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

FORM 10-Q

(MARK ONE)

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

For the quarter ended June 30, 2023

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

For the transition period from ________ to ________

Commission file number: 001-39139

CURIOSITYSTREAM INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**84-1797523** **(I.R.S. Employer Identification No.)**

8484 Georgia Ave., Suite 700
Silver Spring, Maryland 20910
(Address of principal executive offices)

(301) 755-2050
(Issuer's telephone number)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001	CURI	NASDAQ
Warrants, each exercisable for one share of Common Stock at an exercise price of $11.50 per share	CURIW	NASDAQ

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 10, 2023, there were 53,031,186 shares of Common Stock of the registrant issued and outstanding.

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CURIOSITYSTREAM INC.
FORM 10-Q FOR THE QUARTER ENDED June 30, 2023

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CuriosityStream Inc.
Consolidated Balance sheets
(in thousands, except par value)

	June 30, 2023 (unaudited)	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 44,337	$ 40,007
Restricted cash	500	500
Short-term investments in debt securities	—	14,986
Accounts receivable	9,087	10,899
Other current assets	1,679	3,118
Total current assets	55,603	69,510
Investments in equity method investees	9,303	10,766
Property and equipment, net	911	1,094
Content assets, net	63,288	68,502
Operating lease right-of-use assets	3,564	3,702
Other assets	448	539
Total assets	$ 133,117	$ 154,113
Liabilities and stockholders' equity (deficit)		
Current liabilities		
Content liabilities	$ 1,750	$ 2,862
Accounts payable	6,407	6,065
Accrued expenses and other liabilities	4,173	7,752
Deferred revenue	12,876	14,281
Total current liabilities	25,206	30,960
Warrant liability	147	257
Non-current operating lease liabilities	4,470	4,648
Other liabilities	668	622
Total liabilities	30,491	36,487
Stockholders' equity (deficit)		
Common stock, $0.0001 par value – 125,000 shares authorized as of June 30, 2023 and December 31, 2022; 53,026 shares issued and outstanding as of June 30, 2023; 52,853 issued and outstanding as of December 31, 2022	5	5
Additional paid-in capital	361,392	358,760
Accumulated other comprehensive loss	—	(40)
Accumulated deficit	(258,771)	(241,099)
Total stockholders' equity (deficit)	102,626	117,626
Total liabilities and stockholders' equity (deficit)	$ 133,117	$ 154,113

The accompanying notes are an integral part of these consolidated financial statements.

CuriosityStream Inc.
Consolidated Statements of Operations
(in thousands, except for per share data)
(unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Revenues	$ 14,097	$ 22,348	$ 26,484	$ 39,975
Operating expenses				
Cost of revenues	9,933	12,988	18,934	24,838
Advertising and marketing	4,203	11,208	7,318	25,976
General and administrative	7,980	10,603	16,039	21,106
Impairment of goodwill and intangible assets	—	3,603	—	3,603
	22,116	38,402	42,291	75,523
Operating loss	(8,019)	(16,054)	(15,807)	(35,548)
Change in fair value of warrant liability	184	478	110	4,338
Interest and other income (expense)	437	(29)	825	(86)
Equity method investment loss	(2,235)	(316)	(2,454)	(472)
Loss before income taxes	(9,633)	(15,921)	(17,326)	(31,768)
Provision for income taxes	288	56	346	101
Net loss	$ (9,921)	$ (15,977)	$ (17,672)	$ (31,869)
Net loss per share				
Basic	$ (0.19)	$ (0.30)	$ (0.33)	$ (0.60)
Diluted	$ (0.19)	$ (0.30)	$ (0.33)	$ (0.60)
Weighted average number of common shares outstanding				
Basic	53,006	52,775	52,978	52,762
Diluted	53,006	52,775	52,978	52,762

The accompanying notes are an integral part of these consolidated financial statements.

CuriosityStream Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)
(unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net loss	$ (9,921)	$ (15,977)	$ (17,672)	$ (31,869)
Other comprehensive income (loss)				
Unrealized gain (loss) on available for sale securities	—	3	40	(230)
Total comprehensive loss	$ (9,921)	$ (15,974)	$ (17,632)	$ (32,099)

The accompanying notes are an integral part of these consolidated financial statements.

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CuriosityStream Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)
(unaudited)

	Common Stock		*Preferred Stock*					
	Shares	***Amount***	***Shares***	***Amount***	***Additional Paid-in Capital***	***Accumulated Other Comprehensive Income (Loss)***	***Accumulated Deficit***	***Total Stockholders' Equity (Deficit)***
Balance at March 31, 2023	**52,961**	**$ 5**	**—**	**$ —**	**$360,002**	**$ —**	**$ (248,850)**	**$ 111,157**
Net loss	—	—	—	—	—	—	(9,921)	(9,921)
Stock-based compensation, net	66	—	—	—	1,390	—	—	1,390
Balance at June 30, 2023	**53,026**	**$ 5**	**—**	**$ —**	**$361,392**	**$ —**	**$ (258,771)**	**$ 102,626**
Balance at December 31, 2022	**52,853**	**$ 5**	**—**	**$ —**	**$358,760**	**$ (40)**	**$ (241,099)**	**$ 117,626**
Net loss	—	—	—	—	—	—	(17,672)	(17,672)
Stock-based compensation, net	173	—	—	—	2,632	—	—	2,632
Other comprehensive income	—	—	—	—	—	40	—	40
Balance at June 30, 2023	**53,026**	**$ 5**	**—**	**$ —**	**$361,392**	**$ —**	**$ (258,771)**	**$ 102,626**
Balance at March 31, 2022	**52,767**	**$ 5**	—	$ —	**$353,985**	**$ (455)**	**$ (206,074)**	**$ 147,461**
Net loss	—	—	—	—	—	—	(15,977)	(15,977)
Stock-based compensation, net	19	—	—	—	1,570	—	—	1,570
Other comprehensive income	—	—	—	—	—	3	—	3
Balance at June 30, 2022	**52,786**	**$ 5**	—	$ —	**$355,555**	**$ (452)**	**$ (222,051)**	**$ 133,057**
Balance at December 31, 2021	**52,677**	**$ 5**	**—**	**$ —**	**$352,334**	**$ (222)**	**$ (190,182)**	**$ 161,935**
Net loss	—	—	—	—	—	—	(31,869)	(31,869)
Stock-based compensation, net	109	—	—	—	3,221	—	—	3,221
Other comprehensive loss	—	—	—	—	—	(230)	—	(230)
Balance at June 30, 2022	**52,786**	**$ 5**	**—**	**$ —**	**$355,555**	**$ (452)**	**$ (222,051)**	**$ 133,057**

The accompanying notes are an integral part of these consolidated financial statements.

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CuriosityStream Inc.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	For the six months ended June 30, 2023	2022
Cash flows from operating activities		
Net loss	$ (17,672)	$ (31,869)
Adjustments to reconcile net loss to net cash used in operating activities		
Change in fair value of warrant liability	(110)	(4,338)
Additions to content assets	(7,103)	(25,303)
Change in content liabilities	(1,112)	(3,708)
Amortization of content assets	12,317	19,130
Depreciation and amortization expenses	249	441
Impairment of goodwill and intangible assets	—	3,603
Amortization of premiums and accretion of discounts associated with investments in debt securities, net	26	758
Stock-based compensation	2,689	3,382
Equity method investment loss	2,454	472
Other non-cash items	243	211
Changes in operating assets and liabilities		
Accounts receivable	1,812	11,893
Other assets	1,464	4,040
Accounts payable	(645)	6,146
Accrued expenses and other liabilities	(3,862)	(2,850)
Deferred revenue	(1,358)	(157)
Net cash used in operating activities	(10,608)	(18,149)
Cash flows from investing activities		
Purchases of property and equipment	(5)	(120)
Investment in equity method investees	—	(1,625)
Sales of investments in debt securities	—	2,893
Maturities of investments in debt securities	15,000	24,373
Purchases of investments in debt securities	—	(1,497)
Net cash provided by investing activities	14,995	24,024
Cash flows from financing activities		
Payments related to tax withholding	(57)	(161)
Net cash used in financing activities	(57)	(161)
Net increase in cash, cash equivalents and restricted cash	4,330	5,714
Cash, cash equivalents and restricted cash, beginning of period	40,507	17,547
Cash, cash equivalents and restricted cash, end of period	$ 44,837	$ 23,261
Supplemental disclosure:		
Cash paid for taxes	$ 25	$ 398
Cash paid for operating leases	$ 269	$ 219
Right-of-use assets obtained in exchange for new operating lease liabilities	$ —	$ 3,965

The accompanying notes are an integral part of these consolidated financial statements.

CuriosityStream Inc.
Notes to the Unaudited Consolidated Financial Statements
(in thousands, except share and per share data)

Note 1 — Organization and business

The principal business of CuriosityStream Inc. (the “Company” or “CuriosityStream”) is to provide customers with access to high quality factual content via a direct subscription video on-demand (SVOD) platform accessible by internet connected devices, or indirectly via distribution partners that deliver CuriosityStream content via the distributor’s platform or system. The online library available for streaming spans the entire category of factual entertainment including science, history, society, nature, lifestyle, and technology. The library is composed of thousands of accessible on-demand and ad-free productions and includes shows and series from leading nonfiction producers.

The Company’s content assets are available directly through its owned and operated website (“O&O Service”), mobile applications developed for iOS and Android operating systems (“App Services”), and via the platforms and systems of third-party partners in exchange for license fees. The Company offers subscribers a monthly or annual subscription. The price for a subscription varies depending on the content included (e.g., Direct Service or Smart Bundle service) and the length of the subscription (e.g., monthly or annual) selected by the customer. As an additional part of the Company’s App Services, it has built applications to make its service accessible on almost every major customer device, including streaming media players like Roku, Apple TV and Amazon Fire TV, major smart TV brands (e.g., LG, Vizio, Samsung) and gaming consoles. In addition, CuriosityStream has affiliate agreement relationships with, and its content assets are available through, certain multichannel video programming distributors (“MVPDs”) and virtual MVPDs (“vMVPDs”). The Company also has distribution agreements which grant other media companies certain distribution rights to the Company’s programs, referred to as content licensing deals. The Company also sells selected rights to content it creates before production begins.

Note 2 — Basis of presentation and summary of significant accounting policies

Basis of presentation

The accompanying unaudited consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and are consistent in all material respects with those applied in the Company’s consolidated financial statements as of and for the year ended December 31, 2022.

In the opinion of management, the unaudited consolidated financial statements include all adjustments of a normal recurring nature necessary for the fair presentation of the Company’s financial position, results of operations, and cash flows. The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes and Management’s Discussion and Analysis of Financial Condition, and Results of Operations included in the Annual Report on Form 10-K for the year ended December 31, 2022. The results of operations for the three and six months ended June 30, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023.

There have been no material changes in the Company’s significant accounting policies compared to the significant accounting policies described in the Company’s consolidated financial statements as of and for the year ended December 31, 2022.

The Company periodically reviews and evaluates the recoverability of its long-lived assets. Where applicable, estimates of net future cash flows, on an undiscounted basis, are calculated based on future revenue and operating performance estimates. If appropriate and where deemed necessary, a reduction in the carrying value is recorded based on the difference between the carrying value and the fair value based on discounted cash flows.

During the three months ended June 30, 2023, the Company identified certain indicators of impairment with respect to its long-lived asset group, including the decline in the Company’s stock price. Based on the resulting impairment analysis, the Company determined that the undiscounted cash flows of the long-lived asset group, which for the purposes of this analysis excluded the Company’s Investments in equity method investees, exceeded the carrying value as of June 30. 2023. As such, no impairment charges with respect to the long-lived asset group were required to be recorded by the Company during the three months ended June 30, 2023.

During the three months ended June 30, 2023, the Company also performed a separate analysis of its Investments in equity method investees to determine if an “other-than-temporary” impairment exists. Refer to Note 3 for further discussion on the results of this analysis.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP and the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant items subject to such estimates include the content asset amortization policy, the assessment of the recoverability of content assets and equity method investments, the fair value of share-based awards and liability classified warrants and measurement of income tax assets and liabilities.

Reclassification

Certain comparative figures have been reclassified to conform to the current year presentation.

Concentration of risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash, cash equivalents, investments, and accounts receivable. The Company maintains its cash, cash equivalents, and investments with high credit quality financial institutions; at times, such balances with the financial institutions may exceed the applicable FDIC-insured limits.

Accounts receivable, net are typically unsecured and are derived from revenues earned from customers primarily located in the United States.

Fair value measurement of financial instruments

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The applicable accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability. The guidance establishes three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification at each reporting period. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The Company's assets measured at fair value on a recurring basis include its investments in money market funds and corporate debt securities. Level 1 inputs were derived by using unadjusted quoted prices for identical assets in active markets and were used to value the Company's investments in money market funds and U.S. government debt securities. Level 2 inputs were derived using prices for similar investments and were used to value the Company's investments in corporate and municipal debt securities.

The Company's liabilities measured at fair value on a recurring basis include its private placement warrants issued to Software Acquisition Holdings LLC, the Company's former Sponsor, in a private placement offering (the "Private Placement Warrants"). The fair value of the Private Placement Warrants is considered a Level 3 valuation and is determined using the Black-Scholes valuation model. Refer to Note 6 for significant assumptions which the Company used in the fair value model for the Private Placement Warrants.

Certain assets are measured at fair value on a nonrecurring basis and are subject to fair value adjustments only in certain circumstances, e.g., when there is evidence of impairment indicators. During the three-months ended June 30, 2023, the Company performed an analysis of its Investments in equity method investees to determine if an "other-than-temporary" impairment exists. The resulting fair value measurements of the equity-method investments are considered to be Level 3 measurements. Refer to Note 3 for further discussion of the results of this analysis.

The Company's remaining financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses and other liabilities are carried at cost, which approximates fair value because of the short-term maturity of these instruments.

Recently Adopted Financial Accounting Standards

As an emerging growth company ("EGC"), the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act until such time as the Company is no longer considered to be an EGC.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, "Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13")." The amendments in this update introduce a new standard to replace the incurred loss impairment methodology under prior U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company determines its allowance for doubtful accounts based on historical loss experience, customer financial condition, and current economic conditions. The Company adopted the new standard effective January 1, 2023, which has not had a material impact on its consolidated financial statements.

Note 3 — Equity Investments

Spiegel TV Geschichte und Wissen GmbH & Co. KG (the "Spiegel Venture")

In July 2021, the Company acquired a 32% ownership in the Spiegel Venture for an initial investment of $3.3 million. The Spiegel Venture, which prior to the Company's equity purchase, was jointly owned and operated by Spiegel TV GmbH ("Spiegel TV") and Autentic GmbH ("Autentic"), operates two documentary channels, together with an SVOD service, which provide factual content to pay television audiences in Germany. The Company has not received any dividends from the Spiegel Venture as of June 30, 2023.

Per the Share Purchase Agreement, which was amended during the six months ended June 30, 2023 (as amended, the "SPA"), in the event Spiegel Venture achieved certain financial targets during its 2022 fiscal period, the Company is required to make an additional payment related to its 32% equity ownership to both Spiegel TV and Autentic (the "Holdback Payment"). During the three months ended June 30, 2023, the Company determined Spiegel Venture had achieved such financial targets, resulting in the Company recording a Holdback Payment liability of $0.9 million, which is included in Accounts Payable on its consolidated balance sheet, related to the Holdback Payment. This amount was paid during July 2023.

The Company has a call option that permits it to require Spiegel TV and Autentic to sell their ownership interests in Spiegel Venture ("Call Option") to the Company. The Call Option, exercisable at a value based on a determinable calculation in the SPA, is initially exercisable only during the period that is the later of (i) the 30-day period following the adoption of Spiegel Venture's audited financial statements for the fiscal year 2025, and (ii) the period between March 1, 2026 and March 30, 2026.

Together with the Call Option, each of Spiegel TV and Autentic has a put option that permits it to require the Company to purchase their interest ("Put Option") at a value based on a determinable calculation outlined in the SPA. The Put Option is only exercisable upon the achievement of certain defined conditions, as outlined in the SPA, and is initially exercisable only during the period that is the later of (i) the 60-day period following the adoption of Spiegel Venture's audited financial statements for the fiscal year 2025, and (ii) the period between April 1, 2026 and April 30, 2026.

In the event the Call Option or Put Option is not exercised, both options will continue to be available to each respective party in the following year through perpetuity, with its exercise limited to the same date range as outlined above. The Put Option is not currently considered to be probable of becoming exercisable based on the defined conditions in the SPA.

Watch Nebula LLC ("Nebula")

On August 23, 2021, the Company purchased a 12% ownership interest in Nebula for $6.0 million. Nebula is an SVOD technology platform built for and by a group of content creators. Should Nebula meet certain quarterly targets through the third quarter of 2023, the Company is obligated to purchase additional ownership interests, each for a payment of $0.8 million. After each payment the Company will obtain an additional 1.625% of equity ownership interests. The Company did not make further investments in Nebula during the three and six months ended June 30, 2023. The Company's total ownership interest in Nebula as of June 30, 2023 was 16.875%. Upon its initial investment, the Company obtained 25% representation on Nebula's Board of Directors, providing the Company with significant influence, but not a controlling interest. The Company has not received dividends from Nebula as of June 30, 2023.

Impairment Assessment

The Company regularly reviews its Investments in equity method investees for impairment, including when the carrying value of an investment exceeds its related market or fair value. If it has been determined that an investment has sustained an "other-than-temporary" decline in value, the investment is written-down to its fair value. The factors the Company considers in determining an "other-than-temporary" decline has occurred includes, but is not limited to, (i) the determined market value of the investee in relation to its cost basis, (ii) the financial condition and operating performance of the investee, and (iii) the Company's intent and ability to retain the investment for a sufficient period of time to allow for recovery in the market value of the investment. As a result of the Company's impairment analysis, it determined the fair value of its investment in Nebula exceeded the carrying value as of June 30, 2023, and as such no "other-than-temporary" impairment charge is required. The impairment analysis determined the carrying value of the Company's investment in the Spiegel Venture exceeded the determined fair value as of June 30, 2023, and as such the Company recorded a $2.0 million impairment, which is included in Equity method investment loss, during the three months ended June 30, 2023.

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The Company’s carrying values for its equity method investments as of June 30, 2023 and December 31, 2022 are as follows:

	Spiegel Venture	Nebula	Total
		(in thousands)	
Balance at December 31, 2022	$ 2,899	$7,867	$10,766
Investments in equity method investees	992	—	992
Equity method investment loss	(1,939)	(516)	(2,455)
Balance at June 30, 2023	$ 1,952	$7,351	$ 9,303

Note 4 — Balance sheet components

Cash, cash equivalents and restricted cash

A reconciliation of the Company’s cash and cash equivalents in the consolidated balance sheets to cash, cash equivalents and restricted cash in the consolidated statements of cash flows is as follows:

	June 30, 2023	December 31, 2022
	(in thousands)	
Cash and cash equivalents	$44,337	$ 40,007
Restricted cash	500	500
Cash and cash equivalents and restricted cash	$44,837	$ 40,507

As of June 30, 2023 and December 31, 2022 , restricted cash includes cash deposits required by a bank as collateral related to corporate credit card agreements.

Investments in debt securities

The Company’s investments in debt securities at fair value based on unadjusted quoted market prices (Level 1) and quoted prices for comparable assets (Level 2) are:

	As of June 30, 2023			As of December 31, 2022		
	Cash and cash equivalents	Short-term investments	Total	Cash and cash equivalents	Short-term investments	Total
		(in thousands)			(in thousands)	
Level 1 Securities						
Money market funds	$ 43,333	$ —	$43,333	$ 17,724	$ —	$17,724
Total Level 1 Securities	$ 43,333	—	$43,333	$ 17,724	—	$17,724
Level 2 Securities						
Corporate debt securities	—	—	—	—	$ 14,986	$14,986
Total Level 2 Securities	—	—	—	—	$ 14,986	$14,986
Total	$ 43,333	—	$43,333	$ 17,724	$ 14,986	$32,710

	As of December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
Debt Securities:				
Corporate	$ 15,026	—	$ (40)	$ 14,986
Total	$ 15,026	—	$ (40)	$ 14,986

There were no material realized gains or losses recorded during the three and six months ended June 30, 2023 or 2022.

Content assets

Content assets consisted of the following:

	As of	
	June 30, 2023	December 31, 2022
	(in thousands)	
Licensed content, net		
Released, less amortization	$11,056	$ 11,154
Prepaid and unreleased	3,746	4,014
	14,802	15,168
Produced content, net		
Released, less amortization	36,213	33,094
In production	12,273	20,240
	48,486	53,334
Total	$63,288	$ 68,502

As of June 30, 2023, $5.2 million, $2.9 million and $1.6 million of the $11.1 million unamortized cost of the licensed content that has been released is expected to be amortized in each of the next three years. As of June 30, 2023, $10.4 million, $9.5 million, and $8.3 million of the $36.2 million unamortized cost of the produced content that has been released is expected to be amortized in each of the next three years.

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In accordance with its accounting policy for content assets, the Company amortized licensed content costs and produced content costs, which is included in cost of revenues on the Company's unaudited consolidated statements of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Licensed content	$1804	$1,798	$3,749	$4,797
Produced content	4,662	8,293	8,569	14,333
Total	$6,466	$10,091	$12,318	$19,130

Warrant liability

As described in Note 6, the Private Placement Warrants are classified as a non-current liability and reported at fair value at each reporting period. The fair value of the Private Placement Warrants was as follows:

	As of June 30, 2023	As of December 31, 2022
	(in thousands)	
Level 3		
Private Placement Warrants	$ 147	$ 257
Total Level 3	$ 147	$ 257

Note 5 — Revenue

The following table sets forth the Company's revenues disaggregated by type for the three and six months ended June 2023 and 2022, as well as the relative percentage of each revenue type to total revenue.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
	(in thousands)				(in thousands)			
Subscriptions — O&O Service	$ 6,421	45%	$ 7,912	35%	$13,064	49%	$15,218	38%
Subscriptions — App Services	849	6%	1,010	5%	1,726	7%	2,058	5%
Subscriptions — Total	7,270	52%	8,922	40%	14,790	56%	17,276	43%
License Fees — Partner Direct Business	1,081	8%	1,191	5%	2,184	8%	2,334	6%
License Fees — Bundled Distribution	1,509	11%	3,888	17%	2,983	12%	7,655	19%
License Fees — Content Licensing	3,615	26%	6,655	30%	5,633	21%	10,904	27%
License Fees — Total	6,205	44%	11,734	52%	10,800	41%	20,893	52%
Other — Total[(1)]	622	4%	1,692	8%	894	3%	1,806	5%
Total Revenues	$14,097		$22,348		$26,484		$39,975	

(1) Other revenue primarily relates to other marketing services.

Revenues expected to be recognized in the future related to performance obligations that were unsatisfied as of June 30, 2023 are as follows:

	Remainder of year ending December 31, 2023	For the years ending December 31, 2024	2025	2026	2027	Thereafter	Total
	(in thousands)						
Remaining Performance Obligations	$ 3,591	$4,132	$2,121	$292	$ 32	$ 208	$10,376

These amounts include only fixed consideration or minimum guarantees and do not include amounts related to (i) contracts with an original expected term of one year or less or (ii) licenses of content that are solely based on sales or usage-based royalties.

Contract liabilities (i.e., deferred revenue) consist of subscriber and affiliate license fees billed that have not been recognized, amounts contractually billed or collected for content licensing sales in advance of the related content being made available to the customer, and unredeemed gift cards and other prepaid subscriptions that have not been redeemed. Total deferred revenues were $13.6 million and $14.9 million at June 30, 2023 and December 31, 2022, respectively. Revenues of $ 10.6 million were recognized during the six months ended June 30, 2023 related to the balance of deferred revenue at December 31, 2022, primarily related to the recognition from annual plan amounts.

Note 6 — Stockholders’ equity

Common Stock

As of June 30, 2023 and December 31, 2022, the Company had authorized the issuance of 126,000,000 shares of capital stock, par value of $0.0001 per share, consisting of (a) 125,000,000 shares of common stock, and (b) 1,000,000 shares of preferred stock.

Warrants

As of June 30, 2023, the Company had 3,054,203 publicly traded warrants that were sold as part of the units of Software Acquisition Group Inc. in its initial public offering on November 22, 2019 and that were issued to the PIPE Investors in connection with the business combination that closed on October 14, 2020 (the “Public Warrants” and, together with the Private Placement Warrants, the “Warrants”) and 3,676,000 Private Placement Warrants outstanding. The Private Placement Warrants are liability-classified, and the Public Warrants are equity-classified.

Each whole warrant entitles the registered holder to purchase one share of the Company’s common stock at an exercise price of $ 11.50 per share. All Warrants expire on October 14, 2025.

The Company has the right to redeem the outstanding Public Warrants in whole and not in part at a price of $0.01 per warrant upon a minimum of 30 days’ prior written notice of redemption, if and only if the last sale price of the Company’s common stock matched or exceeded $18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sent the notice of redemption to the warrant holders.

The Private Placement Warrants are identical to the Public Warrants except that, so long as they are held by Software Acquisition Holdings LLC or its permitted transferees: (i) they will not be redeemable by the Company; (ii) they may be exercised by the holders on a cashless basis; and (iii) they are subject to registration rights.

There were no exercises of warrants during the three and six months ended June 30, 2023.

The warrant liability related to the Private Placement Warrants is recorded at fair value as of each reporting date with the change in fair value reported within other income (expense) in the accompanying unaudited consolidated statements of operations as "Change in fair value of warrant liability" until the warrants are exercised, expired or other facts and circumstances lead the warrant liability to be reclassified to stockholders' equity. The fair value of the warrant liability for the Private Placement Warrants was estimated using a Black-Scholes pricing model using Level 3 inputs. The significant assumptions used in preparing the Black-Scholes option pricing model are as follows:

	As of June 30, 2023	As of December 31, 2022
Exercise price	$ 11.50	$ 11.50
Stock price (CURI)	$ 0.93	$ 1.14
Expected volatility	84.00%	77.00%
Expected warrant term (years)	2.3	2.8
Risk-free interest rate	4.68%	4.22%
Dividend yield	0%	0%
Fair Value per Private Placement Warrant	$ 0.04	$ 0.07

The change in fair value of the private placement warrant liability for the three and six months ended June 30, 2023 resulted in a gain of $0.2 million and $0.1 million, respectively, and for the three and six months ended June 30, 2022 resulted in a gain of $ 0.5 million and $4.3 million, respectively.

Note 7 — Earnings (loss) per share

Basic and diluted earnings (loss) per share calculations are calculated on the basis of the weighted average number of shares of the Company's common stock outstanding during the respective periods. Diluted earnings (loss) per share give effect to all dilutive potential common shares outstanding during the period using the treasury stock method for stock options and other potentially dilutive securities. In computing diluted earnings (loss) per share, the average fair value of the Company's common stock for the period is used to determine the number of shares assumed to be purchased from the exercise price of the options. Purchases of treasury stock reduce the outstanding shares commencing on the date that the stock is purchased. Common stock equivalents are excluded from the calculation when a loss is incurred as their effect would be anti-dilutive.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Numerator — Basic and Diluted EPS:				
Net loss	$ (9,921)	$(15,977)	$(17,672)	$(31,869)
Denominator — Basic and Diluted EPS:				
Weighted–average shares	53,006	52,775	52,978	52,762
Net loss per share — Basic and Diluted	$ (0.19)	$ (0.30)	$ (0.33)	$ (0.60)

For the three and six months ended June 30, 2023 and 2022, the following share equivalents were excluded from the computation of diluted net loss per share as the inclusion of such shares would be anti-dilutive. Common shares issuable for warrants, options, and restricted stock units (RSUs) represent the total amount of outstanding warrants, stock options, and restricted stock units at June 30, 2023 and 2022.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Antidilutive shares excluded:				
Options	4,630	5,244	4,630	5,244
Restricted stock units	932	1,114	932	1,114
Warrants	6,730	6,730	6,730	6,730
	12,292	13,088	12,292	13,088

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Note 8 — Stock-based compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The fair value is recognized in earnings over the period during which an employee is required to provide the service. The Company accounts for forfeitures as they occur.

CuriosityStream 2020 Omnibus Plan

In October 2020, the Board of Directors of the Company adopted the CuriosityStream 2020 Omnibus Plan (the “2020 Plan”). Upon adoption of the 2020 Plan, a total of 7,725,000 shares were approved to be issued as stock options, share appreciation rights, restricted stock units and restricted stock.

The following table summarizes stock option and restricted stock unit (“RSU”) activity, prices, and values for the six months ended June 30, 2023:

		Stock Options		Restricted Stock Units	
	Number of Shares Available for Issuance Under the Plan	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant Date Fair Value
	(in thousands, except per share data)				
Balance at December 31, 2022	1,815	4,632	$ 7.13	759	$ 7.14
Granted	(342)	—	—	342	1.41
Options exercised and RSUs vested	52	—	—	(144)	9.23
Forfeited or expired	27	(2)	5.88	(25)	10.94
Balance at June 30, 2023	1,552	4,630	$ 7.13	932	$ 4.86

There were no options exercised during the three and six months ended June 30 2023 and 2022.

Stock options and RSU awards generally vest on a monthly, quarterly, or annual basis over a period of four years from the grant date. When options are exercised, the Company’s policy is to issue previously unissued shares of Common Stock to satisfy share option exercises. Upon vesting and distribution of RSUs, the Company’s policy is to issue previously unissued shares of Common Stock to satisfy restricted stock units vested, net of shares withheld for taxes if elected by the RSU holder.

The fair value of stock option awards is estimated using the Black-Scholes option pricing model, which includes a number of assumptions including Company’s estimates of stock price volatility, employee stock option exercise behaviors, future dividend payments, and risk-free interest rates.

The expected term of options granted is the estimated period of time from the beginning of the vesting period to the date of expected exercise or other settlement, based on historical exercises and post-vesting terminations. The Company generally estimates expected term based on the midpoint between the vesting date and the end of the contractual term, also known as the simplified method, given the lack of historical exercise behavior.

Pursuant to shareholder approval, in July 2023, the Company exchanged certain employees’ stock options into RSUs as part of its equity compensation plan. This initiative was taken to further align employee incentives with long-term shareholder value. Refer to Note 14.

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The Company uses its own historical volatility as well as the historical volatility of similar public companies for estimating volatility. The risk-free interest rate is estimated using the rate of return on U.S. Treasury securities with maturities that approximate to the expected term of the option. The Company does not currently anticipate declaring any dividends.

Assumptions used to value the options granted and the resulting weighted-average grant date fair value and stock-based compensation expense were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Dividend yield	N/A	0%	N/A	0%
Expected volatility	N/A	65% - 70%	N/A	60% - 70%
Expected term (years)	N/A	6.25	N/A	6.00 - 6.50
Risk-free interest rate	N/A	2.81% - 2.95%	N/A	1.40% - 2.95%
Weighted average grant date fair value	N/A	1.12	N/A	$ 1.91
	(in thousands)		(in thousands)	
Stock-based compensation — Options	$771	$ 946	$1,548	$ 1,914
Stock-based compensation — RSUs	$651	$ 648	$1,141	$ 1,468

Stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized on a straight-line basis over the requisite service period.

Note 9 — Segment and geographic information

The Company operates as one reporting segment. The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information presented on an entity-wide basis for purposes of making operating decisions, assessing financial performance and allocating resources.

All long-lived tangible assets are located in the United States. Revenue by geographic location, based on the location of customers is as follows:

	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
United States	$ 7,936	56%	$14,704	66%	$14,622	55%	$26,503	66%
International:								
United Kingdom	1,800	13%	2,533	11%	2,362	9%	4,434	11%
Other	4,361	31%	5,111	23%	9,500	36%	9,038	23%
Total International	6,161	44%	7,644	34%	11,862	45%	13,472	34%
	$14,097	100%	$22,348	100%	$26,484	100%	$39,975	100%

Only one foreign country, the United Kingdom, individually comprises greater than 10% of total revenue.

Note 10 — Related party transactions

Equity investments

The Company recognized $0.4 million and $1.1 million of revenue related to license fees from the Spiegel Venture during the three and six months ended June 30, 2023, respectively. The Company also incurred $1.2 million and $2.4 million in Cost of revenues during the three and six months ended June 30, 2023, respectively, from its revenue share to Nebula from subscription sales to certain bundled subscription packages. This revenue share is recorded in Cost of revenues on the consolidated statements of operations.

A summary of the impact of the arrangements with the Spiegel Venture and Nebula on the Company's consolidated balance sheets and statement of operations is as follows:

	June 30, 2023	December 31, 2022
	(in thousands)	
Balance Sheet:		
Accounts receivable	$ 2,679	$ 3,358
Accounts payable	$ 386	$ 404

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Statement of Operations:				
Revenues	$ 371	$ 2,111	$ 1,084	$ 2,041
Cost of revenues	$ 1,164	$ 1,050	$ 2,366	$ 2,040

Operating lease

The Company sublets a portion of its office space to Hendricks Investment Holdings, LLC ("HIH"), which is considered a related party as it is managed by various members of the Company's Board of Directors. The Company accounts for the arrangement as an operating lease. Refer to Note 11 for further information.

Note 11 — Leases

Company as a Lessee

The Company is a party to a non-cancellable operating lease agreement for office space, which expires in 2033. The Company's operating lease for this office space includes fixed rent payments and variable lease payments, which are primarily related to common area maintenance and utility charges. The Company elected not to separate lease and non-lease components, and as such, all amounts paid under the lease are classified as either fixed or variable lease payments. Fixed lease payments were included in the calculation of right of use ("ROU") asset and leases liabilities with variable lease payments being recognized as lease expense as incurred. The Company has determined that no renewal clauses are reasonably certain of being exercised and therefore has not included any renewal periods within the lease term for this lease.

As of June 30, 2023, the Company had operating lease ROU assets of $ 3.6 million, current lease liabilities of $0.4 million, and non-current lease liabilities of $4.5 million. In measuring operating lease liabilities, the Company used a weighted average discount rate of 4.4% in existence as of the January 1, 2022 adoption date of the new leasing standard. The weighted average remaining lease term as of June 30, 2023 was 9.67 years.

Components of Lease Cost

The Company's total operating lease cost for the three and six months ended June 30, 2023 was comprised of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating lease cost	$ 121	$ 121	$ 242	$ 242
Short-term lease cost (1)	(16)	18	(16)	36
Variable lease cost	12	13	25	24
Total lease cost	$ 117	$ 152	$ 251	$ 302

(1) Short term lease cost includes a refund received by the Company during the three months ended June 30, 2023 for office space it previously occupied.

Maturity of Lease Liabilities

As of June 30, 2023, maturities of the Company's operating lease liabilities, which do not include short-term leases and variable lease payments, are as follows (in thousands):

Remaining six months of 2023	$ 274
2024	557
2025	571
2026	585
2027	600
Thereafter	3,346
Total lease payments	$ 5,933
Less: imputed interest	(1,112)
Present value of total lease liabilities	$ 4,821

Company as Lessor

The Company sublets a portion of its office space to a related party and accounts for the arrangement as an operating lease. Related party sublease rental income is recognized on a straight-line basis and is included in Interest and other income (expense) in the accompanying consolidated statements of operations. For the three and six months ended June 30, 2023, operating lease income from the Company's sublet was less than $0.1 million. As of June 30, 2023, total remaining future minimum lease payments receivable on the Company's operating lease were $0.6 million.

Note 12 — Commitments and contingencies

Content commitments

As of June 30, 2023, the Company had $5.8 million of content obligations comprised of $ 1.8 million included in content liabilities in the accompanying unaudited consolidated balance sheet, and $4.0 million of obligations that are not reflected in the accompanying consolidated balance sheets as they did not yet meet the asset recognition criteria for content assets. All content obligations are expected to be paid by December 31, 2023.

As of December 31, 2022, the Company had $ 11.5 million of content obligations comprised of $ 2.9 million included in current content liabilities in the accompanying unaudited consolidated balance sheets and $8.6 million of obligations that are not reflected in the accompanying unaudited consolidated balance sheets as they did not yet meet the asset recognition criteria for content assets.

Content obligations include amounts related to licensed, commissioned and internally produced streaming content. An obligation for the production of content includes non-cancelable commitments under creative talent and employment agreements. An obligation for the licensed and commissioned content is incurred at the time the Company enters into an agreement to obtain future titles. Once a title becomes available, a content liability is generally recorded. Certain agreements include the obligation to license rights for unknown future titles, the ultimate quantity and/or fees for which are not yet determinable as of the reporting date.

Advertising commitments

The Company has certain commitments with regards to future advertising and marketing expenses as stated in the various licensee agreements. Certain of the agreements do not specify the amount of advertising and marketing commitment; however, the total commitments for agreements which do specify the amount are $2.1 million as of June 30, 2023, of which $1.4 million and $0.7 million are expected to be paid during the six months ending December 31, 2023, and year ending December 31, 2024, respectively.

Note 13 — Income taxes

The Company recorded a provision for income taxes of $0.3 million for the three and six months ended June 30, 2023, and a provision of $0.1 million for the three and six months ended June 30, 2022, primarily related to foreign withholding income taxes. The Company's provision for income taxes differs from the federal statutory rate primarily due to the Company being in a full valuation allowance position and not recognizing a tax benefit attributable to generated losses for either federal or state income tax purposes.

Note 14 — Subsequent events

On April 28, 2023, the Company's Board of Directors authorized, and on June 14, 2023, the Company's shareholders approved, a stock option exchange program (the "Exchange") that permitted certain current employees and executive officers to exchange certain outstanding stock options with exercise prices substantially above the current market price of the Company's common stock for RSUs of an equivalent fair value. The Exchange was completed in July 2023. As a result of the Exchange, 4.6 million of outstanding eligible stock options were exchanged for 1.6 million new RSUs, with a fair value of $ 0.99 per share on the date of the Exchange. There was no incremental compensation expense recorded by the Company as a result of the Exchange.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of our results of operations and financial condition. The following discussion should be read in conjunction with the Company's unaudited consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q. Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "we," "us," "our," and "the Company" are intended to mean the business and operations of CuriosityStream Inc.

Cautionary Note Regarding Forward-looking Statements

This Quarterly Report on Form 10-Q contains certain statements that are, or may deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding the Company's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the protections provided under the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q including, without limitation, statements under this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. When used in this Quarterly Report on Form 10-Q, words such as "anticipate," "attribute," "believe," "continue," "hope," "estimate," "expect," "intend," "may," "might," "potential," "seek," "should," "will" and "would," and similar expressions, as they relate to us or the Company's management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors detailed in our filings with the SEC. All subsequent written or oral forward-looking statements attributable to us or persons acting on the Company's behalf are qualified in their entirety by this paragraph. These forward-looking statements are subject to risks and uncertainties that could cause actual results and events to differ materially from those included in forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 31, 2023, and any other subsequent periodic reports and future periodic reports. We assume no obligation to revise or publicly release any revision to any forward-looking statements contained in this Quarterly Report on Form 10-Q, unless required by law.

Overview

Created by John Hendricks, founder of the Discovery Channel and former Chairman of Discovery Communications, CuriosityStream is a media and entertainment company that offers premium video and audio programming across the principal categories of factual entertainment, including science, history, society, nature, lifestyle and technology. Our mission is to provide premium factual entertainment that informs, enchants and inspires.

We are seeking to meet demand for high-quality factual entertainment via SVOD platforms, as well as via bundled content licenses for SVOD and linear offerings, content licensing, brand sponsorship and advertising, talks and courses and partner bulk sales.

We operate our business as a single operating segment that provides premium streaming content through multiple channels, including the use of various applications, partnerships and affiliate relationships. We generate our revenue through five products and services: Direct Business, Bundled Distribution, Content Licensing, Enterprise and Other. The table below shows our revenue generated through each of the foregoing products and services for the three and six months ended June 30, 2023 and 2022:

Currently, the main sources of our revenue are (i) subscriber and license fees earned from our Direct Business ("Direct Business"), (ii) bundled license fees from distribution affiliates ("Bundled Distribution"), (iii) license fees from content licensing arrangements ("Content Licensing"), (iv) subscriber fees from our Enterprise business ("Enterprise"), and (v) Other revenue, including advertising and sponsorships ("Other").

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
	(in thousands)				(in thousands)			
Direct Business	$ 8,310	59%	$ 8,554	38%	$16,894	64%	$16,888	42%
Bundled Distribution	1,509	11%	3,888	17%	2,983	12%	7,655	19%
Content Licensing	3,615	26%	6,655	30%	5,633	21%	10,904	27%
Enterprise	41	0%	1,559	7%	80	0%	2,722	7%
Other	622	4%	1,692	8%	894	3%	1,806	5%
Revenues	**$14,097**		**$22,348**		**$26,484**		**$39,975**	

CuriosityStream's award-winning content library features more than 15,000 programs that explore topics ranging from space engineering to ancient history to the rise of Wall Street. Our extensive catalog of originally produced and owned content includes more than 10,000 short-, mid- and long-form video and audio titles, including One Day University and Learn 25 recorded lectures that are led by some of the most acclaimed college and university professors in the world. Our library also features a rotating catalog of more than 5,500 internationally licensed videos and audio programs. Every month, we launch dozens of new video titles, which are available on-demand in high- or ultra-high definition. Through new and long-standing international partnerships, we have localized a large portion of our video library from English to ten different languages.

Our Direct Business revenue is derived from consumers subscribing directly through our owned and operated website ("O&O Service"), App Services, and Partner Direct relationships. Our O&O Direct-to-Consumer service is available in more than 175 countries to any household with a broadband connection. Currently, most legacy subscribers pay $2.99 per month or $19.99 per year for our standard CuriosityStream service. As of March 27, 2023, we increased our standard pricing for new subscribers to this service to $4.99 per month or $39.99 per year. We also provide a Smart Bundle service for $9.99 per month or $69.99 per year. Our Smart Bundle membership includes everything in our standard service, plus subscriptions to third-party platforms Tastemade, Topic, SommTV, DaVinci Kids, our equity investee Watch Nebula, LLC ("Nebula"), and our One Day University stand-alone service.

Our App Services enable access to CuriosityStream on almost every major consumer device, including streaming media players like Roku, Apple TV and Amazon Fire TV, major smart TV brands (e.g., LG, Vizio, Samsung) and gaming consoles. The multichannel video programming distributors ("MVPDs"), virtual MVPDs ("vMVPDs") and digital distributor partners making up our Partner Direct Business pay us a license fee for sales to individuals who subscribe to CuriosityStream via the partners' respective platforms. We have affiliate agreement relationships with, and our service is available directly from, major MVPDs that include Comcast, Cox, Dish and vMVPDs and digital distributors that include Amazon Prime Video Channels, Apple Channel, Roku Channel, Sling TV and YouTube TV.

In addition to our Direct Business described above, our Bundled Distribution business includes affiliate relationships with our Bundled MVPD Partners and vMVPDs, which are broadband and wireless companies in the U.S. and international territories to whom we can offer a broad scope of rights, including 24/7 "linear" channels, our on-demand content library, mobile rights and pricing and packaging flexibility, in exchange for an annual fixed fee or fee per subscriber.

In our Content Licensing business, we license to certain media companies a collection of our existing titles in a traditional content licensing deal. We also sell selected rights (such as in territories or on platforms that are lower priority for us) to content we create before we even begin production. This latter model reduces risk in our content development decisions and creates content licensing revenue.

Our Enterprise business is comprised primarily of selling subscriptions in bulk to companies and organizations that in turn offer these subscriptions to their employees and members as an employment benefit or "gift of curiosity." Revenues from our Enterprise business are included within Subscriptions — O&O Services in Note 5 to the accompanying unaudited consolidated financial statements.

Our Other business is primarily comprised of advertising and sponsorship revenue. We offer companies the opportunity to be associated with CuriosityStream content in a variety of forms, including short- and long-form program integration, branded social media promotional videos, advertising spots in our video and audio programs that are made available on our linear programming channels or in front of the paywall, and digital display ads.

In the future, we hope to continue developing integrated digital brand partnerships with advertisers. These sponsorship campaigns offer companies the chance to be associated with CuriosityStream content in the forms described above. We believe the impressions accumulated in these multi-faceted campaigns would roll up to verifiable metrics for the clients.

Key Factors Affecting Results of Operations

Our future operating results and cash flows are dependent upon a number of opportunities, challenges, and other factors, including our ability to efficiently grow our subscriber base, increase our prices, and expand our service offerings to maximize subscriber lifetime value. In particular, we believe that the following factors significantly affected our results of operations over the last fiscal quarter and are expected to continue to have such significant effects:

Revenues

Since the Company was founded in 2015, we have generated the majority of our revenues from consumers directly accessing our content in the form of monthly or annual subscription plans. Currently, most legacy subscribers pay $2.99 per month or $19.99 per year for our standard CuriosityStream service. As of March 27, 2023, we increased our standard pricing for new subscribers to this service to $4.99 per month or $39.99 per year. We also provide a Smart Bundle service for $9.99 per month or $69.99 per year. Currently, our Smart Bundle pricing and pricing for most legacy subscribers remain unchanged. However, we may in the future increase the price of these existing subscription plans, which may have a positive effect on our revenue from this line of our business.

We pay a fixed percentage distribution fee to our partners for subscribers accessing our platform via App Services to compensate these partners for access to their customer and subscriber bases. The MVPD, vMVPD and digital distributor partners making up our Partner Direct Business pay us a license fee, and host and stream our content to their customers via their own platforms, such as set top boxes in the case of most MVPDs. We do not incur billing, streaming or backend costs associated with content distribution through our MVPD, vMVPD and digital distributor partners.

Operating Costs

Our primary operating costs relate to the cost of producing and acquiring our content, the costs of advertising and marketing our service, personnel costs, and distribution fees. Producing and co-producing content and commissioned content is generally more costly than acquiring content through licenses.

The Company's primary business model is subscription based as opposed to a model generating revenues at a specific title level. Content assets (licensed and produced) are predominantly monetized as a group and therefore are reviewed in aggregate at a group level when an event or change in circumstances indicates a change in the expected usefulness of the content or that the fair value may be less than unamortized cost. If such changes are identified, the aggregated content library will be stated at the lower of unamortized cost or fair value. In addition, unamortized costs for assets that have been, or are expected to be, abandoned are written off. For a discussion of the accounting policies for content impairment write-down and management estimates involved therein, see "— Critical Accounting Policies and Estimates" below.

Further, our advertising and marketing expenditures and personnel costs constitute primary operating costs for our business. These costs may fluctuate based on advertising and marketing objectives and personnel needs. In general, we intend to focus marketing dollars on efficient customer acquisition. With respect to personnel costs, we focus on revenue-generating personnel, such as sales staff and roles that support the improvement, maintenance and marketing of our Direct Service.

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Results of Operations

The Company operates as one reporting segment. The financial data in the following table sets forth selected financial information derived from our unaudited consolidated financial statements for the three months ended June 30, 2023 and June 30, 2022 and shows our results of operations as a percentage of revenue or as a percentage of costs, as applicable, for the periods indicated.

Comparison of the three months ended June 30, 2023 and 2022

	Three months ended June 30,					
	2023		2022		$ Change	% Change
	(unaudited) (in thousands)					
Revenues						
Subscriptions	$ 7,270	52%	$ 8,922	40%	$ (1,652)	(19%)
License fee	6,205	44%	11,734	52%	(5,529)	(47%)
Other	622	4%	1,692	8%	(1,070)	(63%)
Total Revenues	$14,097	100%	$ 22,348	100%	$ (8,251)	(37%)
Operating expenses						
Cost of revenues	9,933	45%	12,988	34%	(3,055)	(24%)
Advertising and marketing	4,203	19%	11,208	29%	(7,005)	(63%)
General and administrative	7,980	36%	10,603	28%	(2,623)	(25%)
Impairment of goodwill and intangible assets	—	—	3,603	9%	(3,603)	(100%)
Total operating expenses	$22,116	100%	$ 38,402	100%	$(16,286)	(42%)
Operating loss	(8,019)		(16,054)		8,035	(50%)
Other income (expense)						
Change in fair value of warrant liability	184		478		(294)	n/m
Interest and other income (expense)	437		(29)		466	n/m
Equity method investment loss	(2,235)		(316)		(1,919)	607%
Loss before income taxes	$ (9,633)		$(15,921)		$ 6,288	(39%)
Provision for income taxes	288		56		232	n/m
Net loss	$ (9,921)		$(15,977)		$ 6,056	(38%)

n/m - percentage not meaningful

Revenue

Revenue for the three months ended June 30, 2023 and 2022 was $14.1 million and $22.3 million, respectively. This decrease of $8.2 million, or 37%, is primarily attributable to reductions in both License fees revenue and Subscriptions revenue.

The decrease in License fees revenue of $5.5 million was primarily driven by the non-renewal of certain content licensing arrangements of $5.6 million, partially offset by an increase of $2.6 million from new content licensing arrangements, and a decrease from the non-renewal of certain bundled distribution agreements of $2.9 million, partially offset by an increase of $0.5 million from new bundled distribution agreements. The decrease in Subscriptions revenue of $1.7 million was primarily due to the termination of certain corporate subscriptions related to bulk agreements, which occurred in the third quarter of 2022.

Operating Expenses

Operating expenses for the three months ended June 30, 2023 were $22.1 million, compared to $38.4 million for the same period in 2022, marking a reduction of $16.3 million, or 42%.

Cost of Revenues: Cost of revenues for the three months ended June 30, 2023 decreased to $9.9 million from $13.0 million in the same period of 2022. Cost of revenues encompasses content amortization, hosting and streaming delivery costs, payment processing costs, commission costs, and subtitling and broadcast costs. This reduction of $3.1 million, or 24%, primarily resulted from the decrease in content amortization and a decrease in revenue share expense related to bundled and premier tier arrangements with other streaming services.

Advertising and Marketing: Advertising and marketing expenses for the three months ended June 30, 2023 decreased to $4.2 million from $11.2 million for the three months ended June 30, 2022. This decrease of $7.0 million, or 63%, was primarily due to strategic changes in our marketing approach and cost-saving measures implemented in our advertising campaigns.

General and Administrative: General and administrative expenses for the three months ended June 30, 2023 decreased by $2.6 million, or 25%, from $10.6 million for the same period in 2022 to $8.0 million. The decrease was primarily due to cost controls and efficiency measures implemented across our administrative functions.

Impairment of Goodwill and Intangible Assets: We incurred no impairment charges for goodwill and intangible assets for the three months ended June 30, 2023, in contrast to the $3.6 million expense incurred in the corresponding period of 2022.

Operating Loss

The Company experienced an operating loss of $8.0 million for the three months ended June 30, 2023, which is a decrease of $8.0 million, or 50%, compared to the operating loss of $16.1 million for the three months ended June 30, 2022. The decrease in our operating loss is primarily driven by the reduction in our operating expenses of $16.3 million, or 42%, partially offset by the reduction in revenue of $8.3 million, or 37%.

Change in Fair Value of Warrant Liability

For the three months ended June 30, 2023, the change in the fair value of warrant liability (related to Private Placement Warrants) resulted in income of $0.2 million, a decrease of $0.3 million from the income of $0.5 million in the same period in 2022. The change primarily stemmed from fluctuations in the market price of our common stock and the corresponding changes to the underlying assumptions used in the valuation model used for our Private Placement Warrants during the three months ended June 30, 2022.

Interest and Other Income (Expense)

Interest and other income (expense) for the three months ended June 30, 2023 was $0.4 million income compared to $0.1 million expense for the three months ended June 30, 2022. The increase is primarily related to an increase in interest income during the current period.

Equity Method Investment Loss

For the three months ended June 30, 2023, the Company recorded a loss of $2.2 million compared to a loss of $0.3 million for the three months ended June 30, 2022, related to its investments in Spiegel Venture and Nebula. The increase is primarily due to the $2.0 million impairment charge recorded by the Company to its investment in Spiegel Venture.

Provision for Income Taxes

We had a provision for income taxes of $0.3 million for the three months ended June 30, 2023 compared to $0.1 million for the three months ended June 30, 2022. The Company's provision for income taxes is primarily related to foreign withholding income taxes and differs from the federal statutory rate primarily due to the Company being in a full valuation allowance position and not recognizing a benefit for either federal or state income tax purposes.

Net Loss

The net loss for the three months ended June 30, 2023, was $9.9 million, compared to $16.0 million for the same period in 2022. The decrease in our net loss of $6.1 million, or 38%, primarily resulted from the decrease in operating expenses of $16.3 million, or 42%, partially offset by the reduction in revenue of $8.3 million or 37%, and an impairment charge to one of our equity method investments of $2.0 million.

Comparison of the six months ended June 30, 2023 and 2022

	Six months ended June 30,					
	2023		2022		$ Change	% Change
	(unaudited) (in thousands)					
Revenues						
Subscriptions	$ 14,790	56%	$ 17,276	43%	$ (2,486)	(14%)
License fee	10,800	41%	20,893	52%	(10,094)	(48%)
Other	894	3%	1,806	5%	(911)	(50%)
Total Revenues	$ 26,484	100%	$ 39,975	100%	$(13,491)	(34%)
Operating expenses						
Cost of revenues	18,934	45%	24,838	33%	(5,904)	(24%)
Advertising and marketing	7,318	17%	25,976	34%	(18,658)	(72%)
General and administrative	16,039	38%	21,106	28%	(5,067)	(24%)
Impairment of goodwill and intangible assets	—	—	3,603	5%	(3,603)	(100%)
Total operating expenses	$ 42,291	100%	$ 75,523	100%	$(33,232)	(44%)
Operating loss	(15,807)		(35,548)		19,741	(56%)
Other income (expense)						
Change in fair value of warrant liability	110		4,338		(4,228)	(97%)
Interest and other income (expense)	825		(86)		911	n/m
Equity method investment loss	(2,454)		(472)		(1,982)	(420%)
Loss before income taxes	$(17,326)		$(31,768)		$ 14,442	(45%)
Provision for income taxes	346		101		245	n/m
Net loss	$(17,672)		$(31,869)		$ 14,197	(45%)

Revenue

Revenue for the six months ended June 30, 2023, and 2022 was $26.5 million and $40.0 million, respectively. This decrease of $13.5 million, or 34%, is primarily attributable to reductions in both License fees revenue and Subscriptions revenue.

The decrease in License fees revenue of $10.1 million was primarily driven by the non-renewal of certain content licensing arrangements of $8.4 million, partially offset by an increase of $2.6 million from new content licensing arrangements, and a decrease from the non-renewal of certain bundled distribution agreements of $5.8 million, partially offset by an increase of $1.1 million from new bundled distribution agreements. The decrease in Subscriptions revenue of $2.5 million was primarily due to the termination of certain corporate subscriptions related to bulk agreements, which occurred in the third quarter of 2022.

Operating Expenses

Operating expenses for the six months ended June 30, 2023, were $42.3 million, compared to $75.5 million for the same period in 2022, marking a reduction of $33.2 million or 44%.

Cost of Revenues: Cost of revenues for the six months ended June 30, 2023 decreased to $18.9 million from $24.8 million in the same period of 2022. Cost of revenues encompasses content amortization, hosting and streaming delivery costs, payment processing costs, commission costs, and subtitling and broadcast costs. This reduction of $5.9 million, or 24%, primarily resulted from the decrease in content amortization and a decrease in revenue share expense related to bundled and premier tier arrangements with other streaming services.

Advertising and Marketing: Advertising and marketing expenses for the six months ended June 30, 2023, decreased to $7.3 million from $26.0 million for the six months ended June 30, 2022. This decrease of $18.7 million, or 72%, was primarily due to strategic changes in our marketing approach and cost-saving measures implemented in our advertising campaigns.

General and Administrative: General and administrative expenses for the six months ended June 30, 2023, decreased to $16.0 million, from $21.1 million for six months ended June 30, 2022. The decrease of $5.1 million, or 24%, was primarily due to cost controls and efficiency measures implemented across our administrative functions.

Impairment of Goodwill and Intangible Assets: We incurred no impairment charges for goodwill and intangible assets for the six months ended June 30, 2023, in contrast to the $3.6 million expense incurred in the corresponding period of 2022.

Operating Loss

The Company experienced an operating loss of $15.8 million for the six months ended June 30, 2023, which is a decrease of $19.7 million, or 56%, compared to the operating loss of $35.5 million for the six months ended June 30, 2022. The decrease in our operating loss is primarily driven by the reduction in our operating expenses of $33.2 million, or 44%, partially offset by the reduction in revenue of $13.5 million, or 34%.

Change in Fair Value of Warrant Liability

For the six months ended June 30, 2023, the Company recognized a gain of $0.1 million, compared to a gain of $4.3 million for the six months ended June 30, 2022. This reduction in gain of $4.2 million, or 97%, primarily stemmed from fluctuations in the market price of our common stock and the corresponding changes to the underlying assumptions used in the valuation model used for our Private Placement Warrants during the six months ended June 30, 2022.

Interest and Other Income (Expense)

For the six months ended June 30, 2023, Interest and other income (expense) amounted to $0.8 million, an increase of $0.9 million compared to an expense of $0.1 million for the six months ended June 30, 2022. The change was primarily due to increased interest income.

Equity Method Investment Loss

For the six months ended June 30, 2023, the Company recorded a loss of $2.5 million compared to a loss of $0.5 million for the six months ended June 30, 2022, related to its investments in Spiegel Venture and Nebula. The increase is primarily due to the $2.0 million impairment charge recorded by the Company to its investment in Spiegel Venture during the six months ended June 30, 2023.

Provision for Income Taxes

We had a provision for income taxes of $0.3 and $0.1 million in the six months ended June 30, 2023 and 2022, respectively. The Company's provision for income taxes is primarily related to foreign withholding income taxes and differs from the federal statutory rate primarily due to the Company being in a full valuation allowance position and not recognizing a benefit for either federal or state income tax purposes.

Net Loss

Net loss for the six months ended June 30, 2023 was $17.7 million, compared to a net loss of $31.9 million for the same period in 2022. The decrease in our net loss of $14.2 million, or 45%, is primarily due to a decrease in operating expenses and an increase in interest and other income, partially offset by a decrease in revenue, a reduction in gain from the change in the fair value of warrant liability and an impairment charge to one of our equity method investments.

Liquidity and Capital Resources

As of June 30, 2023, the Company's cash and cash equivalents, including restricted cash, totaled $44.8 million. For the six months ended June 30, 2023, the Company incurred a net loss of $15.7 million and used $10.6 million of net cash in operating activities and $0.1 million of net cash in financing activities, while investing activities provided $15.0 million of net cash.

We believe that our current cash levels, including investments in money market funds that are readily convertible to cash, will be adequate to support our ongoing operations, capital expenditures and working capital for at least the next twelve months. We believe that we have access to additional funds in the short term and the long term, if needed, through the capital markets to obtain further financing.

Our principal uses of cash are to acquire content, promote our service through advertising and marketing, and provide for working capital to operate our business. We have experienced significant net losses since our inception, and, given the significant operating and capital expenditures associated with our business plan, we anticipate that we will continue to incur net losses.

Cash Flows

The following table presents our cash flows from operating, investing and financing activities for the six months ended June 30, 2023 and 2022:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
	(unaudited) (in thousands)	
Net cash used in operating activities	$(10,608)	$(18,149)
Net cash provided by investing activities	14,995	24,024
Net cash used in financing activities	(57)	(161)
Net increase in cash, cash equivalents and restricted cash	$ 4,330	$ 5,714

Cash Flows from Operating Activities

Cash flows from operating activities primarily consist of net losses, changes to our content assets (including additions and amortization), and other working capital items.

During the six months ended June 30, 2023, and 2022, we recorded a net cash outflow from operating activities of $10.6 million and $18.1 million, respectively, or a decreased outflow of $7.5 million, or 41%.

The net cash outflow used in operating activities for the six months ended June 30, 2023, was primarily due to our $17.7 million net loss, $2.6 million of net cash used in changes in operating assets and liabilities, and an impairment charge to one of our equity method investments of $2.0 million. The outflow was partially offset by $7.7 million addback of non-cash expenses net of content additions. The most significant components of non-cash expenses include amortization of content assets of $12.3 million and stock-based compensation expense of $2.7 million, substantially offset by additions to content assets of $7.1 million and the change in content liabilities of $1.1 million. The components of changes in operating assets and liabilities were primarily attributed to a decrease in accrued expenses and other liabilities of $3.9 million and in deferred revenue of $1.4 million, partially offset by an increase in accounts payable of $0.6 million, a decrease in accounts receivable of $1.8 million, and a decrease in other assets of $1.5 million.

The net cash outflow used in operating activities for the six months ended June 30, 2022, was primarily due to our $31.9 million net loss, and $5.4 million of non-cash expenses net of content additions, partially offset by $19.1 million in cash provided by changes in operating assets and liabilities. The most significant components of non-cash expenses include content additions of $25.3 million, changes in content liabilities of $3.7 million and changes in the fair value of the warrant liability of $4.3 million, partially offset by amortization of content assets of $19.1 million and stock-based compensation expense of $3.4 million. The components of changes in operating assets and liabilities were primarily attributed to a decrease in accounts receivable of $11.9 million, a decrease in other assets of $4.0 million, an increase in accounts payable of $6.1 million, which were partially offset by a decrease in accrued expenses and other liabilities of $2.9 million.

Cash Flows from Investing Activities

Cash flow from investing activities consists of purchases, sales and maturities of investments, business acquisitions and equity investments and purchases of property and equipment.

During the six months ended June 30, 2023, and 2022, we recorded a net cash inflow from investing activities of $15.0 million and $24.0 million, respectively, or a decrease of cash inflow of $9.0 million, or 37.5%.

The net cash inflow provided by investing activities for the six months ended June 30, 2023, was primarily due to maturities of investments in debt securities of $15.0 million.

The net cash inflow provided by investing activities for the six months ended June 30, 2022, was primarily due to the sale and maturities of investments in debt securities of $27.3 million, partially offset by purchases of investments in debt securities of $1.6 million and investments in Nebula of $1.6 million.

Cash Flows from Financing Activities

During the six months ended June 30, 2023 and 2022, we recorded net cash outflow from financing activities of $0.1 and $0.2 million, respectively, which is attributable to payments of withholding taxes during the respective periods.

Capital Expenditures

Going forward, we expect to continue making expenditures for additions to our content assets and purchases of property and equipment, although at a slower rate than in previous periods. The amount, timing and allocation of capital expenditures are largely discretionary and within management's control. Depending on market conditions, we may choose to defer a portion of our budgeted expenditures until later periods to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate cash flow. Subject to financing alternatives, we may also increase our capital expenditures significantly to take advantage of opportunities we consider to be attractive.

Off Balance Sheet Arrangements

As of June 30, 2023, we had no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operation is based upon our financial statements, which have been prepared in accordance with U.S. GAAP. Certain amounts included in or affecting the financial statements presented in this Quarterly Report on Form 10-Q and related disclosures must be estimated, requiring management to make assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared. Management believes that the accounting policies set forth below comprise the most important “critical accounting policies” for the Company. A critical accounting policy is one which is both important to the portrayal of a company’s financial condition and results of operations and requires management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management evaluates such policies on an ongoing basis, based upon historical results and experience, consultation with experts and other methods that management considers reasonable in the particular circumstances under which the judgments and estimates are made, as well as management’s forecasts as to the manner in which such circumstances may change in the future.

Content Assets

The Company acquires, licenses and produces content, including original programming, in order to offer customers unlimited viewing of factual entertainment content. The content licenses are for a fixed fee and specific windows of availability. Payments for content, including additions to content assets and the changes in related liabilities, are classified within “Net cash used in operating activities” on the unaudited consolidated statements of cash flows.

The Company recognizes its content assets (licensed and produced) as “Content assets, net” on the unaudited consolidated balance sheets. For licenses, the Company capitalizes the fee per title and records a corresponding liability at the gross amount of the liability when the license period begins, the cost of the title is known, and the title is accepted and available for streaming. For productions, the Company capitalizes costs associated with the production, including development costs, direct costs, and production overhead.

Based on factors including historical and estimated viewing patterns, the Company previously amortized the content assets (licensed and produced) in "Cost of revenues" on the unaudited consolidated statements of operations on a straight-line basis over the shorter of each title's contractual window of availability or estimated period of use, beginning with the month of first availability. Starting July 1, 2021, the Company amortizes content assets on an accelerated basis in the initial two months after a title is published on the Company's platform, as the Company has observed and expects more upfront viewing of content, generally as a result of additional marketing efforts. Furthermore, the amortization of original content is more accelerated than that of licensed content. We review factors that impact the amortization of the content assets on a regular basis and the estimates related to these factors require considerable management judgment. The Company continues to review factors impacting the amortization of content assets on an ongoing basis and will also record amortization on an accelerated basis when there is more upfront use of a title, for instance due to significant content licensing.

The Company's business model is generally subscription based as opposed to a model generating revenues at a specific title level. Content assets (licensed and produced) are predominantly monetized as a group and therefore are reviewed in aggregate at a group level when an event or change in circumstances indicates a change in the expected usefulness of the content or that the fair value may be less than unamortized cost. If such changes are identified, the aggregated content assets will be stated at the lower of unamortized cost or fair value. In addition, unamortized costs for assets that have been, or are expected to be, abandoned are written off.

Revenue recognition

Subscriptions — O&O Service

The Company generates revenue from monthly subscription fees from its O&O Service. CuriosityStream subscribers enter into month-to-month or annual subscriptions with the Company. The Company bills the monthly subscriber on each subscriber's monthly anniversary date and recognizes the revenue ratably over each monthly membership period. The annual subscription fees are collected by the Company at the start of the annual subscription period and are recognized ratably over the subsequent twelve-month period. Revenues are presented net of the taxes that are collected from subscribers and remitted to governmental authorities.

Subscriptions — App Services

The Company also earns subscription revenues through its App Services. These subscriptions are similar to the O&O Service subscriptions, but are generated based on agreements with certain streaming media players as well as with Smart TV brands and gaming consoles. Under these agreements, the streaming media player typically bills the subscriber directly and then remits the collected subscriptions to the Company, net of a distribution fee. The Company recognizes the gross subscription revenues when earned and simultaneously recognizes the corresponding distribution fees as an expense. The Company is the principal in these relationships as the Company retains control over service delivery to its subscribers.

License Fees — Partner Direct and Bundled Distribution

The Company generates license fee revenues from MVPDs such as Comcast and Cox as well as from vMVPDs such as Amazon and Sling TV (MVPDs and vMVPDs are also referred to as affiliates). Under the terms of the agreements with these affiliates, the Company receives license fees based upon contracted programming rates and subscriber levels reported by the affiliates. In exchange, the Company licenses its content to the affiliates for distribution to their subscribers. The Company earns revenue under these agreements either based on the total number of subscribers multiplied by rates specified in the agreements or based on fixed fee arrangements. These revenues are recognized over the term of each agreement when earned.

License Fees — Content Licensing

The Company has distribution agreements which grant a licensee limited distribution rights to the Company's programs for varying terms, generally in exchange for a fixed license fee. Revenue is recognized once the content is made available for the licensee to use.

The Company's performance obligations include (1) access to its SVOD platform via the Company's O&O Service and App Services, (2) access to the Company's content assets, and (3) licenses of specific program titles. In contracts containing the right to access the Company SVOD platform, the performance obligation is satisfied as access to the SVOD platform is provided post any free trial period. In contracts which contain access to the Company's content assets, the performance obligation is satisfied as access to the content is provided. For contracts with licenses of specific program titles, the performance obligation is satisfied as that content is made available for the customer to use.

Recently Adopted Financial Accounting Standards

The information set forth under Note 2 to the unaudited consolidated financial statements under the caption "Basis of presentation and summary of significant accounting policies" is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures Regarding Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in our reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) are recorded, processed, summarized and reported within the specified time periods in the rules and forms of the SEC, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of the CEO and the CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) as of June 30, 2023. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2023.

Changes in Internal Control Over Financial Reporting

Our management is required to evaluate, with the participation of our CEO and our CFO, any changes in internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during each fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. There were no changes in our internal control over financial reporting during the quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, we believe would individually or in the aggregate have a material adverse effect on our business, results of operations, financial condition or cash flows.

Item 1A. Risk Factors.

Factors that could cause our actual results to differ materially from those in this Quarterly Report on Form 10-Q are any of the risks described in our Annual Report on Form 10-K filed with the SEC on March 31, 2023. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

There have been no material changes from the risk factors previously disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K filed with the SEC on March 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

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Item 5. Other Information.

None.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

		Incorporated By Reference				
Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101. INS**	Inline XBRL Instance Document					X
101. SCH	Inline XBRL Taxonomy Extension Schema Document					X
101. CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101. LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101. PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
101. DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
104	Cover Page Interactive Data File (as formatted as Inline XBRL and contained in Exhibit 101)					X

* This document is being furnished with this Form 10-Q. This certification is deemed not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act, or the Exchange Act.

** The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

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PART III — SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

CURIOSITYSTREAM INC.

Date: August 14, 2023	By: /s/ Clint Stinchcomb Name: Clint Stinchcomb Title: President and Chief Executive Officer (Principal Executive Officer)
Date: August 14, 2023	By: /s/ Peter Westley Name: Peter Westley Title: Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Clint Stinchcomb, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CuriosityStream Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 14, 2023

By: /s/ Clint Stinchcomb
Name: Clint Stinchcomb
Title: President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Westley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CuriosityStream Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 14, 2023

By: /s/ Peter Westley
Name: Peter Westley
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Clint Stinchcomb, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition and results of operations of CuriosityStream Inc.

Dated: August 14, 2023	By:	/s/ Clint Stinchcomb
	Name:	Clint Stinchcomb
	Title:	President and Chief Executive Officer (Principal Executive Officer)

I, Peter Westley, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition and results of operations of CuriosityStream Inc.

Dated: August 14, 2023	By:	/s/ Peter Westley
	Name:	Peter Westley
	Title:	Chief Financial Officer (Principal Financial and Accounting Officer)