common Stock — Loss per Share), page 23.

> **Reader's guide — how the capital structure feeds the valuation.** Section 8 uses (a) the 186.4M shares outstanding at April 27, 2026 as the base share count, (b) the 35.9M anti-dilutive overhang as a fully-diluted stress case, (c) the $102.3M net notes payable at 15% blended cost of debt as the debt-financing anchor, (d) the $40M undrawn term-loan capacity as an option value contingent on hitting the ARR covenant, and (e) the $73.6M deferred Guild revenue as the customer-prepaid working-capital float that funds the next slate.

SECTION 4

Trading Levels Since NYSE Listing

Angel Studios has been publicly traded on the NYSE for approximately seven months at the date of this memo. The Institute approach in this section is to anchor the price discussion to the filed-document reference prices that Angel and its counterparties negotiated at each capital-markets event — not as a substitute for live-tape data, but as a superior valuation signal. Each reference price below carries the signature of a party with money at risk who negotiated the price at that moment: a Regulation A investor, a convertible lender, a warrant recipient, a merger counterparty, an ATM buyer, or an underwriter placing a registered offering. Market close prices reflect the marginal-share opinion of anonymous liquidity. Filed-document reference prices reflect the considered opinion of a specific counterparty who wrote a check or issued a security. For a company that has traded publicly for only seven months and whose float is thin relative to peer streaming or subscription-community names, the contract-set prices are the higher-signal data. Read as a ladder, they describe an equity that priced at $8.23 in September 2025 and cleared at $2.10 seven months later.

3.1 Filed-document reference-price ladder

Table 3.1 — Reference prices from filed documents, September 2025 through April 2026

Date	Event	Reference price	What the price signals	Reference
May 2, 2025	Subordinated convertible note — conversion price	$6.13	Pre-SPAC private-placement fair value negotiated with lender Steve Sarowitz	10-Q Note 4, p 19
September 8, 2025	Term-loan warrant strike price (both tranches drawn to date)	$7.29	Senior secured lenders' negotiated equity-upside strike, five-year expiration	10-Q Note 4, p 19
September 2025	Regulation A offering (6,688,077 shares)	$8.23	Retail-facing offering price; $55.0M gross proceeds — the high-water reference	10-Q MD&A, p 27
September 25, 2025	Southport Business Combination close	(no trust cash)	Reverse recap; Angel Legacy the accounting acquirer; no cash proceeds to Angel	10-Q Note 2, p 17

Date	Event	Reference price	What the price signals	Reference
November 14, 2025	Homestead merger consideration — per-share divisor	$6.13	Angel management fair value used in stock-for-stock Homestead consideration formula	10-Q Note 5, p 22
December 5, 2025	ATM Equity Distribution Agreement — program capacity	up to $150.0M	Program signed with Oppenheimer, Texas Capital, Maxim, and Roth Capital; 3.0% commission	10-Q MD&A, p 27
Q4 2025	ATM sales through December 31, 2025 (196,348 shares)	$5.09 avg	$1.0M gross proceeds; implied avg selling price ($1.0M / 196,348 sh); modest volume	10-Q MD&A, p 27
Q1 2026	ATM sales during Q1 2026	$0.0	Zero shares sold under ATM in Q1 — program went dormant	10-Q MD&A, p 27
February 17, 2026	Term-loan tranche 2 — warrant strike price on 292,537 shares	$7.29	Lenders received the same warrant strike as September 2025 — no reset despite share-price drop	10-Q Note 4, p 19
April 2026	Registered underwritten public offering (16,445,000 shares)	$2.10	Public offering priced 74% below the September Reg A print; $34.5M gross	10-Q Note 8, p 24

Source: Form 10-Q for the quarter ended March 31, 2026, Notes 2, 4, 5, and 8; Item 2 MD&A. All prices are contract-set reference points from filed documents; live NYSE tape data is not shown in this table.

3.2 Implied fully-diluted equity value at each reference print

Applying each reference price to the shares outstanding on the corresponding date gives the equity value implied by a rational counterparty at each moment in the seven-month arc. The descent from a $1.44 billion implied equity value in September 2025 to $391 million after the April 2026 offering is the price story in one number, before layering in net debt.

Table 3.2 — Implied equity value at each reference-price event

Reference event	Reference price	Shares out at that date (mm)	Implied equity value ($M)	Change from prior
September 2025 Reg A print	$8.23	175.3	$1,442	—
Sept 2025 term-loan warrant strike	$7.29	175.3	$1,278	(11%)
May 2025 convertible strike / Nov 2025 Homestead divisor	$6.13	175.3	$1,075	(16%)
Q4 2025 ATM average selling price	$5.09	175.5	$893	(17%)
April 2026 offering print	$2.10	186.4	$391	(56%)

Source: Institute calculation. Implied equity value = reference price × shares outstanding at that reference date. Shares outstanding sourced from Form 10-Q, Notes 2 and 8, and Q1 2026 press release footnote 4.

3.3 Implied enterprise value at the April 2026 print

Enterprise value bridges equity value to the operating-asset value that the memo's Section 8 valuation triangulates against. Applying standard EV arithmetic to the April 2026 registered-offering print gives an implied enterprise value of $425 million — a number that is close to a 1.0× multiple of Angel's forward Guild ARR run-rate and materially below any commonly-cited SaaS or subscription-streaming multiple.

Table 3.3 — Enterprise value bridge at the April 2026 offering price

Component	Amount ($M)	Basis
Class A shares outstanding, April 27, 2026	186.4	Q1 2026 press release, footnote 4
Reference price — April 2026 registered offering	$2.10	10-Q Note 8, p 24
Implied equity value	**$391.5**	Institute calculation
Plus: notes payable, net (per balance sheet)	$102.3	10-Q balance sheet
Plus: accrued licensing royalties (current + LT)	$36.6	10-Q balance sheet
Less: cash and cash equivalents	($38.9)	10-Q balance sheet
Less: digital assets (303.1 BTC at $20.7M carrying)	($20.7)	10-Q Note 3, p 17

Component	Amount ($M)	Basis
Less: investments in affiliates (Giant Slayer JV plus other)	($46.0)	10-Q balance sheet
Implied enterprise value	**$424.8**	Institute calculation
Add: April 2026 cash proceeds (subsequent to 3/31/26)	$34.5	10-Q Note 8, p 24
Less: April 2026 revolving P&A payoff (subsequent)	($38.5)	10-Q Note 8, p 24
Implied EV pro forma for April 2026 events	**$420.8**	Institute calculation

Source: Institute calculation from filed balance sheet at March 31, 2026 and post-quarter events disclosed in Form 10-Q Note 8. Excludes 35.9M anti-dilutive potentially issuable shares (see Table 2.6); a fully-diluted stress-case EV is developed in Section 8.

> **The trading-levels read.** Two facts stand out. First, every senior secured lender that received warrants took a $7.29 strike, and neither the September 2025 nor February 2026 draws re-priced. That means the lender group is holding warrants that are approximately 71% out-of-the-money at the April 2026 offering print — they will only participate in the equity upside if Angel materially outperforms the current market's implied trajectory. Second, the April 2026 registered offering cleared 74% below the September 2025 Reg A print in seven months, even as Guild membership more than doubled and the company hit its first quarter of positive Adjusted EBITDA. Section 8 develops the framework for whether the market's compression is a rational response to the §382-limited NOL, the negative stockholders' equity, and the effective borrowing cost, or an overreaction that the Guild flywheel is on track to correct.

SECTION 5

Precedent Transactions

Angel Studios is not directly comparable to any single transaction in the public precedent set. It is a hybrid of three distinct M&A archetypes: the SVOD library acquisition (Amazon-MGM, Sony-Crunchyroll), the subscription-community platform (the Chosen crowdfunding rounds, Rumble, Truth Social/DWAC), and the SPAC-emerged media roll-up (fuboTV, Chicken Soup for the Soul Entertainment, Buzzfeed, Vice). The precedent set below is organized by archetype so a reader can triangulate what a rational strategic or financial acquirer would pay for each Angel asset separately — the Guild subscription stream, the owned-IP film library, and the technology platform.

4.1 SVOD library and studio acquisitions

Amazon-MGM is the reference transaction: $8.5 billion all-cash for approximately 4,000 films and 17,000 TV episodes, with the MGM+ streaming service embedded. Sony-Crunchyroll established the pure-play values-adjacent SVOD subscription multiple (Crunchyroll had 5 million paying subscribers at deal announcement). The Netflix acquisition of Roald Dahl Story Company established that IP-with-content-rights carries a premium to library-only SVOD.

Table 4.1 — SVOD library and studio precedents

Target	Acquirer	Date	Enterprise value	EV / Revenue	EV / Subscriber	Consideration
MGM Holdings	Amazon	Mar 2022	$8.45B	~5.6×	n/a (library)	All cash
Crunchyroll	Sony (Funimation)	Aug 2021	$1.175B	~4.7×	~$235 per sub	All cash
Roald Dahl Story Company	Netflix	Sep 2021	~$700M	n/d	n/a (IP only)	All cash
Alamo Drafthouse Cinemas	Sony Pictures	Jun 2024	n/d	n/d	n/a (exhibitor)	All cash
Lionsgate Studios spin	Public shareholders	May 2024	~$4.6B	~1.6×	n/a	Spin distribution

Target	Acquirer	Date	Enterprise value	EV / Revenue	EV / Subscriber	Consideration
(STARZ separation)						

Source: Company press releases; SEC filings; FactSet transaction database. Multiples calculated from disclosed enterprise value against the trailing-twelve-month revenue at deal announcement.

4.2 Subscription-community platform precedents

The most instructive comps for the Angel Guild are not the streaming megadeals but the smaller subscription-community rounds and the values-adjacent crowdfunding valuations. The Chosen, whose distribution license Angel lost in 2024, raised private capital at valuations that priced its 100 million-plus audience at a per-viewer multiple that Angel materially undercuts at the current market price. Rumble, a values-adjacent user-generated-content platform, went public via a 2022 SPAC at a $2.1 billion valuation with 44 million monthly active users.

Table 4.2 — Subscription-community platform precedents and reference valuations

Comparable	Type	Date	Reference valuation	Community size at valuation	Per-member / per-viewer
The Chosen — Season 5 crowdfunding	Equity crowdfunding round	2023-2024	~$500M+	100M+ cumulative viewers	~$5 per viewer
Rumble Inc. — CFVI de-SPAC	SPAC merger, 2022	Sep 2022	$2.1B	44M monthly active users	~$48 per MAU
Truth Social / DWAC (announced)	SPAC merger, announced	Oct 2021	$1.7B	~2M subscribers at announcement	~$850 per sub
Substack — Series B	Private venture round	Mar 2021	$650M	~500K paying subs	~$1,300 per paying sub
Patreon — Series F	Private venture round	Apr 2021	$4.0B	~7M+ patrons	~$571 per patron
MasterClass — Series F	Private venture round	May 2021	$2.75B	~1M paying subs (est)	~$2,750 per sub

Source: Chosen crowdfunding disclosures (Regulation CF filings on SEC EDGAR); Rumble CFVI merger 8-K, September 2022; DWAC/Truth Social S-4 filings; Substack, Patreon, MasterClass *private-round announcements. Per-member figures are the Institute's divisor calculation and not disclosed values.*

Applied to Angel's 2.22 million paying Guild members, the private-market per-member multiples span from Patreon's roughly $571 per patron on the low end to Substack's roughly $1,300 per paying subscriber on the high end. Even at the Patreon low, that arithmetic implies an equity value of $1.27 billion — more than three times the April 2026 offering print. The critical caveat: private-round valuations from 2021 are the top of a technology-cycle peak and do not price the compressed-multiple regime of 2024-2026.

4.3 SPAC-emerged media — the failure set

The reverse-recap path that took Angel public in September 2025 has a distinct precedent set of its own, and the results have been sobering. Chicken Soup for the Soul Entertainment, once one of the largest values-adjacent SPAC-emerged media companies, filed for Chapter 11 in June 2024. Buzzfeed, which went public via a SPAC in December 2021 at a $1.5 billion valuation, has traded at approximately 5% of that valuation for most of 2025. Vice Media, which never made it public, sold in bankruptcy for approximately $350 million in mid-2023.

Table 4.3 — SPAC-emerged media companies — outcomes

Company	SPAC merger date	Deal valuation	Most recent market cap	Value retention	Outcome
Chicken Soup for the Soul Entertainment	May 2017 (IPO), acquisitions 2019-2022	$430M peak	$0	0%	Chapter 11, June 2024; assets sold
Buzzfeed Inc.	Dec 2021	$1.5B	~$85M (2025)	~6%	Sold Complex Networks; laid off news division
fuboTV Inc.	Oct 2020	$2.4B	~$0.9B (2025)	~38%	Merged with Hulu + Live TV, Jan 2025
Redbox Entertainment (Chicken Soup subsidiary)	Oct 2022	$693M	$0	0%	Chapter 11 with parent, 2024
Playboy Group	Feb 2021	$381M	~$50M (2025)	~13%	Focus shift to Creators

Company	SPAC merger date	Deal valuation	Most recent market cap	Value retention	Outcome
					subscription platform

Source: SEC filings, S-1s, bankruptcy dockets, public trading histories. Value retention = current market cap divided by de-SPAC deal valuation, both undiscounted for time value.

> **What the precedent read tells the reader.** The Angel Studios equity is priced today at the intersection of two of these archetypes and against the pull of the third. Section 4.2 shows that a subscription-community platform with 2.22 million paying members has historically supported per-member valuations in the $500–$1,300 range in private rounds, implying $1.1–$2.9 billion of equity value. Section 4.3 shows that SPAC-emerged media companies have historically retained 0–38% of their de-SPAC valuation. The April 2026 print at $391 million of implied equity value against a September 2025 Reg A of $1.44 billion sits inside a 27% value-retention range — consistent with the median SPAC-emerged media outcome and dismissive of the subscription-community private-round precedents. Section 8 develops which of these two reads the practitioner should weight higher.

SECTION 6

Trading Comparables

> **Netflix is the anti-Angel — a caveat on the peer set below.** Every public-market comparable in this section (Netflix, Roku, Fubo, and other streaming peers) is the closest available analog to Angel Studios by *industry*. They are also all structurally *opposite* to Angel in operating philosophy, audience selection, and cultural positioning. Netflix optimizes for algorithmic scale, global-audience acquisition, and content-neutrality (produce anything that finds an audience). Angel optimizes for community-vote greenlight, domestic-audience alignment, and specific-values content selection (produce only what the Guild will fund). Netflix serves everyone. Angel serves an audience Netflix has, at times, actively antagonized. Netflix runs on debt-financed algorithmic recommendation. Angel runs on customer-prepaid deferred-revenue subscriptions and community lock-in. Netflix's content decisions are progressive-coded and metric-driven. Angel's content decisions are conservative-coded and mission-driven. Same industry, opposite operating philosophy. The multiples in the tables below should therefore be read as directional bounds, not as central-tendency estimates. Applying a Netflix or Roku or Fubo peer-set-mean multiple to Angel is definitionally the wrong number. The correct question is not "how does Angel compare to Netflix?" but rather **"what is a values-aligned distribution business worth when there is no meaningful public-market peer at scale?"** That question is exactly what Section 7 (Valuation Framework) is built to answer.

There is no public company that maps cleanly onto Angel Studios. The direct analog would be a mid-cap subscription streaming operator with a values-based content thesis, a customer-funded slate, a dual-class founder structure, a bitcoin treasury, and a $200M+ net operating loss carryforward. That company does not exist. What does exist is a peer set that isolates each of Angel's economic dimensions separately: subscription streaming multiples (NFLX, WBD, PSKY, CURI), values-based platform multiples (RUM, TSLA-adjacent), mid-cap studio multiples (LGF.A/B), and small-cap SVOD survivors (FUBO, RLGT). The Institute view is that a practitioner should read Angel against each peer group on the metric where the comparison holds and ignore each peer group's other multiples.

5.1 Subscription streaming peer set — NFLX, WBD, PSKY, CURI

The subscription streaming peer set is a bad EV/EBITDA fit for Angel (Netflix's economics don't inform Angel's) but a defensible EV/subscriber and EV/revenue reference for the highest-multiple bookend.

Table 5.1 — Subscription streaming peer set, mid-2026 reference multiples

Company	Approx EV ($B)	Paying subs (M)	EV / Subscriber	EV / NTM Revenue	Structural note
Netflix, Inc. (NFLX)	~$450	~305	~$1,475	~10.5×	Global scale; margin leadership
Warner Bros. Discovery (WBD)	~$110 pre-deal	~130	~$850	~2.7×	Legacy cable drag; being acquired by PSKY
Paramount Skydance (PSKY)	~$32 standalone	~85	~$375	~1.1×	Post-Skydance merger; cable drag
CuriosityStream (CURI)	~$150M	~26M premium+free (est)	~$6	~1.5×	Small-cap factual streaming

Source: Institute reference values compiled from public trading data and most recent 10-Q/10-K filings. Values are approximate mid-2026 references intended for triangulation; not intended as precise trading levels.

5.2 Values-based and community-platform peer set

The values-adjacent public peer set is thin. Rumble Inc. is the closest fit — a publicly traded platform with a values-based user community, a founder-controlled dual-class structure, a SPAC-emerged capital-markets history, and a burn-rate profile that mirrors Angel's pre-inflection.

Table 5.2 — Values-based and community-platform peer set, mid-2026 reference multiples

Company	Approx EV ($B)	User / member base	EV / user or member	EV / NTM Revenue	Structural note
Rumble Inc. (RUM)	~$1.5	~46M monthly active users	~$33	~5.5×	UGC video platform; ad+cloud model
Truth Social / TMTG (DJT)	~$4.5	~2.6M active users (est)	~$1,730	very high (low rev base)	Founder-controlled; political premium
	~$50M			~0.4×	

Company	Approx EV ($B)	User / member base	EV / user or member	EV / NTM Revenue	Structural note
Playboy Group (PLBY)		~15K paying Creators subs	~$3,300 per paying sub		Distressed values-adjacent SPAC comp

Source: Institute reference values compiled from public trading data and most recent 10-Q/10-K filings.

5.3 Mid-cap studio and small-cap SVOD peer set

The mid-cap studio comps (Lionsgate Studios, AMC Networks) price the pure-play studio economics without a subscription flywheel. The small-cap SVOD comps (fuboTV, Reelgood) price the subscription business at scale below Angel's Guild.

Table 5.3 — Mid-cap studio and small-cap SVOD peers, mid-2026 reference multiples

Company	Approx EV ($B)	FY26E revenue ($B)	EV / NTM Revenue	EV / NTM EBITDA	Structural note
Lionsgate Studios (LION)	~$3.8	~$3.0	~1.3×	~8×	Post-STARZ separation; pure studio
AMC Networks (AMCX)	~$1.9	~$2.5	~0.8×	~4.5×	Cable + streaming; declining linear
fuboTV Inc. (FUBO, pre-Hulu merger)	~$0.9	~$1.6	~0.6×	n.m. (losses)	Sports+entertainment SVOD; merged Jan 2025

Source: Institute reference values compiled from public trading data and most recent 10-Q/10-K filings.

5.4 Angel Studios — multiple positioning across the three peer sets

Applying each peer-group multiple to Angel Studios at its Q1 2026 metrics gives a valuation range that spans an order of magnitude — the correct read is that different peer groups will always produce different valuations for a hybrid business, and the practitioner's job is to weight each multiple by how well the peer group's economics inform Angel's economics.

Table 5.4 — Angel Studios implied equity value by peer-group multiple

Peer group / multiple applied	Angel metric	Multiple range applied	Implied EV range ($M)	Implied equity value ($M)
NFLX EV / Subscriber ($1,475)	2.22M Guild members	$1,475 (bull only)	$3,275	~$3,250
PSKY-CURI EV / Subscriber ($6 – $375)	2.22M Guild members	$6 – $375	$13 – $832	($9) – $807
RUM EV / user ($33)	2.22M paying + broader Guild reach	$33	$73	($50)
Streaming EV / NTM Revenue (1.1–2.7×) applied to Q1 2026 annualized	$460M ARR (Q1 2026 × 4)	1.1 – 2.7×	$506 – $1,242	$481 – $1,217
Subscription-community EV/ paying sub (Section 5 range)	2.22M Guild members	$571 – $1,300	$1,268 – $2,886	$1,243 – $2,861
SPAC-emerged retention (median of Section 4.3 outcomes)	$1,442M Sept 2025 Reg A ref	6% – 38% retention	$86 – $548	$62 – $524
Reference: April 2026 registered offering print		**Reference**	**$425**	**$391**

Source: Institute calculation. Implied EV = multiple × Angel metric. Implied equity value = implied EV less $34M net debt/short position. Guild ARR run-rate = Q1 2026 Guild revenue of $83.3M × 4 = $333M; total Q1 2026 revenue annualized = $460M.

> **Reading Table 5.4.** The subscription-community peer set (Substack, Patreon, MasterClass private rounds) implies the highest values ($1.2–$2.9 billion) but reflects a 2021 valuation regime unlikely to apply now. The streaming EV/revenue peer set implies the tightest band ($481M–$1,217M). The SPAC-emerged retention peer set implies the lowest values ($62M–$524M). The April 2026 offering print of $391 million sits inside the SPAC-emerged retention band and near the low end of the streaming EV/revenue band. Section 8 uses this range to bracket the base-case valuation and the boardroom commit.

SECTION 7

Historical Financial Build

The four-period picture that anchors the memo is: FY2023 was a profitable year (net income of $13.4 million), FY2024 turned to a large loss ($88.3 million), FY2025 doubled the loss ($170.5 million), and Q1 2026 posted the company's first quarter of positive Adjusted EBITDA (+$4.0 million against a Q1 2025 loss of $28.7 million). Reading those four data points as a straight-line collapse-and-recovery misses the point. The FY24 and FY25 losses were driven by the Chosen litigation termination and a self-financed marketing scale-up to establish the Guild flywheel with owned IP. Q1 2026 is the first quarter where the Guild flywheel produced enough recurring revenue to leverage the marketing base — and where the marketing cost per Guild member dropped materially.

6.1 Revenue mix compositional shift — Guild share expansion

The compositional shift in the revenue mix is the leading indicator of the business-model inflection. The Angel Guild grew from a $34.7 million contribution in Q1 2025 (73% of that quarter's total revenue) to an $83.3 million contribution in Q1 2026 (72% of that quarter's total revenue). Content licensing (Amazon, Apple, Netflix), which had been trivial at $2.6 million in Q1 2025, grew to $10.2 million in Q1 2026 (+291%). Theatrical revenue grew from $7.7 million to $18.0 million (+133%) as Solo Mio and other titles delivered.

Table 6.1 — Revenue mix, Q1 2025 vs. Q1 2026 ($ in millions)

Revenue line	Q1 2025	Share of Q1 25 revenue	Q1 2026	Share of Q1 26 revenue	YoY change
Angel Guild memberships	$34.7	73%	$83.3	72%	+140%
Theatrical distribution	$7.7	16%	$18.0	16%	+133%
Content licensing (Amazon, Apple, Netflix)	$2.6	5%	$10.2	9%	+291%
Merchandise	$0.9	2%	$3.1	3%	+232%
Pay it Forward	$0.5	1%	$0.2	0%	(69%)
Theatrical Pay it Forward	$0.7	1%	$0.0	0%	n.m.
Total revenue	**$47.4**	**100%**	**$115.1**	**100%**	**+143%**

Revenue line	Q1 2025	Share of Q1 25 revenue	Q1 2026	Share of Q1 26 revenue	YoY change
Other (Dry Bar Comedy, in-app ads)	$0.2	1%	$0.3	0%	+40%
Total revenue	**$47.4**	**100%**	**$115.1**	**100%**	**+143%**

Source: Form 10-Q for the quarter ended March 31, 2026, Note 3 (Revenue Recognition), page 12.

6.2 Guild economics — membership growth and ARPM curve

The Guild subscriber count grew from 1.08 million paying members in Q1 2025 to 2.22 million in Q1 2026 — a doubling of the paying base while the trailing-twelve-month average revenue per member held at $13.69 per month.

Table 6.2 — Angel Guild membership and unit economics

Metric	Q1 2025	Q4 2025	Q1 2026	Q1 26 vs Q1 25
Paying Guild members (millions)	1.08	2.00	2.22	+106%
Guild revenue ($ millions)	$34.7	n.d.	$83.3	+140%
TTM average revenue per member per month	n.d.	n.d.	$13.69	—
Implied annualized Guild ARR run-rate ($ millions)	$139	n.d.	$333	+140%
Deferred Guild revenue on balance sheet ($ millions)	n.d.	$64.8	$73.6	—
Guild revenue as share of total company revenue	73%	n.d.	72%	—

Source: Q1 2026 press release dated April 30, 2026; Form 10-Q Note 3 (Revenue Recognition — Angel Guild), page 12; Form 10-K for the year ended December 31, 2025.

6.3 Selling and marketing leverage — from 107% to 49% of revenue

The single most important operating-leverage lever in the Angel P&L is the drop in selling and marketing expense as a percentage of revenue. In Q1 2025, the company spent $50.5 million on S&M against $47.4 million of revenue — a 107% ratio. In Q1 2026, the company spent $56.6

million on S&M against $115.1 million of revenue — a 49% ratio. S&M spend grew 12% year over year while revenue grew 143%. This is the arithmetic that produces the Adjusted EBITDA turn.

Table 6.3 — Operating expense build, Q1 2025 vs. Q1 2026 ($ in millions)

Line item	Q1 2025	% of revenue	Q1 2026	% of revenue	YoY $ change
Cost of revenues	$19.5	41%	$44.0	38%	+$24.5
Selling and marketing	$50.5	107%	$56.6	49%	+$6.1
General and administrative	$7.4	16%	$11.2	10%	+$3.8
Research and development	$3.2	7%	$4.1	4%	+$0.9
Legal expense	$0.4	1%	$1.8	2%	+$1.4
Total operating expenses	**$81.0**	**171%**	**$117.8**	**102%**	**+$36.8**
Operating loss	**($33.6)**	**(71%)**	**($2.7)**	**(2%)**	**+$30.9**

Source: Form 10-Q for the quarter ended March 31, 2026, Condensed Consolidated Statements of Operations, page 4.

6.4 Adjusted EBITDA reconciliation

Angel Studios reports Adjusted EBITDA excluding stock-based compensation and the mark-to-market movement of the bitcoin treasury — both of which are material P&L items under GAAP.

Table 6.4 — Adjusted EBITDA reconciliation, Q1 2025 vs. Q1 2026 ($ in millions)

Reconciling item	Q1 2025	Q1 2026	Nature of adjustment
Net loss (GAAP)	($37.3)	($13.8)	Starting point
+ Interest expense, net	$0.4	$5.3	13.5% coupons on term loans, PIK interest on convertible
+ Depreciation and amortization	$2.2	$3.1	Capitalized internal-use software and property
+ Stock-based compensation	$2.6	$3.5	Stock options and RSAs to employees / directors
Adjusted EBITDA (non-GAAP)	**($28.7)**	**$4.0**	**Positive turn Q1 2026**

Reconciling item	Q1 2025	Q1 2026	Nature of adjustment
+ Net loss on digital assets	$3.3	$5.8	Bitcoin MTM per ASU 2023-08 fair-value method
Adjusted EBITDA (non-GAAP)	**($28.7)**	**$4.0**	**Positive turn Q1 2026**

Source: Q1 2026 press release dated April 30, 2026, "Reconciliation of net loss to non-GAAP Adjusted EBITDA," page 4.

6.5 Deferred revenue build — the leading indicator of Guild ARR

The single balance-sheet line that best predicts future Guild revenue is deferred Guild membership revenue. From December 31, 2025 to March 31, 2026, deferred Guild revenue grew by $8.8 million, or 14%, in a single quarter — a sharper growth rate than the 11% quarter-over-quarter Guild member growth, suggesting that the mix is shifting toward annual (rather than monthly) memberships, or that ARPM is inflecting up.

Table 6.5 — Deferred revenue balances at March 31, 2026 and December 31, 2025 ($ in millions)

Deferred revenue category	March 31, 2026	December 31, 2025	Change	Change %
Angel Guild membership fees	$73.6	$64.8	+$8.8	+14%
Theatrical ticket presales	$0.5	$0.6	($0.1)	(17%)
Other contractual arrangements	$0.6	$1.1	($0.5)	(45%)
Total deferred revenue	**$74.7**	**$66.5**	**+$8.2**	**+12%**

Source: Form 10-Q for the quarter ended March 31, 2026, Notes 3 (Revenue Recognition — Deferred Revenue), page 12, and Condensed Consolidated Balance Sheets, page 3.

> **The historical-build read.** Guild membership doubled year over year; Guild revenue grew 140%; selling and marketing cost per new-member acquisition dropped materially. Content licensing revenue grew 291%, providing early evidence that Angel's owned IP (Cabrini, Sound of Freedom, Solo Mio) is being licensed by Amazon, Apple, and Netflix under contracts that the 10-Q describes as ranging from three to ten years. Deferred Guild revenue grew 14% quarter over quarter — a sharper growth rate than the paying-member count — suggesting an ARPM

inflection. Section 8 uses these compositional signals to develop the Guild ARR × multiple leg of the valuation.

SECTION 6, CONTINUED

Consolidated Cash Flow Statement — SEC-Filed Data

The cash flow statement below reproduces the audited consolidated statements of cash flows from the Angel Studios FY2025 Annual Report on Form 10-K, filed with the SEC on March 12, 2026. The 10-K presents a three-year comparative (FY2023, FY2024, FY2025) as required for a first-time reporting company under Regulation S-X. The Q1 2025 and Q1 2026 columns are added from the unaudited condensed consolidated statements of cash flows in the Form 10-Q for the quarter ended March 31, 2026. Every line ties to a specific SEC filing; no Institute estimates are used in this table.

Table 6.6 — Consolidated Statements of Cash Flows (SEC-filed, $ in millions)

Line item	FY2023	FY2024	FY2025	Q1 2025	Q1 2026
OPERATING ACTIVITIES					
Net income / (loss)	$13.2	($88.4)	($170.5)	($37.3)	($13.8)
+ Depreciation and amortization	$5.7	$7.9	$14.4	$2.2	$3.1
+ Amortization of operating lease ROU assets	$0.7	$0.7	$0.9	$0.2	$0.3
+ Stock-based compensation	$1.0	$3.6	$9.7	$2.6	$3.5
Net loss / (gain) on digital assets	$0.0	($1.7)	$1.8	$3.3	$5.8
+ Amortization of content assets	n.a.	n.a.	n.a.	$0.1	$0.5
+ Non-cash interest / PIK	$0.3	$0.0	$8.0	$0.0	$4.3
+ Bad debt expense	$2.4	$0.2	$0.2	$0.0	$0.0
Investments in affiliates gain	$0.0	$0.0	($0.3)	$0.0	($0.1)
Miscellaneous (gain) / loss	$0.0	$1.0	($1.8)	n.d.	n.d.
Change in deferred income taxes	$0.0	$4.0	$0.0	$0.0	$0.0
Change in operating assets/liabilities, net	($8.0)	$21.4	$54.2	$14.9	($0.6)
Net cash from operating activities	**$15.2**	**($51.3)**	**($83.3)**	**($9.8)**	**$1.9**

Line item	FY2023	FY2024	FY2025	Q1 2025	Q1 2026
INVESTING ACTIVITIES					
Purchases of property and equipment	($0.6)	($0.3)	($0.5)	($0.1)	($0.0)
Issuance of notes receivable	($3.4)	($1.9)	($1.0)	($0.8)	$0.0
Collections of notes receivable	$5.1	$2.1	$0.7	$0.1	$0.1
Purchase of digital assets	($0.1)	($0.6)	$0.0	$0.0	$0.0
Sale of digital assets	$0.0	$2.3	$0.1	$0.1	$0.0
Purchase of intangible assets	$0.0	$0.0	($3.0)	$0.0	$0.0
Additions to internal-use software	($9.0)	($8.4)	($8.7)	($2.2)	($2.6)
Purchase of content	($0.3)	($0.5)	($6.3)	($0.3)	($0.1)
Investments in affiliates	($1.7)	($5.5)	($37.0)	($0.1)	$0.0
Return on investments in affiliates	$0.0	$0.0	$0.2	$0.0	$0.1
Net cash from investing activities	**($10.0)**	**($12.8)**	**($55.6)**	**($3.2)**	**($2.5)**
FINANCING ACTIVITIES					
Repayment of notes payable	($26.8)	($18.4)	($67.1)	($9.7)	($18.7)
Repayment of loan guarantee	$0.0	$0.0	($10.2)	($2.0)	$0.0
Receipt of notes payable	$28.9	$23.8	$157.3	$22.9	$20.0
Repayment of accrued settlement costs	($0.2)	($0.2)	($4.4)	($0.1)	$0.0
Exercise of stock options	$0.2	$0.6	$0.6	$0.1	$1.1
Issuance of common stock	$7.5	$32.8	$104.1	$14.8	$0.0
Investments in minority owned entities	$0.0	$8.8	$0.0	$0.2	$0.0
Contribution / (redemption) of NCI equity, net	$0.0	$0.0	($2.0)	($6.0)	($5.9)
Repurchase of common stock	($0.1)	($0.7)	($0.4)	($0.1)	($0.9)
Equity issuance costs (incl. minority interests)	$0.0	($0.5)	($1.2)	$0.0	$0.0
Debt financing fees	($0.3)	$0.0	($1.0)	($0.2)	($0.2)
Net cash from financing activities	**$9.3**	**$46.2**	**$175.8**	**$20.0**	**($4.6)**

Line item	FY2023	FY2024	FY2025	Q1 2025	Q1 2026
Effect of FX changes on cash	$0.0	($0.0)	$0.0	$0.0	$0.0
Net increase / (decrease) in cash	**$14.5**	**($18.0)**	**$36.9**	**$7.0**	**($5.2)**
Cash, beginning of period	$10.7	$25.2	$7.2	$7.2	$44.1
Cash, end of period	$25.2	$7.2	$44.1	$14.2	$38.9

Source: Form 10-K for the year ended December 31, 2025, Consolidated Statements of Cash Flows, page F-6 (all three annual columns). Form 10-Q for the quarter ended March 31, 2026, Condensed Consolidated Statements of Cash Flows, pages 6-7 (both quarterly columns). Every line item in the table above is directly disclosed in one of these two SEC filings. "n.d." indicates the line item is not separately presented in that filing at that level of detail. "n.a." indicates the line was not applicable to that period.

The three-year annual walk. Angel's FY2023 was cash-flow positive: $15.2M generated from operations against $10.0M invested and $9.3M raised, ending with $25.2M cash. FY2024 turned to loss: ($51.3M) burned in operations against ($12.8M) invested and $46.2M raised, ending cash of $7.2M. FY2025 was the peak-burn year: ($83.3M) burned in operations against ($55.6M) invested (including $37.0M to affiliates driven by the Giant Slayer Media JV) and $175.8M raised (led by $157.3M in notes payable proceeds and $104.1M in common stock issuance), ending cash of $44.1M. Q1 2026 turned operating cash flow positive at $1.9M — the first quarter of positive operating cash flow since FY2023. The pattern is the classic growth-company inflection: two years of investment-driven cash burn financed by debt and equity, followed by operating-cash-flow re-entry as revenue scales past the fixed-cost base.

SECTION 8

Valuation Framework

The Institute valuation framework treats Angel Studios as a sum-of-the-parts: (a) the Guild subscription business valued on an ARR-multiple basis; (b) the theatrical distribution and content licensing business valued on a normalized EBITDA multiple; (c) the bitcoin treasury valued at pure net asset value; and (d) the §382-limited NOL deferred tax asset valued at a discounted present-value shield. Debt and off-balance-sheet obligations bridge SOTP enterprise value to equity value. The framework is run in three scenarios — Low (SPAC-comp reversion), Base (Institute view), High (subscription-community reversion) — and the boardroom commit is stated at the end.

7.1 SOTP component 1 — Angel Guild subscription business

The Guild is valued as an annualized recurring revenue (ARR) stream. Q1 2026 Guild revenue of $83.3M annualizes to a $333M run-rate. Applying the range of subscription-community multiples developed in Sections 4 and 5, the Guild business alone supports a valuation of $500M in the Institute Base case, $250M in the Low case (streaming-reversion), and $1.0B in the High case (private-round subscription-community reversion).

Derivation of the 1.5× Base case multiple. The multiple is not a blended midpoint. It is derived from three anchors, each weighted by the reader-relevance of the peer group to Angel's actual economics. Anchor 1: Paramount Skydance (PSKY) trades at approximately 1.1× NTM revenue on a subscription base that grew ~5% in FY26E — the "streaming with cable drag" comparable. Anchor 2: Rumble (RUM), the closest values-based subscription peer, trades at approximately 5.5× NTM revenue on a values-based user community growing ~15% annually — the "values-adjacent public peer" comparable. Anchor 3: Substack and Patreon 2021 private rounds implied 3-4× ARR — the "subscription-community private-round" comparable. Weighting: 40% to PSKY (Angel is a smaller streaming/media company), 30% to RUM (values-adjacent capital markets fit), and 30% to Substack/Patreon (subscription-community architecture match) gives (0.40 × 1.1) + (0.30 × 5.5) + (0.30 × 3.5) = 0.44 + 1.65 + 1.05 = 3.14×. Then applied against Angel's 140% Guild-revenue-growth premium versus PSKY's ~5%, the Institute weights the RUM and Substack/Patreon multiples down by 50% to reflect that Angel's growth is un-tested against the private-round peer group's later-stage compression. That produces (0.40 × 1.1) + (0.30 × 2.75) + (0.30 × 1.75) = 0.44 + 0.83 + 0.53 = 1.80×. Rounded down to 1.50× to reflect execution risk on the FY26E guided EBITDA loss and to align with the mid-point of the Section 5.4 streaming EV/NTM revenue band. This is the derivation. A reader who prefers the un-discounted 1.8× or the streaming-only 0.75× can substitute either in the Section 7.5 bridge and rerun the arithmetic.

Table 7.1 — Angel Guild subscription valuation, three scenarios

Scenario	Guild ARR run-rate	ARR multiple applied	Implied Guild EV	Basis for multiple
Low (streaming-reversion)	$333M	0.75×	$250M	PSKY/AMCX multiples applied to Guild ARR
Base (Institute view)	$333M	1.50×	$500M	Blended: streaming EV/rev + growth premium for 140% YoY
High (subscription-community reversion)	$333M	3.00×	$1,000M	Patreon/Substack private-round precedent

Source: Institute calculation. Guild ARR = Q1 2026 Angel Guild revenue of $83.3M annualized (× 4). Multiple range triangulated from Section 4.2 subscription-community precedents and Section 5.1-5.3 trading peers.

7.2 SOTP component 2 — Theatrical, licensing, and other revenue

The non-Guild revenue lines (theatrical distribution $18.0M, content licensing $10.2M, merchandise $3.1M, other $0.5M in Q1 2026) annualize to a $127M run-rate. This is the operating business excluding the Guild — the "studio" business in the sum-of-the-parts. Because Angel has not yet demonstrated sustained profitability on this segment, the Institute values it on an EV/Revenue basis at multiples benchmarked to Lionsgate Studios and AMC Networks (Section 5.3).

Table 7.2 — Non-Guild theatrical/licensing/merchandise valuation, three scenarios

Scenario	Non-Guild annualized run-rate	Revenue multiple applied	Implied non-Guild EV	Basis
Low	$127M	0.50×	$63M	Below Lionsgate/AMCX (limited scale)
Base	$127M	1.00×	$127M	In line with AMCX; below LION
High	$127M	1.50×	$190M	

Scenario	Non-Guild annualized run-rate	Revenue multiple applied	Implied non-Guild EV	Basis
				Modest premium reflecting content-licensing growth (+291%)

Source: Institute calculation. Non-Guild run-rate = Q1 2026 (Theatrical $18.0M + Content licensing $10.2M + Merchandise $3.1M + Pay it Forward + Other $0.5M) × 4.

7.3 SOTP component 3 — Bitcoin treasury

The bitcoin treasury is a discrete asset valued at its balance-sheet carrying value. 303.1 BTC at Q1 2026 carrying of $20.7M. The Institute takes this at pure NAV and does not apply a corporate-holding discount (Angel has explicit optionality to sell, collateralize, or hold under its bitcoin treasury strategy per 10-Q p 27).

Table 7.3 — Bitcoin treasury valuation (all scenarios)

Metric	Amount	Basis
Bitcoin held	303.1 BTC	10-Q Note 3, p 17
Fair-value carrying value (3/31/2026)	$20.7M	10-Q Note 3, p 17 (ASU 2023-08 FV method)
Institute value (pure NAV)	$20.7M	No corporate-holding discount applied

Source: Form 10-Q for the quarter ended March 31, 2026, Note 3 (Digital Assets), page 17.

7.4 SOTP component 4 — §382-limited NOL deferred tax asset

The $230.2M gross NOL carryforward has a face-value tax-effected DTA of $56.2M at a 24.4% blended federal-plus-state rate (see Section 10 for the full §382 walk). The Institute applies a haircut in three tiers reflecting the range of possible §382 outcomes: Low case assumes a full §382 ownership change occurred at the Southport reverse-recap, capping the annual usable NOL at pre-change equity times the long-term tax-exempt rate; Base case assumes the ownership change is more likely than not but the pre-change equity value produces a meaningful annual limit; High case assumes the §382 test was not tripped by the SPAC transaction (a defensible but low-probability read that would require the Southport shareholders to be treated as continuity owners, which is inconsistent with typical SPAC-emergence practitioner guidance).

Table 7.4 — §382-limited NOL DTA valuation, three scenarios

Scenario	§382 assumption	Face DTA	Usable DTA (PV)	Basis
Low	Full ownership change at SPAC close	$56.2M	$5M	Pre-change equity ~$300M × 4.5% LTTER = ~$13.5M/yr annual limit, taxed at 24.4%, PV at 10%, over 20 years
Base	Ownership change likely; larger pre-change equity	$56.2M	$15M	Pre-change equity ~$1.0B × 4.5% = ~$45M/yr limit, taxed & PV'd
High	No ownership change tripped	$56.2M	$35M	Full shield usable over 15-20 years; PV'd at 10%

Source: Institute calculation. Section 10 develops the §382 mechanics; face DTA sourced from 10-K Income Tax footnote at page F-36. Long-term tax-exempt rate ("LTTER") reference approximates July 2026 IRS Rev. Rul. rate.

7.4a SOTP component 5 — Dry Bar Comedy and owned digital-content assets

The Dry Bar Comedy franchise is disclosed in the FY2025 10-K at page 8 as generating **over five billion cumulative views across YouTube and social media**. Angel describes it as "one of the largest collections of clean stand-up comedy in the world." This is a discrete owned digital-content asset that is not captured in the Guild ARR (Section 7.1) or in the theatrical/licensing/merchandise component (Section 7.2) — Dry Bar revenue flows through the "Other" line of the P&L which totaled $0.5M in Q1 2026, materially understating the asset's economic value.

The Institute values Dry Bar Comedy as a standalone digital-content library and creator-economy asset using three anchor multiples: (a) YouTube-CPM library-monetization value on the cumulative view base; (b) per-viewer valuation applied against the estimated active viewer cohort using Rumble-style creator platform multiples; and (c) comparable creator-economy asset transaction multiples. The three approaches triangulate to a Low case of ~$10M (pure passive library asset), a Base case of ~$50M (~15% of current implied enterprise value; treats Dry Bar as a discrete platform-integrated asset), and a High case of ~$200M (applies creator-economy multiples on the active-view cohort).

Table 7.4a — Dry Bar Comedy standalone valuation, three scenarios

Scenario	Institute value ($M)	Basis
Low (passive library asset)	$10	Pure YouTube-monetization NAV; ~$2/1000-view historical CPM applied to cumulative view base with minimal ongoing monetization
Base (Institute view; platform-integrated)	$50	Blends library-NAV with active-viewer creator-economy multiple; approximates 10% of Angel's current implied EV as a discrete asset
High (creator-economy reversion)	$200	Applies Rumble-style ~$33/MAU multiple against an estimated 6M active monthly viewers of Dry Bar content

Source: Institute calculation. Cumulative view base of 5B+ per 10-K page 8. Active-viewer estimate is Institute reconstruction; Angel does not disclose Dry Bar Comedy operating metrics separately. This is the first Institute valuation of the Dry Bar asset in a Baratelli case study and is subject to refinement.

7.5 Bridge from SOTP enterprise value to equity value per share

Combining the four SOTP components and applying the standard bridge (add cash, subtract net debt and other obligations, then divide by fully-diluted shares) yields the implied intrinsic equity value per share under each scenario.

Table 7.5 — SOTP bridge to equity value per share ($ in millions except per-share)

Line item	Low	Base	High
Guild subscription business (Table 7.1)	$250	$500	$1,000
Non-Guild theatrical/licensing/merch (Table 7.2)	$63	$127	$190
Dry Bar Comedy and owned digital assets (Table 7.4a)	$10	$50	$200
Bitcoin treasury at pure NAV (Table 7.3)	$21	$21	$21
NOL DTA at §382 haircut (Table 7.4)	$5	$15	$35
Investments in affiliates (Giant Slayer JV, etc.)	$46	$46	$46
Sum of the parts — total EV	**$395**	**$759**	**$1,492**
Plus: cash and cash equivalents	$39	$39	$39
Plus: April 2026 offering net proceeds	$34	$34	$34

Line item	Low	Base	High
Less: notes payable, net	($102)	($102)	($102)
Less: April 2026 Angel P&A payoff	($38)	($38)	($38)
Less: accrued licensing royalties (current + LT)	($37)	($37)	($37)
Less: contingent Disney reorganization note (Section 13)	($20)	($10)	($0)
Implied equity value	**$271**	**$645**	**$1,388**
Fully-diluted share count (Apr 27, 2026 + all overhang) (mm)	222.3	222.3	222.3
Implied equity value per fully-diluted share	**$1.22**	**$2.90**	**$6.24**
Reference: April 2026 offering price	$2.10	$2.10	$2.10
Implied premium / (discount) to April 2026 print	**(42%)**	**+38%**	**+197%**

Source: Institute calculation. Fully-diluted share count = 186.4M April 27, 2026 outstanding + 35.9M anti-dilutive potentially issuable (Table 2.6) = 222.3M. Contingent Disney note = probability-weighted haircut against the $62.5M Reorganization Plan promissory note (see Section 13).

7.6 The Institute view — the boardroom commit

The Institute view is that Angel Studios' intrinsic equity value at March 31, 2026 sits in the Base case range: approximately **$2.90 per fully-diluted share, or a 38% premium** to the April 2026 registered offering price of $2.10. The base case now incorporates the Dry Bar Comedy standalone valuation ($50M Base case per Table 7.4a) that the earlier SOTP bridge omitted. The commit rests on three positions.

First, the Guild is a subscription business, not a subsidy. The 106% year-over-year growth in paying members, the 14% quarter-over-quarter growth in deferred revenue (a leading indicator that outpaced member growth), the stable $13.69/month ARPM, and the $73.6M customer-prepaid working-capital float justify a 1.5× ARR multiple — below the private subscription-community range of 3×+ but above the pure-streaming range of 0.75×. A 1.5× multiple values the Guild at $500M — more than the entire current implied enterprise value of the company.

Second, the §382 NOL is likely already limited, but the shield is not zero. A defensible base-case §382 limit of approximately $45M per year of usable NOL, at a 24.4% blended rate, present-valued at 10% over a 15-20 year horizon, produces a real DTA of approximately $15M. This is a marginal contributor to the valuation but not the value driver Angel's tax footnote implies at face value.

Third, the debt overhang and legacy obligations compress the enterprise value into equity value less than the SOTP implies. $102M of notes payable at effective rates of 14-31%, plus $37M of accrued licensing royalties, plus a $20M base-case haircut for the Disney Reorganization Plan contingent note (fully $62.5M face but cancellable on compliance), plus the ongoing dilution risk from unexercised warrants and undrawn term-loan tranches, together produce a $200M bridge from SOTP EV to equity value.

> **The Institute view — two sentences.** Angel Studios at $4.15 per share (July 16, 2026 close, $774M market cap) prices the equity roughly in the middle third of the fully-diluted bear/base/bull range walked in subsection 7.7 below. The Institute view: the current price is closer to the base case than to either tail. The gap closes if (a) the Guild flywheel continues to compound at Q1 2026 rates through the FY2026 slate, (b) tranche 3 of the September 2025 term-loan draws successfully (a proxy for meeting the ARR covenant), and (c) no material adverse event occurs under the Disney Reorganization Plan — a specific set of conditions a practitioner reader can monitor against filed disclosures every quarter.

7.7 What’s left for common shareholders — the fully-diluted per-share walk

Angel Studios is unlike most companies covered in the Institute’s case library. LVMH, Danaher, Copart, Belron, Samsung, Comcast, Berkshire — each is a cash-flow business where the valuation debate is about the multiple. Angel is different. It reads as a **private company with a public-company capital structure and a devoted fan base willing to lose money to support it**. The founder team retains 75-80% of voting control through Class B super-voting shares even after three rounds of Class A dilution. The Guild’s 2.22 million paying members overlap materially with the shareholder base — many Reg A investors are also Guild members, and many Guild members were customers before they were investors. The stock trades every day on NYSE and dilutes through registered offerings and ATM programs like a public company, but the customer-shareholder overlap and the mission-driven governance make it operate like a family-controlled media enterprise where economic maximization is not the primary objective. Every subsequent piece of the valuation analysis has to be read against that fact. The practitioner question that follows — the one Sections 3 through 7.6 have implicitly ducked — is what is left for the common shareholder after every layer of the capital structure has taken its cut.

This subsection answers that question directly. It walks four dilution layers, three enterprise-value scenarios, and three per-share outcomes. The math is honest to the downside because the case's credibility depends on the memo being honest to the downside.

Layer 1 — Basic outstanding today

At the April 27, 2026 reference date in the Q1 2026 press release, Angel Studios had 186.4 million common shares outstanding — approximately 101.4 million Class A shares in the public float and approximately 85.0 million Class B super-voting shares held by the founder team and pre-SPAC insiders. At the July 16, 2026 close of $4.15, that produced a market capitalization of $773.7 million. This is the starting point for every per-share calculation that follows.

Layer 2 — In-the-money treasury-method dilution today

Table 2.6 in Section 3 disclosed 35.9 million anti-dilutive potentially issuable shares (warrants, options, RSUs, convertible-note shares). Under GAAP loss-per-share arithmetic those shares are excluded because Angel posted a net loss. Under a per-share valuation exercise they cannot be. The treasury-method calculation — standard practice in equity research — assumes each in-the-money option or warrant is exercised, the exercise proceeds are used to repurchase shares at the current market price, and only the *net* new shares dilute the outstanding count. Warrants that are out of the money at $4.15 (the SPAC public warrants, exercise price approximately $11.50) do not exercise and do not dilute. Options and RSUs granted below $4.15 do exercise and dilute net of proceeds. The May 2025 Sarowitz convertible note converts to Class A at a defined trigger. Treasury-method net dilution today is approximately 20-22 million shares, producing a fully-diluted count of approximately **206-208 million shares**.

Layer 3 — All potentially-issuable shares at full trigger

If the stock ever reprices above $11.50 (a 2.8x from current), the SPAC public warrants exercise, the remaining out-of-the-money options exercise, and every RSU eventually vests. Maximum dilution from currently-outstanding instruments is the full 35.9 million potentially-issuable shares, producing a fully-diluted count of **222.3 million shares**. This is the correct denominator for a bull-case per-share calculation, because a bull case implies the stock traded up enough to bring all instruments into the money.

Layer 4 — Forward capital plan (the layer most memos miss)

The dilution walk cannot stop at Layer 3 because Angel's business model requires forward capital. Three forward-dilution sources are already visible in the 10-Q disclosures:

Table 7.7a — Forward dilution sources visible in Q1 2026 disclosures

Source	Capacity	Shares at $4.15	Trigger
ATM equity distribution program — remaining capacity	$149M	~35.9M	Available on demand under Rule 415
Term-loan Tranches 3 & 4 access covenants	$40M debt	~12-15M	Covenants require additional equity issuance to unlock debt
Growth-slate financing (FY2026-2028 illustrative)	$50-100M	~12-24M	Slate expansion, content acquisition, working capital
Total forward dilution range	**—**	**60-75M shares**	**Cumulative through 2028E**

Source: Institute analysis of Form 10-Q for the quarter ended March 31, 2026, Note 4 (Debt) covenant summaries, Note 6 (Common Stock) ATM disclosure, and Item 2 MD&A liquidity discussion.

Fully-loaded diluted share count after realistic forward capital plan: **approximately 265-280 million shares**. This is the correct denominator for a bear-case or realistic-base-case per-share calculation, because it reflects what the share count actually looks like if Angel executes the growth story the current price implies.

The enterprise-value-to-equity-value walk
Section 7 built a sum-of-the-parts enterprise value range. To get from that enterprise value to a per-share value to the common holder, three adjustments are required: back out the debt, add cash and bitcoin, and subtract contingent obligations that will be settled ahead of common. Table 7.7b walks all three scenarios.

Table 7.7b — Enterprise value to equity value walk, three scenarios ($M)

Line	Bear case	Base case	Bull case	Basis
Guild subscription valuation	$333	$500	$1,000	1.0× / 1.5× / 3.0× forward ARR ($333M annualized)
Theatrical + licensing + other	$100	$200	$400	Section 7 SOTP range on non-Guild revenue
Dry Bar Comedy standalone	$10	$50	$200	Per Section 7.4a; range spans harvest to franchise value
Sum-of-the-parts enterprise value	**$443**	**$750**	**$1,600**	—

Line	Bear case	Base case	Bull case	Basis
Plus: cash and cash equivalents	+$27	+$27	+$27	Per 3/31/2026 balance sheet
Plus: bitcoin treasury (mark-to-market)	+$15	+$20	+$30	303.1 BTC; BTC price sensitivity
Plus: PV of §382-limited NOL DTA	+$5	+$15	+$25	Per Section 10 walk
Less: notes payable, net	($102)	($102)	($102)	Per 3/31/2026 balance sheet
Less: accrued licensing royalties	($37)	($37)	($37)	Legacy Chosen-era obligation
Less: Disney Reorganization Plan contingent note	($62)	($20)	($5)	Face $62.5M; cancellable on compliance
Equity value to common holders	**$289**	**$653**	**$1,538**	—

Source: Institute analysis. Enterprise value range derived from Section 7 SOTP. Cash and BTC per Q1 2026 balance sheet. Debt, royalties, and Disney contingent per Form 10-Q Note 4 and Section 13. Per-share arithmetic in Table 7.7c below uses these equity-value figures.

The per-share answer — bear, base, bull
Table 7.7c divides the equity value in each scenario by the appropriate fully-diluted share count. The bear and base cases use the forward-capital-plan share count (Layer 4, approximately 275 million shares) because a bear or base scenario implies Angel executing at roughly current trajectory, which requires the forward capital raise. The bull case uses the Layer 3 count (222 million shares) because a bull scenario — the stock trading above $11.50 — means Angel accessed growth capital through instrument exercise rather than fresh equity issuance.

Table 7.7c — Fully-diluted per-share value to the common holder, three scenarios

Metric	Bear case	Base case	Bull case
Equity value ($M)	$289	$653	$1,538
Fully-diluted share count (M)	275	275	222
Implied per-share value	**$1.05**	**$2.38**	**$6.93**

Metric	Bear case	Base case	Bull case
vs. current $4.15 close	-75%	-43%	+67%

Source: Institute analysis. Bear/base fully-diluted count uses Layer 4 forward capital plan (~275M shares). Bull case uses Layer 3 warrant-exercise trigger (~222M shares) because $11.50+ share price is implicit in the bull enterprise value range.

> **The honest read.** At $4.15 per share, the market is pricing Angel Studios at approximately 1.7× the Institute base-case fully-diluted equity value ($2.38 base case × 1.74 = $4.14). Two possibilities can produce this: (a) the market is discounting the forward-capital-plan dilution, effectively treating the Layer 3 count as the correct denominator even in a base-case-execution world — a friendly assumption that requires believing Angel raises no additional equity through FY2028; or (b) the market is applying a Guild-multiple assumption closer to the bull case — a friendly assumption that requires believing Guild ARR compounds at Q1 2026 growth rates. Neither is obviously wrong. Neither is obviously right. The common shareholder's downside case — if the Guild plateaus, the forward capital plan proceeds as disclosed, and the §382 NOL is fully limited — is **approximately $1.05 per share**, a 75% loss from the current level.

This is why the framing matters. Angel Studios is not a case where the reader debates whether the multiple should be 8× EBITDA or 10× EBITDA. It is a case where the reader has to decide whether a subscription-community company with 143% year-over-year growth, a $774M market cap, negative book equity, high-cost debt, a founder-controlled voting structure, and 60-75 million shares of forward dilution baked into its funding plan is worth $4.15 to them. The Guild members who bought Reg A shares at $8.23 in September 2025 have already lost 50% and a substantial fraction of them are, empirically, still customers. That fact is instructive about who is really holding the stock at $4.15 and why they are holding it. The practitioner reader should form an independent view.

The Institute takes no position on whether the $4.15 close is the right price. The Institute takes a specific position on what the fully-diluted math means: the base-case fully-diluted equity value at the Institute's modeled valuation range is $2.38 per share, the current price is 74% above that, and a common shareholder who buys at $4.15 is implicitly betting on either better-than-base-case Guild economics or lower-than-modeled forward dilution. Both are defensible bets. Neither is the low-risk bet the current stock price implies.

7.8 The $200M hole — obligations to fill, and whether operations can fill them

The subsection 7.7 walk answered "what's left for common after full dilution." This subsection asks the reciprocal question: what do Angel Studios' existing obligations actually total, and can the operating business fill that hole from free cash flow before dilution has to do the work? The answer determines whether the $2.38 base-case per-share figure holds or whether it drifts toward the $1.05 bear.

Sizing the hole

Table 7.8a totals the balance-sheet and contingent obligations Angel Studios must clear at some point in the future. It is the closest approximation to what a distress-scenario liquidation-preference reader would see if the going-concern assumption were relaxed. It also is the cash-out that has to occur, one way or another, over the FY2026-2030 window.

Table 7.8a — Sizing the hole ($M, at 3/31/2026 balance sheet)

Obligation	Amount	Nature
Notes payable, net	$102.3	Contractual debt; 14.5-30.9% effective rates; matures 2027-2030
Accrued licensing royalties	$37.4	Legacy Chosen-era distribution royalties owed to licensors
Disney Reorganization Plan contingent note	$62.5	Face value; cancellable on compliance; base-case $20M expected outcome
Deferred Guild membership revenue	$73.6	Customer-prepaid subscription obligations; funds forward slate delivery
Accumulated deficit (legacy losses)	$255.3	Book-equity deficit; not a cash obligation but signals the pre-inflection burn
Total cash-and-obligation face value	**$531**	**Includes non-cash accumulated deficit for scale reference**
Cash-required obligations only	**$202**	**Debt + royalties + Disney base case, excluding deferred revenue and accumulated deficit**

Source: Form 10-Q for the quarter ended March 31, 2026, balance sheet (page 3); Note 4 (Debt); Note 6 (Common Stock and Deferred Revenue); Section 13 Legacy Overhangs for Disney Reorganization Plan expected outcome.

The number that matches Phil's intuition — the $200M hole — is the cash-required obligations line: **$102M of high-cost debt, $37M of legacy licensing royalties, and an expected $20M**

cash settlement of the Disney contingent note, for a rounded $160-200M range depending on the Disney outcome. Deferred Guild membership revenue is a real obligation but it is *customer-funded* — the customers have already paid, and Angel's obligation is to deliver content, not to write a check. Accumulated deficit is a book number, not a cash number.

Can operations fill the hole?
Q1 2026 produced $115.1M of revenue, positive Adjusted EBITDA for the first time, and free cash flow to the firm approximately break-even. To fill a $200M cash hole over five years without additional equity issuance would require Angel to generate approximately $40M per year of free cash flow available for debt reduction. Table 7.8b models what that requires under three growth scenarios.

Table 7.8b — FCF required to fill the $200M hole in 5 years, under three growth scenarios

Growth scenario	2028E revenue ($M)	FCF margin required	Implied FCF ($M/yr)	Read
Continued Q1 pace (75%+ YoY held)	$1,200	3-4%	$40	Achievable if Guild scales without meaningful margin compression
Moderating growth (35-40% YoY)	$700	6-7%	$40	Requires operating leverage above current disclosure — ambitious
Growth stall (10-15% YoY)	$500	8-10%	$40	Unlikely at Angel's current investment intensity; would require major cost restructure

Source: Institute analysis. 2028E revenue derived by compounding Q1 2026 annualized revenue ($460M) at the disclosed growth rate. FCF margin requirement is $40M ÷ 2028E revenue. FCF margin at scale is unknown — Angel has not disclosed steady-state economics.

Two structural constraints prevent Angel from filling the hole from operations alone at moderate growth. The first is the interest burden: at $102M of debt at 14.5-30.9% effective rates, Angel is paying approximately $15-20M per year in cash interest. That interest is a fixed drag on FCF that has to be cleared before any dollar can go to debt paydown. The second is the content-slate investment: growing the Guild requires new content, and new content requires either equity or Guild-prepayment funding, both of which reduce the pool of cash available for debt reduction.

Table 7.8c shows the alternative: filling the hole through equity issuance instead of operating cash flow. This is what the Layer 4 forward capital plan in subsection 7.7 was already modeling.

Table 7.8c — The equity alternative to filling the hole

Approach	Cash raised	Shares issued at $4.15	Dilution vs. current fully-diluted
Fill entire $200M hole with equity at $4.15	$200M	48.2M	+23%
Fill half with equity + half from ops	$100M	24.1M	+12%
Fill entirely from operations (5-year window)	$0	—	Requires $40M/yr FCF sustained

Source: Institute analysis. Fully-diluted share count basis is 208M (Layer 2 today) for the dilution percentage calculation.

> **The Institute view on the $200M hole.** The hole is real. The debt is high-cost. The interest expense is a fixed drag on FCF. But the hole is not necessarily fatal, because the Guild's customer-prepaid working capital float ($73.6M of deferred revenue that grew 14% quarter-over-quarter in Q1 2026) is a source of financing that competes with the debt as a funding mechanism — the Guild members are effectively lending Angel their subscription dollars interest-free, ahead of content delivery. If Guild growth compounds at 60-80% YoY through FY2027, the deferred-revenue balance could reach $200M by FY2028, which is enough to substantially retire the notes payable through operating cash flow alone. If Guild growth moderates to 30-40% YoY, filling the hole requires meaningful additional equity issuance — the Layer 4 dilution in subsection 7.7. The dividing line is therefore Guild growth. Not multiples, not synergies, not a discount rate assumption. **The Guild growth rate through FY2027 is the single most important variable in the case**, and it will be visible quarter-by-quarter in the Q2 2026 (August 4) and Q3 2026 (November) prints.

SECTION 9

The Guild Flywheel — Mechanics

The Angel Guild is described in every Angel Studios filing as a three-step system: members vote to select film and TV shows, members rally in theaters to support film releases, members fund future films and TV shows with their membership. That is the disclosure language. The economic mechanic is different, and more interesting. The Guild is a **customer-prepaid working-capital float**: members pay membership dues into deferred revenue on the balance sheet; that deferred revenue funds the next slate; the slate produces theatrical, licensing, and merchandise revenue; the resulting content library retains and expands the Guild base. The mechanic works if and only if the ratio of member-lifetime-value to slate-cost stays above one.

8.1 The three-tier membership pricing architecture

Angel Studios offers Guild membership at three tiers: Basic with Ads, Basic, and Premium. All three tiers include voting rights on every future Angel release, early streaming access, and slate funding. The Basic (no ads) and Premium tiers also strip advertising from the streaming experience; Premium adds two complimentary theatrical tickets per release plus a merchandise discount.

Table 8.1 — Angel Guild three-tier membership architecture

Tier	Included benefits	Approx monthly price (est)	Note
Basic with Ads	Voting rights · early access · slate funding · advertising interruptions	~$9	Entry tier; ad-supported
Basic	Voting rights · early access · slate funding · ad-free	~$15	Mid-tier; ad-free streaming
Premium	Basic benefits + 2 theatrical tickets per Angel release + merchandise discount	~$20	Highest tier; theatrical-integrated
TTM blended ARPM = $13.69/month (per Q1 2026 press release), consistent with a member base weighted toward Basic tier			

Source: Form 10-Q for the quarter ended March 31, 2026, Item 2 MD&A, page 26 ("Components of Results of Operations — Angel Guild revenue"). Monthly price ranges reflect Institute estimates *triangulated to the disclosed TTM ARPM of $13.69/month; Angel does not disclose tier-by-tier pricing in its SEC filings.*

8.2 The deferred-revenue mechanic — how customer cash funds the slate

Angel Guild membership fees are recorded as deferred revenue on the balance sheet when received and recognized as revenue over the membership period. This is standard SaaS accounting. What is not standard is what Angel does with that cash. Rather than earning interest on the float, Angel deploys the cash directly into slate production and prints-and-advertising for upcoming theatrical releases. The customer, through the Guild membership fee, is **pre-funding the slate** that the same customer will vote to select and then watch.

Table 8.2 — Deferred Guild revenue at balance-sheet dates and implied member-payment velocity

Balance-sheet date	Deferred Guild revenue ($M)	Paying members (M)	Implied deferred rev / member	Implication
December 31, 2025	$64.8	2.00	$32	~2.4 months of ARPM prepaid per average member
March 31, 2026	$73.6	2.22	$33	~2.4 months prepaid; slight ARPM lift
Change over the quarter	**+$8.8**	**+0.22**	**+$1**	**Deferred revenue grew 14% while member base grew 11% — ARPM inflection**

Source: Form 10-Q for the quarter ended March 31, 2026, Note 3 (Revenue Recognition — Deferred Revenue), page 12, and Q1 2026 press release. Implied deferred rev per member = deferred Guild rev ÷ paying members. Months prepaid = implied per-member deferred ÷ TTM ARPM of $13.69.

8.3 The Solo Mio case study — single-title flywheel proof

Solo Mio (Kevin James, released 2025-2026) is the clearest single-title demonstration of the flywheel operating as designed. The film crossed $25 million in domestic box office with a 95% Popcornmeter score, and Angel Studios described it in the Q1 2026 press release as "driving new Guild membership growth to the platform." The film is Guild-selected content (members voted to approve it), Guild-funded (member dues paid the production capital), and Guild-marketed

(Premium members received complimentary tickets which converted a member benefit into a marketing expense).

The Solo Mio arithmetic in one sentence: theatrical revenue of approximately $12-15M attributable to Angel (a share of the $25M+ domestic box), plus Guild membership growth of 220,000 net new members in the quarter of release, plus content-licensing optionality for post-theatrical windows. Solo Mio was one Q1 2026 release; the 2026 slate has six more comparable titles including Young Washington, Angel and the Badman, Runner, The Brink of War, Drummer Boy, Hershey, and Zero A.D.

8.4 The unit economics — two approaches, both instructive

Angel Studios does not disclose per-member customer acquisition cost, lifetime value, churn rate, or a functional breakdown of selling and marketing spend. Because these are the four inputs required to construct LTV/CAC arithmetic, any presented ratio necessarily embeds Institute assumptions that must be defended. Rather than present a single ratio that appears authoritative, the Institute presents two approaches: an **observed S&M leverage approach** that uses only disclosed data (no attribution assumption), and a **reconstructed LTV/CAC approach** that shows the arithmetic transparently. A reader who prefers to weight one over the other can do so.

Approach 1 — observed S&M leverage. This is the strict-disclosed-data approach. It uses only revenue, S&M spend, and paying-member count. It does not require any attribution assumption.

Table 8.3a — Observed S&M leverage (strict-disclosed approach)

Metric	Q1 2025	Q1 2026	Basis
Total S&M spend ($M)	$50.5	$56.6	10-Q p 4
Total revenue ($M)	$47.4	$115.1	10-Q p 4
S&M as % of revenue	107%	49%	Disclosed
Total S&M / net new Guild members (implied blended CPA)	~$202/ member	~$257/ member	Total S&M ÷ net Guild adds

Source: Form 10-Q Q1 2026, Condensed Consolidated Statements of Operations, page 4; Q1 2026 press release Guild subscriber disclosure. Implied blended cost-per-acquisition uses total S&M as numerator and does not assume any allocation between Guild acquisition and theatrical / merchandise marketing.

Approach 2 — reconstructed LTV/CAC. This approach requires four Institute assumptions: (a) an attribution rate of S&M to Guild acquisition (assumed 60%, reasoning below), (b) an annual churn rate (assumed 30%), (c) a Guild gross margin (assumed 20%), and (d) a per-member contribution period. Each assumption is defended in the notes column.

Table 8.3b — Reconstructed LTV/CAC (with all assumptions defended)

Metric	Q1 2025	Q1 2026	Institute assumption and defense
Assumed S&M attribution to Guild acquisition	60%	60%	Guild is 72% of revenue but theatrical marketing (which serves both Guild-conversion and non-Guild ticket sales) and merchandise / library marketing consume the residual 40%. This is a defensible mid-point; readers can substitute 50% (aggressive theatrical attribution) or 70% (Guild-heavy attribution).
Guild-attributed S&M ($M)	$30.3	$34.0	60% × total S&M
Net new Guild members added in quarter	~250K (est)	~220K (est)	Q1 25 net add derived from FY24 exit-count of ~830K to disclosed 1.08M end Q1 25. Q1 26 net add = 2.22M minus 2.00M year-end 2025.
Reconstructed CAC (Guild S&M ÷ net new)	~$121	~$155	Institute calc
Assumed Guild gross margin	20%	20%	Content licensing royalty + hosting + credit-card fees consume approximately 40% of Guild ARPM at scale; assumed at low end reflecting current mix.
Assumed annual churn	30%	30%	Higher than NFLX ~4%/mo (~50%/yr) and lower than typical creator platforms (~40-60%/yr). Reflects Angel's mission-based retention offset by early-stage subscriber dynamics.
ARPM (disclosed TTM)	n.d.	$13.69	Q1 2026 press release
Simplified LTV (ARPM × 12 × (1–churn) × gross margin)	n.d.	~$109	Institute calc
LTV / CAC ratio (as-modeled)	n.d.	~0.70	Ratio below 1.0 under these assumptions
	n.d.	~1.10	Sensitivity: modest improvement in three assumptions moves ratio above 1.0

Metric	Q1 2025	Q1 2026	Institute assumption and defense
LTV / CAC at 70% attribution + 25% churn + 25% margin			

Source: Institute reconstruction from Form 10-Q Q1 2026, Condensed Consolidated Statements of Operations page 4, and Q1 2026 press release membership disclosures. Every assumption above is explicit; the reader can substitute alternate values in the companion Excel model.

The critical takeaway: under strict-disclosed data alone (Approach 1), S&M as a percentage of revenue has compressed from 107% to 49% in one year — a signal that the Guild flywheel is inflecting toward positive unit economics regardless of the attribution assumption. Under the reconstructed LTV/CAC (Approach 2), the ratio at as-modeled assumptions is 0.70, but reasonable variation in the four Institute assumptions moves the ratio into the 0.55—1.10 range. What is not defensible is presenting a single LTV/CAC number as authoritative; what is defensible is showing the arithmetic transparently and letting the reader run the sensitivity.

> **The Guild flywheel read.** The mechanic works arithmetically: $73.6M of prepaid membership dues on the balance sheet funds the next slate; the slate produces theatrical, licensing, and merchandise revenue; the resulting content library retains and expands the Guild. What has not yet been proven is that Guild member LTV exceeds Guild member CAC. The Institute reconstruction places the LTV/CAC ratio at approximately 0.7 today. The base-case Section 8 valuation implicitly assumes this ratio moves above 1.0 within the next four to six quarters as the S&M leverage compounds — consistent with the trajectory from 107% S&M/revenue in Q1 25 to 49% in Q1 26. The reader's diligence question: what specific 2026 slate outcomes would need to occur for that ratio inflection to fail?

8.5 The values-alignment moat — why Guild retention may not track SaaS peers

Every valuation multiple applied to the Guild in the SOTP framework rests on an assumption about retention. Streaming peers churn 30-50% annually. Private subscription communities churn 15-25%. SaaS-grade recurring revenue churns under 10%. Which bucket does the Angel Guild belong in?

The Institute view is that Angel Guild retention should not be modeled against the streaming peer set, because the Guild is not primarily selling entertainment. It is selling participation in a distribution model that produces content its members want to exist. The distinction matters because it changes what the churn driver is. A Netflix subscriber churns when specific titles disappoint. A Guild member churns when the Guild's *mission* disappoints. Those are different failure modes with different rates.

The empirical evidence is limited but consistent. The Reg A investors who paid $8.23 per share in September 2025 have watched the stock trade down approximately 50% and, based on public disclosure of member retention, appear to have remained Guild members at rates well above what a comparable financial loss would produce in a conventional subscription cohort. Sound of Freedom's $184M domestic box office was funded substantially through Pay-It-Forward tickets — Guild members prepaying tickets to be gifted to non-members — which is functionally a donation model layered onto a subscription. The Chosen's original equity-crowdfunding raise, the Guild's vote-to-greenlight mechanism, and the Harmon founder team's public framing of the business all suggest a customer base for whom the subscription is partly-a-purchase and partly-a-declaration.

> **What the product reaches.** Angel Studios' product-market fit is with an audience segment that a significant fraction of American filmmaking currently does not serve — viewers who want narrative that respects their intelligence without lecturing them, that treats faith and family as a normal texture of life rather than either a punchline or a mission statement, and that offers heroism without irony. This audience is not a niche. The reason *Sound of Freedom* reached $184M in domestic box office and *Young Washington* received the reception it did is that the demand was under-served, not that it was small. The demand-side thesis for Angel Studios is that a large fraction of the American film-going audience is quietly craving what Hollywood no longer routinely produces, and that Angel's distribution model — Guild vote, Pay-It-Forward, community lock-in — is the mechanism that finally lets that demand find its supply. If that thesis is correct, the Guild retention curve should look nothing like Netflix or Roku. It should look more like a religious congregation, a college football fan base, or a legacy subscription magazine at its peak — retention structures built on values-alignment rather than product-satisfaction.

A second structural moat is press independence. Mainstream press coverage of Angel Studios' content is structurally unfriendly. Rotten Tomatoes critic scores for values-based and faith-forward theatrical releases run 40-60 points below their Popcornmeter audience scores. Awards ecosystems (Academy Awards, Emmys, Golden Globes) do not routinely recognize titles Angel distributes. Mainstream entertainment press covers Angel titles skeptically or not at all. In a conventional distribution business this would be lethal — theatrical release economics for most non-tentpole films depend on the critic-and-press ecosystem to convert opening-weekend interest into second-and-third-weekend legs. Angel's distribution model does not depend on that ecosystem. The Guild is the marketing channel. Pay-It-Forward tickets are the audience-acquisition channel. Values-aligned community members share content with each other through word-of-mouth networks the press does not reach and does not influence. *Sound of Freedom* reached $184M in domestic box office in 2023 while mainstream critical reception was tepid to hostile — a 57% Tomatometer against a 99% Popcornmeter. That gap is not a bug in the model. The gap **is** the model. Angel has built the only major theatrical-distribution business in modern American cinema whose growth is functionally decoupled from the mainstream media ecosystem, and that decoupling is a structural competitive advantage that scales with the size of the underserved audience segment. If mainstream press hostility persists at current intensity through the FY2026-2028 slate, Angel's economics are unaffected. If it moderates — which it may not — that is upside optionality, not the base case.

> **The press-independence read.** Every other major American film distributor requires mainstream press validation to generate the second-order marketing effects (award recognition, festival coverage, cultural-conversation lift) that produce durable box-office growth. Angel is the first at meaningful scale to have built a distribution loop that generates those effects internally through its community rather than externally through the press. The practitioner implication is that the traditional analytical question — "how did critics receive this?" — is the wrong question for an Angel title. The right question is "how did the Guild receive this?" That single reframing is why a Wall Street analyst modeling ANGX against Roku or Fubo or Netflix will get the growth trajectory wrong. Angel is not competing for the same audience. It is competing for a distinct audience the peer set does not serve.

> **The third moat — the moat is unreplicable, not just structural.** The Institute's case study on Cleveland-Cliffs made the point that the company's Great Lakes iron ore and pelletizing infrastructure cannot be rebuilt at any capital cost. The mines took 150 years to develop, the Great Lakes port facilities took a century to build, the environmental permits are structurally unavailable to new entrants, and the multi-generational workforce expertise cannot be hired into existence. A Chinese steel giant with unlimited capital cannot manufacture what Cleveland-Cliffs already owns. The same logic applies to Angel Studios' distribution loop. A competitor with a $500 million check — Disney, Netflix, a values-aligned private-equity roll-up, a well-funded values-media startup — could copy the mechanics tomorrow. Guild subscription. Vote-to-greenlight. Pay-It-Forward tickets. The mechanics are not the moat. The moat is the 2.22 million members' *trust*, and that trust was forged specifically through the Chapter 11 fight, the Chosen partnership dispute, the Sound of Freedom rollout when the press was hostile, the values-based content selections the founders made publicly and defended for a decade. A member who paid $8.23 for a Reg A share in September 2025 and watched it fall to $4.15 and remained a Guild member is not a customer a competitor can acquire with marketing spend. That customer's loyalty was earned through shared history that a competitor cannot manufacture. Cleveland-Cliffs' physical assets literally cannot be rebuilt at any capital cost. The Angel Guild is a softer analog: its trust was forged, not built with capital, and a competitor would need to earn similar trust the same way — through years of consistent stances, real content investment, and public identification with the audience it serves.

> The moat is measured in years of relationship-building, not in dollars of asset barrier. Head-starts are, by definition, temporary.

A necessary caveat — the film-industry capital barrier is nothing like the steel-plant capital barrier. Unlike Cleveland-Cliffs' Great Lakes iron ore infrastructure, film-industry entry barriers are structurally modest. As one Netflix co-founder observed at length in his account of that company's founding, the physical infrastructure required to launch in the entertainment business is trivial compared to industrial businesses — a director is a hire, a script is an edit, financing is a phone call, and a first film can be produced for $5-30 million. **Amazon proved the point empirically.** When Amazon Studios launched in 2010, the company simply *hired* the writers, directors, and producers it needed, licensed the distribution rights where useful, and had a slate of original films within five years. There were no environmental impact studies. There were no zoning-board hearings. There were no multi-year permit gauntlets. There was no multi-generational workforce expertise that couldn't be assembled through targeted hires. Compare that to the $1-5 billion, decade-long timeline, environmental-permit gauntlet, and multi-generational workforce expertise required to build a functioning American steel plant. If Mel Gibson decided today to build a competing values-aligned distribution platform, he would face capital and time barriers measured in tens of millions of dollars and 24-36 months, not billions of dollars and decades. The Cleveland-Cliffs analogy captures the community-trust dimension of Angel's moat directionally. It does not capture the capital dimension at all. Film has some of the lowest asset-barrier entry costs of any American industry, and the only durable moat a values-aligned distributor can build is the trust head-start — which the callout below walks explicitly as a competitive-threat risk.

And a fourth structural characteristic — operational infrastructure survives paradigm shifts. The Institute's case study on Lyft made a related point about the autonomous-vehicle transition. Even in the most disruptive scenario — Waymo, Tesla, or a third-party AV network displacing human-driver ride-share entirely — the fleet-operations layer does not disappear. It contracts a little on rental duration but expands enormously on rental velocity, and the operational infrastructure (fleets, garages, insurance, cleaning, maintenance, dispatch, remote monitoring) is the same operational infrastructure Hertz and Avis have run for eighty years, just applied at higher rental velocity. Someone still has to handle the operations. The same logic applies to values-aligned content distribution. Even in the most disruptive scenario in which mainstream Hollywood retrenches, streaming consolidates, and values-content moves from the periphery to the center of American entertainment, the distribution-and-community operations do not run themselves. The Guild's back-office subscription management, the Pay-It-Forward ticket reconciliation, the theatrical distribution deals with AMC and Regal and Cinemark, the licensor royalty accounting, the SVOD partnership economics — that operational layer is what Angel

Studios *is*, and it is the layer that survives whatever comes next. Angel does not need mainstream Hollywood to collapse for the model to work. Angel needs to keep operating the distribution rails for the audience it already serves. The model wins by doing the work every day, not by waiting for the incumbents to disappear.

> **The moat is first-mover, not permanent — the competitive-threat honest read.** The three-moat argument above (values-alignment retention, press independence, unreplicable community trust) explains why Angel Studios today has no direct competitor at scale. It does not explain why Angel could not have one within 24-36 months if the right combination of established Hollywood figures decided to build an alternative. Angel Studios did not invent the values-aligned theatrical distribution model. Mel Gibson did, twenty years earlier. **Passion of the Christ (2004)** was rejected by every major studio in Hollywood. Gibson self-financed the roughly $30 million budget, distributed through Newmarket Films after the majors passed, and produced $370.8 million in domestic box office and approximately **$612 million worldwide** — a 20× return on investment and the highest-grossing R-rated film in history for over a decade. That was not an accident. That was the empirical proof, two decades ago, that a values-aligned theatrical release around the studio system could reach a mass audience Hollywood had chosen not to serve. Angel Studios is the institutional version of the playbook Gibson pioneered as an individual. **Father Stu (2022)**, self-financed by Mark Wahlberg through his Unrealistic Ideas production company for roughly $4 million and released through Sony, produced $22 million worldwide — a smaller hit than Passion but a confirmation that the Gibson playbook transfers to other established values-aligned filmmakers with pre-existing audience trust. Industry conversation has repeatedly returned to the possibility that Gibson (whose *Passion of the Christ: Resurrection* sequel is in development) and Wahlberg (who has spoken publicly about wanting to build more values-content infrastructure) could combine forces with additional celebrity partners — Chip and Joanna Gaines' Magnolia audience, Kevin Sorbo, Kirk Cameron, others — to launch a distribution platform that would compete directly with Angel. If they did, they would arrive with three assets Angel lacks: (i) A-list Hollywood industry access, (ii) two decades of established individual audience trust independent of Angel's Guild, and (iii) the empirical playbook of self-financed values-based theatrical distribution already proven at $612M+ scale. Angel's response is not to hope that competitor does not arrive. Angel's response is to keep executing so that when the competitor arrives, the head-start advantage — the 2.22 million Guild members, the $73.6M deferred-revenue float, the FY2026-2028 slate, the community lock-in built through Chapter 11 and the Chosen exit — is large enough that a new entrant cannot close the gap before Angel's customer relationships are permanent. The practitioner should price the emergence of a Gibson/Wahlberg-tier competitor as a real bear-case risk factor, and should monitor **Passion of the Christ: Resurrection's** theatrical release schedule and distribution structure as the specific catalyst that would signal the competitive threat has moved from potential to actual.

The valuation implication is straightforward. If Guild retention follows a values-alignment curve rather than a streaming-entertainment curve, the base-case 1.5× ARR multiple applied in subsection 7.6 is too conservative. Values-alignment subscription businesses at scale — SiriusXM in its early years, MasterClass in its subscription phase, membership organizations more broadly — support multiples in the 2.5-4.0× forward revenue range. Applying that range to Angel's $332M annualized Guild revenue produces a Guild-alone valuation of $830M-$1.3B, above the entire current market cap. This is not the Institute's base case, because the values-alignment thesis is still empirically unproven at the 5-10 year horizon Angel's Guild has not yet reached. But it is the reason the bull case in Table 7.7c produces a $6.93 fully-diluted per-share figure. The bull case assumes the values-alignment thesis holds. The bear case assumes it does not. The current stock price implies the market has priced somewhere in between, closer to the base case than to either tail.

SECTION 10

The $230M NOL — And Why It May Already Be Capped

At December 31, 2025, Angel Studios disclosed federal net operating loss carryforwards of approximately $230.2 million, giving rise to a tax-effected deferred tax asset of $56.2 million inside a total gross DTA of $62.3 million. Every dollar of that gross DTA was offset by a valuation allowance. The 10-K income tax footnote states explicitly that the utilization of the NOL is subject to annual limitation under Section 382 of the Internal Revenue Code. This section walks the §382 mechanics, the specific Angel Studios fact pattern, and the arithmetic that determines whether the $230.2 million pile is a real shield or an accounting artifact.

9.1 The NOL build — how the pile got to $230M

Angel Studios generated its $230M+ NOL pile in a compressed two-year period. FY2023 was profitable ($13.4M in net income attributable to controlling interests). FY2024 lost $88.3M. FY2025 lost $170.5M. The FY24 loss was driven by the Chosen litigation and the accelerated marketing scale-up to establish the Guild flywheel with owned IP. The FY25 loss was driven by the Southport Business Combination costs, continued Guild-acquisition S&M investment, and the mark-to-market accounting for the bitcoin treasury under newly-adopted ASU 2023-08.

Table 9.1 — NOL build by fiscal year ($ in millions)

Fiscal year	Net income / (loss)	Principal driver of the result	Cumulative NOL at year end (est)
FY2023	+$13.4	Chosen distribution + Sound of Freedom theatrical	Minimal (prior years modest)
FY2024	($88.3)	Chosen license termination + marketing scale-up + BTC MTM	~$88M
FY2025	($170.5)	SPAC transaction costs + Guild acquisition S&M + BTC MTM	~$230M
Q1 2026	($13.8)	Q1 seasonality + BTC MTM ($5.8M) + interest expense	~$244M (est)

Source: Form 10-K for the year ended December 31, 2025, Consolidated Statements of Operations and Note 16 (Income Taxes). Q1 2026 estimate = Q1 2026 net loss added to disclosed 12/31/2025 NOL of $230.2M.

9.2 The full deferred tax asset build — and the valuation allowance

The DTA table in the 10-K income tax footnote shows the gross DTA and the offsetting valuation allowance in detail. Understanding this table is the diligence starting point for any subsequent conversation about NOL usability.

Table 9.2 — Angel Studios deferred tax asset build ($ in millions), FY2025

Deferred tax asset / (liability)	12/31/2025	12/31/2024	Nature
Net operating loss carryforwards	$56.2	$18.9	Tax-effected NOL — the largest DTA
Research and development (deferred)	$1.6	$5.6	§174 capitalization of R&D expenditures
Digital asset impairment	$1.9	$1.5	Book/tax difference on bitcoin holdings
Research and development credits	$0.6	$1.2	§41 R&D tax credits
Depreciation and amortization	$0.3	($0.2)	Book/tax fixed-asset lives
Impairment of equity investment	$0.2	$0.2	Book impairment not yet realized for tax
Accruals and reserves	$2.4	($0.3)	Compensation accruals, bad-debt reserves
Deferred gain on sale	($0.9)	($1.0)	Deferred tax liability offset
Gross deferred tax asset	**$62.3**	**$25.9**	Sum of individual DTAs
Valuation allowance	($62.3)	($25.9)	MLTN test failed; full V/A applied
Net deferred tax asset on balance sheet	**$0**	**$0**	Zero DTA recognized

Source: Form 10-K for the year ended December 31, 2025, Note 16 (Income Taxes), page F-36. MLTN = "more likely than not" recovery test under ASC 740.

9.3 The §382 mechanics — primer

Section 382 of the Internal Revenue Code limits a corporation's ability to use its pre-change net operating loss carryforwards following an "ownership change." The mechanics matter because they determine whether the shield the P&L already generated ever produces cash tax savings.

An **ownership change** is defined technically, and every practitioner working on any post-SPAC or post-secondary-offering situation needs to know the definition: an ownership change occurs when the percentage of stock owned by "5-percent shareholders" (any shareholder or public shareholder group holding 5% or more) increases by more than 50 percentage points over a rolling three-year testing period. SPAC mergers, private placements, follow-on offerings, and even large secondary sales can trip the test either individually or in cumulative combination.

Once an ownership change occurs, the "§382 limitation" caps the annual amount of pre-change NOL that can offset post-change taxable income. The cap is calculated as: **pre-change equity value × long-term tax-exempt rate**. The long-term tax-exempt rate is published monthly by the IRS in the Revenue Rulings and typically approximates 3.5% to 5.0%. Any pre-change NOL not used in a given year carries over subject to the same annual cap, until the NOL either expires or is used.

9.4 The Angel Studios fact pattern — the Southport reverse-recap trigger

The Southport Acquisition Corp / Angel Studios reverse recapitalization closed September 25, 2025. The transaction converted Angel Legacy shareholders into the surviving public company shell in a share-for-share exchange, with Angel Legacy contributing 160.7 million shares against Southport's pre-close 6.9 million public shares plus 1.0 million shares issued to Angel Legacy convertible noteholders. Every SPAC-emergence practitioner playbook treats this fact pattern as strongly suggestive of a §382 ownership change: the pre-existing SPAC public shareholders (subject to redemptions, and typically a rotating institutional base) constitute an aggregated "public group" whose ownership percentage shifted materially at the transaction close.

Angel Studios' own 10-K income tax footnote states the risk in one sentence: *"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.'"* The 10-K does not disclose whether Angel's own analysis concluded that a §382 ownership change did occur at the SPAC close — that determination is a subsequent-year workpaper question tied to a formal §382 study. What the disclosure signals is that Angel's tax counsel considers the analysis material to the reader.

Compounding the SPAC-close question, the three subsequent Angel capital-markets events each layered additional shift on top of the initial ownership move:

Table 9.3 — Capital-markets events layering onto the §382 rolling-3-year cumulative shift

Date	Event	Shares issued	Net proceeds ($M)	§382 shift-add mechanic
Sept 25, 2025	Southport Business Combination close	168,584,697 (total post-close)	$0 (no trust cash)	Public-group ownership reset; likely >50pt shift
September 2025	Regulation A offering	6,688,077	$55.0	New retail cohort; adds to public-group percentage
December 5, 2025	ATM Equity Distribution Agreement	196,348 (through 12/31)	$1.0	Minor addition; program signed for up to $150M capacity
April 2026	Registered underwritten offering	16,445,000	$34.5	Adds ~9.7% to Class A base; potential separate shift event
Cumulative Class A shares issued in seven months post-close: ~23.3M shares (~14% of post-close outstanding), on top of the ownership-shift that occurred at the SPAC-close itself.				

Source: Form 10-Q for the quarter ended March 31, 2026, Notes 2 and 8; Item 2 MD&A pages 26-27; Q1 2026 press release.

9.5 The arithmetic if an ownership change occurred at close

Assume a §382 ownership change did occur at the Southport close on September 25, 2025. What is the resulting annual usable NOL cap? The formula is **pre-change equity value × long-term tax-exempt rate**. The pre-change equity value for Angel at the SPAC close is not a directly-published number, but it can be triangulated from the September 2025 Reg A offering price of $8.23 per share applied to the post-close shares outstanding of 168.6 million, giving a reference equity value of approximately $1.39 billion. The long-term tax-exempt rate ("LTTER") applicable to an ownership change occurring in a given month is published monthly by the IRS in a Revenue Ruling; the highest of the three preceding months' adjusted federal long-term rates is used. For an ownership change in September 2025, the applicable LTTER is **4.55%** (per IRS Rev. Rul. 2025-18, Table 3, published in September 2025 IRB); for illustrative sensitivity, the Institute uses

4.5% rounded. Practitioners running Angel's actual §382 study would use the September 2025 published rate.

Table 9.4 — Annual usable NOL under a §382 limitation, illustrative scenarios

Scenario	Pre-change equity value	Long-term tax-exempt rate	Annual usable NOL	Years to fully use $230M
Aggressive (post-Reg A ref)	$1,442M	4.5%	$65M/yr	~3.5 years
Institute Base (SPAC-close mid)	$1,000M	4.5%	$45M/yr	~5 years
Conservative (thin float)	$500M	4.5%	$23M/yr	~10 years
Stress (April 2026 print applied backward)	$300M	4.5%	$14M/yr	~17 years

Source: Institute calculation. Formula: annual usable NOL = pre-change equity value × LTTER. LTTER = 4.55% (September 2025 applicable rate, per IRS Rev. Rul. 2025-18, Table 3); rounded to 4.5% for illustrative sensitivity. Years to full usage assumes annual NOL usage <= annual limit AND sufficient annual taxable income exists to absorb it — a strong assumption for a company that has not yet been profitable at scale.

9.6 The double-limitation problem — even at the base case, use is uncertain

Even at the Institute base-case §382 limit of $45M per year, the practitioner cannot assume the shield fully flows through to cash tax savings. The annual usable NOL is a ceiling; the actual amount used is the lesser of that ceiling and taxable income in the same year. Angel is not yet profitable on a full-year basis. The FY2026 Adjusted EBITDA guidance is a loss of less than $25 million. Working backward to GAAP taxable income, the company would likely not generate meaningful positive taxable income in 2026 at all. In that year, the §382-limited $45M usable NOL simply carries forward — no cash tax benefit is realized.

The compounding effect: if the company takes another two to three years to generate sustained taxable income, and the §382 limit is capped at $45M per year against approximately $244M of NOL, and the annual limit does not roll unused capacity forward beyond a limited period, some portion of the pile expires unused. This is why the Institute Section 7.4 valuation applies a PV haircut to the face DTA of $56.2M and arrives at a Base case usable DTA of approximately $15M.

The §382 read. For any practitioner analyzing a post-SPAC company with a large NOL carryforward, three questions determine whether the shield is real. First: did a §382 ownership change occur at or after the SPAC-emergence transaction? For Angel Studios, the disclosed facts strongly suggest yes. Second: what is the pre-change equity value that anchors the §382 limit? For Angel, that anchor is between $500M (April 2026 reprint applied backward) and $1.4B (September 2025 Reg A print). Third: will the company generate enough post-change taxable income to actually use the capped annual NOL? For Angel, the FY26 guidance says no; the modeling exercise depends on Guild flywheel inflection timing. All three questions should be answered explicitly in any three-statement model that includes the NOL as an asset.

SECTION 11

Bitcoin Treasury Strategy

Angel Studios holds 303.1 bitcoin on its balance sheet at March 31, 2026, marked at a fair value of $20.7 million. The bitcoin position is neither an accident nor a side experiment. The 10-Q Item 2 MD&A explicitly frames the holding as a **strategic corporate treasury asset**: *"We plan to continue to acquire and hold bitcoin as a strategic treasury asset as an adjunct to our core film and TV distribution business. The continued implementation of our bitcoin treasury strategy aims to support our mission-driven approach of funding the world's best filmmakers in producing stories that amplify light for generations to come."* Angel additionally discloses the ratio of bitcoin held per outstanding share: 1.7846 BTC per million shares of common stock outstanding.

10.1 Position size and cost basis

The 303.1-BTC position was unchanged in unit count from December 31, 2025 to March 31, 2026 — no bitcoin was purchased or sold in Q1 2026. The mark-to-market movement on the balance sheet is entirely attributable to the bitcoin price change over the quarter.

Table 10.1 — Bitcoin position and fair-value movement

Metric	12/31/2025	3/31/2026	Change
Bitcoin held (units)	303.1	303.1	—
FIFO cost basis	$19,617,187	$19,617,187	—
Fair-value carrying value	$26,527,560	$20,682,504	($5,845,056)
Implied BTC price used (calculated)	~$87,520/BTC	~$68,240/BTC	~($19,280)
Q1 2026 P&L impact (net loss on digital assets)		—	($5,845,056)
Bitcoin per million shares of common outstanding	1.7924 (est)	1.7846	—

Source: Form 10-Q for the quarter ended March 31, 2026, Note 3 (Digital Assets), page 17; Item 2 MD&A page 27. Implied BTC prices are Institute calculations: carrying value / units held.

10.2 The ASU 2023-08 accounting mechanic

Angel Studios adopted ASU 2023-08 — *Intangibles — Goodwill and Other — Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets* — on January 1, 2025. The adoption changed the accounting from the prior cost-less-impairment model (which was asymmetric: recognize losses immediately, defer gains until sale) to a fair-value-through-net-income model. Under the new standard, Angel remeasures its bitcoin holdings to fair value at each reporting date, with the change flowing through net loss on digital assets on the income statement each quarter.

The FY2025 adoption produced a one-time transition adjustment: a **$12.9 million decrease in accumulated deficit** at January 1, 2025 to recognize the cumulative-effect adjustment of applying the new standard retrospectively. This adjustment is a book-only, non-cash entry, but it materially reshaped the FY24 balance sheet the reader of a 2025 filing sees.

10.3 The Adjusted EBITDA carve-out

Because the fair-value P&L swings are non-cash and driven by the bitcoin market rather than by Angel's operating performance, the company's non-GAAP Adjusted EBITDA reconciliation explicitly backs out the *net loss on digital assets* line each quarter. In Q1 2026, the reconciliation added back $5.8M of bitcoin mark-to-market losses. Without that add-back, Adjusted EBITDA would have been approximately $(1.8)M rather than +$4.0M — still an improvement over the prior year but not the first-positive-quarter narrative Angel used in the earnings release.

10.4 The three-lever bitcoin treasury framework

Angel discloses that its bitcoin treasury strategy contemplates three levers: (i) collateralization of bitcoin holdings to enable additional capital raising; (ii) generating income streams from the bitcoin holdings; and (iii) periodic sales of bitcoin for general corporate purposes including operating requirements. The framework matters for valuation because it converts what would otherwise be a passive holding into a working treasury asset.

Table 10.2 — Three-lever bitcoin treasury framework and implications

Lever	Mechanic	Institute valuation implication
Collateralize	Pledge BTC as collateral for new debt (typical LTV 30-50%)	Adds ~$6-10M of borrowing capacity without dilution
Income	Yield-generating strategies (lending, options overwrite, etc.)	Marginal contribution; not yet implemented
Sell for corporate purposes	Periodic liquidations to fund operations	Provides emergency liquidity; erodes the treasury base

Source: Form 10-Q for the quarter ended March 31, 2026, Item 2 MD&A, page 27 (Bitcoin Treasury Strategy narrative).

> **The bitcoin-treasury read.** Angel Studios' 303.1-BTC position is small in absolute dollars ($20.7M) but material to earnings volatility. The Q1 2026 mark-to-market movement of $5.8 million was 42% of the reported quarterly net loss. A practitioner modeling Angel's cash flow and Adjusted EBITDA needs to segregate BTC MTM from operating-driven results, which Angel already does in its non-GAAP reconciliation. The valuation implication in Section 8 is straightforward: treat the BTC position at pure NAV and model no corporate-holding discount, on the reasoning that Angel has explicit optionality to sell into cash for corporate needs. The risk consideration is that ASU 2023-08 P&L volatility will continue every quarter, and net income will remain a noisy proxy for operating performance so long as the treasury position is maintained.

SECTION 12

Governance & Related-Party Structure

Angel Studios is a founder-controlled, related-party-dense company. The dual-class capital structure concentrates voting power with the Harmon family; every material capital-markets or corporate-development transaction disclosed since the SPAC close has involved a related party either as counterparty, lender, or director; and the pending Homestead, Tuttle Twins, and Wingfeather Saga mergers each tie back to a single director (Benton Crane) who is the Harmon brothers' cousin. This section walks the governance and related-party architecture in the sequence a diligence reader would need it.

11.1 The dual-class founder stack

The Class B super-voting shares held by the Harmon family carry ten votes per share against the Class A public shares' one vote per share. This is a common founder-controlled structure (Meta, Snap, Alphabet, etc.) but concentrated voting power has three implications for public shareholders that are worth naming explicitly. First, no takeover of Angel Studios can occur without Harmon family consent. Second, no material change to the Class B voting differential can be made without Class B holder approval — the family effectively holds a veto on its own diminution. Third, the Class B shares are not listed and are not traded, so public shareholders have no market signal from insider voting activity.

11.2 Board expansion — October 2025

On October 22, 2025, less than one month after the Southport Business Combination close, the Board voted to expand from five to seven directors. Both new directors are related to material transactions disclosed elsewhere in the filings.

Table 11.1 — October 2025 board expansion and related-party links

New director	Board seat added	Related-party interest	Ongoing transaction with Angel
Steve Sarowitz	October 2025	Controlling person of the May 2025 subordinated convertible-note lender	$5.0M convertible note (30.9% effective rate); 163,322 warrants at $6.13
Benton Crane	October 22, 2025	Cousin of Harmon brothers; executive producer and board member at Black Autumn Show	Angel has distribution agreements with both Black Autumn ($6.5M FY25 + $4.0M Q1 26 paid) and Tuttle Twins ($3.9M FY25

New director	Board seat added	Related-party interest	Ongoing transaction with Angel
		(Homestead) and Tuttle Twins Show LLC	+ $1.2M Q1 26 paid); pending Homestead, TCP, and TTS mergers all-related-party

Source: Form 10-K for the year ended December 31, 2025, Note 17 (Related-Party Transactions), page F-37; Form 10-Q for the quarter ended March 31, 2026, Note 7 (Related-Party Transactions), page 24.

11.3 Angel P&A, LLC — the insider-funded prints-and-advertising vehicle

The single largest related-party structure at Angel Studios is **Angel P&A, LLC**, a Delaware limited liability company entered into a revolving prints-and-advertising loan agreement with Angel in February 2024. Angel P&A is 100% owned by Angel's own directors, officers, and stockholders. It was set up for a specific purpose: to raise P&A funds that Angel uses for upcoming theatrical releases, in exchange for revenue-participation rights on the funded films.

The economics: Angel P&A investors receive up to 115% of their invested amount (initial investment plus a 10% to 15% return) with priority payback against theatrical box-office receipts of the funded film — ahead of every other claimant except Regulation A P&A raises. The commitment period between Angel P&A and Angel Studios (and between Angel P&A and its own investors) runs through February 2027. Individual loan maturities are 80 to 120 days from each draw.

Table 11.2 — Angel P&A, LLC facility economics

Term	Detail	Practitioner implication
Ownership of the P&A vehicle	100% Angel directors, officers, stockholders	All economics flow to insider group
Return cap on Angel P&A investment	115% of invested amount (10-15% return)	Effective annual return of 30-60% on 80-120 day loans
Priority in cash waterfall	Priority ahead of Angel's own creditors on the funded film's box-office	Angel P&A takes first cut of theatrical revenue
Outstanding balance 12/31/2025	$53.5M	Insider vehicle had recovered substantially of its capital
	$38.5M	

Term	Detail	Practitioner implication
Outstanding balance 3/31/2026		Reduced $15M in Q1 2026 as films collected
Fully repaid	April 2026	Angel used April 2026 offering proceeds to pay off insider vehicle

Source: Form 10-Q for the quarter ended March 31, 2026, Note 7 (Related-Party Transactions), page 24; Form 10-K for the year ended December 31, 2025, Note 17, page F-37.

The April 2026 payoff arithmetic is worth stating explicitly: the $34.5M April 2026 registered offering, plus a portion of existing cash, was used to repay the $38.5M insider-vehicle balance in full. Public common equity was issued at $2.10 per share (a low print) to retire debt held by the insider group. That is a legal, disclosed transaction. It is also the exact fact pattern that governance committees and future-plaintiff bar attorneys focus on when they consider whether affiliated-party transactions unfairly transferred economics from public shareholders to insiders.

11.4 The November 2025 all-related-party merger announcements

On November 14, 2025, Angel Studios announced three simultaneous acquisition agreements, all with counterparties tied to director Benton Crane (added to the Board October 22, 2025). All three mergers are being paid for primarily in Angel Class A common stock.

Table 11.3 — November 14, 2025 related-party acquisition announcements

Target	IP being acquired	Structure	Consideration	Related-party link
Black Autumn Show, Inc.	Homestead movie and series	Reverse merger; Angel Sub-1 merged with Black Autumn	Angel Class A common stock issued at $6.13 divisor + Homestead Royalty Shares	Benton Crane is EP + Board member
Toothy Cow Productions, LLC	Wingfeather Saga series	Reverse merger; Angel Sub-2 merged with TCP	Angel Class A common stock (per-unit consideration formula)	Benton Crane is Board member
Tuttle Twins Show, LLC	Tuttle Twins series	Reverse merger; Angel Sub-3 merged with TTS	Cash + Angel Class A common stock split by investor / key-operator tier	Benton Crane is Board member

Source: Form 10-Q for the quarter ended March 31, 2026, Note 5 (Commitments and Contingencies — Mergers and Acquisitions), pages 21-22; Item 2 MD&A pages 28-29.

In connection with the pending TCP and TTS acquisitions, Angel has committed to fund additional seasons of Wingfeather Saga and Tuttle Twins. As of March 31, 2026, Angel had already capitalized $1.9 million of Wingfeather production costs and $1.2 million of Tuttle Twins production costs to long-term assets. These production-funding transactions are treated separately from the acquisitions themselves under GAAP.

> **The governance read.** Angel Studios is a founder-controlled company with material and consistent related-party exposure at the director, lender, and merger-counterparty levels. The disclosures are complete and readable. The valuation implication in Section 8 is that per-share valuation must be run on a fully-diluted basis that assumes the pending Homestead, TCP, and TTS acquisitions close on the disclosed terms, further diluting existing shareholders. The MFW-style diligence checklist (independent director committee, majority-of-minority approval, disclosure of alternatives considered) is what a public-company governance committee will apply to each of these transactions before they close.

SECTION 13

Legacy Overhangs & Editorial Conclusion

Every Institute case study is expected to leave the reader with two things: a complete inventory of what could go wrong that a diligence practitioner should be pricing into a multiple, and a boardroom commit on how the Institute reads the trade-off. For Angel Studios, that inventory includes three distinct legacy overhangs from pre-SPAC operating history, and the editorial conclusion is the recognition that this case is worth writing because it is the exact template of what a good practitioner is asked to price week after week: an inflecting growth business with a compelling unit-economics story, a specific set of structural liabilities that the market may be over-pricing or under-pricing, and a management team that has already survived one bet-the-company litigation.

12.1 The VidAngel / Disney Reorganization Plan — the deepest legacy overhang

Angel Studios' predecessor entity, VidAngel, was found in copyright infringement of 819 Disney, Lucasfilm, Twentieth Century Fox, and Warner Bros. titles in December 2016. A 2019 jury awarded plaintiffs $62.4 million ($61.4M in willful copyright infringement plus $1.0M in DMCA violations). In August 2020, the parties reached a settlement under which VidAngel's Reorganization Plan became effective. The settlement was structured to keep the company as a going concern — a critical concession — and to allow equity holders to retain their interests. But the terms carry forward into today's Angel Studios and constitute the single most severe hidden-liability exposure in the capital structure.

Table 12.1 — VidAngel / Disney Reorganization Plan terms carried into Angel Studios

Provision	Term	Status at 3/31/2026	Institute risk read
Cash payment obligation	$9.9M over 14 years OR $7.8M discounted over 5 years	Company elected 5-year discount; fully repaid by 9/30/2025	Retired
Contingent promissory note	$62.5M face amount, cancellable on ongoing compliance	Outstanding — cancellable only if fewer than four unauthorized-use breaches occur in any consecutive 5-year period	Active off-balance-sheet contingent liability

Provision	Term	Status at 3/31/2026	Institute risk read
Harmon brothers equity pledge	Neal and Jeffrey Harmon pledged ALL their Angel equity as collateral	Pledge remains in force	Extreme: if four breaches occur, brothers lose all their stakes
Non-lobby covenant	Cannot lobby to amend the Family Movie Act of 2005 (17 U.S.C. §110(11)) for 14 years	2020-2034 restriction in force	Constrains strategic flexibility
Descrambling / distribution prohibition	Cannot descramble, decrypt, bypass, reproduce, stream, or distribute copyrighted works of the seven listed studios	Ongoing operational constraint	Absolute prohibition; any misstep triggers enforcement
No-sue covenant	Cannot sue the Studios; must voluntarily dismiss appeal	Complied	Retired

Source: Form 10-Q for the quarter ended March 31, 2026, Note 5 (Commitments and Contingencies — Disney Litigation and the Preliminary Injunction), page 21; the underlying Reorganization Plan and Disney Settlement Agreement are attached to Angel Legacy's Form 1-U filed on September 15, 2020 (SEC EDGAR).

12.1a Probability-weighted framework for the Disney contingent-note haircut

The $10-20 million haircut applied to the $62.5M face amount in the Section 7.5 SOTP bridge is derived, not asserted. The framework has three components: probability of a triggering event over a defined horizon, expected severity conditional on trigger, and discount for time value.

Table 12.1a — Institute probability-weighted haircut on the $62.5M Disney contingent note

Component	Value	Reasoning
Face amount of contingent note	$62.5M	10-Q Note 5, p 21
Trigger definition	4 breaches in rolling 5 yrs	Reorganization Plan terms

Component	Value	Reasoning
Years since Reorg Plan effective	6 years (Aug 2020—present)	Zero triggering events to date
Institute estimated annual probability of a breach event (per year)	2.0%	Conservative: Angel has evolved from Family Movie Act filtering technology; no monitored decryption ops; strong Disney compliance culture. Six-year clean history supports low base rate.
Probability of ≥4 breaches in any rolling 5-yr window (Binomial approximation)	~0.4%	P(4+ | n=5, p=0.02) = C(5,4) × 0.02^4 × 0.98 + C(5,5) × 0.02^5 ≈ 0.4%
Base-case time horizon for note exposure	14 years remaining	Non-lobby covenant runs through 2034; note remains active through end of restriction period
Cumulative probability over 14-year horizon	~5-6%	1 - (1-0.4%)^14 ≈ 5.4%; not additive because each 5-yr window overlaps
Severity if triggered	$62.5M face × discount	Actual settlement negotiation likely, not full-face enforcement; Institute assumes 60% recovery to Disney (haircut)
Expected value if triggered (severity)	$37.5M	60% × $62.5M
Undiscounted probability-weighted exposure	~$2.0M	5.4% × $37.5M
PV @ 10% over 14-year expected duration	~$0.5M	Pure probability-weighted PV is small
Institute Base case haircut applied in Section 7.5	$10M	The Institute applies a materially higher haircut than the pure probability-weighted math suggests, reflecting: (a) the two Harmon brothers' pledged equity as collateral creates deep-tail exposure that pure P×S underweights (family loses control); (b) any actual enforcement action would trigger legal costs, distraction, and stock-price disruption disproportionate to the direct settlement; (c) practitioner-grade conservatism.
Institute Low case haircut (conservative)	$20M	Applied where reader assumes annual breach probability higher (5% vs 2%) or severity higher (100% face recovery)

Component	Value	Reasoning
Institute High case haircut (bull)	$0	Applied where reader assumes zero-breach steady-state and the note eventually expires unused

Source: Institute calculation. Annual breach probability, severity assumption, and 60% recovery rate are Institute estimates; readers may substitute alternative values. Binomial-approximation formula used for the ≥4-in-5 calculation; underlying assumption is independence of individual breach events, which is a simplification.

The framework produces three defensible scenarios that map directly to the Section 7.5 SOTP bridge. The Institute Base case applies $10M — materially conservative relative to the pure P×S expected-value calculation ($0.5M) but appropriate given the deep-tail Harmon-equity-pledge risk. Any diligence reader should size the risk in their own model with their own inputs.

12.1b Angel Studios theatrical release ledger — every title, box office, and slate role

The theatrical distribution business is the visible tip of the Guild flywheel. Every Angel theatrical release is (a) Guild-voted (members approved the greenlight), (b) Guild-funded (member dues underwrote the production and prints-and-advertising), and (c) Guild-marketed (Premium-tier members receive complimentary tickets which convert a member benefit into a marketing expense). The table below enumerates every Angel Studios theatrical release from the company's IPO era through Q1 2026. The slate is compact enough to walk in a single view — a discipline the Institute recommends for any Angel diligence exercise.

Table 12.2 — Angel Studios theatrical release ledger

Title	Release date	Angel role	Domestic box office	Source
His Only Son	March 2023	Distributor; Guild-funded	~$12M	TheNumbers.com
Total confirmed domestic box office (Angel-disclosed items only)			**~$264M+**	**Sound of Freedom + King of Kings + Solo Mio at Angel-disclosed levels**
Approximate total domestic box office (all items, blended sources)			**~$350M+**	**Institute rollup for reference; external items rely on TheNumbers.com**

Title	Release date	Angel role	Domestic box office	Source
Sound of Freedom	July 4, 2023	Distributor; Guild-funded; opened #1 at U.S. box office	**~$185.0M**	**10-K p 12 (Angel-disclosed)**
After Death	October 2023	Distributor	~$10M	TheNumbers.com
Journey to Bethlehem	November 2023	Distributor (with Sony/Affirm)	~$8M	TheNumbers.com
Cabrini	March 2024	Distributor; Guild-funded	~$19M	TheNumbers.com
Sight	May 2024	Distributor	~$5M	TheNumbers.com
Bonhoeffer	November 2024	Distributor; owned IP (10-K p 11)	~$9M	TheNumbers.com; 10-K p 11
Homestead	December 2024	Distributor (per Black Autumn distribution agreement); Nov 2025 pending merger will consolidate the IP	~$18M	TheNumbers.com; 10-Q Note 7
Brave the Dark	January 2025	Distributor	~$3M	TheNumbers.com
Between Borders	January 2025	Distributor	Modest	TheNumbers.com
The King of Kings	April 2025	Distributor; owned IP; called out as a 2025 driver of $47.6M theatrical-revenue increase	**~$54M**	TheNumbers.com; 10-K p 44 (Angel-disclosed as a 2025 driver)
The Last Rodeo	2025	Distributor; owned IP (10-K p 11)	Modest	10-K p 11
Total confirmed domestic box office (Angel-disclosed items only)			**~$264M+**	**Sound of Freedom + King of Kings + Solo Mio at Angel-disclosed levels**
Approximate total domestic box office (all items, blended sources)			**~$350M+**	**Institute rollup for reference; external items rely on TheNumbers.com**

Title	Release date	Angel role	Domestic box office	Source
David	2025	Distributor via Giant Slayer Media JV (Angel 42% / 2521 Entertainment 58%); called out as 2025 driver	Reported strong	10-Q Note 5 (Slingshot / JV); 10-K p 44 (driver)
I Was a Stranger	January 9, 2026	Distributor; owned IP (10-K p 12 slate)	Modest	10-K p 12 (slate table)
Solo Mio (Kevin James)	February 6, 2026	Distributor; owned IP; Guild-funded — Q1 26 flagship	**~$25M+**	**Q1 2026 press release footnote 3 (Angel-disclosed)**; 95% Popcornmeter score
Animal Farm	May 1, 2026 (scheduled)	Distributor; owned IP (10-K p 12 slate)	TBD (post-Q1 26)	10-K p 12 (slate table)
Young Washington	July 3, 2026 (scheduled)	Distributor; owned IP (10-K p 12 slate) — Kelsey Grammer, Mary-Louise Parker, Ben Kingsley	TBD (post-Q1 26)	10-K p 12 (slate table)
Zero A.D.	Q4 2026 (scheduled)	Distributor; owned IP (10-K p 12 slate) — Deva Cassel, Sam Worthington, Jim Caviezel, Ben Mendelsohn	TBD (post-Q1 26)	10-K p 12 (slate table)
Sketch	May 2025 IP acquisition; theatrical release pipeline	Owned IP (acquired for $6.0M cash from Wonder Project, per 10-Q Note 5); production/ release timeline TBD	TBD (post-Q1 26)	10-Q Note 5
Total confirmed domestic box office (Angel-disclosed items only)			**~$264M+**	**Sound of Freedom + King of Kings + Solo Mio at Angel-disclosed levels**
Approximate total domestic box office (all items, blended sources)			**~$350M+**	**Institute rollup for reference; external items rely on TheNumbers.com**

On per-title production and marketing cost disclosure. *Angel does not break out production cost or marketing cost by individual title in its aggregate 10-K financial statements — the P&L presents total cost of revenues ($124.9M FY25 per 10-K p 44) and total selling and marketing expense ($345M FY25) at consolidated level only. However, each* ***Angel P&A Subsidiary is required to file its own periodic reports with the SEC pursuant to Rule 257(b) of Regulation A*** *(10-K p 41). A practitioner researching a specific title's P&A commitment should search SEC EDGAR for the title's dedicated P&A Subsidiary Reg A filing (Form 1-K annual, Form 1-SA semi-annual). At aggregate level, Angel raised $13.2M from Reg A P&A offerings and received $84.0M from P&A loans for various films during FY2025 (10-K p 64).*

Source: Angel-disclosed items directly cite the Form 10-K for the year ended December 31, 2025 (page 11 for the owned-IP list; page 12 for Sound of Freedom domestic box office of $185.0M; page 44 for the identification of King of Kings and David as 2025 theatrical-revenue drivers) and the Q1 2026 press release footnote 3 (Solo Mio at $25M+ domestic box office with 95% Popcornmeter score). External items reference TheNumbers.com box office data, which Angel itself cites as its distributor-data source in the 10-K at page 9. "TBD" indicates post-quarter release timing not yet disclosed. Values shown are approximate and rounded to the nearest million; a reader running due diligence should verify against current TheNumbers.com or Box Office Mojo data.

> **The theatrical release ledger read.** Three data points anchor the box-office story. First, Sound of Freedom at ~$185M domestic remains the anchor Angel-produced theatrical success; every subsequent release is benchmarked against this. Second, King of Kings and David are the 2025 releases Angel specifically identifies as driving the year's $47.6M increase in theatrical revenue (10-K page 44) — consistent with the flywheel operating on owned IP after the Chosen license loss in 2024. Third, Solo Mio at ~$25M+ in Q1 2026 confirms that Angel can produce commercially viable theatrical releases with celebrity talent (Kevin James) in the current post-Chosen operating model. The 2026 slate (Young Washington with Kelsey Grammer / Ben Kingsley; Angel and the Badman with Tommy Lee Jones; Zero A.D. with Sam Worthington; The Brink of War with Jeff Daniels / J.K. Simmons; Runner with Owen Wilson / Alan Ritchson; Drummer Boy; Hershey) is the empirical test of whether Angel can move theatrical revenue up meaningfully from the FY2025 level. A practitioner reader watching the case should track each release date and box-office performance against this ledger.

12.1c Angel Studios YouTube and digital-content presence

Beyond the theatrical business, Angel Studios operates a substantial owned-YouTube and social-video presence that the Section 12.1b theatrical ledger does not capture. The 10-K discloses this distribution channel in two specific data points that a practitioner should size explicitly.

Table 12.3 — Angel Studios owned YouTube and digital-content distribution

Property	Type	Disclosed reach	Source
Dry Bar Comedy	Owned clean-standup series distributed across YouTube, social media, and the Angel App	**5+ billion views**	10-K p 8 (Angel-disclosed as "one of the largest collections of clean stand-up comedy in the world")
Angel Studios YouTube channel	Trailers, behind-the-scenes, clips supporting theatrical and streaming releases	n.d. (not separately disclosed)	10-K p 17 (identified as one of Angel's marketing channels)
Angel's marketing footprint across Facebook, YouTube, X, TikTok	Broad social-media marketing mix used for Guild acquisition and film promotion	n.d.	10-K p 17 ("broad mix of marketing and public-relations programs, including social media sites such as Facebook, YouTube, X and TikTok")
VAS Portal	Referenced in Angel's business description; Angel has **no ownership interest** in this entity	n/a	10-K p 8
The Chosen (former distribution partner)	Historically Angel's largest single content driver; distribution license terminated 5/28/2024, upheld 6/13/2025, released 7/2025; The Chosen Inc. now distributes through its own app and YouTube channels — NOT through Angel	100M+ historical audience (pre-termination)	10-K pp 9, 36 (Chosen Arbitration disclosure)

Source: Form 10-K for the year ended December 31, 2025, pages 8, 9, 11, 17, 36, and 48.

The Dry Bar Comedy disclosure is a materially undervalued asset in most discussions of Angel Studios. 5 billion+ views across YouTube and social media positions Angel among the larger owned-audio-video-comedy operators in the world — comparable in raw reach to individual creator-economy platforms that trade at nine- and ten-figure valuations in Section 4.2's private-round precedent set. Angel does not disclose the P&L contribution of Dry Bar Comedy separately in the 10-K; the case treats it as embedded in the "Other" revenue line ($0.5M in Q1 2026) which materially understates its economic significance. A future 10-Q with segment-level disclosure would clarify.

12.1d The Chosen revenue concentration collapse — three data points that tell the transition story

The Chosen's contribution to Angel's total revenue declined from a materially concentrated position to zero over three fiscal years. The specific data points are disclosed in the 10-K at page 48:

Table 12.4 — The Chosen revenue concentration decline

Fiscal Year	Chosen revenue as % of Angel total revenue	Business context
FY2023	**19.70%**	Chosen distribution license fully operational; Sound of Freedom launches July 4
FY2024	**6.40%**	Chosen license terminated May 28, 2024; residual distribution wind-down
FY2025	**0.00%**	Complete transition; every FY25 revenue dollar from Angel-owned or licensed non-Chosen IP
Total revenue grew from $124M in FY2023 to $345M in FY2025 (+178%) even as Chosen contribution went from ~$24M (19.7%) to $0.		

Source: Form 10-K for the year ended December 31, 2025, page 48 (Chosen Agreement historical revenue disclosure).

12.1d.i Practitioner editorial — licensor concentration as a first-question diligence item

The Chosen concentration decline in Table 12.4 is a specific data point on one company, but it teaches a general practitioner discipline that applies to any post-SPAC media, streaming, or subscription-community business. The Institute editorial position is that **licensor concentration and single-title concentration should be the first two questions asked in any diligence on a post-SPAC media issuer**, before growth rate, before unit economics, and before capital structure. The logic is straightforward: any content-distribution business whose FY1 revenue included >10% dependence on a single third-party licensed franchise carries a going-concern risk that would ordinarily justify audit qualification if the license terminated without adequate transition planning. Angel's disclosure of 19.7% Chosen concentration in FY2023 (10-K p 48) was a going-concern warning that materialized when the license terminated in May 2024 — and the company successfully transitioned because it had already built the Guild flywheel to fund and distribute its own IP. Not every post-SPAC media issuer has such a transition plan in place.

The three specific questions to ask in diligence:

(1) Does the target's FY1 revenue disclose >10% concentration from any single licensor or content-provider? Every post-SPAC media 10-K should be searched for concentration disclosures at the customer, supplier, and licensor level. Under ASC 280 and Regulation S-K, a concentration exceeding 10% triggers specific disclosure requirements.

(2) Is the target's largest content franchise licensed-in or owned? For any licensed-in franchise, what are the license termination terms, dispute resolution mechanics, and renewal probability? These questions should be answered from the target's 10-K risk factors and license agreement exhibits.

(3) Does the target have a demonstrated ability to replace concentrated legacy revenue if the license terminates? Angel's ability to grow 178% while retiring the entire Chosen contribution is unusually strong. Most post-SPAC media issuers do not have this proof.

A practitioner reading this memo who applies these three questions to Buzzfeed, Chicken Soup for the Soul Entertainment, and Playboy Group (Section 4.3 comps) will find that at least two of the three failed at Question 3 — which is a material contributor to their 6%, 0%, and 13% respective post-SPAC value retention.

> **Reading the Chosen transition data.** The Chosen concentration collapse from 19.7% to 0.0% is the single most important structural data point in the Angel Studios FY2023-FY2025 story. In FY2023, roughly one in five revenue dollars came from a single third-party licensor. That is a customer- (or licensor-) concentration risk that would ordinarily warrant a going-concern discussion when the license terminates. Instead, Angel grew revenue 178% over the same period while replacing 100% of Chosen contribution with its own IP. The Solo Mio Q1 2026 result at $25M+ box office confirms the model works with celebrity-anchored owned IP. The 2026 slate is the extension: seven Angel-owned theatrical releases anchored by Grammer/Kingsley (Young Washington), Tommy Lee Jones (Angel and the Badman), Sam Worthington/Ben Mendelsohn (Zero A.D.), Jeff Daniels/J.K. Simmons (The Brink of War), and Owen Wilson/Alan Ritchson (Runner). The concentration risk that existed in FY2023 has been retired. The empirical test now is whether the FY26 slate performs at Solo Mio-comparable levels.

12.1e FY2026 slate box-office scenarios — the flywheel test

Angel Studios' FY2026 theatrical slate is disclosed at 10-K page 12. The scheduled titles are enumerated in Section 12.1b of this memo. Because Angel does not publish forward-looking box-office guidance, and because the FY2026 slate represents the empirical test of the Guild flywheel operating on Angel-owned IP after the Chosen license loss, the Institute presents per-title box-office scenarios below to help a practitioner reader size the range of possible outcomes.

The scenarios are anchored against three Angel-produced reference points: (a) Sound of Freedom at $185M domestic (the upside outlier), (b) The King of Kings at ~$54M (the recent 2025 hit; 10-K p 44 driver of $47.6M theatrical revenue increase), and (c) the modest-release cohort (Bonhoeffer, Cabrini, Sight) in the $5-19M range. Angel receives approximately 50% of gross domestic box office as its exhibitor-split share.

Table 12.5 — FY2026 slate per-title box-office scenarios ($ in millions, gross domestic)

Title (release date per 10-K p 12)	Low	Base	High	Institute anchor + reasoning
I Was a Stranger (Jan 9, 2026)	$2	$5	$10	Modest-release cohort; comparable to Between Borders and Bonhoeffer
Solo Mio (Feb 6, 2026) — ACTUAL	$25	$25	$25	Kevin James; Angel-disclosed $25M+ per Q1 26 press release footnote 3
Animal Farm (May 1, 2026)	$3	$8	$15	Animated adaptation of Orwell; niche family audience; modest expected
Young Washington (July 3, 2026)	$10	$25	$50	July 4 weekend release opposite July 4 of 2023 for Sound of Freedom; Grammer, Parker, Kingsley cast anchors mid-tier expectation
Zero A.D. (Q4 2026)	$12	$30	$70	Worthington, Caviezel, Mendelsohn biblical epic; comparable to Sound of Hope; upside on Caviezel-anchored faith audience
Angel and the Badman (2026, date TBD)	$5	$12	$25	Tommy Lee Jones/Zachary Levi Western; niche but committed cast
Runner (2026, date TBD)	$8	$18	$35	Owen Wilson/Alan Ritchson thriller; broader commercial appeal
FY2026 slate total gross domestic box office	**$65**	**$123**	**$230**	**—**
Angel's ~50% distributor share (implied theatrical revenue)	**~$33**	**~$62**	**~$115**	**Reference: FY2025 theatrical revenue was ~$60M**

Source: Institute scenarios. FY2026 release dates from Form 10-K for the year ended December 31, 2025, page 12 (slate table). Solo Mio actual box office from Q1 2026 press release footnote 3

(April 30, 2026). Reference titles (Sound of Freedom $185M, King of Kings ~$54M) from Form 10-K pages 12 and 44 respectively. The Brink of War, Drummer Boy, and Hershey (referenced in the Q1 2026 press release but without confirmed 2026 release dates) are excluded from this table until Angel discloses release dates.

> **Reading Table 12.5.** The scenarios are ranges, not forecasts. The Base case implies FY2026 theatrical revenue of approximately $62M, roughly flat with FY2025's $60M. The Low case implies a step-down to $33M. The High case implies a step-up to $115M. The single most important number the reader should watch is Young Washington's July 4, 2026 opening weekend, since the July 4 slot is where Angel produced its historical outperformer (Sound of Freedom in July 2023) and the July 3 release date signals Angel's confidence in the title's audience. A Base-case-plus outcome from Young Washington plus any Zero A.D. outperformance would push theatrical revenue toward the High end of the range.

12.2 The Chosen license loss — the completed transition

The Chosen was Angel Studios' largest and most successful franchise through 2024. In May 2024, an arbitrator issued the Interim Arbitration Award terminating Angel's Chosen distribution license, effective as of May 28, 2024. Angel appealed. In June 2025, the arbitration panel upheld the termination. In July 2025, the parties signed a settlement and mutual release. Angel today does not distribute The Chosen. Every dollar of Q1 2026 revenue — $115.1 million — comes from titles that Angel controls itself: Sound of Freedom, Cabrini, Sight, Bonhoeffer, Solo Mio, and the growing 2026 slate.

The reason the Chosen loss matters as a legacy overhang, rather than as a resolved past event, is what it teaches the reader about the Guild flywheel. Angel's original 2022-2024 growth built the Guild base on the strength of Chosen distribution. The Guild had to prove it could compound without Chosen. Solo Mio's $25M domestic box office and the 106% Q1 25-to-Q1 26 Guild member growth are the empirical evidence that the flywheel operates on Angel's owned IP. But no Angel case can leave that question unaddressed: is the Guild still growing because of the momentum from the Chosen era, or is it growing because the values-based content model attracts and retains members regardless of any single title?

12.3 The Slingshot Litigation — the pending third overhang

On March 11, 2025, Angel Studios was served with a Complaint filed in Utah State Court, Fourth Judicial District. The Complaint (referred to in the filings as the Slingshot Litigation) alleged claims relating to the animated feature film DAVID. The subsequent resolution structure is instructive: on October 7, 2025, Angel entered into a Term Sheet with 2521 Entertainment, LLC to form a joint venture called Giant Slayer Media. That same day, an Asset Purchase Agreement was executed between Slingshot and Giant Slayer Media, under which Giant Slayer acquired substantially all of the Slingshot assets related to DAVID and associated works. Angel contributed $31.4 million cash to the JV; 2521 contributed $46.6 million cash; Angel was credited $2.3 million for a prior investment, giving Angel a 42% / 2521 a 58% equity split. Angel does not consolidate Giant Slayer — it accounts for the JV under the equity method.

The Slingshot Litigation is the most recent example of the kind of contingent, disclosure-heavy overhang that any diligence reader will need to inventory quarter by quarter. The specific claim was resolved through a joint-venture asset purchase (not through litigation). The pattern illustrates Angel management's operating preference for negotiated resolutions of contested-content claims rather than protracted litigation — consistent with the Chosen settlement pattern in July 2025 and, in a different way, the 2020 Disney Reorganization Plan itself.

12.4 The Institute editorial conclusion

Angel Studios at March 31, 2026 is one of the most interesting practitioner-case-study subjects in the Institute universe. It has:

— A subscription-community business (the Guild) that grew 106% year over year in paying members, generates 72% of consolidated revenue, and produced $73.6 million of prepaid customer float on the balance sheet. Under a defensible ARR-multiple valuation methodology, the Guild alone is worth more than the entire current implied enterprise value of the company.

— A $230 million net operating loss carryforward that is very likely already limited under §382 by the September 2025 SPAC reverse-recap, producing an actually-usable DTA of approximately $15 million on the Institute base case — not $56 million on the face-value calculation that a superficial read of the tax footnote would produce.

— A capital structure that combines negative stockholders' equity, effective borrowing costs of 14-31%, three separate insider-related-party structures (Angel P&A LLC, the Sarowitz convertible, and the Crane-tied acquisition pipeline), and 35.9 million potentially issuable shares beyond the current 186.4 million outstanding.

— Three legacy overhangs that a practitioner needs to actively monitor: the Harmon brothers' pledged equity under the Disney Reorganization Plan, the completed transition from Chosen-distributor to owned-IP producer, and the pattern of contested-content resolution through negotiated deals.

The Institute base-case valuation of approximately $2.68 per fully-diluted share reflects a 28% premium to the April 2026 registered offering print of $2.10. That premium is not the Institute urging any specific action — the Institute is a publisher, not an investment adviser. The premium is the Institute's structural view that a marketplace pricing Angel Studios primarily against the SPAC-emerged media failure set (Section 4.3, median 27% value retention) is under-weighting the subscription-community precedent set (Section 4.2, $571-$1,300 per paying member private-round valuations). The reader is invited to run the sensitivity themselves against their own assumptions in the companion Excel model.

> **Institute editorial standard.** This case is written as though the reader is a CEO and Board making a resource-allocation decision, with Greg Abel as the second reader and CNBC at the next camera. The commit at $2.68 fully-diluted is the Institute base-case midpoint. The Low case is $1.17. The High case is $5.34. A three-standard-deviation event in either direction would move the number outside that band, and Section 12.1's Disney Reorganization Plan contingent note is the single largest source of that tail exposure. Read the footnotes. Watch the next 10-Q. Model the §382 limit before you model the NOL shield.