Trickle Research

Every raging river, every great lake, every deep blue sea starts … with a trickle

2QF26 Earnings Update

blue ant

Blue Ant Media Corporation

(**OTC: BRMIF**, TSX:BAMI.TO)

Report Date: 04/20/26

12- 24 month Price Target: USD$13.50

Allocation: 4

Closing Stock Price at Initiation (Closing Px: 03/30/26): USD$4.03

Closing Stock Price at This Update (Closing Px: 04/17/26): USD$4.70

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Disclosure: Portions of this report are excerpted from Blue Ant's filings, website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

We just initiated our coverage of Blue Ant about two weeks ago, so this update comes on the heels of that. For the quarter, Blue Ant reported revenue of $70 million versus or estimate of $94 million. Further, they also reported a pre-tax loss of <$5.4 million> versus our estimate of <$6.4 million>, and adjusted EBITDA of $3.8 million versus our estimate of $4.6 million. Obviously, our revenue miss led to lower resulting adjusted EBITDA, although we would add, opex excluding Direct Content, Production and Delivery Expenses, (which we generally view as the operating overhead), was about $3 million lower than our estimates. In retrospect, given the anticipated flux of the quarter's results around the integration of new pieces, especially the partial consolidation of Thunderbird, we probably should have waited for the release of these numbers to initiate the coverage to avoid missing the numbers. We considered that but opted to initiate ahead of the results largely because we do not view these results of the quarter particularly topical one way or the other. That said, here are a few observations of specific numbers within the results.

Recall, the Company currently reports three segments: Production and Distribution, Global Channels and Streaming, and Canadian Media. Briefly, for 2QF26, Blue Ant reported Global Channels and Streaming revenue of $22.1 million versus our estimate of $22.7 million, so that was relatively in-line. In the Canadian Media segment, they reported $10.5 million versus our estimate of $14.7 million. Lastly, that means that Production and Distribution reflected the remainder of the miss, or $20 million, which we will cover hereafter.

First, both the Canadian Media and the Global Channels and Streaming segments experienced continued weakness in advertising revenues as CPM (the price advertisers pay for advertisements) continues to be challenging. We addressed some of this in the Risks and Caveats section of our initiating coverage so it is not a surprise. Essentially the lower barriers to entry provide by emerging FAST channels has created considerably more content to advertise around and that supply has impacted pricing. The Company noted that visibility around that trajectory remains poor, as we certainly do not have insights that they do not, so it remains a topical risk, however, we still believe that ultimately, that notion may be best rectified by creating quality content, which is the primary driver to the story essentially given the new acquisition which are largely focused on Production and Distribution. However, we missed that number quite badly so we will address that as well. For Production and Distribution the Company provided the following topical color:

- *"As part of this transition, we sunset the legacy studio brands Thunderbird Entertainment, Great Pacific Media, and Proper Television. This new structure better reflects how content is developed, financed, and produced in today's global market, and positions us clearly as a unified studio".*
- *"We have all of the cost structure of the companies we've acquired without really the benefit yet of revenue. It's really hard to take this one quarter, I think, and read what's the underlying organic performance. We're also in the process of integrating the combination of the new acquisitions on the studio side into the business and MagellanTV into Global Channels and Streaming. I think taking that one quarter and extrapolating forward, it's not really indicative of how we're looking at the organic business at this point".*
- ***"As well as Thunderbird being acquired at the end of January and the cost coming in, we were not able to make changes at the three production companies we acquired via the go-public transaction because we were awaiting the tabulation on the Fairfax value assurance payment at December 31st last year. None of any changes out of that could happen until recently".***
- *"Blue Ant has been a seasonal business influenced by advertising and television industry cycles. While content can be greenlit, produced, and delivered throughout the year, live action greenlights are generally concentrated in the spring for spring and summer shoots and fall launches. Spring and summer also tend to be particularly active periods for our distribution business as they close out initial sales on fall content launches from the previous year. Q3 is also our most substantial quarter for consumer shows".*

We will not spend much time unpacking this but there are a few takeaways here. First, clearly in line with our narrative from the initiating coverage, transitions around acquisitions can be complex, and we think that is the overriding theme in terms of the 2QF26 results. To reiterate a point from above, *taking that one quarter and extrapolating forward, it's not really indicative of how we're looking at the organic business at this point"*. We noted this in the initiating coverage, and we think that comment remains accurate. *We think the bolded third bullet point above includes some of that minutia.*

Further, the Company spent some time discussing the seasonality of the business and noted that *"Blue Ant has been a seasonal business influenced by advertising and television industry cycles. While content can be greenlit, produced, and delivered throughout the year, live action greenlights are generally concentrated in the spring for spring and summer shoots and fall launches. Spring and summer also tend to be particularly active periods for our distribution business as they close out initial sales on fall content launches from the previous year. Q3 is also our most substantial quarter for consumer shows"*. Recognize, given the acquisition mix being largely focused on Production and Distribution, we expect this segment to become a largelty portion of the product mix and therefore likely create more seasonality than perhaps comparable historic BlueAnt only results yielded. Here again, we expect visibility to be challenging, but we have made some changes around our model around this notion.

To summarize, some of the nuances noted above with respect to the Q2F26 quarter, we do not find the results particularly telling one way or another. Again, we are attempting to learn here, and we expect to be able to whittle down our misses as new financial results are available and new data points provide better operating clarity. Moreover, our thesis remains the same. We believe BlueAnt is positioned to be a growing player in the Production and Distribution side of the M&E industry, and we expect that scale to deliver both better top-line and bottom-line results, as well as improving YoY EBITDA and net margin results as well. In addition, we think one of the Company's overring strategies in getting public through the Boat Rocker RTO, was to better position Blue Ant to engage additional acquisitions as opportunities arise. Given that we are anticipating that the business will begin generating growing working capital balances, we suspect additional opportunistic acquisitions are likely in the cards. The Company alluded to this on the call, so we do not think that view is particularly provocative, however, we have not modeled and of that sort of development. Consequently, we reiterate our allocation of 4, and our 12-24 month price target of $13.50. We will revisit each as visibility improves.

Projected Operating Model

Blue Ant Media Corporation						
Projected Operating Statement						
Prepared by: Trickle Reserch						
(In Canadian Dollars: CAD$)						
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	11/30/25	**2/28/26**	**5/31/26**	**8/31/26**	**Fiscal 2026**	**Fiscal 2027**
REVENUES						
Revenues	$ 80,464	$ 69,961	$ 122,623	$ 142,971	$ 416,019	$ 510,928
EXPENSES						
Direct Content, Production & Delivery	$ 59,428	$ 47,665	$ 86,878	$ 102,388	$ 296,359	$ 369,543
Sales, General & Adminstrative	$ 16,042	$ 18,472	$ 27,762	$ 26,797	$ 89,073	$ 97,093
Share Based Compensation	$ 257	$ 1,441	$ 375	$ 375	$ 2,448	$ 1,500
Depreciation and Intangible Amortization	$ 2,711	$ 3,668	$ 3,705	$ 3,742	$ 13,825	$ 15,345
Impairment of Assets	$ -	$ -	$ -	$ -	$ -	$ -
Finance Expenses, net	$ 440	$ 1,131	$ -	$ -	$ 1,571	$ -
Loss (gain) on Warrants	$ -	$ -	$ -	$ -	$ -	$ -
Bargain Purchase Gain	$ -	$ -	$ -	$ -	$ -	$ -
Loss (gain) on Sale of Assets	$ 3,054	$ (2,988)	$ -	$ -	$ 66	$ -
Transactions and Other Related Costs	$ 2,540	$ 4,902	$ -	$ -	$ 7,442	$ -
Restructuring Costs	$ 788	$ 1,070	$ -	$ -	$ 1,858	$ -
Total Operating Expenses	$ 85,260	$ 75,361	$ 118,720	$ 133,302	$ 412,643	$ 483,480
Income From Continuing Operations Before Taxes	$ (4,796)	$ (5,400)	$ 3,903	$ 9,669	$ 3,376	$ 27,448
Income Tax Expense:						
Current Tax Expense	$ 1,536	$ 1,170	$ 683	$ 1,692	$ 5,081	$ 4,803
Deferred Tax Expense (recovery)	$ 418	$ (389)	$ -	$ -	$ 29	$ -
Net Income From Continuing Operations	$ (6,750)	$ (6,181)	$ 3,220	$ 7,977	$ (1,734)	$ 22,645
Net Income From Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -
Net Income	$ (6,750)	$ (6,181)	$ 3,220	$ 7,977	$ (1,734)	$ 22,645
Net Income Attributable To:						
Shareholders	$ (6,750)	$ (6,030)	$ 3,220	$ 7,977	$ (1,583)	$ 22,645
Non-Controlling Interests	$ 92	$ (151)	$ 92	$ 92	$ 125	$ 368
Income Per Share Attrbutable to Shareholders:						
Basic - From Continuing Operations	$ (0.30)	$ (0.23)	$ 0.11	$ 0.28	$ (0.07)	$ 0.81
Diluted - From Continuing Operations	$ (0.30)	$ (0.23)	$ 0.11	$ 0.28	$ (0.07)	$ 0.79
Basic - From Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -
Diluted - From Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -
Shares Outstanding:						
Shares Outstanding - Basic	22,270	26,175	28,028	28,028	26,125	28,028
Shares Outstanding - Diluted	22,270	26,175	28,252	28,354	26,263	28,669

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Portions of this publication excerpted from company filings or other sources are noted in *italics* and referenced throughout the report.

Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals $250) and 10 representing 10 investment units or $2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit $25,000 to buying micro-cap stocks, that would assume an investment of $1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at $1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same $250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting $1000 into the position ($250 * 4). If we later raise the allocation to 6, you might consider adding two additional units or $500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.

A Trickle rating of 1 thru 3 would best correspond to a "Hold" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.

A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.

A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.