



Q4 and FY 2024 Earnings Call Script

Brett Maas, Investor Relations

Thank you, and welcome to CuriosityStream's discussion of its fourth quarter and full-year 2024 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2024, 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 2023 period.

Now I'll turn the call over to Clint.

Clint Stinchcomb, CEO

We took big steps forward in 2024. To speak plainly we delivered a year over year cash flow increase of about 26 million dollars in 2024. More specifically, we lost about 16 million dollars in cash in 2023 and we made about 10 million dollars in 2024. We did this by executing on the cost rationalization we promised and by securing higher margin revenue across our subscription services, which represent recurring revenue... and also, in our advertising and licensing initiatives which represent largely variable revenue. I'm gratified to share that 2025 will be a return to topline growth and continued bottom line growth.

In Q4 we delivered our 9th straight quarter of increased cash flow and as such our highest ever adjusted free cash flow at 3.3 million dollars. Our topline revenue also exceeded our guidance. Our subscription revenue grew both sequentially and year over year. Our variable revenue grew sequentially and while down slightly from the prior year quarter we believe it is important and helpful to understand that by increasing our overall roster and categories of partners - which enabled higher margin revenue - we laid additional and critical groundwork for heavy overall improvement in 2025.

Our confidence in 2025 is driven by 5 factors:

Number 1, We aggregated and amassed rights to hundreds of thousands of hours of monetizable video and audio which we are putting to work on our own platforms and in licensing agreements. Our licensing agreements are with both our traditional media partners AND technology partners that are in need of content to train and fine tune large language models to accelerate their AI product rollouts in an environment of increasing competition.

Over the past handful of months, we have delivered and licensed over 8 million minutes of video and audio, and we are in the process of delivering much more. We have much greater visibility today than 3, 6 and 9 months ago in regard to what is possible here.

Number 2, Our overall annualized operational costs are significantly lower than our recurring revenue. This dynamic ensures a hard minimum of annual free cash flow and empowers us with the flexibility to take some calculated swings. Through enhanced simplification and optimization practices, made much easier by improving AI tools, we are continuing to reduce costs while not negatively impacting growth.

Number 3, Falling translation costs driven by AI. While we can't yet dub and subtitle all of our content through synthetic AI solutions we can for certain subsets, like natural history films with Voice of God narration. We are beginning to translate more subgenres of content within and beyond our current 12 languages. We believe increased localization will be particularly catalytic to factual programming like ours as it travels well, as evidenced by our subscribers in 176 different countries.

Number 4, New currency rollouts – In light of our existing global subscriber base and worldwide appeal, we plan to add 20-30 new currency opportunities for our subscribers this year.

Number 5, Enhanced Talent Density – While we always have ample room for improvement, our high concentration of skilled, motivated and enthusiastic team members is generating increased productivity, innovation, faster decision making, faster execution, faster fixing of mistakes and we believe a competitive advantage for CuriosityStream by enabling us to achieve more with less and to quickly adapt to evolving opportunities. While it's not a metric we obsess over, we believe our revenue per FTE is among the highest in our competitive set.

Following our annual dividend review meeting in January and in accordance with historical best practices of confident dividend paying companies, we announced an increase from 10 to 12 cents for dividend holders in Q1 2025. We subsequently announced an upwardly revised increase to 16 cents for shareholders through 2025, which we plan to pay from operations in light of our enhanced visibility into certain third-party agreements and our overall pipeline. We believe this dividend, beginning with 4 cents per share this quarter on March 28, is a great way to reward our investors AND our employees and to raise the broader global profile of CuriosityStream. Today, in addition to participating in the growth potential of a vibrant organization at the intersection of content and generative AI shareholders can enjoy a return comparable to cash and other ultra reliable investment instruments. This increase further underscores our confidence in our trajectory.

While I have referenced our dramatic increase in content volume we premiered some terrific original series and feature specials Some favorites include our rather irreverent series *Science for Evil Geniuses*, starring Game of Thrones actor Paul Kaye; the feature-doc *Searching for Satoshi*, about the mysterious creator of Bitcoin, a fourth season of our high-school football series *4th & Forever*, featuring the DeSoto Eagles, and their quest

to re-capture a Texas state title; our delicious evolutionary-biology special *Taste: The Flavor of Life*; and our epic 5-part series *Fateful Planet*, which brings to life the most violent chapters in Earth's geologic history.

In closing, I'm proud that the well-directed work of our talent-dense team enabled us to achieve our ninth straight quarterly increase in cash flow, \$3.3 million dollars, and end the year with approximately 40 million dollars in liquidity... and no debt...ZERO. Looking forward, we are returning to topline revenue growth...in the double digits... in 2025 and likewise anticipate double digit annual percentage growth in free cash flow.

Additionally, we continue to believe that our extensive library of now hundreds of thousands of hours of audio and video, our global appeal, our direct subscriber base and direct platforms, our multiyear third-party agreements, our public company currency and our rationalized cost structure are uniquely favorable attributes that provide us with sustainable, durable long-term strength and exceptional flexibility.

Over to Brady....

Brady Hayden, CFO

Thank you, Clint, and good afternoon, everyone.

Our full financial results are presented in the back of the press release that we just issued a few minutes ago as well as the 10-K that we'll file in the next few days. But let me quickly go through some of the results that we want to highlight for the fourth quarter as well as full-year 2024.

We have remained intensely focused on expense discipline and operating efficiency, and we believe our 2024 results demonstrate the excellent progress we have made over the past several quarters.

As Clint said, we achieved another milestone in the fourth quarter, as Adjusted Free Cash Flow came in at 3.3 million dollars, which exceeded guidance and was an improvement of 5.7 million dollars from the prior year. This also represented the highest quarterly adjusted free cash flow in the company's history, and nine quarters of sequential improvement in this metric.

For the full year, Adjusted Free Cash flow was 9.5 million dollars, an improvement of 25.5 million dollars from 2023. To put that number in context, we improved our 2024 cash flow by an amount equal to half of our annual revenue.

Looking more at revenue:

Fourth quarter revenue was above our guidance range, coming in at 14.1 million dollars, compared to 12.6 million dollars in Q3, and 14.8 million dollars in the prior-year quarter.

Our Direct business remained our largest revenue category, generating 9.4 million dollars in Q4 and 38.6 million dollars for the full year, continuing to demonstrate a predictable, recurring revenue stream. Total revenue of 51.1 million dollars was lower for the full year, although this was mostly the result of entering fewer non-cash transactions in 2024 than in 2023. If you take out these non-cash deals, our 2024 revenue was essentially flat year over year.

Fourth quarter gross margin of 52% increased from 45% a year ago, driven by our cost control efforts and continued reductions in content amortization. Our gross margin excluding content amortization, which focuses on the

cash cost of delivering our services, was 85% in the fourth quarter, compared to 80% a year ago.

Turning to operating expenses:

For the year, our combined expenses for advertising and marketing plus G&A were down 7.7 million dollars or 17% compared to 2023, as we realized the ongoing benefits of our planned spending reductions. And excluding stock-based compensation, G&A declined 7.3 million or 29% in 2024.

Fourth quarter Adjusted EBITDA improved by 1.5 million dollars or 43% compared with the prior year. And for the full year, Adjusted EBITDA improved by 14.1 million dollars, or 70%.

As we've discussed before, our earnings are negatively impacted by content amortization, which is of course a non-cash expense we are required to record each quarter.

While we don't provide guidance with regard to Adjusted EBITDA, we expect that as revenue grows and margins continue to improve, breakeven Adjusted EBITDA is within our reach.

And as we mentioned earlier, Adjusted Free Cash Flow was 9.5 million dollars for the year, compared with negative 16 million dollars in 2023, an improvement of 25.5 million dollars.

Turning to return of capital:

In March of 2024, we announced our dividend program, and during the year, we paid three dividends, including our September dividend of

1.4 million dollars, bringing total dividends paid for the year to 4.1 million dollars. We also announced in 2024 our share repurchase plan, and during the year we bought back 216 thousand shares of our common stock.

Looking forward, increasing the dividend program to 16 cents per share in 2025 would imply about a 7.5 percent yield based on yesterday's closing price of our shares.

We ended the year with total cash and securities of 39.7 million dollars and no outstanding debt. To put that into context, our cash and securities balance represents about one third of our market cap at our current share price. This, along with our confidence to continue generating strong free cash flow, further supports our dividend increase.

Moving to first quarter 2025 guidance, we expect revenue in the range of 14.5 to 15.5 million dollars and Adjusted Free Cash Flow in the range of 1 to 2 million dollars. While we don't provide full-year guidance, we believe we'll achieve double-digit growth in both revenue and cash flow for 2025.

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