Trickle Research

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

3QF26 Earnings Update

blue ant

Blue Ant Media Corporation

(OTC: BAMIF, TSX:BAMI.TO)

Report Date: 07/21/26

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: 07/20/26): USD$3.69

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For Q3F26 (ended May 31, 2026) Blue Ant reported revenues of $125.6 million and pretax net loss of $26 million. Those numbers compared to our estimates of $122.6 million, and pretax net income of $3.9 million. The major line item impacting the quarterly results was a $33.1 million asset impairment. Absent the impairment, they would have realized pretax net income of $7.1 million, which would have resulted in considerably better numbers than our estimates on both the top and bottom lines. As a result, we think the quarter was constructive towards our notion that the shares are undervalued. That said, here are a few observations inside the numbers as well as around a few other bigger picture items.

The impairments were related to their Canadian Media group and associated "*broadcast licenses, trademarks, acquired program rights and owned content*". In our view, the impairments are related to a couple of overriding themes here. First, some level of impairment is emblematic of the breadth and integration of their collective acquisition approach. That may be particularly true in the media space where *not all* content is king, or more specifically, a small percentage of the content library typically generates a disproportionately large share of revenue and profits. Second, the industry, and by extension Blue Ant, have been experiencing some challenges around "CPM" or cost per thousand, which is a metric that assess the price advertisers are paying across different media. In short, ad supported media has been experiencing compression in advertising revenue, ostensibly because of the large supply of media available to advertise across. This is an issue we have raised in past research:

> *As we attempted to reflect above, some portion of the Company's business is driven by advertising revenue either directly on their own platforms, or through ad sharing arrangements on the platforms of others. Recognize, CPM rates (advertising rates set according to per 1,000 customers watching) have been under pressure for some time now. We think that is likely the result of more inventory, especially in the FAST space, where we have seen the number of channels grow exponentially. Clearly, more available inventory means more (and cheaper) choices for advertisers. Moreover, as we understand it, CPM rates have likely not bottomed out just yet, which could continue to negatively impact that portion of Blue Ant's business.*

Frankly, we think this issue is a notable headwind for Blue Ant's current share price, and while we recognize the risk, we continue to view that risk as overstated in terms of our assessments of the Company's intrinsic value. We submit, impairments like that recognized in 3QF26, challenge that perspective, but we are maintaining that view.

As a bit of an extension to the impairment discussion, recall the Company reports revenue in 3 segments:

- Production and Distribution
- Canadian Media
- Global Channels & Streaming

As we noted, we recognized some of the struggles likely facing the "Canadian Media" segment but to edify, the Company reported revenue of $3 million more than our estimate, and in terms of segments, our estimates for Production and Distribution were a little higher than realized, as were our estimates for Global Chanels and Streaming. As a result, Canadian Media performed considerably better than we estimated.

Again, setting aside the impairment, Blue Ant performed better than we anticipated and we think that continues to support our thesis despite continued CPM headwinds. We would also reiterate that the business has historically reflected considerable seasonality which supports the current 4QF26 (ended 08/31/26) quarter, so we anticipate a favorable YoY and sequential comp. We reiterate our allocation of 4, (which we will likely raise if the stock trades down much more) and our 12-24 month price target of $13.50

Projected Operating Model

Blue Ant Media Corporation						
Projected Operating Statement						
Prepared by: Trickle Reserch						
(In Canadian Dollars: CAD$)						
	Actual	Actual	Actual	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	$ 125,629	$ 159,792	$ 435,846	$ 466,181
EXPENSES						
Direct Content, Production & Delivery	$ 59,428	$ 47,665	$ 89,700	$ 113,699	$ 310,492	$ 329,192
Sales, General & Adminstrative	$ 16,042	$ 18,472	$ 19,131	$ 28,479	$ 82,124	$ 92,618
Share Based Compensation	$ 257	$ 1,441	$ 695	$ 375	$ 2,768	$ 1,500
Depreciation and Intangible Amortization	$ 2,711	$ 3,668	$ 4,614	$ 4,660	$ 15,653	$ 19,111
Impairment of Assets	$ -	$ -	$ 33,137	$ -	$ 33,137	$ -
Finance Expenses, net	$ 440	$ 1,131	$ 1,770	$ -	$ 3,341	$ -
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	$ 314	$ -	$ 7,756	$ -
Restructuring Costs	$ 788	$ 1,070	$ 2,343	$ -	$ 4,201	$ -
Total Operating Expenses	$ 85,260	$ 75,361	$ 151,704	$ 147,214	$ 459,539	$ 442,422
Income From Continuing Operations Before Taxes	$ (4,796)	$ (5,400)	$ (26,075)	$ 12,578	$ (23,693)	$ 23,759
Income Tax Expense:						
Current Tax Expense	$ 1,536	$ 1,170	$ (8,621)	$ 2,201	$ (3,714)	$ 4,158
Deferred Tax Expense (recovery)	$ 418	$ (389)	$ -	$ -	$ 29	$ -
Net Income From Continuing Operations	$ (6,750)	$ (6,181)	$ (17,454)	$ 10,377	$ (20,008)	$ 19,601
Net Income From Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -
Net Income	$ (6,750)	$ (6,181)	$ (17,454)	$ 10,377	$ (20,008)	$ 19,601
Net Income Attributable To:						
Shareholders	$ (6,750)	$ (6,030)	$ (17,454)	$ 10,377	$ (19,857)	$ 19,601
Non-Controlling Interests	$ 92	$ (151)	$ 92	$ 92	$ 125	$ 368
Income Per Share Attrbutable to Shareholders:						
Basic - From Continuing Operations	$ (0.30)	$ (0.23)	$ (0.62)	$ 0.37	$ (0.76)	$ 0.70
Diluted - From Continuing Operations	$ (0.30)	$ (0.23)	$ (0.62)	$ 0.37	$ (0.76)	$ 0.69
Basic - From Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -
Diluted - From Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -
Shares Outstanding:						
Shares Outstanding - Basic	22,270	26,175	28,091	28,091	26,157	28,091
Shares Outstanding - Diluted	22,270	26,175	28,227	28,319	26,248	28,611

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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.