IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CHRISTOPHER GARABEDIAN, on behalf of himself and all other former stockholders of 5&2 Studios, Inc., Plaintiff, v. 5&2 STUDIOS, INC. Defendant.	C.A. No. 2026-____-___

<u>VERIFIED CLASS ACTION COMPLAINT</u>

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Dated: June 23, 2026

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NATURE OF THE ACTION

1. Plaintiff Christopher Garabedian ("Plaintiff" or "Garabedian"), on behalf of himself and all other similarly situated stockholders (the "Class"), by and through his undersigned counsel, brings the following Verified Complaint against Defendant 5&2 Studios, Inc. ("5&2" or the "Company"[1]) for violating its obligations under 8 *Del. C.* § 155(2) ("Section 155(2)").

2. The following allegations are based on Plaintiff's knowledge as to himself, including personal knowledge concerning his stock ownership in the Company. As to all other matters, this Complaint's allegations are made on information and belief based on, among other things: (i) a review of publicly available information, including the Company's public filings with the United States Securities and Exchange Commission (the "SEC"); (ii) press releases, news articles, public videos, and other publications disseminated by the Company and others; and (iii) Plaintiff's conversations with members of the Company's Board of Directors (the "Board") and Company management.

I. INTRODUCTION

3. This Action challenges a controller take-private transaction (the "Take-Private") in which the Company eliminated over 16,000 minority stockholders through a reverse stock split that closed on March 30, 2026 (the "Reverse Split"). The Company violated Section 155(2) by failing to pay fair value to these stockholders in lieu of fractional shares after the Reverse Split.

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[1] All references herein to the "Company" include 5&2 Studios, Inc. and its predecessor entities The Chosen, LLC and The Chosen, Inc. *See infra* § II.C.4.

4. In 2018, a small group of investors founded 5&2 (the "Insiders").[2] The Insiders originally owned 100% of 5&2. Beginning in 2019, during crucial times, the Company raised capital by selling Series B common stock to crowdfunding investors. After those capital raises until the Reverse Split, the Insiders held (through a shared investment vehicle defined below as the "Controller") approximately 55% of the Company's economic interests and 92% of the Company's voting power through Series A common stock. During the same period, Series B crowdfunding investors held approximately 45% of the Company's economic interests.

5. The Insiders comprise evangelical Christians and members of the Church of Jesus Christ of Latter Day Saints. The Company's stated mission is to use storytelling through television and film to spread the message of Jesus Christ. The Company's crown jewel is "The Chosen," which dramatizes the life and teachings of Jesus as told in the Gospels of the New Testament. The Chosen has been acclaimed for telling the stories of the Gospel with a fresh perspective through the lens of Jesus' disciples and those impacted by Jesus' actions and teachings, while also featuring vivid and historically accurate depictions of first-century Jerusalem. The Chosen is arguably the highest quality biblical media project ever, on par with classics like *The Ten Commandments*, which has sustained demand for decades.

6. The Chosen has approximately 250 million viewers worldwide. The Company has relied on multiple collaborations and distribution deals to expand The Chosen's audience reach over its first five seasons. The Chosen now streams new

[2] The Insiders are identified below. *See infra* § II.C.3.

seasons and episodes exclusively on Amazon Prime and has expanded that collaboration to include theatrical releases through Amazon MGM Studios. The Company also develops, produces, and distributes biblically inspired feature-length films and other biblically rooted streaming series.

7. The "5&2" in the Company's name invokes one of Jesus' most famous miracles—the feeding of at least 5,000 people outside Bethsaida using only five loaves of bread and two fish (the "Feeding of the Five Thousand").[3] Sadly, the Take-Private turned the Feeding of the Five Thousand on its head. In the Feeding of the Five Thousand, Jesus took five loaves and two fish from his disciples, gave thanks, broke them, multiplied them, and had his disciples pass out the pieces to feed over 5,000 people. In the Take-Private, the roles were reversed. The Insiders solicited bids using an acquisition vehicle ironically named "Loaves & Fishes Acquisition Co., LLC ("Bidco") and then consummated the Reverse Split, in part, by using donations made by The Chosen's loyal audience base to the non-profit Come-and-See Foundation (defined below as "CAS"). The Insiders fed only themselves.

* * *

8. The stated purpose of the Take-Private was for the Company to "go dark," by which the Company meant that it wished to relieve itself of the administrative burdens associated with its status as an SEC-reporting company.[4] But the Company grossly exaggerated those burdens in its disclosures, and it

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[3] *Cf. Luke* 9:10–17 (English Standard Version).

[4] 5&2 Studios, Inc., Proxy Statement (Schedule 14A) at 4, 16 (Mar. 17, 2026) (the "Proxy").

provided no other justification for conducting the Take-Private. On March 30, 2026, the Company completed the Take-Private through the Reverse Split, deregistered, and stopped making regular filings with the SEC.

9. Before the Take-Private, the Company secured nearly $250 million in funding from CAS. CAS was, and still is, led by Mart Green ("Green"). Green is a well-known evangelical Christian and one of two heirs to the Hobby Lobby fortune. Among other high-profile affiliations with evangelically rooted organizations, Green is a Trustee Emeritus of Oral Roberts University. Crucially for the Insiders' Take-Private ambitions, Green's backing through the CAS partnership eradicated the Company's dependence on crowdfunding investors.

10. The Board established a four-member special committee (the "Special Committee") to negotiate the Take-Private purportedly on behalf of minority stockholders, but two Board members—Dallas Jenkins and Derral Eves (together, the "Conflicted Directors")—dominated the process from start to finish. The Conflicted Directors were Insiders who held their Company investments through the Controller. The Reverse Split materially increased their interests in the Company. Moreover, based on a related side deal that saw one of the Insiders sell almost all his interests in the Controller to the other Insiders, the Take-Private increased each Conflicted Director's ownership in the Controller as well.

11. The Take-Private played out in two phases. In Phase 1, the Company focused on ***selling*** its outstanding equity (except for an undetermined number of the Conflicted Directors' shares) to a third party. Publicly available materials refer to

this phase, which began in November 2024, as "Project Cornerstone." In Phase 2, the Company focused on ***buying*** all outstanding minority shares through the Reverse Split. Publicly available materials refer to this phase, which began in October 2025 and which the Company consummated in the Reverse Split, as "Project Sequel."

12. In Project Cornerstone, the Conflicted Directors were sellers incentivized to maximize the Company's value. They created Bidco, which worked with management and the Special Committee's advisors to develop financial projections to be shared with third parties (the "Cornerstone Projections"). The Cornerstone Projections were bullish, but well-supported and consistent with what was being communicated publicly. In addition to plans for high-profile theatrical rollouts of the two remaining seasons of The Chosen, the Cornerstone Projections contemplated the Company producing several new multi-season series and feature films over the next decade. Multiple third parties submitted initial bids implying an enterprise value of approximately ***$150 million***. In mid-2024, the third parties reduced their bids for reasons the Proxy never explained. In October 2024, the Conflicted Directors, unsatisfied with the then-available selling price, abandoned Project Cornerstone.

13. In Project Sequel, the Conflicted Directors were buyers incentivized to minimize the Company's value. Within weeks of abandoning Project Cornerstone, the Conflicted Directors prepared a brand-new set of projections (the "Sequel Projections"). The revenue estimates in the Sequel Projections were unrecognizable compared to the Cornerstone Projections. For the same projection period that the

Cornerstone Projections used (2026-2029), the Sequel Projections slashed estimated revenue nearly ***in half***. Among other unexplained differences, the Sequel Projections contemplated a much smaller scale of projects over the next decade and excluded multiple sources of revenue and savings that the Cornerstone Projections included.

14. The Sequel Projections contradicted reality. The Sequel Projections confirmed the Company's actual 2025 revenue was tracking to be at least ***10%*** higher than the 2025 revenue estimate in the Cornerstone Projections. Moreover, around the same time the Conflicted Directors prepared the Sequel Projections, the Company filed a 10-Q that reported revenue for ***just the first nine months*** of 2025 that exceeded the Sequel Projections' ***full year*** estimate for 2025 by $14 million.

15. The first proposal the Conflicted Directors—now situated as buyers—made to the Special Committee implied an enterprise value of less than ***$40 million***. After one counteroffer from each side, the Special Committee approved the Reverse Split at $3.75 per share. That price implied an enterprise value of $52.9 million—just ***one-third*** of the $150 million inbound offer the Company initially received in Project Cornerstone.

16. The Special Committee retained Goldman Sachs ("Goldman") as its financial advisor and to render a fairness opinion (the "Fairness Opinion"). The Company entered into an engagement letter with Goldman during Project Cornerstone but did not publicly disclose its terms. During Project Sequel, however, the Company revised the terms of Goldman's engagement to include a $2.5 million fee that was ***100% contingent*** on consummating a reverse stock split regardless of

the price. This fee heavily biased Goldman to bless the transaction despite an unfair price.

17. Goldman prepared one presentation for the Special Committee during Project Cornerstone and three presentations during Project Sequel.[5] In the Project Sequel presentations, Goldman relied on the sharply lower Sequel Projections and used them to perform the DCF analysis in the Goldman Fairness Deck. The Goldman Fairness Deck included an analysis of comparable publicly traded companies, but it ignored the most obvious choice—Angel Studios, Inc. ("Angel"). Angel's business model—which focuses on distributing faith-based television and film—and audience closely parallel the Company's. In fact, Angel and the Company partnered to produce and distribute early seasons of The Chosen. Angel had recently gone public at a valuation of ***$1.6 billion***, yet Goldman did not consult this data point ***at all*** to render its fairness opinion.

18. The Company's stockholders voted on the Reverse Split at the Company's annual meeting on March 30, 2026.[6] The Company purported to condition the Reverse Split on approval of a majority of the votes cast by minority stockholders at that meeting, but the vote was not fully informed. The Proxy, which the Company filed just two weeks beforehand, was misleading and coercive. Series B stockholders

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[5] The Company publicly filed these four presentations. They are dated March 21, November 20, December 4, and December 30, 2025 and attached as Exhibits A, B, C, and D respectively. Each presentation is cited herein as a "Goldman [Date] Deck." The Goldman December 30 Deck, on which Goldman based its Fairness Opinion, is alternatively cited herein as the "Goldman Fairness Deck" or "GFD."

[6] Although the meeting took place on March 30, 2026, it was the Company's belated "2025 Virtual Annual Meeting of Stockholders." Proxy at 1.

had no meaningful opportunity to demand books and records to cast a fully informed vote. Tellingly, the Company held the vote one day after Palm Sunday, during Holy Week. Nearly ***80%*** of the Series B stockholders, many of whom were devout Christians, did not vote. With the Controller wielding 92% of the Company's voting power, the Reverse Split was approved.

19. The Reverse Split forced stockholders to exchange every 173,500 pre-split shares for one post-split share (the "Exchange Ratio"). The Company paid cash instead of issuing fractional shares. As a result, ***every*** Series B stockholder was eliminated. Plaintiff owned 150,000 Series B shares and was the Company's largest Series B stockholder. But even his holdings fell short of the Exchange Ratio threshold.

20. Immediately following the March 2026 Meeting, the Company deregistered with the SEC and cashed out all Series B stockholders at the price of $3.75 per pre-split share. With the minority stockholders cashed out, the Controller was the only stockholder left standing. Through their interests in the Controller, the Insiders had increased their economic ownership of the Company's common stock from 55% to 100% and their voting power in the Company from 92% to 100%.

21. The price of $3.75 per pre-split share was unfair. It represented a small fraction of the Company's value based on its strong financial performance in 2025, its financial trajectory over the past several years, its growing platform and audience reach, its planned expansion into new projects, and the upcoming final two seasons of The Chosen which promised to deliver the financial pinnacle of The Chosen's run.

22. The Reverse Split violated 8 *Del. C.* § 155(2). The Company's Series B stockholders are entitled to share in the success they funded. The Company must pay them the fair value of their shares, in an amount to be proven at trial.

II. PARTIES AND RELEVANT NON-PARTIES

A. PLAINTIFF

23. Christopher Garabedian (previously defined as "Plaintiff" or "Garabedian") is an established investor in the life sciences and biopharma spaces. In 2016, he founded Xontogeny, a venture capital firm that supports promising drug and medical technology development and operations from preclinical stages through commercialization. He is currently Xontogeny's Chairman and CEO and is a Portfolio Manager at Perceptive Advisors, which he joined in 2017 after the firm invested in Xontogeny, overseeing two venture capital investment funds for the firm. Before his roles at Xontogeny and Perceptive Advisors, Garabedian served as the President and CEO of Sarepta Therapeutics, led Corporate Strategy for Celgene, and served in several global commercial and corporate development leadership roles at Gilead. Garabedian also serves on the boards of several private life sciences companies.

24. Garabedian has supported the Company's mission of spreading the message of the Gospels to the largest possible audience since before it produced Season 1. Garabedian first encountered The Chosen through a 20-minute short film on the nativity told through the eyes of a shepherd that he discovered on YouTube over the Christmas holidays, which Dallas Jenkins posted as a catalyst for the crowdfunding campaign. Garabedian originally invested $300,000 in the Company in 2019. Garabedian's investment represented approximately 1.2% of the Company's

overall outstanding common stock, making him the Company's largest single crowdfunding investor and Series B common stockholder at the time of the Reverse Split.

25. After becoming the largest crowdfunding investor and a Co-Executive Producer of Season 1, Garabedian stayed involved with the organization, including through further engagement with CAS as a donor and volunteer at CAS's annual Vision Summit meetings. As with other investors, Garabedian's deep involvement in 5&2 was due both to his strong belief in the project as an evangelical tool and his expectation that he would be a long-term stockholder. He continuously held 150,000 Series B shares until March 30, 2026, when, without his consent and over his objections via email and on a Zoom with the President of 5&2 prior to the March 30, 2026 stockholder vote on the Reverse Split, the Company cashed out all Series B common stock in the Reverse Split.

B. DEFENDANT

26. 5&2 Studios, Inc. (previously defined as "5&2" or the "Company") is a for-profit Delaware corporation headquartered in Midlothian, Texas. The Company was originally formed in 2018 to develop and produce an episodic television series entitled The Chosen (previously defined as "The Chosen"). The Chosen is based on the Gospels of the New Testament and tells the story of the life of Jesus Christ primarily through the perspectives of those who met Him during His life.

27. The Chosen's first season premiered in April 2019. The first five seasons were available on major streaming services, including Netflix, Hulu, Apple TV, and faith-based channels including TBN and BYUtv. The Company is currently

preparing to launch its sixth season in late 2026 exclusively on Amazon Prime, and the first five seasons are widely available via Amazon Prime, Apple TV, and The Chosen's proprietary website and mobile app. The Chosen's popularity has grown with each new season. In Seasons 3, 4, and 5, the Company rolled out select multiple episodes for release in traditional movie theatres before each season was available for streaming. The Company has stated that it expects Season 7, currently slated for release in March 2028, to be the final season.

28. The Company primarily films The Chosen at a 40-acre production campus that it owns in Midlothian (the "Midlothian Campus"). When not in use, the Company rents the Midlothian Campus to third parties, marketing the campus as a "premier rental spaces designed for filmmakers, photographers, and creatives . . . With versatile sets, state-of-the-art equipment, and a dedicated support team, we provide everything you need to bring your vision to life. Whether you're shooting a feature film, staging a photo shoot, or producing a commercial, our studio is your canvas."[7]

29. While The Chosen has consistently been the Company's flagship project, over the eight years of its existence the Company's repertoire has expanded. The Company has released several spin-off series, including a fourteen-episode animated series called "The Chosen Adventures" released in 2025 and a forthcoming six-episode unscripted series called "Chosen in the Wild."

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[7] 5&2 Studios Services, "Our Studio. Your Vision," *available at* https://5and2studioservices.com (last accessed May 28, 2026).

30. After The Chosen concludes in 2028, the Company has ambitious plans for new content, including additional multi-season series that will feature Jenkins as producer, many of the same writers as The Chosen, and similarly high-quality production and storytelling. The Company has already begun developing a follow-up three-season series tentatively entitled "Book of Moses" dramatizing Moses' journey depicted in the Old Testament, as well as plans for an epilogue multi-season series tentatively entitled "The Way" based on the New Testament book the Acts of the Apostles. The Way will depict the founding of the Christian church as the Apostles spread Jesus' message in the years after His crucifixion, including the journey of the Apostle Paul and his Damascus road conversion. The Company has also announced plans to develop additional series based on stories from the Old Testament that may rely on writers and directors beyond Jenkins and the writers of The Chosen, including a series based on the life of Joseph. As explained below, the Company also envisions developing and producing several biblically rooted series and films set in modern times.

31. These projects, which the Company expects to roll out through and including 2035,[8] will feed the same loyal audience that will be hungry for more content after The Chosen series concludes. The Company believes these forthcoming projects promise "future earnings prospects and [a] strategic position as a leading faith-based independent studio."[9] In March 2025, the Company stated that it

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[8] *See infra* § V.B.5.

[9] Proxy at 21.

expected the theatrical releases for Season 6 and Season 7 of The Chosen to be the third and fourth highest grossing faith-based theatrical releases of all time, behind only *The Passion of the Christ* (2004) and *Sound of Freedom* (2023).[10]

32. Although its stock never traded publicly, 5&2 was an SEC-reporting company prior to the Reverse Split pursuant to Regulation Crowdfunding and/or Regulation A. Before the Reverse Split, 5&2 had two classes of common stock: (i) Series A common stock, which was issued to the Insiders and had super voting rights of ten votes per share ("Series A Shares"); and (ii) Series B common stock, which was issued to crowdfunding investors and also held by the Insiders and had one vote per share ("Series B Shares").[11] On the date of the Reverse Split, the Company had 5,585,229 Series B Shares outstanding held by approximately 16,000 stockholders of record.

C. RELEVANT NON-PARTIES

33. From the start, a group of individuals with deep prior relationships has governed and influenced 5&2. This group includes the Conflicted Directors and the other Insiders, as well as non-parties Brad Pelo and Mart Green.

1. Conflicted Directors

34. Dallas Jenkins (previously defined as "Jenkins") is the Company's Chief Creative Officer and a Board member. According to the last Form 10-K the Company

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[10] Goldman Mar. 21 Deck (attached hereto as Exhibit A) at Slide 23.

[11] *See infra* § IV.A.

filed before the Reverse Split, Jenkins is a member of the Company's "[m]anagement [t]eam."[12]

35. Jenkins is the son of Jerry Jenkins, the well-known evangelical author of the "Left Behind" book series. The Company states that Jenkins originally created the "story concepts and ideas" for The Chosen and credits Jenkins as The Chosen's writer, director, and producer.[13] Jenkins has been the largest unitholder of the Controller since its inception. As such, he acquired the largest indirect ownership interest in Series A Shares following the Company's November 2022 reincorporation in Delaware.[14]

36. Derral Eves (previously defined as Eves). At all relevant times, Eves has been the Company's Chief Strategic Officer and a member of the Board. According to the last 10-K the Company filed before the Reverse Split, Eves is a member of the Company's "[m]anagement [t]eam."[15]

37. Eves has been a unitholder of the Controller since its inception. As such, he acquired an indirect ownership interest in Series A Shares following the Company's November 2022 reincorporation in Delaware.[16] Eves also serves as the Controller's Managing Member and Registered Agent.

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38. This Complaint refers to Jenkins and Eves as the "Conflicted Directors."

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[12] 5&2 Studios, Inc., Annual Report (Form 10-K) at 6 (Mar. 31, 2025).

[13] 5&2 Studios, Inc., Annual Report (Form 10-K) at 3, 11 (Mar. 31, 2025).

[14] *See infra* § IV.C.

[15] 5&2 Studios, Inc., Annual Report (Form 10-K) at 6 (Mar. 31, 2025).

[16] *See infra* § IV.C.

2. Special Committee Directors

39. Four directors who joined the Board in December 2022, shortly after the Company's November 2022 reincorporation in Delaware,[17] served on the Special Committee that negotiated, approved, and recommended the Reverse Split at the price of $3.75 per share.

40. Brooke Asiatico ("Asiatico"). According to the Company, Asiatico is a sophisticated practicing attorney with significant expertise in the not-for-profit, tax-exempt organizations sector. Along with Special Committee Director Reardon, Asiatico serves on the Board of Trustees of Oral Roberts University, where she is that board's Secretary. Through that position, Asiatico has ties to Mart Green, who is a Trustee Emeritus of Oral Roberts and the Chair of the Board of Trustees of the Come-And-See Foundation (previously defined as "CAS") and its principal decisionmaker. As explained below, CAS has funded the Company's operations since 2022 in exchange for significant IP and royalty rights in The Chosen.

41. David Bagheri ("Bagheri"). According to the Company, Bagheri is a social and business entrepreneur. He has served as CEO of Hillsong Music and Invorto LLC, the largest music export from Australia in the Christian Music Industry. He also founded and served as CEO of Precision Tech, Inc., a workforce management platform, held several positions with Precision Global Consulting, and has worked in the automotive retail industry for over three decades.

[17] 5&2 Studios, Inc., Current Report (Form 1-U) at Item 9 (Jan. 20, 2023).

42. Cris Doornbos ("Dornbos"). According to the Company, Doornbos is a veteran in the publishing, media, and educational spaces of music, books, and curriculum. He has served as CEO and founder of Leadership Shaping LLC, and of a nonprofit Christian publisher known as David C. Cook. In his work in the publishing world, Doornbos has supported and lauded Jerry Jenkins' literary work. He previously served as the Executive Vice President at Zondervan Publishing, an international Christian media and publishing company. He has also served on a number of boards of directors of faith-based organizations.

43. Matt Reardon ("Reardon"). According to the Company, Rearden is an experienced attorney and executive. He has served as CEO of Maxwell Leadership, Inc, and as Chief Operating Officer of Four Star Homes, a real estate sales and brokerage company. Reardon previously held various positions with SeaWorld Parks and Entertainment, Inc., and International Speedway Corporation. Along with Asiatico, Reardon serves as a member of the Board of Trustees of Oral Roberts University.

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44. This Complaint refers to Asiatico, Bagheri, Doornbos, and Reardon as the "Special Committee Directors."

3. Other Relevant Non-Party Individuals

45. Brad Pelo ("Pelo"). Pelo became the Company's President on April 4, 2022[18] and served in that role ever since, including at the time of the Reverse Split.

[18] The Chosen, LLC, Current Report (Form 1-U) at Item 9 (Apr. 8, 2022).

Pelo's employment as the Company's President is his primary employment and his primary source of income. He is responsible for "oversee[ing] all operational aspects of [the Company's] business."[19] In 2024, Pelo received compensation of $1 million in salary and bonus and Phantom Unit (defined below) awards with an assumed value equal to more than $8 million worth of Series B Shares.[20]

46. JD Larsen ("Larsen"). Larsen has served as the Company's CFO and Senior Vice President since at least 2022. According to the Company, Larsen is its "principal financial and accounting officer."[21] In 2024, in addition to his annual salary and bonus, Larsen received Phantom Unit (defined below) awards with an assumed value equal to more than $1 million worth of Series B Shares.[22]

47. Mart Green ("Green"). Green, one of two heirs to the Hobby Lobby fortune, is Chair of the CAS board of directors. He is also a Trustee Emeritus of Oral Roberts University and served as Chair of the Board of Trustees from 2008 to 2019 and has been the biggest benefactor to the University, providing more than $100 million in donations from the Green family fortune. As explained below, Green was a principal decisionmaker on behalf of CAS in connection with the multiple cash infusions CAS provided to the Company beginning in 2022, including an eleventh-hour loan of $24.7 million that the Company needed to fund the Reverse Split.[23]

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[19] 5&2 Studios, Inc., Annual Report (Form 10-K) at 6 (Mar. 31, 2025).

[20] *Id.* at 35.

[21] 5&2 Studios, Inc., Annual Report (Form 10-K) at 6 (Mar. 31, 2025).

[22] *Id.* at 35.

[23] *See infra* § VIII.

48. Ricky Ray Butler ("Butler"). A co-founder and co-executive producer of The Chosen, Butler has been a unitholder of the Controller since its inception. As such, he acquired an indirect ownership interest in Series A Shares in the Company's November 2022 reincorporation. As explained below, concurrently with launching a business venture unrelated to The Chosen, Butler exchanged his interests in the Controller for Series A Shares and then sold almost all those back to the Company pursuant to a Repurchase Agreement in connection with the Reverse Split (the "Butler Repurchase Agreement").[24]

49. Earl Seals ("Seals"). Also a co-founder and co-executive producer of The Chosen, Seals has been a unitholder of the Controller since its inception. As such, he acquired an indirect ownership interest in Series A Shares in the Company's November 2022 reincorporation.[25] As explained below, early in the process that culminated in the Reverse Split, Seals expressed interest in selling his Series A Shares. He then reversed course after the Company determined the final price of $3.75 per share because he "belie[ved] in the Company's future success and long-term growth potential."[26]

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50. This Complaint refers to Butler, Eves, Green, Jenkins, Pelo, and Seals as the "Insiders."

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[24] *See infra* § VI.A.

[25] *See infra* § IV.C.

[26] *See infra* § VI.A.

4. Relevant Non-Party Entities

51. The Chosen Productions, LLC (previously defined as the "Controller"). The Controller is an LLC formed under the laws of Utah in 2018. At all relevant times, the Insiders have constituted all equity-holding members of the Controller. As explained below, following the Company's November 2022 reincorporation in Delaware, the Controller held a majority (at least 55%) of the Company's outstanding economic interests and 92.5% of the Company's voting power through 6,950,000 Series A Shares.[27] Following the Reverse Split, the Controller owned 100% of the Company's outstanding Common Stock through exactly forty Series A Shares. In other words, the Company set the Exchange Ratio to give only the Controller whole shares.

52. Come and See Foundation (previously defined as "CAS"). CAS is a 501(c)(3) non-profit organization created in 2022 for the purpose of "funding the production costs of all seven seasons of The Chosen through donations from [its] supporters."[28] As explained below, CAS loaned the Company $24.7 million (nearly 47% of the Company's purported enterprise value, based on the consideration paid to Series B stockholders) to pay Series B stockholders cash in lieu of fractional shares in the Reverse Split (and also to cover transaction costs).[29]

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[27] *See infra* § IV.C.

[28] "Reaching a Billion People with the Story of Jesus," COME AND SEE FOUNDATION, https://www.comeandseefoundation.org/ (last accessed Jun. 4, 2026).

[29] Proxy at 50; *see also infra* § IV.D.

53. Goldman Sachs & Co. LLC (previously defined as "Goldman"). Goldman is one of the principal U.S.-based operating subsidiaries of The Goldman Sachs Group, Inc., a publicly traded Delaware corporation that provides a broad range of financial services to a large and diversified client base that includes corporations, financial institutions, governments, and individuals.

54. Goldman first began "assist[ing]" the Special Committee in March 2025 and entered an engagement letter with the Company on July 7, 2025.[30] Pursuant to a revised engagement letter dated November 6, 2025—which the parties revised ***after*** the Reverse Split was all but certain to occur—Goldman received a transaction fee of $2.5 million that was fully "contingent upon consummation of a 'take private' transaction involving the Company."[31] As explained below, this incentivized Goldman to favor a Reverse Split even at an unfair price and to blindly rely on facially unreasonable financial projections, provided by management, for its valuation analysis.[32]

III. THIS COURT HAS JURISDICTION

55. This Court has subject matter jurisdiction over Plaintiff's Section 155(2) claim because it has statutory jurisdiction to interpret, apply, and enforce any provision of the Delaware General Corporation law.[33]

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[30] Goldman Mar. 21 Deck at 40.

[31] Proxy at 32.

[32] *See infra* § VII.

[33] 8 *Del. C.* § 111(b).

56. This Court has personal jurisdiction over 5&2 because it is a Delaware corporation.[34]

IV. THE COMPANY GROWS FROM A CROWDFUNDED UTAH LLC TO A DELAWARE CORPORATION WITH A QUARTER BILLION DOLLARS FROM CAS.

A. THE COMPANY RAISES CAPITAL AND ISSUES EQUITY AS A UTAH LLC.

57. The Company started in 2018 as a Utah LLC called The Chosen, LLC (the "Utah LLC"). The Utah LLC was an operating entity managed by the Controller.

58. The Utah LLC predominantly raised capital through crowdfunding campaigns,[35] including in partnership with Angel Studios, Inc. (f/k/a/ VidAngel) ("Angel"). The Utah LLC issued two classes of membership units: Common Units and Class A Units. The Controller, which itself was owned by the Company's founders (i.e., Butler, Eves, Jenkins, and Seals) was the only member to receive Common Units. Class A units were issued to public crowdfunding investors.[36]

59. The following diagram shows the organizational and equity structure of the original Utah LLC.

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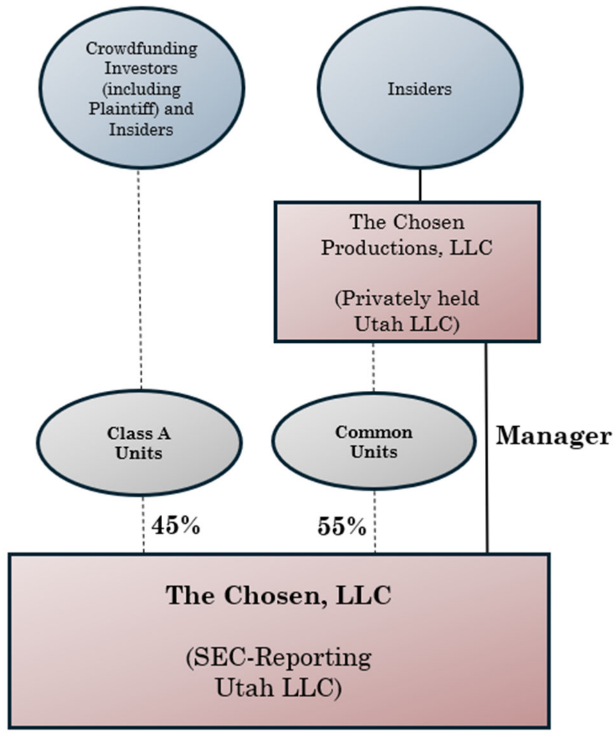
[34] 8 *Del. C.* § 321; 10 *Del. C.* § 3111.

[35] "Crowdfunding enables projects or ventures to gain financial backing by collecting small monetary contributions from a large number of individuals via online platforms." Tim Smith, "Crowdfunding Models: Benefits & Top Platforms for Fundraising, INVESTOPEDIA (Apr. 9, 2026), https://www.investopedia.com/terms/c/crowdfunding.asp (last accessed June 4, 2026).

[36] The Chosen, LLC, Annual Report (Form 1-K Part II) at 8 (May 3, 2022).



B. THE COMPANY SUCCESSFULLY RELEASES THE FIRST THREE SEASONS OF THE CHOSEN IN PARTNERSHIP WITH ANGEL STUDIOS.

60. The Company partnered with Angel to produce Season 1 of The Chosen, which it released on Angel's VidAngel streaming platform and the Company's original app. Season 1 ran from April through November 2019. Together with Angel, the Company raised approximately $11 million to finance Season 1, predominantly through crowdfunding investors.[37]

61. The Company continued its partnership with Angel to produce Season 2 of The Chosen, which ran from May through December 2021.

62. Seasons 1 and 2 met widespread critical acclaim. They also secured a loyal audience base of Christian viewers seeking high-quality biblically inspired

[37] Goldman Dec. 4 Deck (attached hereto as Exhibit C) at Slide 11.

content. Season 2 earned a perfect audience score on Rotten Tomatoes, and, after five seasons, the entire series boasts a near-perfect 97%.[38] In 2022, Season 2 won the Gospel Music Association ("GMA") award for Television Series of the Year. Season 2 was distributed in over 175 countries and translated into 125 languages, which earned it a Guinness World Record for being the most translated streaming series in history.[39]

63. In mid-2022, in advance of Season 3, the Company entered into multiple licensing agreements with Angel (the "Angel Agreements"). Pursuant to the Angel Agreements, the Company received a percentage of revenues derived through Angel's app, box office sales, video-on-demand, existing distribution licenses, and physical merchandise.[40]

64. The Company diversified its distribution strategy in Season 3. In late 2022, the Company premiered Season 3 exclusively in theaters—packaging multiple episodes to approximate the length of a traditional feature-length film—several months before it released Season 3 for streaming in March and April 2023. The box office revenues on a per-screen average consistently ranked in the top-five domestic box office revenues for the week of release, despite very limited distribution in terms of number of screens.

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[38] "The Chosen," ROTTEN TOMATOES, https://www.rottentomatoes.com/tv/the_chosen (last accessed May 28, 2026).

[39] "Most translated season for a streaming series," GUINNESS WORLD RECORDS (Feb. 20, 2026), https://www.guinnessworldrecords.com/world-records/777569-most-translated-season-for-a-streaming-series (last accessed May 28, 2026).

[40] Goldman Dec. 4 Deck at Slide 11.

65. This hybrid model proved successful. The theatrical releases of Season 3 grossed over $20 million at the box office. The Company redeployed the hybrid model in Season 4 (released in theaters in February 2024 and for streaming in June 2024) and Season 5 (released in theaters in March 2025 and for streaming in June 2025). The theatrical releases of Seasons 4 and 5 grossed over $30 million and $40 million, respectively, at the box office. The Company plans to use a variant of the hybrid model for Season 6, which focuses on the events of Good Friday. Most Season 6 episodes will be released for streaming beginning in November 2026, but the finale (to culminate in the crucifixion) will be released in theaters as a major motion picture event the week of Easter in 2027.

C. AFTER A BUSINESS DIVORCE WITH ANGEL, THE COMPANY REINCORPORATES IN DELAWARE.

66. In late 2022, Jenkins alleged that Angel had breached the Angel Agreements. Shortly thereafter, the parties commenced private arbitration. The Company and Angel broke all business ties,[41] making Season 3 the end of Angel's affiliation with The Chosen.[42]

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[41] By mid-2024 the arbitrator ruled largely in favor of the Company.

[42] The next year, in September 2025, Angel began trading publicly on the NYSE after being acquired by a SPAC called Southport Acquisition Corporation. The IPO valued Angel at $1.6 billion. As explained below, despite the many obvious similarities between Angel and the Company, Goldman did not use Angel as a comparable publicly traded company when valuing the Company for the Reverse Split. *See infra* § VII.B.3.

67. As the Angel relationship began to sour, the Utah LLC converted to a Delaware corporation (the "Reincorporation"), the corporate form the Company still has today.[43] The Company finalized the Reincorporation on November 29, 2022.

68. Immediately before the Reincorporation, the Insiders owned (in Common Units through the Controller) approximately 55% of the Utah LLC, while crowdfunding investors owned (in Class A Units) the remaining 45%.

69. In the Reincorporation, Common Units in the Utah LLC converted to Series A Shares in 5&2. The new Series A Shares had super-voting rights of ten votes per share. Accordingly, after the Reincorporation, the Insiders owned (still through the Controller) approximately 55% of the Company through 6,950,000 Series A Shares and wielded 92.5% of the Company's total voting power through 69,500,000 votes.[44]

70. The Utah LLC's Class A Units converted to Series B Shares with only one vote per share.[45] At all relevant times after the Reincorporation and before the

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[43] The Delaware corporation was originally called The Chosen, Inc. *See* The Chosen, Inc., Current Report (Form 1-U) at Item 1 (Dec. 2, 2022). On September 25, 2024, the Company changed its name to 5&2 Studios, Inc. *See* 5&2 Studios, Inc., Current Report (Form 8-K) at Item 5.03 (Sep. 30, 2024). For ease of reference, this Complaint refers to the Company after the Reincorporation as 5&2.

[44] Proxy at 7–8. The Company has disclosed that, by virtue of his position as the Controller's managing member, Eves "may be deemed to share beneficial ownership of the securities held of record by [the Controller]." Proxy at 60. According to the Utah Commerce Division of Corporations and Commercial Code, Eves is still the Controller's Manager and also serves as its Registered Agent.

[45] *See* The Chosen, Inc., Current Report (Form 1-U) at Item 1 (Dec. 2, 2022). Immediately after the Reincorporation, Series B Shares also received a dividend of $2.40 per share (120% of the issue basis of $2.00 per share). *See* The Chosen, Inc., Annual Report (Form 10-K) at 32 (May 3, 2022); *see also* Description of Capital Stock (Ex. 4.1 to Mar. 31, 2025 10-K).

Reverse Split, the Company had approximately 5.5 million Series B Shares issued and outstanding.

71. The voting rights of the two common stock series remained unchanged up to and including the date of the March 2026 Meeting at which stockholders voted on the Reverse Split.[46] As the Company admits, the foregoing structure and voting rights made the Controller the Company's "controlling stockholder" at the time of the Reverse Split.[47]

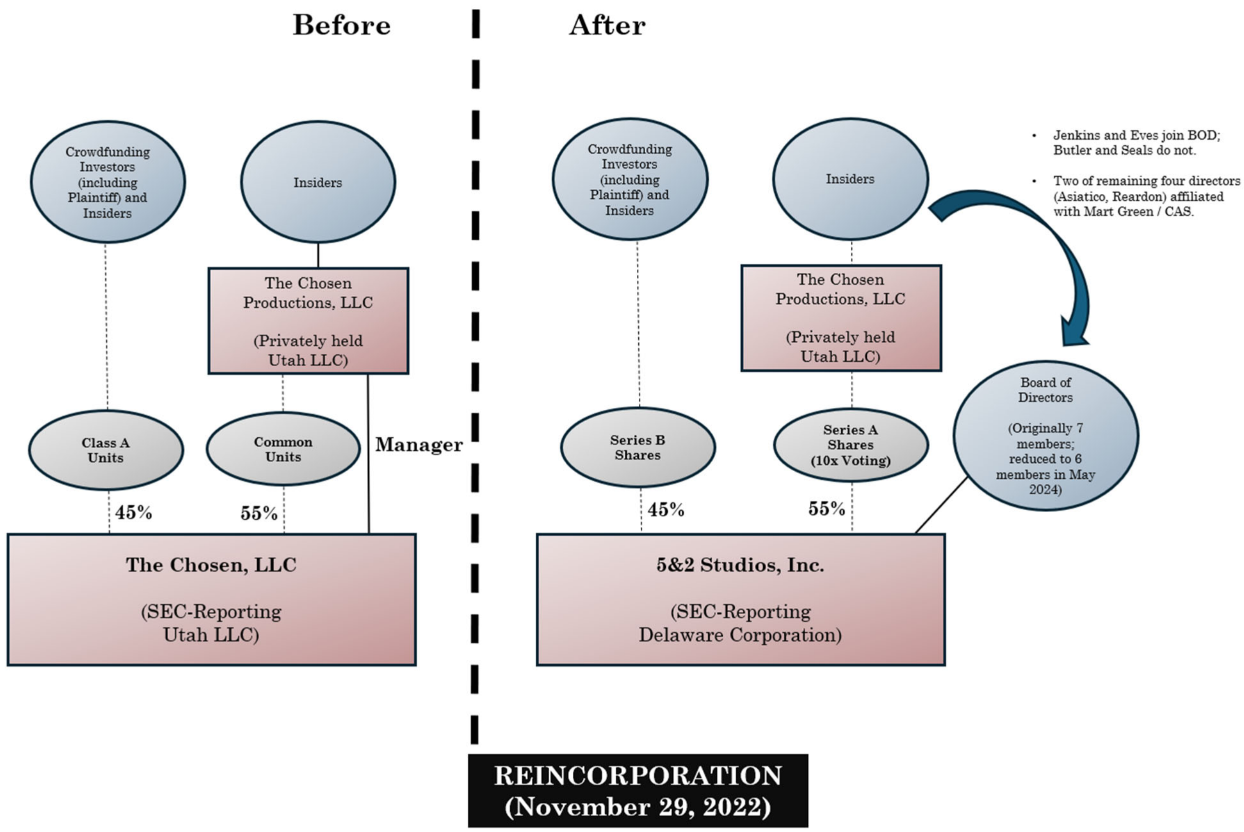
72. After the Reincorporation, the Board had seven directors: (i) the Conflicted Directors (Eves and Jenkins); (ii) the four Special Committee Directors (Asiatico, Bagheri, Doornbos, and Reardon); and (iii) Jim Bisenius ("Bisenius").[48]

73. The following diagram shows how the Reincorporation changed the Company's organization and structure.

[46] *See infra* § X.

[47] Proxy at 4.

[48] As explained below, Bisenius was appointed to the Special Committee but was removed from it shortly thereafter, before any work began in earnest. *See infra* § V.A.1.



74. After the Reincorporation, the Insiders continued to hold their interests in the Company indirectly through the Controller. The Insiders' resultant indirect ownership percentages in the Company, and the implicit corresponding ownership percentages in the Controller, were as follows:

Insider	Percentage of Common Shares Indirectly Owned Following Reincorporation[49]	Percentage of Controller Units Owned Following Reincorporation [50]
Jenkins	24.0%	43.7%
Eves	13.8%	25.1%
Butler	10.6%	19.3%
Seals	7.0%	12.7%

75. These percentages remained unchanged through March 2026, immediately preceding the Reverse Split.[51]

D. THE COMPANY SECURES FUNDING FOR ALL REMAINING SEASONS OF THE CHOSEN FROM CAS.

76. As the Company's relationship with Angel was beginning to sour in October and November of 2022, management and the Board began to discuss the idea of funding the Company through a separate non-profit. Those discussions culminated in the creation of CAS, for which Green served (and continues to serve) as the Chair of the Board of Trustees. As explained above, CAS is a charitable non-profit that

[49] GFD (attached hereto as Exhibit D) at 13.

[50] To Plaintiff's knowledge, a breakdown of the Controller's investors' unit holdings is not publicly available. In this column, each implied corresponding ownership percentage of Controller units is calculated as a ratio based on the Controller's 55% ownership of the Company's outstanding Common Stock (e.g., for Jenkins, 24.0 / X = 55.0 / 100) as of December 30, 2025.

[51] GFD at 13.

must use donations "to develop and produce faith-based content," with its central focus on The Chosen.[52]

77. On November 29, 2022—the date the Company completed the Reincorporation—the Company entered into a Contribution Funding and Production Agreement, a License Agreement, and an Intellectual Property and Limited Assumption Agreement with CAS (collectively, the "CAS Agreements").[53] In the CAS Agreements, CAS committed to contribute $150 million to the Company and to indefinitely funnel 90% of Chosen-related donations made through CAS to the Company. These funds were intended to support production of The Chosen. The Company also sold to CAS, for $4.5 million, all IP rights to The Chosen and Chosen-related content. CAS then licensed back to the Company, in perpetuity, all commercial rights in The Chosen and Chosen-derivative content in exchange for a 5% royalty on revenue from commercial use of The Chosen's IP.[54]

78. The Company and CAS later entered into an Asset Purchase Agreement (the "APA") to "re-define the terms of [the] existing business relationship between the Company and CAS [pursuant to the CAS Agreements]."[55] Pursuant to the APA, CAS would ultimately cancel the Company's existing indebtedness under the CAS Agreements ($145 million) and a separate bridge loan ($11.7 million), and infuse another $85 million to support production of Seasons 5, 6, and 7 of The Chosen. In

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[52] Goldman Dec. 4 Deck at Slide 11; *supra* § II.C.4.

[53] *See* The Chosen, Inc., Current Report (Form 1-U) at Item 1 (Dec. 2, 2022).

[54] *Id.*; *see also* Goldman Dec. 4 Deck at Slide 11.

[55] The Chosen, Inc., Current Report (Form 8-K) at Item 1.01 (May 15, 2024).

exchange, among other things, the amendments redirected 100% of Chosen-related donations to CAS and expanded and increased CAS's perpetual royalty rights.[56]

79. Altogether, through the CAS Agreements and APA, by the time of the Reverse Split, CAS had infused approximately $240 million into the Company to support production of all seven anticipated seasons of The Chosen and derivative content.

80. In late November 2022, as it was finalizing the CAS Agreements, the Company sent its stockholders a video announcing the formation of CAS (the "CAS Launch Video"). The CAS Launch Video focused on implications for Series B stockholders. In the CAS Launch Video, Green said: "The Chosen is not a start-up. The Chosen is a rocket, taking off." Jenkins vigorously agreed. From that point until it announced the Reverse Split, the Company never publicly contradicted the growth-oriented mindset Jenkins and Green voiced on the CAS Launch Video.

81. The CAS Launch Video affirmed that Series B stockholders would remain investors in the Company and would participate in its future success. In explaining the new role of CAS and the interplay between donations to the non-profit CAS and investments in for-profit 5&2 Studios, Jenkins assured investors, "You are still going to get the profits. You are an investor."

* * *

82. The Reincorporation and CAS Agreements laid the groundwork for the Company to eliminate the Series B Shares. The Reincorporation conferred super

[56] *See id.*; *see also* Goldman Mar. 21 Deck at Slide 6.

voting rights on the Series A Shares that the Controller would later use to effect the Reverse Split. The CAS Agreements and APA opened new channels of funding that broke the Company' dependence on small individual investors through crowdfunding equity raises. The weight of CAS' funding and Green's support catapulted Jenkins to outsized success and celebrity. Jenkins' success and celebrity is poised to grow even larger as he stands on the brink of the highly anticipated final two seasons of The Chosen. The CAS Agreements and APA also opened the door for non-fiduciaries at CAS with deep ties to the Conflicted Directors—namely, Green—to influence the Company.

V. <u>THE COMPANY CONDUCTS THE UNFAIR TAKE-PRIVATE PROCESS.</u>

A. THE COMPANY RESOLVES TO "GO DARK" THROUGH A TAKE-PRIVATE TRANSACTION.

83. According to the Company, in early 2023, the Board began to discuss "going dark," i.e., consummating a transaction that would eliminate its SEC filing and reporting requirements (a "Take-Private").[57] The Company eventually accomplished this goal through the Reverse Split, which was a Rule 13e-3 Transaction that resulted in the Company's deregistration with the SEC.[58]

1. The Company Establishes the Special Committee to Consider a Take-Private.

84. At a meeting on February 10, 2023, the Board established the Special Committee, to which it delegated the authority "to consider the advantages,

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[57] Proxy at 16–17.

[58] Proxy at 4; *see also* 5&2 Studios, Inc., Transaction Statement (Schedule 13e-3) (Mar. 30, 2026).

disadvantages, considerations, and all ramifications of the Company becoming a private company versus its continuing as an SEC reporting company."[59] The Special Committee originally had five members: (i) Asiatico; (ii) Bagheri; (iii) Bisenius; (iv) Doornbos; and (v) Reardon.[60] The Special Committee was specifically mandated to represent the interests of Series B stockholders.

85. The Company's stated justification for pursuing a Take-Private was the Board and management's "conclu[sion] that the Company realizes few, if any, of the traditional benefits of its status as an SEC reporting company (including, but not limited to, raising capital in the public markets, stock liquidity, business credibility and the ability to use its common stock as currency for acquisitions), yet incurs significant annual expenses and indirect costs associated with being an SEC reporting company."[61] The Company estimated those costs at $3.7 million annually.[62] The Company claimed that eliminating those administrative costs would, "[o]ver time . . . offset the transaction costs associated with effecting the Reverse [ ] Split."[63] As explained below, this statement both overstated the burdens associated with SEC reporting and minimized the transaction costs the Company incurred to effect the Reverse Split.[64]

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[59] Proxy at 17.

[60] *Id.*

[61] Proxy at 17.

[62] *Id.*

[63] Proxy at 5.

[64] *See infra* § IX.B.

86. At its next meeting, on February 17, 2023, the Special Committee discussed two possible avenues to accomplish a Take-Private: a "recapitalization through a merger" or a "reverse stock split."[65] The Special Committee recognized that a recapitalization through a merger:

> would most likely occur through a management buy-out. Though the [ ] Special Committee was not, as a practical matter, opposed to a management buy-out, the [ ] Special Committee recognized that such transaction structure would require interest from the Company's management and potential third parties, and raised concerns about reaching mutually agreeable terms.[66]

87. As explained below, the Company spent nearly a full year focused on soliciting a merger (Project Cornerstone) before abruptly shifting its focus to a reverse stock split (Project Sequel).

88. On May 26, 2023, the Board, acting by written consent, expanded the authority of the Special Committee and vested it with all powers "necessary and proper to manage all issues arising from or related to any 'take private' transaction involving the Company."[67] The Special Committee then ceased its work for over sixteen months, until September 2024. The Company never explained why the Special Committee stood down for this period.

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[65] Proxy at 17.

[66] *Id.* at 17–18.

[67] Proxy at 18.

89. On July 23, 2023, the Board "disassemble[d] . . . and reconstitute[d]" the initial Special Committee to exclude Bisenius, leaving only Asiatico, Bagheri, Doornbos, and Reardon. Bisenius resigned his directorship shortly thereafter.[68]

2. While the Special Committee Stands Down, the Company Adopts an Incentive Plan and Creates Phantom Units.

90. On May 5, 2024, the Board approved and adopted the Company's 2024 Executive Interests Plan (the "Incentive Plan"). Under the Incentive Plan, the Board began granting "Phantom Units" to certain employees, consultants, and service providers. Phantom Units were "awards of economic interests entitling grantees the right to receive a cash payment ***equal to the fair market value of an equal number of shares of our Series B Common Stock*** upon the applicable vesting date."[69] In other words, Phantom Units acted like unvested Series B Shares without voting rights.

91. Phantom Units could vest only upon a "Qualifying Sale Event." There were four possible Qualifying Sale Events (any of which also needed to constitute a change in control or ownership within the meaning of Section 409A of the Internal Revenue Code):

> (i) a "sale of the assets of the Company that have a total gross fair market value equal to at least 50.1% of the total gross fair market value of all of the Company's assets immediately before the acquisition";
>
> (ii) a "merger, consolidation, reorganization, stock acquisition or other similar transaction involving the Company, in which the holders of the voting power of the Company immediately prior to

[68] *See* The Chosen, Inc., Current Report (Form 8-K) at Item 5.02 (May 9, 2024); *see also* Proxy at 57–58.

[69] 5&2 Studios, Inc., Annual Report (Form 10-K) at 21 (Mar. 31, 2025) (emphasis added).

such transaction do not own at least 50% of the voting power of the surviving or resulting entity (or any parent entity thereof) immediately after such transaction";

(iii) the "direct or indirect sale of at least 35% of the outstanding securities of the Company to one or more Persons other than the Company"; or

(iv) a "liquidation of the Company."[70]

92. In 2024, the Board granted 2.284 million Phantom Units.[71] A significant portion of those grants went to the Company's top executives. Pelo received Phantom Units with an assumed value equivalent to $8 million worth of Series B shares as part of his compensation package, and Larsen received Phantom Units with an assumed value equivalent to over $1 million worth of Series B Shares as part of his compensation package.[72]

93. As explained below, the Company treated the Reverse Split as a Qualifying Sale Event (a questionable determination, at best) and cashed out all Phantom Units for $3.75 per share.[73] This incentivized management—in particular, Pelo, who was by far the largest holder of Phantom Units—to take all steps necessary for the Reverse Split to close. The Phantom Units were illiquid, and there was no guarantee of a Qualifying Sale Event. This incentive influenced management to act

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[70] *See* Ex. 10.14 (Form 2024 Executive Interests Plan) to 5&2 Studios, Inc., Annual Report (Form 10-K) at 2 (Mar. 31, 2025).

[71] *Id.* at F-23.

[72] *Id.* at 35.

[73] *See* Proxy at 48; *infra* § X.

unfairly, including by preparing and/or endorsing the unreasonable Sequel Projections.[74]

B. THE CONFLICTED DIRECTORS INITIALLY FOCUS ON A MERGER, AND MANAGEMENT PROVIDES THE CORNERSTONE PROJECTIONS.

1. Jenkins and Eves Form Bidco.

94. On or around September 3, 2024—before the Special Committee undertook any meaningful work towards Project Cornerstone or Project Sequel—Doornbos stepped off the committee, vaguely citing "pre-existing commitments."[75] This left Asiatico, Bagheri, and Reardon.

95. On September 5, 2024, the Special Committee resumed its consideration of a potential Take-Private.[76] The Proxy does not explain what triggered the Special Committee to re-engage.

96. In November 2024, Jenkins and Eves voiced "interest in engaging with third parties with respect to a proposed [m]anagement [b]uy-[o]ut."[77] Under their proposal, there would be a "merger of the Company with a third party that would acquire all of the outstanding equity interests of the Company, except for certain equity interests owned by [ ] Jenkins and Eves" (the "Management Buy-Out"). If the contemplated transaction happened, Jenkins and Eves would be the only legacy stockholders left standing.

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74 *See infra* § V.C.2.

75 Proxy at 18.

76 Proxy at 18.

77 *Id.*

97. The Company may have described the proposal as a management "buy-out," but Jenkins and Eves would really be sellers in the transaction. They would not provide cash for the transaction, and they planned to sell an undisclosed amount of their existing equity to the buyer. As sellers, Jenkins and Eves would benefit from a higher sale price. A higher sale price would also imply a higher value for whatever equity they maintained in the post-merger entity.

98. Jenkins and Eves asked the Company to consent to Willkie Farr & Gallagher LLP ("Willkie"), which served as external legal counsel to ***the Company*** on numerous matters, to represent them ***individually*** in connection with a potential Management Buy-Out.[78] The Company, apparently without any input from the Special Committee, agreed.[79] Eves and Jenkins engaged Willkie on November 15, 2024.[80]

99. On June 18, 2025, the Board ***again*** "reconstituted" the Special Committee to reappoint Doornbos.[81] Doornbos accepted the reappointment, but the Proxy is vague about the role Doornbos played from that time forward.

100. On November 18, 2025, Eves and Jenkins formed Loaves & Fishes Acquisition Co., LLC (previously defined as "Bidco"), a Delaware LLC, for the purpose

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[78] Proxy at 18.

[79] *Id.* ("On November 14, 2025, ***the Company*** provided a conflicts waiver to Messrs. Eves and Jenkins allowing Willkie to represent Messrs. Eves and Jenkins in connection with a Management Buy-Out." (emphasis added)).

[80] *Id.*

of pursuing a Management Buy-Out.[82] Shortly thereafter, Bidco engaged Moelis & Company LLC ("Moelis") to act as its financial advisor.[83]

101. At this time, the Special Committee had only three members. Two of them—Asiatico and Reardon—lacked independence from Green of CAS. Asiatico and Reardon served on the Oral Roberts Board of Trustees along with Green. Rearden and Green were both named on Oral Roberts' 2012 presidential search committee.[84]

2. At The Company's 2024 Annual Meeting, Jenkins Reaffirms That Series B Stockholders Have a Future with the Company.

102. On December 13, 2024, the Company conducted its 2024 annual stockholder meeting virtually (the "2024 Annual Meeting"). Jenkins led the meeting.

103. Even though Jenkins was knee-deep pursuing a Take-Private after which only he and Insider Eves would be left standing, Jenkins and others reinforced the status of Series B stockholders and focused on the promise of the future, suggesting the future was bright beyond The Chosen.

104. This messaging was consistent with the Company's then-recent announcement of multiple projects that were unveiled during the heavily attended "ChosenCon"[85] in September 2024, including similar quality multi-season television series that included other popular biblical stories involving Moses, Joseph, and the Apostle Paul.

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[82] Proxy at 18.

[83] *Id.*

[84] *Supra* § II.C.2.

[85] As explained below, ChosenCon is an annual conference at which enthusiasts of The Chosen celebrate "all things related to The Chosen." *See infra* § VII.A.2.

3. At the End of 2024, the Company Values Its Series B Common Stock at Nearly $12.00 per share.

105. In connection with determining the market value of the Phantom Units, the Company had to estimate the fair market value of a Series B Share as of December 31, 2024. The Company concluded the fair market value was $11.88 per share.[86] According to the Company, it determined this value "in accordance with FASB ASC 718 . . . by considering a number of objective and subjective factors including [the] Company's operating and financial forecasts with the consideration to the valuation of comparable companies, the discount for lack of marketability of common stock, and other general and industry specific economic factors."[87] Because the valuation included a discount for lack of marketability, it understated the Company's value, relative to the Company's fair value pursuant to Section 155(2), which excludes discounts for lack of marketability.

106. To Plaintiff's knowledge, the Company has never disclosed the contents of this valuation, nor the identity of who rendered it (including whether it was a third-party independent appraiser or an internal determination). This makes it impossible for Plaintiff to determine, among other things, the size of the marketability discount the valuation used. This Complaint refers to this valuation as the "Series B Valuation."

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[86] Proxy at 66.

[87] 5&2 Studios, Inc., Annual Report (Form 10-K) at 35 n. 2 (Mar. 31, 2025).

4. The Special Committee Engages Goldman.

107. In January 2025, the Special Committee interviewed multiple potential financial advisors, including Goldman. Shortly thereafter, Goldman began assisting the Special Committee in evaluating a potential Take-Private.[88] The Special Committee did not enter into a formal engagement letter with Goldman until July 7, 2025, at which point the Conflicted Directors were still aggressively pursuing a Management Buy-Out.

5. Management, Including Jenkins and Eves, Provides the Cornerstone Projections.

108. From the start, Jenkins and Eves were personally involved in soliciting partners for a potential Management Buy-Out. From December 2024 through February 2025, Bidco and Moelis collaborated with the Special Committee, its advisors, and Company management to "populate a virtual data room and prepare materials to be shared with third parties in connection with a proposed Management Buy-Out."[89] The data included financial forecasts, which the Proxy defined as the "Preliminary Forecasts."[90]

109. Separately, in advance of a meeting on March 21, 2025, "management" provided the Special Committee and Goldman with "projection[s] of certain financial data," which the Proxy defined as the "March 2025 Projections."[91]

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[88] Goldman Mar. 21 Deck at Slide 49.

[89] Proxy at 18 ("From December 2024 through February 2025, Bidco and Moelis, with the cooperation of the Company and the advisors of the Special Committee, worked together to populate a virtual data room and prepare materials to be shared with third parties in connection with a proposed Management Buy-Out.").

[90] Proxy at 18-19.

[91] Proxy at 19.

110. Goldman then prepared the Goldman March 21 Deck, which it titled "Project Cornerstone: Review of Company Financial Projections."[92] This deck cited as its source material "Company financials" and/or "Management information," in an apparent reference to both the Preliminary Forecasts and the March 2025 Projections.[93] This Complaint refers to the totality of the financial data on which the Goldman March 21 Deck based its analysis as the "Cornerstone Projections."

111. The Proxy and Goldman decks describe the Cornerstone Projections as originating with "management."[94] The Proxy does not specify which individuals participated, but Jenkins and Eves' involvement is certain. They are the only individuals who were members ***both*** of Company "management"[95] and of Bidco (which "collaborated" with management to prepare the Preliminary Forecasts) at the time.

112. The Cornerstone Projections reflect the Company's expected upward trajectory in terms of revenue over the next five years and in terms of content development and production over the next ***ten*** years. This was consistent with Green's statement in the CAS Launch Video that The Chosen was "not a start-up"—it was a "rocket, taking off."[96]

113. The Cornerstone Projections used a five-year projection period (estimated revenue for the remaining nine months of 2025, plus estimate revenues

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[92] *See generally* Goldman Mar. 21 Deck.

[93] *See generally id.*

[94] Proxy at 19.

[95] *See supra* § II.C.1.

[96] *See supra* § IV.D.

for 2026–2029). The Company recognized revenue in five categories: Production, Theatrical, Licensing & Distribution, Merchandise, and Events / Other.[97]

Summary P&L

($ in millions)

DRAFT
FOR DISCUSSION PURPOSES ONLY

Goldman Sachs

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	CAGR	
	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	'22A-'24B	'24B-'29F
SUMMARY P&L										
Revenue										
Production	33.8	51.6	67.9	95.8	175.7	102.9	106.4	170.1	41.8%	20.2%
Theatrical	(0.2)	4.1	15.3	26.0	0.0	111.9	115.8	73.9	na	37.0%
Licensing & Distribution	5.0	10.5	16.9	61.8	55.9	67.9	74.0	49.8	83.4%	24.2%
Merchandising	22.5	26.9	28.5	35.2	38.7	42.1	45.4	47.5	12.7%	10.7%
Events / Other	0.3	0.8	1.3	6.2	20.9	29.2	37.0	38.6	103.1%	98.5%
Total Revenue	**61.4**	**93.8**	**129.9**	**225.0**	**291.2**	**354.0**	**378.7**	**379.9**	**45.5%**	**23.9%**
% Growth	*na*	*52.9%*	*38.5%*	*73.2%*	*29.4%*	*21.6%*	*7.0%*	*0.3%*		
Expenses										
Programming Costs	28.4	43.7	57.5	63.1	146.3	66.3	111.9	165.2	42.4%	23.5%
Theatrical Costs	0.0	1.4	7.9	23.7	0.0	96.6	100.1	31.8	na	32.2%
Licensing & Distribution Costs	3.6	10.0	18.9	50.8	34.1	47.7	42.4	44.9	128.0%	18.9%
Content Expense	**32.0**	**55.1**	**84.3**	**137.5**	**180.4**	**210.6**	**254.4**	**241.9**	**62.3%**	**23.5%**
Merchandising Costs	19.0	19.8	20.9	25.3	25.8	28.0	30.0	31.2	4.9%	8.3%
Events / Other Costs	0.3	0.6	1.3	5.6	13.0	15.6	18.1	16.7	111.5%	65.4%
Sales, Marketing & Distribution Costs	0.0	0.0	0.0	2.5	3.3	3.0	1.3	0.0	na	na
G&A Costs	16.6	22.8	26.1	27.1	27.7	28.3	28.7	29.3	25.4%	2.4%
Other Expenses	**35.9**	**43.3**	**48.3**	**60.5**	**69.7**	**74.9**	**78.1**	**77.2**	**16.0%**	**9.8%**
Total Expenses	**67.9**	**98.4**	**132.6**	**198.0**	**250.1**	**285.4**	**332.5**	**319.1**	**39.8%**	**19.2%**
EBITDA	**(6.5)**	**(4.6)**	**(2.7)**	**26.9**	**41.1**	**68.6**	**46.2**	**60.8**	**(35.5%)**	**na**
(-) Non-controlling interest	(0.0)	0.0	(0.1)	(0.3)	2.8	3.6	6.3	8.0	68.2%	na
(+) Donations	0.0	(0.2)	(0.0)	0.0	0.0	0.0	0.0	0.0	na	na
(+) Purchase Discounts/Rebates	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	na	na
Adj. EBITDA	**(6.5)**	**(4.7)**	**(2.3)**	**27.3**	**38.3**	**65.0**	**39.9**	**52.8**	**(40.0%)**	**na**
% Margin	*(10.6%)*	*(5.1%)*	*(1.8%)*	*12.1%*	*13.1%*	*18.4%*	*10.5%*	*13.9%*		
FREE CASH FLOW										
Adj. EBITDA	(6.5)	(4.7)	(2.3)	27.3	38.3	65.0	39.9	52.8	(40.0%)	na
(+) Additional D&A	0.0	0.0	0.0	1.0	4.2	5.9	7.1	7.2	na	na
(+) Tax Incentive	0.0	0.0	0.0	0.0	4.5	4.0	3.5	3.0	na	na
(-) Capital Expenditures	0.0	0.0	0.0	(26.4)	(19.0)	(32.0)	(16.3)	(4.6)	na	na
Total Free Cash Flow	**(6.5)**	**(4.7)**	**(2.3)**	**1.9**	**28.0**	**43.0**	**34.2**	**58.4**	**(40.0%)**	**na**

Source: Management information and PwC analysis

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114. At its March 21, 2025 meeting, the Special Committee discussed with Goldman "the key assumptions underlying [the Cornerstone Projections] and the risks and opportunities affecting the Company's business" (the "Cornerstone Assumptions").[98] The two slides summarizing the Cornerstone Assumptions are reproduced below (red boxes and orange underlining added for purposes of this discussion).[99]

[97] Goldman Mar. 21 Deck at Slide 34 (red boxes added).

[98] Proxy at 19.

[99] Goldman Mar. 21 Deck at Slides 35–36 (red boxes and orange underlining added).

Summary of Slate Assumptions

DRAFT
FOR DISCUSSION PURPOSES ONLY

Goldman Sachs

($ in millions)

Title	Production Start Date	Delivery Date	Net Budget	Revenue
The Chosen S1	NA	NA	$ 8.3	$ 0.0
The Chosen S2	NA	NA	10.6	0.0
The Chosen S3	Jan-22	Dec-22	28.7	1.9
The Chosen S4	Feb-23	Feb-24	42.3	59.9
Pre-2024 Summary		**4 Releases**	**$ 89.9**	**$ 61.8**
The Chosen S5	Jan-24	Jan-25	48.0	647.7
The Chosen Adventures S1	Jun-24	Jan-25	17.5	25.6
Bear Grylls S1	Jun-24	Jun-25	4.0	9.8
2025 Summary		**3 Releases**	**$ 69.5**	**$ 683.1**
The Chosen S6	Jan-25	Jan-26	56.0	128.1
The Chosen S6 Feature	Jan-25	Jan-26	0.0	124.0
The Chosen Adventures S2	Jun-25	Jan-26	15.5	25.4
The Chosen Adventures S3	Jun-26	Jan-26	13.5	25.2
Unscripted #1 S1	Jun-25	Jun-26	4.2	5.8
Story of Joseph S1	Jan-26	Sep-26	60.0	97.0
2026 Summary		**6 Releases**	**$ 149.2**	**$ 405.6**
The Chosen S7	Jan-26	Jan-27	64.0	144.9
The Chosen S7 Feature	Jan-26	Jan-27	0.0	133.9
The Chosen Adventures S4	Jun-27	Jan-27	11.5	24.9
Unscripted #1 S2	Jun-26	Jun-27	4.5	5.6
Christmas With The Chosen	Sep-26	Sep-27	1.5	9.5
Noah S1	Oct-26	Oct-27	65.0	97.0
2027 Summary		**6 Releases**	**$ 146.5**	**$ 415.8**

Source: Company financials.
[1] Net budget defined as gross budget less tax incentives.

Summary of Slate Assumptions (Cont'd)

DRAFT
FOR DISCUSSION PURPOSES ONLY

Goldman Sachs

($ in millions)

Title	Production Start Date	Delivery Date	Net Budget	Revenue
Limited Series #1 S1	Feb-28	Feb-29	70.0	95.3
Unscripted #1 S3	Jun-28	Jun-29	4.7	5.8
Moses S1	Sep-28	Sep-29	55.0	0.0
Feature Film #1	Sep-28	Sep-29	45.0	87.9
Ruth	Dec-28	Dec-29	40.0	45.4
2029 Summary		**5 Releases**	**$ 214.7**	**$ 234.4**
Moses S2	Jul-29	Jul-30	60.0	165.9
Feature Film #2	Jun-30	Jun-31	50.0	56.3
Moses S3	Jul-30	Jul-31	65.0	164.2
The Way S1	Jun-31	Jun-32	55.0	112.1
The Way S2	Jun-32	Jun-33	60.0	109.4
Signature Series #1 S1	Jun-32	Jun-33	55.0	87.9
The Way S3	Jun-33	Jun-34	65.0	107.9
Signature Series #1 S2	Jun-33	Jun-34	65.0	83.2
Signature Series #1 S3	Jun-34	Jun-35	75.0	0.0
2030 Onward Summary		**9 Releases**	**$ 550.0**	**$ 886.8**

Source: Company financials.
[1] Net budget defined as gross budget less tax incentives.

115. The Cornerstone Assumptions confirm that management had big plans for the Company going forward, including ***beyond*** the five-year financial projection period. The remaining two seasons of The Chosen (Seasons 6 and 7) were slated for streaming and theatrical release in January 2026 and January 2027, respectively, (shown by red boxes); the Company had plans for ***four*** new multi-season series (Story of Joseph, Noah, Moses, and The Way, underlined in orange), many seasons of which the Company expected would generate revenues similar to the remaining seasons of The Chosen; and multiple yet-to-be determined "Signature" and "Limited" Series and Feature Films that it planned to roll out through 2035.[100]

116. The Cornerstone Projections were consistent with the Company's contemporaneous public messaging in early 2025, and ever since. At the time, the Company was basking in the success of Season 4 of The Chosen and on the brink of rolling out Season 5 in theaters. Popularity had grown near-exponentially with each previous season. And the Company viewed The Chosen as only its first of many chapters.

117. The Proxy asserted that "[the Cornerstone Projections] would be a component of the information used to inform the Special Committee's view of valuation in assessing future proposals (if any) for a Management Buy-Out ***as well as other strategic alternatives***."[101] In other words, the Company intended the

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[100] Goldman Mar. 21 Deck at Slides 35–36.

[101] Proxy at 19 (emphasis added).

Cornerstone Projections to be operative for any Take-Private, regardless of the form that transactions ultimately took.

6. Bidco Receives Multiple Indications of Interest that Imply an Enterprise Value of Approximately $150 Million.

118. Following the March 21, 2025 meeting, the Special Committee "authorized Bidco to share the Preliminary Forecasts and [the March 2025 Projections] with prospective investors interested in a potential Management Buy-Out."[102] In the ensuing months, Bidco shared the Cornerstone Projections with at least thirty-four interested parties.[103] At least twenty-eight of those interested parties met virtually or in-person with BidCo and/or Moelis to discuss "the key terms of the go-forward enterprise" including potential approaches for cashing out minority stockholders.[104]

119. On June 2, 2025, Bidco asked interested parties to provide first-round proposals and include, among other things, "a proposed enterprise valuation and associated equity valuation for the Company [along with] a description of the proposed investment structure[.]"[105] By June 30, 2025, three parties had submitted indications of interest. The first two bidders, which the Proxy called "Strategic Party" and "Financial Party 1," submitted bids that valued the Company between $145 and $150 million—approximately three times higher than the value that was ultimately

[102] Proxy at 19.

[103] *Id.*

[104] *Id.*

[105] Proxy at 19-20.

used in the Reverse Split.[106] The third party's proposal was for a minority preferred equity investment, but Bidco never engaged with that proposal because it did not meet the "objectives for the proposed transaction,"[107] i.e., the objective of "going dark."

120. Over the next three months, Bidco and Moelis engaged in meetings and further diligence with Strategic Party and Financial Party 1, including as to "the proposed role of Mr. Jenkins in the go-forward enterprise."[108] In September 2025, Financial Party 1 revised its proposal to contemplate a preferred equity investment at a significantly lower implied enterprise valuation of $44.9 million. Strategic Party indicated that it had "revisited [its] enterprise valuation of the Company" and that any second-round bid would be at a lower valuation.[109]

121. Other than a vague reference to "diligence findings and plans for the go-forward enterprise,"[110] the Proxy provides no insight into the rationales these potential bidders provided for the sharp difference between their first-round and second-round bids. During the same period, from June to September 2025, The Chosen Season 5 had been released to critical acclaim and streamed exclusively on Amazon Prime for ninety days. The Company had not suffered any negative publicity. In fact, in August of 2025, 5&2 announced it had won the rights to be the global distributor of the much anticipated animated feature film, *David*, only to lose

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[106] *Id.* at 20.
[107] *Id.*
[108] Proxy at 20.
[109] *Id.*
[110] Proxy at 20.

those rights two months later to their former partner, and now competitor for distribution deals, Angel.

122. After Financial Party 1 reduced its offer and Strategic Party hesitated, Jenkins and Eves refused to engage any further. On October 8, 2025, Jenkins and Eves informed the Company and the Special Committee that that they were "no longer pursuing a Management Buy-Out."[111] The Proxy did not provide any reasons for this abrupt change of course other than the vague statement: "Bidco [had] concluded that its marketing efforts did not result in any offers on terms acceptable to Bidco."[112]

123. In other words, the Conflicted Directors knew the Company was worth more than they could immediately obtain on the sell-side, so they abruptly switched their focus to a reverse stock split so they could use the Company's money to consummate a Take-Private as buyers.

C. THE CONFLICTED DIRECTORS SWITCH THEIR FOCUS TO A REVERSE STOCK SPLIT, AND MANAGEMENT DULY PROVIDES THE UNREASONABLE SEQUEL PROJECTIONS.

1. Management Proposes Cashing Out Series B Stockholders at a Per-Share Price 4.5x Lower than the Series B Valuation.

124. On October 20, 2025, twelve days after Jenkins and Eves abandoned the Management Buy-Out, Company "management" sent a letter to the Board (the "October 20 Letter").[113] The letter proposed "that the Company conduct a reverse

[111] Proxy at 20.

[112] *Id.*

[113] Proxy at 20

stock split of the Company's Series B Common Stock" and that "cash be paid to stockholders in lieu of fractional shares at an amount equal to $2.72 per pre-split share of the Company's Series B Common Stock."[114] At the time, the Cornerstone Projections were the Company's operative projections.

125. The Proxy does not specify which members of "management" sent the October 20 Letter. It is reasonable to infer Jenkins and Eves participated. They are undisputedly members of "management,"[115] and the Proxy does not state they excluded themselves.

126. The proposal in the October 20 Letter (the "October 2025 Proposal")—which implied an enterprise value of approximately $38.6 million—was unreasonable. Just six months earlier, the Company had disclosed that it valued its Series B Shares at $11.88 per share.[116] The Company issued no negative news in the interim. Yet, just ***twelve days*** after Jenkins and Eves declared a Management Buy-Out dead-on-arrival, "management" asked the Board to force out Series B stockholders at a price that was ***4.5 times less*** than that.

127. The October 2025 Proposal was likely a mock offer intended to create favorable optics by giving the Special Committee something to reject. The Conflicted Directors needed this cover. They waited for the sale process to reach a dead-end before engaging as buyers. This opened the door for them to make a lowball offer that would not be market tested with competing buyers.

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[114] *Id.*

[115] *See supra* § II.C.1.

[116] *See supra* § V.B.3.

128. In early November 2025, after the Special Committee rejected the October Proposal, the Conflicted Directors engaged in "verbal discussions" with the Special Committee concerning their "reasoning for the [October 2025 Proposal] offer price."[117] Except for that vague description, the Proxy provided no insight as to the reasoning the Conflicted Directors provided in those discussions.

129. On November 12, 2025, management revised the October 2025 Proposal to a similarly unserious cash payment of $2.81 per pre-split share (the "November 2025 Proposal"). The Cornerstone Projections remained the Company's operative projections. The November 2025 Proposal would have applied equally to all outstanding common shares, a change that was apparently motivated in part by Butler's and Seals' newly voiced desire to sell their Series A Shares in the forthcoming transaction.[118] The Special Committee rejected the November 2025 Proposal.

2. The Special Committee Revises Its Engagement Letter with Goldman, and Management Provides the Initial Sequel Projections.

130. The Special Committee next met on November 10, 2025. In advance of that meeting, on November 6, the Special Committee agreed to revise the terms of its engagement with Goldman. The final terms of the engagement letter provided that Goldman would receive "a transaction fee of $2.5 million, ***all of which*** [wa]s contingent upon consummation of a 'take private' transaction involving the Company."[119]

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[117] Proxy at 20.

[118] *See* Goldman Nov. 20 Deck (attached hereto as Exhibit B) at Slide 2.

[119] Proxy at 32.

131. This arrangement heavily biased Goldman in favor of consummating a deal. Although contingent compensation is not uncommon for financial advisors, where the vast majority of a financial advisor's upside is contingent on rendering an opinion that allows a transaction to close, it renders the advisor's motivations suspect.[120] Here, Goldman's fee was ***100%*** contingent.

132. Sometime before the November 10, 2025 meeting, Goldman reported that "the Company's management prepared and continued to refine updated financial projections of the Company[.]"[121] Consistent with the terminology Goldman used in its presentation supporting its Fairness Opinion,[122] these updated projections are referred to herein as the "Sequel Projections."

133. Management provided the first iteration of the Sequel Projections on November 6, 2025 and "refine[d]" them in advance of a Special Committee meeting on November 20, 2025.[123] According to the proxy, management provided further "refine[ments]" to those updated projections again sometime after the November 20

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[120] *See, e.g., In re TIBCO Software Inc. S'holders Litig.*, 2015 WL 6155894, at *26 (Del. Ch. Oct. 20, 2015) (denying motion to dismiss claim for aiding and abetting breach of fiduciary duty by Goldman); *see also id.* ("It is assuredly common to pay bankers contingent fees, but that does not mean that the contingent nature of such a fee here (particularly when the level of contingency is 99%) did not provide Goldman a powerful incentive in the circumstances of this case to refrain from providing information to the Board that [ ] potentially would jeopardize what Goldman likely perceived to be a 'done deal[.]'").

[121] Proxy at 21.

[122] *See infra* § VII.A.

[123] Goldman Nov. 20 Deck at Slide 4.

meeting but before a Special Committee meeting on December 30, 2025.[124] The final Sequel Projections appear on Slide 4 of the Goldman Fairness Deck.[125]

134. Yet again, the Proxy does not specify who the "Company's management" included. Nor does it state that Jenkins and Eves—the two most senior members of management—recused themselves from creating the Sequel Projections. Therefore, it is reasonable to infer that Jenkins and Eves participated in preparing the Sequel Projections. This was highly problematic and put Jenkins and Eves—the two largest stakeholders in the Controller—on both sides of the Take-Private.

135. As explained below, the Sequel Projections were starkly more pessimistic than the Cornerstone Projections.[126] They assumed "the removal of certain projects, the reduction in rate of co-productions, and the reduction in corporate SG&A reflecting lower scale of operation."[127] An essential aspect of Goldman's role was to vet the Sequel Projections and test their assumptions. Goldman had done that with the Cornerstone Projections.[128] Now conflicted by a fee that was 100% contingent, however, Goldman blindly accepted the unrecognizable Sequel Projections and relied on them to render its Fairness Opinion.

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[124] Proxy at 21–22.

[125] GFD at Slide 4.

[126] *See generally* § V.A.

[127] Proxy at 21.

[128] *See supra* § V.B.5.

3. Goldman Provides Incorrect Valuation Advice, Which Requires the Special Committee to Correct Its Counteroffer.

136. On November 20, 2025, the Special Committee met with Goldman to discuss the Goldman November 20 Deck. The next day, the Special Committee made a counteroffer of $3.25 per pre-split share.[129]

137. On November 25, 2025, management accepted the $3.25 per share proposal.[130]

138. On December 4, 2025, the Special Committee met with Goldman to discuss the Goldman December 4 Deck. Prior to that meeting, Goldman disclosed that its "treatment of certain stock awards" in the advice it provided at the November 20 meeting, which led to the $3.25 per-share counteroffer, risked "double-counting" and warranted "correction."[131]

139. Following the December 4, 2025 meeting, the Special Committee "correct[ed]" its counteroffer to $3.75 per share. In the interim, management had not countered the $3.25 counteroffer. On December 5, 2025, management informed the Special Committee that it supported the price of $3.75 per pre-split share.[132] In other words, the Special Committee nearly forfeited $0.50 per share (13% of the final deal price) due to Goldman's error.

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[129] Proxy at 21.

[130] Proxy at 21.

[131] Proxy at 21.

[132] Proxy at 21.

VI. THE SPECIAL COMMITTEE AGREES TO $3.75 PER SHARE BEFORE RESOLVING TWO MAJOR ISSUES.

140. Management's acceptance of the Special Committee's revised offer on December 5, 2025—within 24 hours, without any pushback—confirmed just how favorable the price range was from the perspective of the Conflicted Directors.

141. Worse, the Special Committee had agreed to $3.75 per share with two major issues unresolved. The Company had not reached a resolution on whether Insiders Butler and Seals would sell their shares and on what terms. Nor had it figured out a way to pay for the Reverse Split, for which the Company had insufficient cash on hand.

A. THE SPECIAL COMMITTEE AGREES TO $3.75 PER SHARE BEFORE ADDRESSING THE DESIRE OF CERTAIN INSIDERS TO EXIT THEIR 5&2 INVESTMENTS.

142. Throughout the negotiation period, Butler's need for liquidity was increasing. In mid-2025, Butler launched a startup in the artificial intelligence space called Revmatics.[133] In late 2025, he was still immersed in funding rounds. Any funds Butler could obtain from liquidating his 5&2 investment could be used to invest in an AI company with likely much higher upside. It is reasonable to infer that this personal venture incentivized Butler to sell in connection with the Reverse Split.

143. On December 10, 2025, the Company's counsel began negotiating the terms of the Butler Repurchase Agreement with Butler's counsel (Latham &

[133] William Jones, "Revmatics.ai, Ricky Ray Butler Use Seed Funding Capital to Turn Data into Revenue," USA TODAY (Sep. 19, 2025), https://www.usatoday.com/story/special/contributor-content/2025/09/19/revmatics-ai-ricky-ray-butler-use-seed-funding-capital-to-turn-data-into-revenue/86246257007/ (last accessed Jun. 4, 2026).

Watkins) based on a purchase price of $3.75 per share.[134] This was the same price at which the Company had concluded, only five days earlier, that Series B Shares would be cashed out. Butler never pushed back on this price, even though he would be selling Series A Shares with super voting rights. This indicates that Butler valued the speed of a sale over the price.

144. On December 23, 2025, subject to full Board approval, the Company, Butler, and the Controller reached agreement on the final terms of the Butler Repurchase Agreement. Pursuant to the final terms, Butler committed to redeem a portion of his units in the Controller in exchange for 1,066,667 Series A Shares, then immediately sell those shares to the Company for $4,000,001 (i.e., at $3.75 per share).[135]

145. In parallel, the Company was negotiating a similar deal with Seals. But Seals reversed course the day after the Company reached agreement with Butler. On December 24, 2025, Seals informed the Company he would not sell back any of his shares. His decision was "based on his belief in the Company's future success and long-term growth potential."[136] In other words, Seals believed the Company was

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[134] Proxy at 22. The Proxy refers to the Butler Repurchase Agreement as the "Post RSS Transaction".

[135] Proxy at Annex C (Butler Repurchase Agreement) §§ 1.1–1.2. The Butler Repurchase was contingent on the Reverse Split. *See* Proxy at 22 ("The Special Committee also shared comments to the draft of the form of repurchase agreement on December 17, 2025 that, among other things, conditioned the consummation of the [Butler Repurchase] on the consummation of the Reverse [ ] Split[.]").

[136] Proxy at 22.

worth more than $3.75 per share, so he decided against selling. The Company's crowdfunding investors never got that choice.

146. In the Proxy, the Company tried to use Butler's sale to bolster the purported fairness of the Reverse Split price, but that was misleading.[137] In a concession that the Butler Repurchase was not market evidence of whether the per-share price was fair to minority stockholders, Goldman "express[ed] no opinion" as to whether the Butler Repurchase Agreement was fair.[138]

B. THE SPECIAL COMMITTEE AGREES TO $3.75 PER SHARE BEFORE THE COMPANY CAN FUND THE REVERSE SPLIT.

147. When the Special Committee agreed to the price of $3.75 per share, the Company did not have sufficient cash on hand to consummate the Reverse Split. Paying Series B stockholders the value of their fractional post-split shares would cost at least $20 million; redeeming all outstanding Phantom Units would cost approximately $10 million; and transaction costs would total approximately $5 million,[139] for a company that was supposedly only worth $52.9 million.

148. The Company needed to borrow money to make the Reverse Split happen. This was a dramatic change of course compared to the Company's *modus operandi*. As explained above, to fund its operations, the Company historically avoided debt in favor of equity. Immediately preceding the Reverse Split, the Company had no debt.[140]

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[137] *See* Proxy at 21–22; s*ee also infra* § VI.A.

[138] Proxy at B-2 (attaching Goldman Fairness Opinion).

[139] Proxy at 50.

[140] GFD at Slide 9.

149. The Company originally arranged to borrow the money from Aperture Media Partners, LLC ("Aperture"). Around the same time the Company was finalizing the Butler Repurchase Agreement, Aperture sent 5&2 a draft commitment letter, pursuant to which it committed to provide a non-revolving secured credit facility in an aggregate principal amount of up to approximately $41.3 million.[141]

150. On December 23, 2025, the Company received a near-final form of the Aperture commitment letter. Before closing, however, CAS would intervene and supplant Aperture as lender.[142]

VII. GOLDMAN ISSUES ITS FAIRNESS OPINION BASED EXCLUSIVELY ON THE ARTIFICALLY SUPPRESSED SEQUEL PROJECTIONS PREPARED BY THE CONFLICTED DIRECTORS.

151. On December 30, 2025, the Special Committee met. In advance of the meeting, the Special Committee received the Goldman Fairness Deck. Shortly after that meeting, Goldman rendered its Fairness Opinion, in which it opined that "the Consideration [of $3.75 per pre-split share] to be paid to the Cashout Holders of Series B Common Stock pursuant to the Reverse [ ] Split is fair from a financial point of view to such holders."[143] According to Goldman, $3.75 per B Share implied an enterprise value of $52.9 million for the Company.[144]

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141 Proxy at 22.

142 *See infra* § VIII.

143 Proxy at B-4.

144 GFD at Slide 3.

152. Goldman's analyses relied exclusively on the Sequel Projections and ignored the Cornerstone Projections.[145] But the Sequel Projections were contaminated by the Conflicted Directors' self-interest. As the largest interest holders in the Controller, which would be the Company's sole stockholder after the Reverse Split, the Conflicted Directors were positioned as buyers. Thus, they were incentivized to minimize the Company's value. Moreover, Goldman's DCF analysis used unreasonable assumptions. For those reasons, the Goldman Fairness Deck was flawed and the Fairness Opinion was unreliable.

A. THE SEQUEL PROJECTIONS ARE ARTIFICIALLY SUPPRESSED COMPARED TO THE CORNERSTONE PROJECTIONS.

153. The Conflicted Directors did not recuse themselves from preparing the Sequel Projections.[146] They should have. Just two months earlier, the Conflicted Directors were situated as sellers and thus incentivized to maximize the Company's enterprise value. They were touting the Cornerstone Projections to third-party bidders. But after they became buyers, the Conflicted Directors downplayed the Company's future prospects, since they would benefit from the Company paying less in the Reverse Split.

154. As explained above, the Cornerstone Projections used a five-year projection period that ran from 2025 through 2029. In contrast, the Sequel

[145] Proxy at B-3 (the Goldman Fairness Opinion relied on, among other things, "certain internal financial analyses and forecasts for the Company prepared by its management, as approved for our use by the Special Committee[.]"); *see also* GFD at 4 (citing source material for "Summary Financials" as "5&2 Studios Projections").

[146] *See supra* § V.C.2.

Projections used a ten-year projection period, spanning from 2026 through 2035.[147] The Sequel Projections also showed financial data for 2025 in a column labeled "2025 E[stimated]." Because that figure was generated in the final month of the year, it reflected the Company's near-actual results for 2025.[148] This Complaint refers to the period during which the projections overlapped (2026–2029) as the "Overlapping Projection Period." This Complaint refers to the period for which only the Sequel Projections forecast (2030–2035) as the "Extended Projection Period."

155. As explained next, the revenue estimates for the Overlapping Projection Period in the Sequel Projections were dramatically lower than those in the Cornerstone Projections—even though the Company had a banner year in 2025 and all its public messaging was consistently growth-oriented. The Sequel Projections also inexplicably excluded major sources of savings and specific streams of revenue the Cornerstone Projections included. These changes artificially suppressed the Company's future earnings prospects—to the benefit of the Conflicted Directors.

1. The Sequel Projections Contradict the Company's Public Growth-Oriented Messaging.

156. The Goldman Fairness Deck had a slide titled "Overview of Revised Management Projections" with bullet points subtitled "General Commentary on Differences [relative to Project Cornerstone]."[149] This commentary, which was replicated on page 43 of the Proxy, was uninformative. The commentary stated that

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[147] The final Sequel Projections appear on Slide 4 of the Goldman Fairness Deck ("Summary Financials," sourced from the "5&2 Studios Projections"). *See* Goldman Fairness Deck at Slide 4.

[148] *See id.* at Slide 4.

[149] GFD at Slide 14.

the revenue forecast "reflect[ed] a lower volume slate," but it did not explain ***why*** the Company suddenly dialed back its expected volume slate.[150] The commentary likewise stated that the Adjusted EBITDA "reflect[ed] a downward revision" for reasons that were "consistent with the lower scale of the business," but it did not explain ***why*** the Company suddenly decided it would scale down.[151]

157. Just months earlier, the Cornerstone Projections had shown the Conflicted Directors' expectation of sustained Company growth for a decade. The Cornerstone Assumptions contemplated the Company would roll out, during the Overlapping Projection Period, ***four*** new multi-season series (Story of Joseph, Noah, Moses, and The Way), which the Company expected would generate revenues on par with the remaining seasons of The Chosen. The Cornerstone Assumptions also assumed the Company would produce multiple yet-to-be determined "Signature" and "Limited" Series and Feature Films.[152]

158. The Company's growth-oriented public messaging in the interim (between March and December 2025) was consistent with the Cornerstone Projections.[153] The Company never suggested it intended to scale down any of those plans, nor did the Company experience any negative press in the interim. Moreover, The Chosen's audience is quintessentially "sticky." The Chosen's viewers—devout Christians thankful for quality faith-based content in an intensely secular media

[150] *Id.*; Proxy at 43.

[151] GFD at Slide 14; Proxy at 43.

[152] Goldman Mar. 21 Deck at Slides 35–36.

[153] *See supra* § V.C.1.

environment—are exceptionally loyal. As the Conflicted Directors touted during Project Cornerstone, The Chosen's audience base was highly likely to be receptive to the multiple new series and films reflected in the Cornerstone Projections.

159. Other aspects of the Sequel Projections affirmed that the Company's vision of the future in the Cornerstone Projections was intact. For example, the Sequel Projections assumed that "general operating expense[s] [would] remain consistent with Project Cornerstone estimates."[154] The idea that operating expenses in the Cornerstone Projections would remain constant, even as the Sequel Projections assumed a dramatically "lower scale of the business," was irrational.

2. When the Conflicted Directors Created the Sequel Projections, the Company Was Already Outperforming the 2025 Revenue Estimate in the Cornerstone Projections.

160. The sharply lower revenue estimates in the Sequel Projections also denied reality. By the time the Sequel Projections were finalized for Goldman's use in December 2025, the Company had outperformed the 2025 revenue estimate in the Cornerstone Projections.

161. The Special Committee knew this. The Goldman Fairness Deck had a slide titled "Overview of Revised Management Projections." This slide featured a side-by-side comparison of the revenue estimates in both the Cornerstone and Sequel Projections for the Overlapping Projection Period. The graphic also compared the Cornerstone Projections' estimate for the Company's 2025 revenue to the near-actual 2025 revenue reported in the Sequel Projections. As the excerpt below shows, the

[154] GFD at Slide 14.

Sequel Projections assumed the Company would outperform the bullish sell-side 2025 estimate by $17 million ($242 million compared to $225 million), or nearly 10% (highlighted below).[155]

Overview of Revised Management Projections

Goldman Sachs

Project Sequel vs. Project Cornerstone | ($ in millions)

	2025E	2026E	2027E	2028E	2029E
Revenue (Sequel)	$ 242	$ 153	$ 174	$ 199	$ 196
Revenue (Cornerstone)	$ 225	$ 291	$ 354	$ 378	$ 380
Revenue (Sequel vs. Cornerstone)	**$ 17**	**$(138)**	**$(179)**	**$(180)**	**$(184)**
Adjusted EBITDA (Sequel)	$ 3	$ 3	$(2)	$ 6	$ 4
Adjusted EBITDA (Cornerstone) Excl. Installment Payments	$ 5	$ 16	$ 22	$ 40	$ 53
EBITDA (Sequel vs. Cornerstone)	**$(2)**	**$(13)**	**$(24)**	**$(34)**	**$(49)**
Memo: Installment Payments	$ 22	$ 22	$ 44	-	-
Memo: EBITDA (Cornerstone) As Presented	$ 27	$ 38	$ 65	-	-
Unlevered Free Cash Flow (Sequel)	$(1)	$ 14	$ 41	$ 1	$(2)
Unlevered Free Cash Flow (Cornerstone)	$ 2	$ 28	$ 43	$ 34	$ 58
Unlevered Free Cash Flow (Sequel vs. Cornerstone)	**$(3)**	**$(14)**	**$(2)**	**$(33)**	**$(61)**

General Commentary on Differences

Relative to Project Cornerstone, Project Sequel forecasts were extended to a total of 10 years to reflect the Company's full view of the production slate as well as being revised down by ~50% to reflect management's view of the business outlook and in consideration of feedback received during Project Cornerstone. Specific differences and adjustments are noted below:

- **Revenue**: Project Sequel forecast reflects a lower volume slate with only projects funded by the Come-And-See Foundation ("CAS") included versus any new projects contemplated, as well as the removal of unscripted and animated series. The number of co-productions were also adjusted to be released every other year starting in 2029 (instead of being released every year in Project Cornerstone's). Lastly, ancillary revenue amount was reduced by ~50% to reflect management revised view of the value and likelihood of these revenue streams
- **Adjusted EBITDA**: Project Sequel forecast reflects a downward revision of EBITDA estimates due to compressed contribution margin from ancillary segments, lower slate volume, and reduced corporate SG&A consistent with the lower scale of the business throughout the projections; however, general operating expense remain consistent with previous Project Cornerstone estimates resulting in lower margins. Note, previously, Project Cornerstone forecast included installment payments within Adj. EBITDA which re-cast to a free cash flow item in the Project Sequel forecast
- **Unlevered Free Cash Flow**: Project Sequel reflect managements inclusion of working capital forecasts (including a hedge), additional non-recurring cash G&A expenses, and creative development capital expenditures all of which were previously not reflected in the Project Cornerstone forecast

Source: 5&2 Studios, 5&2 Studios Projections

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162. But even that figure was an understatement flatly contradicted by reality. On November 14, 2025, the Company released its Quarterly Report for Q3 2025, in which it reported ***$256 million*** in revenue—$14 million more than the Sequel Projections' full-year estimate—for ***just the first nine months of 2025***.[156] The Proxy is unclear as to whether management prepared the Sequel Projections before or after the Company filed this 10-Q. Regardless, the Conflicted Directors either knew, or should have known, they had provided Goldman with an impossibly

[155] GFD at Slide 14 (red box and highlighting added).

[156] 5&2 Studios, Inc., Quarterly Report (Form 10-Q) at 10 (Nov. 14, 2025).

low revenue number for 2025. And Goldman—which issued its fairness opinion over a month after the Company filed the publicly available 10-Q—appears to have turned a blind eye this severe discrepancy and relied ***solely*** on management's self-serving narrative.

163. This outperformance was even more impressive than the above figures suggest. The Company had pushed a significant source of revenue, the third annual "ChosenCon," into 2026. ChosenCon, which was held in Dallas, TX in 2023 and Orlando, FL in 2024, is a conference that "celebrate[s] all things related to [The Chosen]."[157] Yet, the originally planned ChosenCon for 2025 was delayed and did not take place until February of 2026 (in Charlotte, NC). Over 5,000 fans attended.[158] Because the Company went dark shortly thereafter, it never reported the revenue ChosenCon 2026 generated. However, ChosenCon 2024 generated over $2 million in revenue. Given the Company nearly doubled its total revenue in 2025 compared to 2024 and continued to increase into 2026,[159] it is reasonable to infer that this event would have generated $4 million in revenue or more.

164. Yes, as shown in the slide above, despite the Company's exceedingly strong performance in 2025, the Conflicted Directors had applied a top-down

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[157] WFAA Staff, *First-ever ChosenCon celebrates surprising success of crowdfunded Jesus Christ-focused show 'The Chosen'*, Entertainment News (Oct. 13, 2023, at 5:37 PM CDT), https://www.wfaa.com/article/news/entertainment-news/chosencon-the-chosen-tv-show-jesus-convention-dallas/287-2b396934-f37a-4982-9421-85a7bde3bb6c

[158] Francesca Pollio Fenton, *ChosenCon 2026 : 'This is the Comic-Con of the Bible'*, EWTN News (Mar. 2, 2026, at 8 :00 AM ET), https://www.ewtnnews.com/world/us/chosencon-2026-this-is-the-comic-con-of-the-bible.

[159] *See* Goldman Mar. 21 Deck at Slide 34 (reporting $129 .9 million in actual total revenue for 2024); *see also* GFD at Slide 14 (reporting $242 million in near-actual revenue for 2025).

approach to cut revenue estimates for all four years of the Overlapping Projection Period ***nearly in half***.[160]

3. The Sequel Projections Inexplicably Exclude Two Major Sources of Savings.

165. In other, specific ways, the Sequel Projections further understated and suppressed the Company's potential future earnings in both the Overlapping Projection Period and Extended Projection Period. They did this, in part, by excluding several major sources of savings and excluding several major sources of revenue.

166. As explained above, the Cornerstone Projections had incorporated into free cash flow two sources of savings:

- Depreciation & Amortization ("D&A," which added a total of $24.4 million[161] in free cash flow to the Overlapping Projection Period); and

- tax incentives ("Tax Incentives," which added $15 million in free cash flow to the Overlapping Projection Period).[162]

167. The following slide from the Goldman March 21 Deck confirms the Cornerstone Projections included those two sources of savings.[163]

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[160] GFD at Slide 14 (highlighting, red boxes, and arrows added).

[161] This appears to be a normalization, across the Overlapping Projection Period, of the Company's accumulated depreciation of $24 million on December 31, 2024. *See* 5&2 Studios, Inc., Quarterly Report (Form 10-Q) at 11 (Nov. 14, 2025).

[162] Goldman Mar. 21 Deck at Slide 26.

[163] *Id.*

Content Free Cash Flow

($ in millions)

DRAFT
FOR DISCUSSION PURPOSES ONLY

Goldman Sachs

Description	2025E	2026E	2027E	2028E	2029E
Production	$ 30.2	$ 26.1	$ 33.7	$(6.8)	$ 4.9
Theatrical	2.3	-	15.3	15.8	42.1
Licensing & Distribution	11.0	21.8	20.2	31.6	4.9
Content EBITDA	**$ 43.5**	**$ 47.9**	**$ 69.2**	**$ 40.6**	**$ 51.9**
% Margin	*23.7 %*	*20.7 %*	*24.5 %*	*13.7 %*	*17.7 %*
Less: Content Investment	(15.8)	(13.8)	(11.8)	(1.9)	-
Plus: Tax Incentive	-	4.5	4.0	3.5	3.0
Plus: Additional D&A	1.0	4.2	5.9	7.1	7.2
Content Cash Flow	**$ 28.7**	**$ 42.8**	**$ 67.3**	**$ 49.2**	**$ 62.1**
% Conversion	*65.9 %*	*89.2 %*	*97.3 %*	*121.3 %*	*119.7 %*
Memo: SG&A Adjusted	(27.1)	(27.7)	(28.3)	(28.7)	(29.3)
Content Cash Flow (Incl. SG&A Adj.)	**$ 1.6**	**$ 15.1**	**$ 39.0**	**$ 20.5**	**$ 32.8**
% Conversion	*3.6 %*	*31.5 %*	*56.3 %*	*50.5 %*	*63.3 %*
Memo: Excluding The Chosen					
Content EBITDA Excl. The Chosen	(1.7)	8.3	4.4	18.1	49.6
Content FCF Excl. The Chosen	(16.5)	3.1	2.5	26.8	59.8

Source: Company financials
Note: Includes Impossible Math Lease Expense.

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168. Without explanation, the Sequel Projections ***entirely*** omitted both of these savings categories. As the following slide from the Goldman Fairness Deck shows, both the Overlapping Projection Period and the Extended Projection Period, the Sequel Projections' free cash flow calculation ignored D&A ***entirely*** and assumed ***no*** Tax Incentives.[164]

[164] GFD at Slide 5 (red box added).

Summary of Free Cash Flow Projections

($ in millions)

Goldman Sachs

	5&2 Studios Projections											
FYE31-Dec	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	Terminal Year
Revenue	$ 242	$ 153	$ 174	$ 199	$ 196	$ 138	$ 129	$ 105	$ 195	$ 133	$ 125	$ 139
% Growth (YoY)	*86 %*	*(37)%*	*14 %*	*14 %*	*(2)%*	*(30)%*	*(6)%*	*(19)%*	*86 %*	*(32)%*	*(6)%*	*NM*
Adj. EBITDA	$ 3	$ 3	$(2)	$ 6	$ 4	$ 1	$(4)	$(5)	$ 8	$ 4	$(2)	$ 1
% Margin	*1 %*	*2 %*	*(1)%*	*3 %*	*2 %*	*0 %*	*(3)%*	*(4)%*	*4 %*	*3 %*	*(2)%*	*0.4 %*
Unlevered Free Cash Flow	**Q4 2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**Terminal Year**
Adj. EBITDA	$ 3	$ 3	$(2)	$ 6	$ 4	$ 1	$(4)	$(5)	$ 8	$ 4	$(2)	$ 1
(-) Cash Taxes	-	-	-	(0)	(0)	-	-	-	-	-	-	-
(-) Capital Expenditures	(3)	(5)	(1)	(1)	(5)	(1)	(1)	(1)	(1)	(1)	(1)	-
(-/+) Change in NWC	8	(4)	4	(2)	(0)	(3)	2	7	4	(0)	(1)	-
(-) Non-recurring G&A	(3)	(4)	(3)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
(-) Creative Content Development (JV)	-	(3)	(0)	(0)	(0)	(0)	-	-	-	-	-	-
(-/+) Cash Bonus Accrual Catch-up	(3)	-	-	-	-	-	-	-	-	-	-	-
(-/+) Working Capital Hedge	(3)	4	4	-	-	-	-	-	-	-	-	-
Operating Free Cash Flow	**$(1)**	**$(9)**	**$ 3**	**$ 1**	**$(2)**	**$(3)**	**$(4)**	**$ 1**	**$ 11**	**$ 2**	**$(4)**	**$ 1**
(+) Installment Payments	-	22	44	-	-	-	-	-	-	-	-	-
(-) Cash Taxes on Installment Payments	-	-	(5)	-	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	**$(1)**	**$ 14**	**$ 41**	**$ 1**	**$(2)**	**$(3)**	**$(4)**	**$ 1**	**$ 11**	**$ 2**	**$(4)**	**$ 1**

Source: 5&2 Studios Projections
Note: Unlevered free cash flow reflects the value of the net operating losses and deferred tax assets on the balance sheet accrued through 2035 within the cash taxes and cash taxes on installment payments line items.

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169. The exclusion of D&A in the Sequel Projections was also at odds with the Company's most recent public disclosures. As of September 30, 2025, the Company had approximately $31 million of accumulated depreciation.[165] Normalized across the Overlapping Projection Period, this warranted including a line for "Additional D&A" that was at least 30% higher than the corresponding line in the Cornerstone Projections.[166] Instead, the Sequel Projections inexplicably included ***zero*** "Additional D&A."

170. The exclusion of Tax Incentives in the Sequel Projections was likewise inexplicable. The Goldman Fairness Deck did not explain why Goldman excluded

[165] *See* 5&2 Studios, Inc., Quarterly Report (Form 10-Q) at 11 (Nov. 14, 2025) ($30,993,000 accumulated depreciation as of September 30, 2025).

[166] *Cf. supra* n.160.

them during the Overlapping Projection Period or why the Tax Incentives would disappear during the Extended Projection Period. At ***minimum***, the Overlapping Projection Period should have included the same annual Tax Incentives of $4.5, $4.0, $3.5, and $3.0 million that the Cornerstone Projections used (which should have been placed in the period highlighted below).[167]

Summary of Free Cash Flow Projections

($ in millions)

	5&2 Studios Projections											
FYE31-Dec	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**Terminal Year**
Revenue	$ 242	$ 153	$ 174	$ 199	$ 196	$ 138	$ 129	$ 105	$ 195	$ 133	$ 125	$ 139
% Growth (YoY)	*86 %*	*(37)%*	*14 %*	*14 %*	*(2)%*	*(30)%*	*(6)%*	*(19)%*	*86 %*	*(32)%*	*(6)%*	*NM*
Adj. EBITDA	$ 3	$ 3	$(2)	$ 6	$ 4	$ 1	$(4)	$(5)	$ 8	$ 4	$(2)	$ 1
% Margin	*1 %*	*2 %*	*(1)%*	*3 %*	*2 %*	*0 %*	*(3)%*	*(4)%*	*4 %*	*3 %*	*(2)%*	*0.4 %*
Unlevered Free Cash Flow	**Q4 2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**Terminal Year**
Adj. EBITDA	$ 3	$ 3	$(2)	$ 6	$ 4	$ 1	$(4)	$(5)	$ 8	$ 4	$(2)	$ 1
(-) Cash Taxes	-	-	-	(0)	(0)	-	-	-	-	-	-	-
(-) Capital Expenditures	(3)	(5)	(1)	(1)	(5)	(1)	(1)	(1)	(1)	(1)	(1)	-
(-/+) Change in NWC	8	(4)	4	(2)	(0)	(3)	2	7	4	(0)	(1)	-
(-) Non-recurring G&A	(3)	(4)	(3)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
(-) Creative Content Development (JV)	-	(3)	(0)	(0)	(0)	(0)	-	-	-	-	-	-
(-/+) Cash Bonus Accrual Catch-up	(3)	-	-	-	-	-	-	-	-	-	-	-
(-/+) Working Capital Hedge	(3)	4	4	-	-	-	-	-	-	-	-	-
Operating Free Cash Flow	**$(1)**	**$(9)**	**$ 3**	**$ 1**	**$(2)**	**$(3)**	**$(4)**	**$ 1**	**$ 11**	**$ 2**	**$(4)**	**$ 1**
(+) Installment Payments	-	22	44	-	-	-	-	-	-	-	-	-
(-) Cash Taxes on Installment Payments	-	-	(5)	-	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	**$(1)**	**$ 14**	**$ 41**	**$ 1**	**$(2)**	**$(3)**	**$(4)**	**$ 1**	**$ 11**	**$ 2**	**$(4)**	**$ 1**

Source: 5&2 Studios Projections
Note: Unlevered free cash flow reflects the value of the net operating losses and deferred tax assets on the balance sheet accrued through 2035 within the cash taxes and cash taxes on installment payments line items.

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171. Simply replicating the D&A and Tax Incentives the Cornerstone Projections used would have added ***$39.4 million*** in free cash flow to the Sequel Projections during the Overlapping Projection Period. Discounting those cash flows to present value using the same weighted average cost of capital as Goldman (13.7%) would increase 5&2's enterprise value by $26.6 million or roughly ***50%***.

[167] GFD at Slide 5 (red box and highlighting added).

4. The Sequel Projections Inexplicably Exclude Three Major Categories of Revenue.

172. The Sequel Projections also excluded three specific categories of revenue from both the Overlapping Projection Period ***and*** the Extended Projection Period.

173. ***First***, as explained above, the Cornerstone Projections had included a category for "Theatrical Revenue." Yet, as shown below, the Sequel Projections did not include Theatrical Revenue as a category.[168]

Summary Financials

($ in millions)

Goldman Sachs

	Historical				5&2 Studios Projections											
FYE 31-Dec	2022A	2023A	2024A	LTM Q3 2025A	Q4 2025E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Production Services Revenue	$ 34	$ 52	$ 68		$ 38	$ 145	$ 94	$ 67	$ 67	$ 138	$ 77	$ 66	$ 67	$ 138	$ 77	$ 66
Licensing and Distribution Revenue	5	15	32		$ 6	73	20	70	94	25	25	27	-	23	25	27
Consumer Products and Experiences Revenue	23	28	30		$ 9	25	39	37	38	33	36	37	38	34	31	32
Total Revenue	**$ 61**	**$ 94**	**$ 130**	**$ 202**	**$ 53**	**$ 242**	**$ 153**	**$ 174**	**$ 199**	**$ 196**	**$ 138**	**$ 129**	**$ 105**	**$ 195**	**$ 133**	**$ 125**
% Growth		*53 %*	*38 %*	*NA*	*NA*	*86 %*	*(37)%*	*14 %*	*14 %*	*(2)%*	*(30)%*	*(6)%*	*(19)%*	*86 %*	*(32)%*	*(6)%*
Production Services COGS	$(28)	$(44)	$(57)		$(34)	$(130)	$(76)	$(61)	$(56)	$(120)	$(64)	$(60)	$(56)	$(120)	$(64)	$(60)
Licensing and Distribution COGS	(4)	(11)	(27)		$(1)	(57)	(15)	(58)	(78)	(18)	(19)	(20)	-	(17)	(19)	(20)
Consumer Products and Experiences COGS	(19)	(20)	(22)		$(7)	(19)	(32)	(28)	(29)	(25)	(28)	(28)	(29)	(25)	(23)	(24)
Total COGS	**$(51)**	**$(76)**	**$(107)**	**$(146)**	**$(41)**	**$(206)**	**$(122)**	**$(148)**	**$(163)**	**$(163)**	**$(111)**	**$(108)**	**$(85)**	**$(163)**	**$(106)**	**$(104)**
% of Revenue	*(84)%*	*(81)%*	*(82)%*	*(72)%*	*(78)%*	*(85)%*	*(80)%*	*(85)%*	*(82)%*	*(83)%*	*(80)%*	*(84)%*	*(81)%*	*(84)%*	*(80)%*	*(83)%*
Production Services Gross Profit	$ 5	$ 8	$ 10		$ 4	$ 14	$ 18	$ 6	$ 11	$ 18	$ 13	$ 6	$ 11	$ 18	$ 13	$ 6
Licensing and Distribution Gross Profit	1	3	5		5	16	5	12	15	7	6	7	-	6	6	7
Consumer Products and Experiences Gross Profit	3	7	8		3	6	7	9	9	8	8	8	8	8	8	8
Total Gross Profit	**$ 10**	**$ 18**	**$ 23**	**$ 56**	**$ 11**	**$ 36**	**$ 31**	**$ 27**	**$ 36**	**$ 33**	**$ 27**	**$ 21**	**$ 20**	**$ 32**	**$ 27**	**$ 21**
% Margin	*16 %*	*19 %*	*18 %*	*28 %*	*22 %*	*15 %*	*20 %*	*15 %*	*18 %*	*17 %*	*20 %*	*16 %*	*19 %*	*16 %*	*20 %*	*17 %*
Production Services SG&A					$(1)	$(3)	$(3)	$(3)	$(3)	$(3)	$(3)	$(3)	$(4)	$(4)	$(4)	$(4)
Licensing and Distribution SG&A					-	-	-	-	-	-	-	-	-	-	-	-
Consumer Products and Experiences SG&A					(1)	(6)	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(7)	(7)	(8)
Segment SG&A					**$(2)**	**$(9)**	**$(9)**	**$(9)**	**$(10)**	**$(10)**	**$(10)**	**$(10)**	**$(11)**	**$(11)**	**$(11)**	**$(12)**
% of Revenue					*(4)%*	*(4)%*	*(6)%*	*(5)%*	*(5)%*	*(5)%*	*(7)%*	*(8)%*	*(10)%*	*(6)%*	*(8)%*	*(9)%*
Total Segment Income					**$ 9**	**$ 27**	**$ 22**	**$ 18**	**$ 26**	**$ 23**	**$ 17**	**$ 10**	**$ 9**	**$ 21**	**$ 16**	**$ 9**
% Margin					*18 %*	*11 %*	*14 %*	*10 %*	*13 %*	*12 %*	*12 %*	*8 %*	*9 %*	*11 %*	*12 %*	*8 %*
Corporate SG&A	$(17)	$(23)	$(26)		$(6)	$(24)	$(19)	$(20)	$(20)	$(19)	$(16)	$(15)	$(14)	$(13)	$(12)	$(12)
% of Revenue	*(27)%*	*(24)%*	*(20)%*		*(12)%*	*(10)%*	*(13)%*	*(11)%*	*(10)%*	*(10)%*	*(12)%*	*(11)%*	*(13)%*	*(7)%*	*(9)%*	*(9)%*
% Growth		*38 %*	*14 %*			*(8)%*	*(20)%*	*2 %*	*2 %*	*(3)%*	*(16)%*	*(10)%*	*(8)%*	*(5)%*	*(5)%*	*(5)%*
Adj. EBITDA	**$(7)**	**$(5)**	**$(3)**	**$(13)**	**$ 3**	**$ 3**	**$ 3**	**$(2)**	**$ 6**	**$ 4**	**$ 1**	**$(4)**	**$(5)**	**$ 8**	**$ 4**	**$(2)**
% Margin	*(11)%*	*(5)%*	*(2)%*	*(6)%*	*5 %*	*1 %*	*2 %*	*(1)%*	*3 %*	*2 %*	*0 %*	*(3)%*	*(4)%*	*4 %*	*3 %*	*(2)%*
Memo: Project Releases	**1**	**1**	**3**	**2**	**-**	**2**	**1**	**1**	**1**	**1**	**-**	**1**	**1**	**2**	**1**	**1**

Source: 5&2 Studios, 5&2 Studios Projections

[1] *Indicates number of film / TV projects to be released in each year, including Seasons 5, 6 and 7 of* The Chosen, Joseph, The Way, Jonathan and Jesus, Minno, *& other projects*

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174. The Company never signaled it would cease theatrical releases. As explained above, starting with Season 3, the Company routinely rolled out select groups of episodes as traditional feature films months before releasing the season for streaming.

[168] GFD at Slide 4 (red box added).

175. The Goldman Fairness Deck did not clarify whether the Sequel Projections entirely excluded Theatrical Revenue or redistributed Theatrical Revenue into another category. Had it redistributed the revenue into another category, the only logical alternative was "Licensing and Distribution Revenue." But the revenue numbers for that line item in 2027—the year of the highly anticipated theatrical rollout of the Season 6 finale, focused on the crucifixion—are ***lower*** than for 2026. The revenue projection for 2028—the year in which the series finale will be released, focusing on the resurrection—in that line item is similarly implausible by comparison to 2025. Even if the Sequel Projections folded the Theatrical Revenues into this line item, they assumed unreasonably low revenues under the circumstances.

176. ***Second***, the Sequel Projections did not account for ***any*** revenue from renting the Midlothian Campus to third parties, as the Company historically had done. The Company markets the Midlothian Campus as a state-of-the-art full-service facility that can supports "shooting a feature film, staging a photo shoot, or producing a commercial."[169] The Midlothian Campus was a tangible asset that should have continued generating revenue regardless of the Company's own production pacing. Moreover, if the Company were to scale back its production, it would expect an ***increase*** in revenue from renting the Midlothian Campus as its own projects subsumed those resources less often.

[169] *See supra* § II.B.

177. ***Third***, the Sequel Projections entirely ignored the revenue streams that the Company's ongoing translation efforts were poised to generate. As explained above,[170] the Company's translation project was growing rapidly in 2025, and the Company planned to keep expanding its global reach during the Overlapping Projection Period. Yet the Sequel Projections did not account for the additional revenues that effort would generate. The Proxy said ***nothing*** about forthcoming growth attributable to the Company's ongoing translation effort.

* * *

178. Notwithstanding the foregoing unexplained discrepancies, the Special Committee approved and directed Goldman to use the Sequel Projections in connection with rendering its fairness opinion.[171]

B. GOLDMAN RENDERS A FLAWED FAIRNESS OPINION BASED SOLELY ON THE SEQUEL PROJECTIONS.

179. Goldman—incentivized by its 100% contingent fee structure—relied exclusively on the Sequel Projections to render its Fairness Opinion. Given the discrepancies between the Sequel Projections and the Cornerstone Projections explained above, Goldman's Fairness Opinion was unreliable for that reason alone.[172]

180. But it gets worse. Goldman used several unreasonable assumptions that artificially suppressed its valuation conclusion, even holding all else constant.

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[170] *See infra* § IV.B.

[171] Goldman Nov. 20 Deck at 5 (defining as the "5&2 Studios Projections" the "5&2 Studios projections prepared by its management on 06-Nov-2025 and approved for Goldman Sachs' use by 5&2 Studios").

[172] Goldman also appears to have given no weight to the Series B Valuation. The Goldman Fairness Deck does not even mention that data point.

Goldman's DCF used "normalized" revenue and adjusted EBITDA in the terminal year that resulted in a mere $1 million a year in free cash flows. Relatedly, Goldman used an illogical median perpetuity growth rate ("PGR") of 0.0%, meaning after the projection period the Company would shrink in real dollar terms and slowly shut down. Goldman also significantly increased the weighted average cost of capital ("WACC"), which decreased the Company's value by heavily relying on "predicted" betas from earlier time periods, instead of the predicted beta on the valuation date. Goldman's set of comparable companies ignored the most obvious choice—the Company's former partner Angel, which had recently completed an IPO at a valuation of ***$1.6 billion***. That valuation was attributable in large part to the captive audience that was generated by The Chosen and from which Angel benefited from as a distribution partner for the first three seasons. As explained in more detail below, Angel's stock price and valuation has decreased since the $1.6 billion IPO, but still trades at almost 10x the value in which 5&2 bought out Series B stockholders in the Take-Private transaction.

1. Goldman Relies Exclusively on the Sequel Projections and Ignores the Cornerstone Projections.

181. As explained above, by excluding D&A and Tax Incentives, the Sequel Projections excluded at least ***$39.4 million*** in free cash flow during the Overlapping Projection Period. Even assuming those savings would not have carried through to the Extended Projection Period (an extremely conservative assumption), reversing the unreasonable assumptions about D&A and Tax Incentives alone would have increased Goldman's total enterprise value conclusion by roughly 50%. Including

theatrical revenues, translation-related revenues, and revenues derived from the Midlothian Campus likely would have increased Goldman's TEV by tens of millions of dollars more.

2. Even Accepting the Sequel Projections, Unreasonable Assumptions in Goldman's DCF Cause It to Understate the Company's Enterprise Value.

182. Even if the Sequel Projections had been rational, Goldman also used two unreasonable assumptions in its DCF model that suppressed its enterprise value conclusion.

183. ***First***, Goldman's Terminal Year assumptions include no Capital Expenditures, no General & Administrative Expenses, and no Creative Content Development.[173]

Summary of Free Cash Flow Projections

($ in millions)

Goldman Sachs

	5&2 Studios Projections											
FYE 31-Dec	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**Terminal Year**
Revenue	$ 242	$ 153	$ 174	$ 199	$ 196	$ 138	$ 129	$ 105	$ 195	$ 133	$ 125	$ 139
% Growth (YoY)	*86 %*	*(37)%*	*14 %*	*14 %*	*(2)%*	*(30)%*	*(6)%*	*(19)%*	*86 %*	*(32)%*	*(6)%*	*NM*
Adj. EBITDA	$ 3	$ 3	$(2)	$ 6	$ 4	$ 1	$(4)	$(5)	$ 8	$ 4	$(2)	$ 1
% Margin	*1 %*	*2 %*	*(1)%*	*3 %*	*2 %*	*0 %*	*(3)%*	*(4)%*	*4 %*	*3 %*	*(2)%*	*0.4 %*
Unlevered Free Cash Flow	**Q4 2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**Terminal Year**
Adj. EBITDA	$ 3	$ 3	$(2)	$ 6	$ 4	$ 1	$(4)	$(5)	$ 8	$ 4	$(2)	$ 1
(-) Cash Taxes	-	-	-	(0)	(0)	-	-	-	-	-	-	-
(-) Capital Expenditures	(3)	(5)	(1)	(1)	(5)	(1)	(1)	(1)	(1)	(1)	(1)	-
(-/+) Change in NWC	8	(4)	4	(2)	(0)	(3)	2	7	4	(0)	(1)	-
(-) Non-recurring G&A	(3)	(4)	(3)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
(-) Creative Content Development (JV)	-	(3)	(0)	(0)	(0)	(0)	-	-	-	-	-	-
(-/+) Cash Bonus Accrual Catch-up	(3)	-	-	-	-	-	-	-	-	-	-	-
(-/+) Working Capital Hedge	(3)	4	4	-	-	-	-	-	-	-	-	-
Operating Free Cash Flow	**$(1)**	**$(9)**	**$ 3**	**$ 1**	**$(2)**	**$(3)**	**$(4)**	**$ 1**	**$ 11**	**$ 2**	**$(4)**	**$ 1**
(+) Installment Payments	-	22	44	-	-	-	-	-	-	-	-	-
(-) Cash Taxes on Installment Payments	-	-	(5)	-	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	**$(1)**	**$ 14**	**$ 41**	**$ 1**	**$(2)**	**$(3)**	**$(4)**	**$ 1**	**$ 11**	**$ 2**	**$(4)**	**$ 1**

Source: 5&2 Studios Projections
Note: Unlevered free cash flow reflects the value of the net operating losses and deferred tax assets on the balance sheet accrued through 2035 within the cash taxes and cash taxes on installment payments line items.

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[173] GFD at Slide 5 (red box added).

184. These assumptions would have been logical only if the Company ***fully wound down*** after 2035. There is no indication in any of the Company's public filings or in the media that the Company expected to wind down in that timeframe. As explained above, the Cornerstone Assumptions told the opposite story. Nothing in the extensive "Cornerstone Overview," "Summary Financial Review," or the "Content Projections Deep Dive" portions of the Goldman March 21 Deck even hinted at the idea of winding down the Company's business.[174] The "Revenue By Segment" slide in the Goldman March 21 Deck showed an unmitigated upward trajectory throughout the projection period.[175]

185. Elsewhere, the Goldman Fairness Deck makes clear that Goldman knew the Company had no such intention. For example, despite the foregoing omissions, Goldman assumed continued operations in the Terminal Year by using a normalized Revenue and Adjusted EBITDA to (shown by highlights in the image below).[176]

[174] *See generally* Goldman Mar. 21 Deck at Slides 4–8, 11–12, and 19–26.

[175] *Id.* at Slide 12.

[176] GFD at Slide 5 (highlights and red boxes added).

Summary of Free Cash Flow Projections

($ in millions)

Goldman Sachs

	5&2 Studios Projections											
FYE 31-Dec	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**Terminal Year**
Revenue	$ 242	$ 153	$ 174	$ 199	$ 196	$ 138	$ 129	$ 105	$ 195	$ 133	$ 125	$ 139
% Growth (YoY)	*86 %*	*(37)%*	*14 %*	*14 %*	*(2)%*	*(30)%*	*(6)%*	*(19)%*	*86 %*	*(32)%*	*(6)%*	*NM*
Adj. EBITDA	$ 3	$ 3	$(2)	$ 6	$ 4	$ 1	$(4)	$(5)	$ 8	$ 4	$(2)	$ 1
% Margin	*1 %*	*2 %*	*(1)%*	*3 %*	*2 %*	*0 %*	*(3)%*	*(4)%*	*4 %*	*3 %*	*(2)%*	*0.4 %*
Unlevered Free Cash Flow	**Q4 2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**Terminal Year**
Adj. EBITDA	$ 3	$ 3	$(2)	$ 6	$ 4	$ 1	$(4)	$(5)	$ 8	$ 4	$(2)	$ 1
(-) Cash Taxes	-	-	-	(0)	(0)	-	-	-	-	-	-	-
(-) Capital Expenditures	(3)	(5)	(1)	(1)	(5)	(1)	(1)	(1)	(1)	(1)	(1)	-
(-/+) Change in NWC	8	(4)	4	(2)	(0)	(3)	2	7	4	(0)	(1)	-
(-) Non-recurring G&A	(3)	(4)	(3)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
(-) Creative Content Development (JV)	-	(3)	(0)	(0)	(0)	(0)	-	-	-	-	-	-
(-/+) Cash Bonus Accrual Catch-up	(3)	-	-	-	-	-	-	-	-	-	-	-
(-/+) Working Capital Hedge	(3)	4	4	-	-	-	-	-	-	-	-	-
Operating Free Cash Flow	**$(1)**	**$(9)**	**$ 3**	**$ 1**	**$(2)**	**$(3)**	**$(4)**	**$ 1**	**$ 11**	**$ 2**	**$(4)**	**$ 1**
(+) Installment Payments	-	22	44	-	-	-	-	-	-	-	-	-
(-) Cash Taxes on Installment Payments	-	-	(5)	-	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	**$(1)**	**$ 14**	**$ 41**	**$ 1**	**$(2)**	**$(3)**	**$(4)**	**$ 1**	**$ 11**	**$ 2**	**$(4)**	**$ 1**

Source: 5&2 Studios Projections
Note: Unlevered free cash flow reflects the value of the net operating losses and deferred tax assets on the balance sheet accrued through 2035 within the cash taxes and cash taxes on installment payments line items.

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186. Relatedly, Goldman used a perpetuity growth rate ("PGR") range with a midpoint of 0.0%.[177]

[177] GFD at Slide 7 (red box and highlighting added).

Illustrative Discounted Cash Flow Analysis

Valuation Date of Sep 30, 2025 | ($ in millions, except per share data)

Goldman Sachs

Implied Enterprise Value

Illustrative WACC	Perpetuity Growth Rate (5.0)%	0.0 %	5.0 %
9.0 %	$ 49	$ 50	$ 54
14.0 %	45	45	46
19.0 %	41	41	42

Implied Equity Value Per Share

Illustrative WACC	Perpetuity Growth Rate (5.0)%	0.0 %	5.0 %
9.0 %	$ 3.49	$ 3.57	$ 3.83
14.0 %	3.21	3.24	3.29
19.0 %	3.00	3.01	3.02

% of Enterprise Value in Terminal Value

Illustrative WACC	Perpetuity Growth Rate (5.0)%	0.0 %	5.0 %
9.0 %	3.7 %	5.9 %	12.9 %
14.0 %	1.9 %	2.7 %	4.4 %
19.0 %	1.1 %	1.4 %	2.0 %

Implied Terminal Value / EBITDA Exit Multiple

Illustrative WACC	Perpetuity Growth Rate (5.0)%	0.0 %	5.0 %
9.0 %	6.8 x	11.1 x	26.3 x
14.0 %	5.0	7.1	11.7
19.0 %	4.0	5.3	7.5

Source: 5&2 Studios Projections and Company filings
Note: Net debt and other adjustments calculated $(10.5)mm of cash, $0.5mm reflecting the portion of short-term lease liabilities, $5mm of transaction expenses, and deferred liability associated with phantom units and writers & producers cash bonus calculated in each case, all as of 30-Sep-2025. Fully diluted shares outstanding calculated as the sum of Series A shares and Series B shares.

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187. This PGR was irrational. "Conventional valuation wisdom holds that the perpetuity growth rate generally should fall somewhere between the rate of inflation [historically 2.5%] and the projected growth rate of the nominal gross domestic product [historically 3.5%]."[178] The idea of a company growing in perpetuity at a rate below 2.5% is not a rational economic reality. Parking cash reserves in Treasury Inflation-Protected Securities, instead of perpetually operating a money-losing business, is always available.

188. Because other data points make clear the Company did not intend to wind down in 2035, Goldman should have used a PGR of at least 2.5%. Simply

[178] *HBK Master Fund L.P. v. Pivotal Software, Inc.*, 2023 WL 10405169, at *39 (Del. Ch. Aug. 14, 2023); *see also, e.g., Shannon P. Pratt & Roger J. Grabowski*, Cost of Capital: Applications and Examples, 46–47, 197 (5th ed. 2014).

applying that PGR while keeping all else constant—even accepting the artificially suppressed Sequel Projections inclusive of the omissions described above—would have translated into a significantly high total enterprise value.

189. ***Second,*** Goldman assumed an unreasonably high beta by relying on stale predicted betas that it misleadingly referred to as "historic" betas. From its overstated beta, Goldman derived an unreasonably high WACC of 13.7%.[179]

190. Beta measures the volatility of a stock price compared to the overall market. A beta of 1.0 indicates the stock is as volatile as the market at large. A beta higher than 1.0 indicates greater volatility than the market at large, and a beta of less than 1.0 indicates lower volatility than the market at large.[180]

191. Goldman used an "Equity Beta" of 1.45 that it characterized as a "[h]istorical beta" purportedly "rounded from peers."[181] It derived that beta by taking a rounded average of the six-month, one-year, two-year, and three-year ***then-predictive***[182] betas of four purportedly comparable companies—GAIA, LiveOne, Curiosity Stream, and fuboTV (the "Beta Comparables").[183] Goldman also observed, but did not use, the "Current Historical Beta" of each Beta Comparable, and the median thereof.[184]

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[179] GFD at Slide 9.

[180] CFI Team, *Beta*, CFI EDUCATION INC. (Mar. 12, 2026), https://corporatefinanceinstitute.com/resources/valuation/what-is-beta-guide/

[181] GFD at Slide 9.

[182] Goldman sourced its beta values from Axioma, *see* GFD at Slide 10, which uses predictive (as opposed to historical) beta as its primary metric. The title of Slide 10, "***Historical*** Peer Betas Over Time" (emphasis added) is therefore misleading.

[183] GFD at Slides 9–10.

[184] GFD at Slide 9.

192. Importantly, Goldman's own graph visualizing these four "Historical Peer Betas Over Time" shows all but one of the Beta Comparables clustering ***below 1.0*** starting in early 2025.[185]

193. To the extent a predictive beta is appropriate, it should be based on the predictive beta on the valuation date, not a stale predictive assumption. Correctly using the median predicted beta closest to the valuation date, would result in a beta of 0.92, instead of the significantly higher beta assumption of 1.45 Goldman used in its fairness opinion.[186]

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[185] GFD at Slide 10 (arrow and commentary added).

[186] GFD at Slide 9 (red circle in original; red boxes added).

Illustrative Sequel WACC Analysis

Goldman Sachs

WACC Calculation

Equity to Capital		
Equity / Capital Ratio	100.0 %	
Cost of Equity		
Risk-Free Rate	4.8 %	*30Y US Treasury w / 20Y Maturity*
Equity Beta	1.45	*Historical beta rounded from peers*
Equity Risk Premium	6.1 %	*Kroll US historical equity risk premium*
Cost of Equity	**13.7 %**	
WACC	**13.7 %**	

Relevant Comparable Companies

Company	IFRS Debt ($mm)	Market Cap ($mm)	Debt / Ca	Current Historical Beta	3Y Median	2Y Median	1Y Median	6M Median	Min	Max
GAIA	6	91	6 %	0.97	0.80	0.68	0.90	0.92	0.13	1.18
LiveOne	16	50	24 %	2.32	1.59	1.79	2.11	2.22	0.94	2.34
CuriosityStream	0	222	0 %	0.87	1.79	1.56	1.12	1.00	0.76	2.36
fuboTV	326	3,241	9 %	0.64	2.44	2.35	1.24	1.09	0.64	2.82
Median			**8 %**	**0.92**	**1.69**	**1.68**	**1.18**	**1.04**	**0.67**	**2.35**

WACC Sensitivity

0.75	1.45	2.30
9.4 %	13.7 %	18.8 %

Source: Wall Street research, Kroll, Axioma, Company filings; market data as of 30-Dec-2025

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194. Starting in early 2025, most of the Beta Comparables became less volatile than the market, and have remained so ever since. As Goldman acknowledged, a Company's WACC is highly sensitive to beta. By assuming a beta of 1.45, Goldman ratcheted up the WACC to 13.7%; a more appropriatebeta of 0.92 would have implied a WACC of roughly 10%.[187]

[187] GFD at Slide 9 (red circle in original; red bracket and comment box added).

Illustrative Sequel WACC Analysis

Goldman Sachs

WACC Calculation

Equity to Capital		
Equity / Capital Ratio	100.0 %	
Cost of Equity		
Risk-Free Rate	4.8 %	*30Y US Treasury w / 20Y Maturity*
Equity Beta	1.45	*Historical beta rounded from peers*
Equity Risk Premium	6.1 %	*Kroll US historical equity risk premium*
Cost of Equity	**13.7 %**	
WACC	**13.7 %**	

Relevant Comparable Companies

Company	IFRS Debt ($mm)	Market Cap ($mm)	Debt / Cap	Current Historical Beta	3Y Median	2Y Median	1Y Median	6M Median	Min	Max
GAIA	6	91	6 %	0.97	0.80	0.68	0.90	0.92	0.13	1.18
LiveOne	16	50	24 %	2.32	1.59	1.79	2.11	2.22	0.94	2.34
CuriosityStream	0	222	0 %	0.87	1.79	1.56	1.12	1.00	0.76	2.36
fuboTV	326	3,241	9 %	0.64	2.44	2.35	1.24	1.09	0.64	2.82
Median			**8 %**	**0.92**	**1.69**	**1.68**	**1.18**	**1.04**	**0.67**	**2.35**

WACC Sensitivity

0.75	1.45	2.30
9.4 %	13.7 %	18.8 %

A beta of 0.92 implies a WACC of approximately 10.0%.

Source: Wall Street research, Kroll, Axioma, Company filings; market data as of 30-Dec-2025

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195. Moreover, Goldman's use of the obvious outlier, LiveOne, as a comparable company artificially inflated its beta conclusion even further. LiveOne's business model is not comparable to 5&2's business model and should not have been used to imply a beta for 5&2. LiveOne is a global digital streaming company that Tesla uses as its built-in music streaming provider. It thus operates in an entirely different industry and bears both the risks and rewards of having a single high-profile and controversial customer. Excluding LiveOne would have driven the "Current Historical Beta" median down even further to 0.83 and the corresponding WACC to approximately 9.5%.

196. Keeping all else constant—including even the implausible Sequel Projections—using a WACC of 0.83 would have significantly increased Goldman's DCF valuation.

3. Goldman's Comparable Companies Analysis Is Flawed.

197. Goldman also supported its opinion with analyses of comparable publicly traded companies and comparable transactions. Although Goldman characterized these data points as "Reference Only," the comparable companies analysis contains a glaring omission.

198. Goldman used four publicly traded companies—Disney, Lionsgate, UMG (Universal Music Group), and WMG (Warner Music Group)[188] (the "Multiple Comparables"[189])—to derive a range of EBITDA multiples between 11.9x and 17.5x.[190] As an initial matter, UMG and WMG are unreasonable choices. They are two of the "Big Three" music labels in the business of owning record labels, recording music, publishing music, and promoting artists and artist-branded merchandise. The Company's business model does not resemble UMG's and WMG's business model.

199. More importantly, Angel had recently gone public (in September 2025, through a SPAC reverse merger) at an enterprise value of $1.6 billion. Although Angel's stock price has suffered the same fate as many SPACs and declined by approximately two-thirds since its de-SPAC, its market cap remains above $500 million.

200. Angel was unequivocally the most appropriate comparable company. Its business model mirrors the Company's business model. Both companies develop and

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[188] GFD at Slide 12.

[189] The Goldman Fairness Deck does not explain why Goldman's four Multiple Comparables differed from its four Beta Comparables.

[190] *Id.* at Slides 6, 12.

distribute Christian-themed series and films. The Company and Angel partnered to produce the first three seasons of The Chosen. The two companies' audiences are very similar. As explained above, both companies were in the running for distribution rights for *David*, the hit 2025 animated feature film that told the biblical story of David and Goliath. As Goldman observed, the theatrical rollouts of The Chosen Seasons 6 and 7 were likely to generate gross proceeds that approximated Angel's most successful feature film ever, *Sound of Freedom*.[191]

201. By several measures, 5&2's success with The Chosen built a platform and captive audience that is arguably worth ***more*** than Angel's, as evidenced by The Chosen's significantly stronger social media presence, a more loyal and dedicated fan base, and the record-setting global reach and quality translation capability that can be leveraged for future projects. Furthermore, the Company's 2025 financials were superior to Angel's on revenue and EBITDA. As explained above, the Company reported $256 million in revenue for the first nine months of 2025;[192] Angel reported just $211 million—***18% less*** than the Company—for the same nine month period.[193] The Company has had undeniably stronger growth momentum than Angel in the three years since the Company and Angel parted ways (2023-2025). And even though Angel's stock price and valuation has decreased since the $1.6 billion IPO, it still trades at almost ***10x*** the value in which 5&2 bought out Series B stockholders in the Take-Private transaction.

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[191] Goldman Mar. 21 Deck at Slide 23.

[192] *See supra* § VII.A.2.

[193] *See* Angel Studios, Inc., Quarterly Report (Form 10-Q) at 4 (Nov. 13, 2025).

202. In short, had the Company conducted a traditional IPO around the same time as Angel, there is ample reason to believe the two companies would have been valued similarly—between ***10 times*** and ***30 times*** greater than the enterprise value implied in the Reverse Split. Inexplicably, Goldman did not even mention Angel in its Fairness Deck.

*   *   *

203. Immediately following its meeting at which Goldman presented the Goldman December 30 Deck and rendered its Fairness Opinion, the Special Committee recommended that the Board approve the Reverse Split and Butler Repurchase Agreement.[194]

204. The next day, on December 31, 2025, the Board approved the Reverse Split and Butler Repurchase Agreement via unanimous written consent. The Board concluded that both were "in the best interests of the Company and its stockholders (including unaffiliated stockholders) and that the Reverse [ ] Split [wa]s substantively and procedurally fair to the unaffiliated stockholders."[195]

205. At the time, the Company had not finalized a funding agreement with Aperture. The Board's approval was thus subject to securing the necessary funding.[196]

[194] Proxy at 23.

[195] Proxy at 23.

[196] Proxy at 23.

VIII. AT THE ELEVENTH HOUR, CAS LENDS THE COMPANY FUNDS TO COMPLETE THE REVERSE SPLIT.

206. In early January 2026, representatives of the Company began "engag[ing] in discussions with representatives of CAS regarding the structure of, and collateralized obligations under" the Aperture debt commitment letter.[197] During those discussions, CAS offered to lend the Company the necessary funds "on substantially similar terms to the terms contemplated by the debt commitment letter executed with Aperture."[198]

207. Ultimately, the Company elected to proceed with the financing negotiated with CAS "due to the Company's longstanding relationship with CAS and the preference of the Company's management for the terms offered by CAS."[199] Sometime in early 2026, the Company ended discussions with Aperture.

208. On March 2, 2026, CAS and the Company reached agreement on a "Vendor Advance Agreement" (the "VAA").[200] The term "advance" referred to the fact that CAS was pledging to deliver, earlier than anticipated, funds it had previously committed in the CAS Agreements for production of Season 7 of The Chosen. Although some terms of the VAA were redacted, including the principal amount of the loan (defined as the "Season 7 Partial Advance"), the Company disclosed in the Proxy that the aggregate loan amount would be up to $24.7 million (the "VAA Loan").

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[197] Proxy at 23.

[198] *Id.*

[199] Proxy at 23.

[200] The Company attached the VAA as an exhibit to the Preliminary Transaction Statement filed concurrently with the Preliminary Proxy Statement. *See* Ex. B (Vendor Advance Agreement) to 5&2 Studios, Inc., Transaction Statement (Schedule 13e-3) (Mar. 3, 2026).

Concurrently with the closing of the Reverse Split on March 31, 2026, interest began accruing at a rate of 7.25% per annum. On July 31, 2027, the rate will increase to 9.25% per annum. Repayment of the principal and interest is "due and payable on the date of Season 7 Completion and Delivery."[201]

209. Currently, the Company expects Season 7 to premiere on March 31, 2028. Assuming the Company meets its premiere goal, the Company will owe twenty-four months' worth of interest to CAS on March 31, 2028. In total, the Company will owe CAS approximately ***$3.9 million*** in interest on March 31, 2028. This expense stands to offset a significant portion of the administrative savings the Company claimed would follow the Reverse Split.

210. This arrangement meant that, down the road, the Company would need to find another way to fund Season 7. Shockingly, the Company decided that squeezing out minority stockholders was a better use of funds than guaranteeing the production of the final season of The Chosen. In other words, to fund the Reverse Split, the Company borrowed from Peter to pay Paul.

IX. THE COMPANY FILES MISLEADING AND COERCIVE PROXY MATERIALS.

211. On March 17, 2026, the Company filed the Proxy, which set Monday, March 30, 2026, as the date for the Company's annual stockholders meeting (previously defined as the "March 2026 Meeting").[202] This date fell during Holy

[201] VAA § 1.2.

[202] 5&2 Studios, Inc., Definitive Proxy Statement (Schedule 14A) (Mar. 17, 2026).

Week—one day after Palm Sunday and four days before Good Friday. The Company had never before conducted an annual meeting during Holy Week.

212. In the Proxy, the Company asked stockholders to approve the Reverse Split by approving "a proposed amendment to the Company's Certificate of Incorporation [] to change the number of issued and outstanding shares of Series A common stock . . . and Series B common stock . . . by effecting a 1-for-173,750 reverse stock split (the 'Reverse [ ] Split') . . . as a result of which stockholders of record will receive a cash payment of $3.75 per pre-Reverse [ ] Split share in lieu of receiving a fractional post-Reverse [ ] Split share" ("Proposal 3").[203]

213. The Proxy purported to condition the Reverse Split on approval by a majority of the votes cast by the disinterested stockholders.[204] This requirement was little more than window dressing. A fully informed, uncoerced vote never occurred. The Proxy and additional proxy materials were misleading, confusing, and coercive, which robbed the Series B stockholders of any meaningful chance to cast an informed vote.

A. THE PROXY FAILS TO DISCLOSE NUMEROUS CONFLICTS.

214. The Proxy contained a section titled "Potential Conflicts of Interests of Officers, Directors and Certain Affiliated Persons; Post RSS Transaction" (the "Conflicts Disclosure").

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[203] Proxy at "Notice of Virtual Annual Meeting of Stockholders."

[204] Proxy at 2.

215. The Conflict Disclosure omitted numerous conflicts. It disclosed only that: (i) "certain officers and directors own[ed] interests arising from Phantom Units" and that those "differing interests may create actual or potential conflicts of interest in evaluating and recommending the Reverse [ ] Split"; (ii) 10% stockholders, including certain directors, officers, and executives, would be "relieved of certain SEC reporting requirements" and that information about their compensation would thus no longer be publicly available; and (iii) Butler had entered into the Repurchase Agreement.

216. Egregiously, the Conflicts Disclosure said ***nothing*** of the fact that the Conflicted Directors—the two individuals with the greatest self-interest in consummating the Reverse Split at the lowest possible price—had not recused themselves from preparing the Sequel Projections.

217. The Conflicts Disclosure did not explain, beyond a cursory discussion, why the Sequel Projections, which had been prepared at the precise moment the Conflicted Directors stood to benefit from such revisions, reduced the Company's potential future earnings by so much compared to the Cornerstone Projections. The Company did not attach the underlying Cornerstone Projections and Sequel Projections to the Proxy, nor did it justify any specific reductions to revenue beyond the vague "general commentary" described above.[205] Only a stockholder who actively monitored SEC filings, located the Company's Schedule 13e-3, and reviewed the attached Goldman decks would have been aware of the two sets of projections.

[205] *See supra* § VII(A)(1).

218. The Conflicts Disclosure did not explain why the Special Committee agreed to a revised fully contingent engagement letter with Goldman after the Conflicted Directors shifted their focus to the Reverse Split or what the terms of the prior engagement letter were.

219. The Conflicts Disclosure did not disclose the fact that two of the Special Committee members who approved the Reverse Split had deep ties to Green, the principal decisionmaker at CAS, which benefitted from the Reverse Split through the VAA, which transformed already-committed production funding into a loan for which the Company owed interest at between 7.25% and 9.25%.

220. The Conflicts Disclosure said nothing about Butler's personal motivation for selling most of his Series A Shares. Instead, the Proxy implied that Butler's decision to sell was evidence of fair value.

B. THE REVERSE SPLIT DID NOT MAKE ECONOMIC SENSE FOR THE COMPANY.

221. The Proxy characterized the "primary purpose of the Reverse [ ] Split" as "enabl[ing] the Company to cause the number of record holders of our Common Stock to fall below 300, which is the level at which SEC public reporting is required."[206] The Proxy asserted that "[t]he Special Committee and the Board of Directors ha[d] each determined that the costs of being an SEC reporting company outweigh[ed] the benefits," claiming the administrative costs of "compliance with the Sarbanes-Oxley Act, and other accounting, legal, printing and miscellaneous costs

[206] Proxy at 15.

associated with being a reporting company" totaled between $3.5 and $3.7 million per year.[207]

222. This explanation was pretextual. The purported benefits of "going dark" did not outweigh the costs.

223. As an initial matter, the Company exaggerated the potential administrative savings to fit the Conflicted Directors' narrative. Commentators have estimated the costs associated with being an SEC-reporting company at approximately 4.1% of the Company's market cap.[208] If the Company's total enterprise value on the date of the Reverse Split ($52.9 million) is to be believed, these costs should not have exceeded approximately $2 million per year, at most. Compliance industry players—incentivized to paint a burdensome picture of these costs to maximize their own value add—estimate the annual costs of SEC compliance at just $500k annually for small-cap companies.[209]

224. But consummating the Reverse Split was costly. As explained above, the cost just of servicing the VAA Loan—not to mention other direct or indirect transaction costs—will offset at least a full years' worth of the purported $3.7 million worth of administrative savings the Company to save related to complying with SEC

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[207] Proxy at 4, 15.

[208] *See, e.g.,* "Regulatory Costs of Being Public: Evidence from Bunching Estimation," DREXEL UNIVERSITY LEBOW COLLEGE OF BUSINESS (May 20, 2022), https://www.lebow.drexel.edu/news/regulatory-costs-of-being-public-evidence-bunching-estimation (last accessed May 18, 2026).

[209] *See, e.g.,* Alex Lubyanksy, "SEC Reporting Requirements for Small Public Companies: Complete 2025 Guide," ACQUISITION STARS (September 2025), https://acquisitionstars.com/blog/sec-reporting-requirements (last accessed June 4, 2026).

filings.[210] Securing the VAA Loan required the Company to reappropriate funds intended for the production of The Chosen Season 7. There was no guarantee the Company would be in a position to repay the VAA Loan when it came due. Repayment could easily require another loan or equity raise.

225. The Company estimated total transaction costs, inclusive of Goldman's contingent fee, at approximately $5 million.[211] The VAA interest and transaction costs represented approximately ***17%*** of the Company's purported enterprise value of $52.9%. That amount was extreme and economically irrational. M&A transaction costs typically do not exceed 4% of deal value.[212]

226. The Proxy also conceded that the purported administrative savings were not guaranteed to be permanent. For one, the Company acknowledged that it would need to continue making some filings with the SEC even after the Reverse Split, but it did not quantify those continued costs. Further, there was no guarantee the Company would not re-cross the threshold of 300 stockholders in the future and thus be required to resume reporting. If that happened, the Company would "once again

[210] *See* Ex. 99.B (Aperture Commitment Letter) to 5&2 Studios, Inc., Rule 13e-3 Transaction Statement (Schedule 13E-3) (Dec. 31, 2025) (see Exhibit A thereto for interest estimates), *available at* sec.gov/Archives/edgar/data/1733443/000110465925125664/tm2534188d1_ex99-b.htm

[211] Proxy at 50.

[212] *See, e.g.,* "Beyond the Deal: Accurately Estimating M&A Integration Costs," ERNST & YOUNG (Dec. 9, 2024), https://www.ey.com/en_us/insights/strategy-transactions/four-current-trends-estimating-mergers-acquisitions-integration-costs (last accessed May 18, 2026).

incur[] many of the expenses that [it] expect[ed] to save by virtue of the Reverse [ ] Split."[213]

C. THE PROXY'S SERIES B VALUATION IS BOTH UNEXPLAINED AND INCONSISTENT WITH THE COMPANY'S PREVIOUS DISCLOSURES.

227. As explained above, the Series B Valuation is over three times higher than the per-share price of $3.75 the Company set in the Reverse Split. The Proxy does not explain how the Company's value could have fallen by more than two-thirds in one year, particularly when the Company's profitability had only increased in the interim.[214]

228. Moreover, however, the Series B Valuation is lower than the value implied by the Company's own prior disclosures that the Proxy never mentioned. On March 31, 2025, shortly after the Special Committee authorized Jenkins and Eves to share the Cornerstone Projections with potential bidders, the Company filed its 2024 annual report on Form 10-K (the "2024 Annual Report").[215] The 2024 Annual Report contained a contingent liability disclosure. The disclosure estimated the Company's "contingent liability and unrecognized compensation expense related to [all then] outstanding [Phantom] [U]nits" at $27.325 million.[216]

229. Based on 2,178,000 Phantom Units then-outstanding,[217] the Company's stated contingent liability implied the value of each Phantom Unit was approximately

[213] Proxy at 7.

[214] *See supra* § VII.A.2.

[215] 5&2 Studios, Inc., Annual Report (Form 10-K) (Mar. 31, 2025).

[216] 5&2 Studios, Inc., Annual Report (Form 10-K) at F-23–24 (Mar. 31, 2025).

[217] 5&2 Studios, Inc., Annual Report (Form 10-K) at F-23 (Mar. 31, 2025).

$12.55. In contrast, the Series B Valuation disclosed in the Proxy was only $11.88 per share.

230. In sum, consistent with the trends that were obvious in the Cornerstone Projections, the Company believed Series B Shares had appreciated approximately 6% over the first three months of 2025. The Proxy said nothing about this.

D. THE PROXY FALSELY SUGGESTS INVESTORS COULD CHOOSE TO REMAIN INVESTED IN THE COMPANY.

231. The Proxy also stated that minority holders could "potentially increase, divide, or otherwise adjust their existing holdings at any time prior to the Effective Date of the Reverse [ ] Split, so as to retain some or all of their shares of common stock, or to receive cash for some or all of their shares, as they see fit."[218]

232. This was misleading. The Company fully intended to eliminate Series B Shares. It strained credulity to suggest that any Series B stockholder—the vast majority of whom were small crowdfunding investors—could or would somehow, over the course of eight business days during Holy Week, "adjust" their holdings in a non-publicly traded stock to surmount the 173,500-share threshold and remain a stockholder. Nor did the Company create any practical path—by, for example, issuing new shares—for stockholders to accomplish this if they wished to do so.

233. Moreover, as explained below, in the days leading up to the annual meeting, Plaintiff himself ***offered*** to buy additional shares, even at a premium, to

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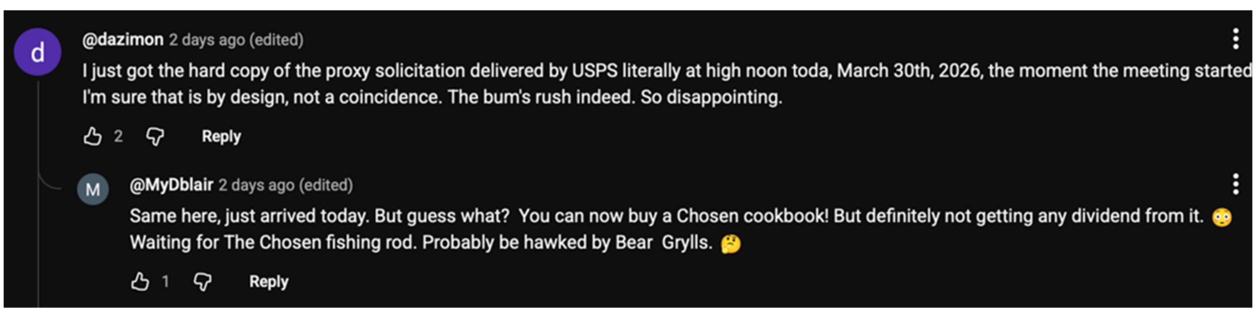
[218] Proxy at 25.

remain a stockholder with the Company.[219] Nobody at the Company ever entertained this offer.

E. In the Company's Additional Proxy Materials, Jenkins Tells Series B Investors They Can Donate Their Forthcoming Cash to CAS.

234. On March 24, 2026, the Company filed additional definitive proxy soliciting materials in the form of a "Letter to Shareholders" signed by Jenkins and the transcript of a 15-minute private YouTube video message from Jenkins that had been emailed directly to stockholders (the "Jenkins Video," and together with the Letter to Shareholders, the "Additional Proxy Materials").[220]

235. The response from Series B Stockholders was overwhelmingly negative. In the "Comments" section, many stated that they had not received the Proxy by email or mail until after the vote.



236. Shortly after releasing it, the Company disabled the "Comments" section in the Jenkins Video as the negative comments piled up.

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[219] *See infra* § X.

[220] 5&2 Studios, Inc., Additional Definitive Proxy Materials (Schedule 14A) (Mar. 24, 2026).

237. In the Jenkins Video, Jenkins suggested that soon-to-be-cashed-out Series B stockholders could continue supporting The Chosen by donating their forthcoming checks to CAS.[221] This was troubling. 5&2 was, and is, a for-profit enterprise. It owes its success, in large part, to its Series B investors. Jenkins was asking Series B investors to approve a Reverse Split that would eliminate them as investors entirely and funnel 100% of the Company's profits to himself and a small group of Insiders. Yet, using the CAS partnership as cover, he suggested that minority investors ***continue*** to support a project that would be profitable for ***him*** even though they stood to receive nothing in return.

238. Unclear as to the Company's intentions, Plaintiff emailed Pelo shortly after viewing the Jenkins Video and stated that he was "excited to remain a shareholder in 5&2 Studios!" Pelo did not write back with any clarification. Only after reading the Proxy did Plaintiff understand that he was being forced out of his investment in the Company.

X. THE COMPANY CONDUCTS AN UNINFORMED STOCKHOLDER VOTE WITH MORE THAN THREE-QUARTERS OF SERIES B STOCKHOLDERS ABSENT.

239. Despite, or more likely because of, its largely devout stockholder base, the Company scheduled the March 2026 Meeting during Holy Week—one day after Palm Sunday and four days before Good Friday. As a result, minority stockholders had only ***eight*** business days to decide how to vote. For those that were not monitoring SEC filings, the email with the video from Jenkins was not received until

[221] Jenkins March 24 Video at 13:00.

the Tuesday evening before the Monday morning stockholder meeting, providing only three business days to absorb the content of the proxy filings before the vote. This timing undercut the participation of minority stockholders, who were more likely to be focused on their families and worship than business dealings at the time.

240. Even though the Company had never before conducted an annual meeting during Holy Week, the Company took no steps to affirmatively notify minority stockholders beyond filing and mailing the Proxy. Minority stockholders could not possibly develop a fully informed opinion in such a short and inconvenient window of time. They did not have a realistic opportunity to conduct a books and records investigation or consider asking a court to enjoin the vote. As explained above, many Series B stockholders did not receive the Proxy until ***after*** the vote had taken place.[222]

241. In the days before the vote, Plaintiff communicated with another large Series B stockholders who reported similar surprise and confusion based on the Proxy and the Jenkins Video. That investor tried to change his vote online in advance of the March 2026 Meeting but was unable to do so.

242. On March 29, 2026, Plaintiff spoke with Pelo. In describing the reasons for the Company's abrupt shift from the Management Buy-Out to the Reverse Split in October 2025, Pelo admitted that the Proxy, while true, did not tell the whole story. Pelo also admitted that the potential bidders revised their bids down by more than

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[222] *See supra* § IX.E.

half following a meeting with Jenkins (who shortly thereafter shifted to the buyside himself).

243. Plaintiff expressed surprise and disappointment at the Company's approach to the entire process and its communication with Series B stockholders. Plaintiff proposed other ways for large Series B stockholders to remain invested in the Company, including by inviting a limited number of large Series B stockholders to participate in the Butler Repurchase—an option that would not have jeopardized the Company's stated goal of dropping below 300 stockholders and thus deregistering with the SEC. Plaintiff even offered to repurchase Butler's shares at a premium. But neither Pelo nor anyone else at the Company seriously engaged with Plaintiff's suggestions.

244. On March 30, 2026, 5&2 held its 2025 Annual Meeting virtually over Zoom. Given the Company's failure to timely communicate with its stockholders, as explained immediately below, approximately 76% of Series B stockholders were unable to vote. The Company did not permit questions. Plaintiff virtually "raised his hand" to ask a question but was never acknowledged.

245. On the date of the meeting, the Controller held 6,950,000 shares of Series A Common Stock entitled to 10 votes each. On the date of the meeting, there were 5,585,229 Series B Shares outstanding. The Company reported the total number of votes "For," "Against," and "Abstain" with respect to Proposal 3. Accounting for all shares common stock then outstanding, the Company reported 70,547,379 votes cast

"For" and 270,690 votes cast "Against" or "Abstain"; thus, 4,267,160 eligible Series B Shares did not cast a vote.[223]

246. Assuming the Controller voted all 69,500,000 of its shares "For,"[224] the following table summarizes the breakdown of votes cast by Series B Shares. As the table shows, although a majority of Series B votes ***cast*** approved the Reverse Split, most Series B stockholders were unable to vote.

Breakdown of Series B Votes			
	"For"	"Against" or "Abstain"	No Vote Cast
Tabulation	1,047,069	270,690	4,267,160
Corresponding Percentage of Then-Outstanding Series B Shares	18.7%	4.8%	76.4%

247. Immediately following the March 2026 Meeting, the Company effected the Reverse Split and ceased reporting with the SEC.[225] The Company was required to file its 2025 Annual Report no later than the next day, March 31, 2026. Because the Company went dark immediately after conducting the vote on the Reverse Split, the Company never filed a 2025 Annual Report. By doing so, it avoided disclosing full-year 2025 revenue figures.

[223] 5&2 Studios, Inc., Current Report (Form 8-K) at Item 5.07 (Mar. 30, 2026) (the "Tabulation Report").

[224] Although the Tabulation Report does not expressly state that the Controller cast all its 69,500,000 votes in favor of the Reverse Split, that is the only reasonable inference.

[225] 5&2 Studios, Inc., Transaction Statement (Schedule 13e-3) at 2 (Mar. 30, 2026).

248. The Exchange Ratio of 173,500-to-1 reduced the number of Series A Shares held by the Controller from 6,950,000 to exactly forty. None of the Series B stockholders owned enough shares to receive a post-Reverse Split share. Accordingly, all Series B stockholders of record (including Plaintiff) were cashed out and received $3.75 per pre-Reverse Split share, for which the Company paid over $20 million.[226]

249. There were 2,779,000 Phantom Units outstanding at the time of the Reverse Split.[227] The Reverse Split did not fall into any of the four buckets to be a Qualifying Sale Event under the Incentive Plan.[228] The plan explicitly carved out stock sales to the Company as triggering a payment.[229] According to the Proxy, however: "The Reverse [ ] Split has been determined to be a qualifying sale event under the [Incentive] Plan."[230] The Proxy did not disclose who made this purported determination or how the Reverse Split was purportedly a Qualifying Sale Event. Nevertheless, a partially identified group of Company officers and directors (including all four Special Committee members), received a total of $10.4 million due to this unsupported determination, that should have been allocated proportionately to the Series B stockholders.[231]

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[226] *See* 5&2 Studios, Inc., Current Report (Form 8-K) at Items 5.03, 5.07 (Mar. 30, 2026).

[227] GFD at Slide 3.

[228] *See supra* § V.A.2.

[229] *See* Ex. 10.14 (Form 2024 Executive Interests Plan) to 5&2 Studios, Inc., Annual Report (Form 10-K) at 2 (Mar. 31, 2025) (defining Qualifying Sale Event to include the "direct or indirect sale of at least 35% of the outstanding securities of the Company to one or more Persons ***other than the Company***") (emphasis added).

[230] Proxy at 48.

[231] The Proxy disclosed the amount certain officers and directors received. *See* Proxy at 38. For example, each Special Committee member received $425,000. *Id.* But the Proxy

250. Because they each held Phantom Units at the time of the Reverse Split, Pelo received approximately $2.8 million in cash, Larsen received approximately $566,000 in cash, and each Special Committee member received approximately $425,000 in cash. Proxy at 38. By cashing out Phantom Units in the Reverse Split, the Company forfeited its ability to incentive management on a going-forward basis. Neither Pelo nor Larsen held any stock in the Company at the time of the Reverse Split (Proxy at 61), yet both continued in their roles after the Reverse Split. To continue incentivizing Pelo, Larson, and other members of management after the Reverse Split, the Company would need to adopt a new incentive plan. This is further evidence that the Reverse Split did not make economic sense for the Company.

251. The Reverse Split and resultant SEC deregistration constituted a Rule 13e-3 Transaction. Accordingly, the Company and the Controller filed a Transaction Statement on Schedule 13E-3 with the SEC on March 30, 2026.[232]

XI. CLASS ACTION ALLEGATIONS.

252. Plaintiff brings this Action as a class action, pursuant to Court of Chancery Rule 23, on behalf of himself and all other 5&2 stockholders that have been harmed by the conduct described herein. Excluded from the class are any person, firm, trust, corporation, or other entity related to or affiliated with the Defendant and its successors in interest.

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failed to disclose who received approximately $6 million of the $10.4 million. *Compare* Proxy at 38 (identifying recipients of approximately $4.5 million total), *with* GFD at 3 (disclosing total proceeds due to Phantom Unit holders of approximately $10.4 million). This omission was material.

[232] Proxy at 4; 5&2 Studios, Inc., Transaction Statement (Schedule 13e-3) (Mar. 30, 2026).

253. This Action is maintainable as a class action.

254. The Class is so numerous that joinder of all members is impracticable. Immediately prior to the Reverse Stock Split, 5&2 had 5,585,229 Series B Shares outstanding, held by approximately 16,000 different investors scattered throughout the United States and elsewhere.

255. Questions of law and fact are common to the Class, including among others, whether the cash payment made to Series B stockholders of $3.75 per pre-split Series B Share constituted "the fair value of fractions of a share as of the time when those entitled to receive such fractions was determined," as required under 8 *Del. C.* § 155(2).

256. Plaintiff is committed to prosecuting this Action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of other members of the Class and Plaintiff has the same interests as other members of the Class. Accordingly, Plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

257. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for the Defendant, or adjudications that would, as a practical matter, be dispositive of the interests of individual members of the Class who are not parties to such adjudications or would substantially impair or impede their ability to protect their interests.

258. The Defendant has acted or refused to act on grounds generally applicable to the Class with respect to matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

259. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. The expense and burden of individual litigation make it impracticable for Class members individually to seek redress for the wrongful conduct alleged herein. Plaintiff anticipates that there will be no difficulty in the management of this litigation as a class action.

COUNT I

Violation of 8 *Del. C.* § 155(2)
(Against 5&2)

260. Plaintiff incorporates by reference and realleges each and every allegation set forth above as if fully set forth herein.

261. Under Section 155(2), in the Reverse Split, the Company was required to pay minority stockholders "in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions [were] determined."

262. As detailed above, $3.75 per pre-split Series B Share was far below "fair value," including because the price resulted from an unfair process.

263. Therefore, the Company violated Section 155(2) and must pay Plaintiff and the Class members the difference between $3.75 per share and the fair value of the pre-split Series B Shares that were cashed out in the Reverse Split.

REQUEST FOR RELIEF

WHEREFORE, Plaintiff respectfully requests judgment in the form of an order or orders:

A. Declaring that $3.75 per pre-split Series B Share was an unfair price in the Reverse Split;

B. Ordering the Company to pay Plaintiff and the other Class members the difference between $3.75 per pre-split Series B Share and the fair value of all such shares that were cashed out in the Reverse Split;

C. Awarding damages, including rescissory damages, in an amount to be determined at trial;

D. Awarding to Plaintiff the costs and disbursements of the action, including reasonable attorneys' fees, accountants', consultants', and experts' fees, and expenses, and pre- and post-judgment interest on all out-of-pocket fees and expenses;

E. Awarding pre- and post-judgment interest on all damages awards; and

F. Granting such other and further relief as the Court deems just and proper.

/s/ Derrick B. Farrell
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Dated: June 23, 2026