Curiosity STREAM

Q2 2025 Earnings Call Remarks

Tia Cudahy, Chief Operating Officer

Thank you, and welcome to CuriosityStream's discussion of its second quarter 2025 financial results. Leading the discussion today are Clint Stinchcomb, CuriosityStream's Chief Executive Officer, and Brady Hayden, CuriosityStream's Chief Financial Officer. Following management's prepared remarks, we will be happy to take your questions. But first, I'll review the safe harbor statement.

Safe Harbor Statement

During this call, we may make statements related to our business that are forward-looking statements under the federal securities laws. These statements are not guarantees of future performance, but rather are subject to a variety of risks, uncertainties, and assumptions. Our actual results could differ materially from expectations reflected in any forward-looking statements. Please be aware that any forward-looking statements reflect management's current views only and the Company undertakes no obligation to revise or update these statements nor to make additional forward-looking statements in the future. For a discussion of the material risks and other important factors that could affect our actual results, please refer to our SEC filings available on the SEC website and on our Investor Relations website as well as the risks and other important factors discussed in today's press release. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, when filed. In addition, reference will be made to non-GAAP financial measures. A reconciliation of these non-GAAP measures to comparable GAAP measures can be found on our website at investors.curiositystream.com. Unless otherwise stated, all comparisons will be against our results for the comparable 2024 period.

Now I'll turn the call over to Clint.

Clint Stinchcomb, President and CEO

Thank you, Tia.

To state the obvious, we are living and operating today in an extraordinary and transformational time in media and technology. While I will talk later about what this revolution means for CURI, I'd first like to share our Q2 highlights. Quarterly revenue grew by 53% YOY, from $12.4 million to $19 million, far exceeding the high end of our guidance. Revenue also grew sequentially from Q1 by 26%. Net income was again positive and improved by nearly $3 million YOY. Adjusted EBITDA grew by over $4 million YOY from negative 1 million to positive $3.1 million, also exceeding the high end of our guidance. More granularly, our subscription revenue increased sequentially, and our licensing revenue powered by video and audio for AI training grew considerably. In short, our business is strong and strengthening across the board. Brady will provide more color around these and other key metrics.

In regard to our subscription revenue trajectory, we recently entered into new and expanded multiyear wholesale distribution agreements in Asia, Latin America and the U.S., which we believe will ensure our overall subscription revenue is up and to the right for the foreseeable future. Further underscoring our confidence, we recently launched Curiosity Stream and Curiosity University in new international markets with retail channel store partners like Prime Video Channels.

We licensed a slate of traditional individual titles and series to both new and returning partners, including public broadcasters, pay-TV channels, and academic distributors across the U.S., Europe, Asia, and Latin America. Today, August 5, we premiere a major new series on the world's most influential streaming platform—Netflix. *Titans: The Rise of Hollywood* is a six-episode premium drama that chronicles the extraordinary rise of Hollywood's studio system, driven by the ambition and vision of first-generation immigrant pioneers. This world-class series blends power, scandal, greed, and profound insight into the human condition. We are eager to see how it resonates with Netflix's broad audience.

Our dataset licensing for AI training in the form of premium video, audio, scripts and study guides grew substantially for the third quarter in a row. In addition to these premier ethically sourced corpuses, we also licensed about 9 million tokens of code…code… for the first time ever. While video sits firmly at the top of the dataset leaderboard in value and demand, our licensing of code is a testament to the value of controlling rights to all manner of IP for licensing and an illustration of the principal “land and expand” … which we are doing and will continue to do by over-delivering and delighting our partners.

We are asked frequently by investors and content partners to help them better understand the lifespan and durability of data licensing for AI training and other initiatives. Is this recurring they ask, is this one and done, do you know how many millions or billions of video hours are needed, what is your moat, what happens if you run out of video, aren’t you concerned about legal and regulatory issues, what will be the impact when the biggest studios move into this area? will synthetic training data replace authentic data?

These are good and important questions. And while no one can perfectly predict the future, we have a tight team who has spent the last 16 months working on making CURI the dominant AI video licensor. This work has been hands on, day by day, partner by partner, shoulder to the wheel. While we have many unique advantages, four critical ones are 1) our deep and curated global premium video and audio library, 2) longstanding relationships with rights holding premium content producers around the world, 3) Programming services worldwide that we are simultaneously feeding and 4) something that really sets us apart, the technical capability to structure our data in a superior manner to our peers. We believe we’ve had more conversations across the licensing and model training ecosystem than our competitors, and we’ve translated these conversations into executed partnerships. Our perspective isn’t theoretical; it hasn’t come from commissioning an overpriced McKinsey study or from spending time in the Yale faculty lounge. Our point of view is rooted in real world experience and deed.

Every new type of business model tends to go through a period of early chaos and uncertainty but eventually the clouds clear and the blue sky presents itself. In regard to the questions I cited earlier, we know that large scale AI models require enormous volumes of video data for training. Simply put, as they become more advanced, they need to be fed more. Scaling laws in AI show that additional video improves accuracy and generative capabilities, even with diminishing marginal returns. If an AI company is not generating continuous performance gains, they are losing. Further, freshness and recency are critical because cultural trends, products and virtual references are constantly evolving. In other words, models need ongoing updates to stay relevant and avoid obsolescence. As to synthetic data it is incomplete. Simulated video can augment real data but doesn't fully replicate real world physics, actions or the diversity and context of authentic video and data. We believe the market for high quality, ethically sourced, rights cleared video and audio content is incredibly durable and only growing for the foreseeable future. Further, we are reviewing real Video and audio RFPs, so we do have some insight into the quantity requirements – millions of hours – and category and structural imperatives. Everyone should do their own research, but there are estimates that the industry-wide need for video could range from billions to 10's of billions of hours.

As some of what I just shared may sound a bit like consultant speak, I'll speak more plainly to the recurring nature of this business. Everyone wants seconds…and thirds….and some already fourths and fifths. So, for us, this is de facto recurring revenue which again comes from having the overall best corpus of video and audio in the industry and from working to treat our partners on all sides of the equation like gold. Will you run out of content to license? No chance. Just as painters are always painting the Golden Gate Bridge…always, it never stops we are similarly continuously creating and acquiring content for our streaming services and channels around the world. Further, the hyper-scalers and the many other AI companies who are and who we believe will license video for training want to work with partners who control a highly reputable critical mass of content. They tell us that this typically means a minimum of several hundred thousand hours.

The long-term durability and recurring nature of this revenue is further sustained by the additional monetizable grants of rights that are emerging and will be required. To be clear, we are granting today only a training right. In the future we will negotiate and license additional monetizable rights. A few examples include display rights, certain derivative rights, transformative rights, certain reproduction rights and adaptation rights. Another near certainty is that we will be asked to license rights in the future that we haven't even contemplated today.

Another common question is "What is your moat?" The most obvious tangible moat is our superior volume of premium rights cleared content available for license. The largest studios have libraries of 100K – 225K hours. We have control of and access to exponentially more hours than that…and our volume is growing every day. In addition, our ability to structure our data gives us a real competitive advantage. I'm referring to our ability to clip, index, label and annotate at scale, hundreds of thousands of hours into any segment length in a very short time, to index, to annotate and to label at scale. Think traditional metadata on steroids…but steroids wildly more powerful than the ones given to the best Eastern European javelin throwers. This structure and metadata makes the content we supply that much more valuable to our licensee partners. Intangibly it's also simply Action, Action, Action, enhancing our existing relationships and building new ones. As we have done and continue to do the hard foundational work, we are well armed to execute at a scale we think beyond potentially anyone in the space.

I'm referring to our ability to clip, index, label, and annotate at scale. We are now able ourselves to create metadata for our content we would not have thought possible even three or four months ago. This metadata makes the content we supply that much more valuable to the AI licensees.

Lastly on this topic, it's critical to be able to distinguish between signal and noise. All of us are deluged everyday with viewpoints around AI from seemingly every information source – like legal and regulatory concerns, what did the President just announce, what did the AI czar David Sacks say on the All-In podcast?, will your job be replaced, what are the threats to humanity and our personal security that we need to address, how do we keep the god in the box, is China beating us in the race. For our purposes 99% of this is noise, meaning irrelevant or distracting data. Now more than ever we will be successful by simply focusing on the signal – the meaningful info we need to detect and understand and act on – in the direct service of our business objectives, namely meeting the licensing needs of our AI partners. We see and hear the signal. We will not be distracted by the noise.

Over the past century, value creation in media has consistently migrated to those able to capitalize on paradigm-shifting innovation. From the first TV broadcast in 1928 to the global satellite link of 1967 that brought billions together to watch the Beatles, and from cable and DTH in the late 20th century to the rise of YouTube in 2005 and Netflix's premium streaming model in 2007, every new wave crowned new leaders — and left slow movers behind.

Today, as we enter the mid-2020s, we are standing at the threshold of the most profound disruption and advancement yet. This is not an iteration. It's a redefinition and one that will surely bring about a reordering across many if not all industries. Looking ahead to 2026, we at CURI are confident in two dynamics: 1) We will license more video and data than we did in 2025, and 2) We will be the or among the dominant licensors of video for AI model training.

In closing, we believe our strong balance sheet - $31 million in liquidity and no debt - and our continued double-digit growth in both top-line revenue and cash flow, our leadership in AI video and data licensing, our library of over 1 million hours of video and our $.32 annual dividend, position us as a high-performance outlier amid a historical technological revolution. The rapid acceleration of AI is not just reshaping industries—it is redrawing the competitive landscape. We believe CURI is uniquely positioned to capitalize on this shift. Our diversified revenues from subscriptions, licensing and advertising, our expanding ecosystem of technology and media partners, and public market currency create powerful operating leverage and optionality. Simultaneously, our disciplined cost rationalization efforts ensure efficiency without compromising growth.

Over to you, Brady.

Brady Hayden, CFO

Thank you, Clint, and good afternoon everyone.

Our full results will be presented in the 10-Q that we'll file in the next day or two. But let me quickly go through some of the second quarter results that we want to highlight.

As Clint said, in the second quarter, we reported revenue of $19 million, exceeding our guidance, and a 53% increase compared to $12.4 million a year ago.

We continued to generate net income in the second quarter, with earnings coming in at $0.8 million, or 1 cent per share, and a $2.8 million improvement from 2024.

Likewise, we reported another quarter of positive adjusted EBITDA, which came in at $3 million, an improvement of $4 million from a year ago, and also the highest adjusted EBITDA in company history.

Adjusted Free Cash Flow came in at $2.9 million, near the high end of our guidance range, and an increase of $0.4 million compared to last year. This also represented our sixth quarter in a row of positive adjusted free cash flow.

Revenue for the second quarter was led by Content Licensing, which came in at $9.3 million, an increase from last year of over $8 million, driven by significant new business from AI training licensing.

Our subscription revenue, which we consider our DTC, Partner Direct, and Bundled Distribution revenues, was also $9.3 million in the second quarter. This was a $1.7 million decline from last year, but a sequential increase from Q1, a trend that that we believe will continue.

Second quarter gross margin was 53%, a slight improvement from 52% a year ago. While we're seeing continued reductions in content amortization, our cash costs of revenue increased slightly, a result of the growth we're seeing in the licensing of content we have acquired through revenue share arrangements, and associated storage costs.

Regarding other operating expenses, combined costs for advertising and marketing plus G&A were down 8% compared to last year, as we continued to benefit from our ongoing cost rationalization. And excluding stock-based compensation, G&A declined 10% from a year ago.

As I mentioned earlier, adjusted EBITDA was $3 million in the second quarter, compared to a loss of $1 million a year ago. And Adjusted Free Cash Flow was $2.9 million in the quarter, compared with $2.5 million a year ago.

In June we paid dividends of $10.4 million, including our ordinary Q2 dividend of $4.6 million as well as a $5.8 million special dividend. And at yesterday’s closing price, our shares currently provide for about a six-and-a-half percent dividend yield.

We ended the quarter with total cash and securities of $30.7 million and no outstanding debt. We believe our balance sheet remains in great shape, and that this provides us with significant operating flexibility.

Looking forward, for the third quarter, we expect revenue in the range of $15 million to $18 million. And for 2025, we expect Adjusted Free Cash Flow in the range of $11 million to $13 million for the full year.

With that, we can hand it back to Bella and open the call to questions.