



First Quarter 2026
Earnings Call Transcript

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C O R P O R A T E P A R T I C I P A N T S

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C O N F E R E N C E C A L L P A R T I C I P A N T S

Kenneth Lee, *RBC Capital Markets*

Ian Zaffino, *Oppenheimer & Company*

Oscar Nieves, *Stephens*

PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the Cannae Holdings, Inc. First Quarter 2026 Financial Results Conference Call. During today's presentation, all parties will be in a listen-only mode. Following the Company's prepared remarks, the conference will be open for questions, with instructions to follow at that time.

As a reminder, this conference call is being recorded, and a replay is available through 11:59 PM Eastern Time on May 25th, 2026.

With that, I would now like to turn the call over to Mr. Jamie Lillis of Solebury Strategic Communications. Please go ahead, sir.

Jamie Lillis

Thank you Operator and good afternoon and thank you for joining Cannae Holdings' First Quarter 2026 Earnings Call. On today's call are Ryan Caswell, Chief Executive Officer, and Bryan Coy, Chief Financial Officer.

Before we begin, I'd like to remind listeners that this call may contain forward-looking statements and references to non-GAAP financial measures. Statements that are not historical facts, including statements about Cannae's expectations, hopes, intentions or strategies regarding the future are forward-looking statements. Forward-looking statements are based on Management's beliefs, as well as assumptions made by and information currently available to Management. Because such statements are based on expectations as to future financial and operating results and are not statements of fact, actual results may differ materially from those projected.

The Company undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise. The risks and uncertainties which forward-looking statements are subject to include but are not limited to the risks and other factors detailed in our quarterly shareholder letter which was released this afternoon and in our other filings with the SEC.

Today's remarks will also include references to non-GAAP financial measures. Additional information, including a reconciliation between non-GAAP financial information to the GAAP financial information, is provided in our shareholder letter. These statements are subject to risks and uncertainties described in our shareholder letter and SEC filings. We undertake no obligation to update forward-looking statements.

With that, I'll turn the call over to Ryan.

Ryan Caswell

Thank you, Jamie, and good afternoon. On the call today, I want to cover four key topics: How we allocated our capital in the quarter; what is happening at our largest Sports asset, Black Knight Football; where we stand on the restaurant business and exiting additional non-core assets, and how we are managing the Holding Company.

Starting with capital allocation. In the first quarter, we returned approximately \$51 million to shareholders through a combination of buybacks and our regular dividend, which currently provides a 4.2% dividend yield. Year-to-date, this \$51 million represents about 86% of all the capital we have allocated. The remaining 14% of our capital went to existing investments. A year ago, the comparable shareholder figure return was about 70% to shareholders. The shift toward buybacks was deliberate in the quarter, as we viewed the

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highest return investment available to us was our own equity. We will analyze our capital allocation on an ongoing basis to determine what maximizes shareholder value between capital returns and new investments.

On the buybacks specifically, year-to-date, we have repurchased 3.4 million shares, representing about 7.3% of our shares outstanding for \$43 million. Our Board expanded the repurchase authorization to 14.9 million shares during the quarter, so we can continue opportunistic buybacks.

Now to Black Knight Football, which is the largest single position in our portfolio, and in my view, the asset with the greatest upside. AFC Bournemouth currently sits in sixth place in the Premier League. If the club holds that position, it will be the highest finish in the club's 127-year history, and it would qualify the club for European competition for the first time. European qualification is not just a sporting milestone. It materially changes the commercial, branding, and economics of the club. The sporting results are even more notable because over the last 18 months, we have sold top players to Manchester City, Real Madrid, Paris Saint-Germain, and Liverpool, totaling roughly \$360 million in transfers fees. We have done this and gotten better results, not worse. That is the platform and our investment and operating strategy working.

Let me give you one specific example, because I think it captures the entire investment thesis of the multi-club. A player named Eli Junior Kroupi., who is 19 years old, and came up through the Academy at FC Lorient, which is a club we own. In January of last year, AFC Bournemouth, another club we own, acquired him from Lorient and let him remain at the club for the remainder of the season to develop and help with their requalification to League One. This season, he moved to Bournemouth. He is the leading scorer for Bournemouth, and he has scored more goals in a single Premier League season than any teenager in the history of the Premier League. That is the multi-club platform in one transaction. We developed an asset at a club and moved that asset on to another club at the appropriate time for the team and the player. In the end, both clubs benefit from an economic and a sporting perspective, and the player benefits and improves his career trajectory. This represents the value of the multi-club platform and will drive returns for our investment at Black Knight Football.

The financial picture is consistent with the sporting one, with double-digit increases in revenue and EBITDA hitting \$136 million, given significant player sales and improved revenues referenced above. Bryan will go into these numbers in more detail in his remarks.

We posted a detailed overview of Black Knight Football on Cannae's website during last quarter. I would encourage everyone on the call to spend some time with it as it captures our work.

Now to the Restaurants. The strategic process around the Restaurant Group that we announced previously is ongoing. What I can update you on today is that the Board's position is unchanged. This is a non-core asset, and our focus is to monetize the asset, maximize proceeds, and redeploy that capital into either higher-returning investments, which will grow our NAV, or into our own stock. We are working hard to achieve this outcome and expect to be able to give you a more substantive update on the next call.

More broadly, the Board continues to review our entire portfolio every quarter for the optimal time to sell non-core assets. Restaurants are not the only one we are evaluating. You should expect continued movement in our portfolio, which I will detail at the appropriate time.

The last topic for me is the holding company itself. We continue to focus on reducing our corporate holding company costs. I will let Bryan expand upon it in his comments, but for the first quarter, our corporate holding company costs are down approximately 45% from last year, which reflects the discipline of the Board and the Management have applied to reducing corporate holding company costs.

On governance, the Board continues to evaluate further governance enhancements. In the first quarter, we refreshed our committee composition to include the four new Directors elected last year, which brings new perspectives into committee deliberations.

In summary, we are executing our plan. We are looking for ways to concentrate the portfolio further into Sports and Entertainment-related assets while monetizing our non-core assets. We are opportunistically returning meaningful capital to our shareholders at prices we believe are well below intrinsic value. We are improving our portfolio companies and providing more transparency into each of them. We are reducing holding company costs. We will keep doing these things until the discount closes and NAV increases.

With that, I will turn the call over to Bryan.

Bryan Coy

Thanks, Ryan. Good afternoon. I'll walk through the first quarter results and then close with a brief note on the balance sheet and liquidity.

Total operating revenues for the first quarter were \$96 million, down 7% year-over-year. The entirety of that decline came from the Restaurant Group, which reflects the closure of eight O'Charley's locations since March of last year and lower traffic at both brands. At Ninety Nine, higher average guest checks nearly offset the traffic decline. At O'Charley's, pricing recovered roughly half of the traffic drop. Revenue at Brasada Ranch was approximately flat quarter-over-quarter.

Total operating expenses were \$118 million in the first quarter of 2026, compared with \$125 million in the prior year of first quarter. This reflects flat operating expenses for the Restaurant Group and decreased holding company costs expenses. The cost of Restaurant revenues decreased by just over \$7 million on the lower top line volume I discussed a moment ago. That decrease was offset by approximately \$8 million of non-cash impairments on the restaurant right of use assets and fixed assets.

Continuing our efforts to further transparency, we added more disclosure on corporate holding company expenses within the MD&A section of our 10-Q that is filed today. In the meantime, I'll note that the holding company expenses were \$8.9 million in the first quarter of 2026, compared against \$16.1 million in the same quarter last year, a \$7.2 million or 45% reduction year-over-year. That reflects a \$3.6 million decrease in corporate personnel costs on lower bonus and stock compensation after the management transition and no management or termination fees, compared to \$3.6 million in the first quarter of last year. We expect this run rate to continue throughout the remainder of the year.

Looking at our equity method investments, which include Black Knight Football. Earlier Ryan noted that total revenue at Black Knight Football increased 19% to \$274 million for the 12 months ended December 31st, 2025. That revenue growth came from on-field performance, from higher commercial revenue at Bournemouth, and from the inclusion of Moreirense for the half year. EBITDA grew from \$12 million in calendar year 2024 to \$136 million in 2025, driven by a nearly four-fold increase in player trading profits, from \$30 million in '24 to \$113 million in 2025. Adjusted EBITDA, which excludes player trading profits, improved from negative \$5 million in 2024 to positive \$21 million in 2025 on improved operating leverage net of higher player wages. On the remaining EMI, the large driver of the year over year variance is a valuation gain on our CSI holding that benefited the prior year period.

Turning to the balance sheet. At the corporate level, Cannae had \$123 million of cash at quarter end. After continuing buybacks since the quarter closed, we have approximately \$90 million today. We filed our corporate tax return and refund claim in March. We expect to receive \$45 million cash refund and approximately \$10 million of additional tax assets later this year, after a portion of the refund was recharacterized as carry forwards.

During the first quarter, we terminated Cannae's margin loan, which reduces commitment and custody fees by approximately \$350,000 annually. After that termination, the only corporate-level debt outstanding is \$48 million of 5% fixed rate, interest-only term debt that doesn't mature for over four years.

With that, Operator, please open the line for questions.

Operator

Certainly. Thank you, sir. Ladies and gentlemen, at this time, if you do have any questions, please press star, one. And if you find your question has been addressed, you may remove yourself from the queue by pressing star, two. Once again, star, one for questions.

We'll go first this afternoon to Kenneth Lee of RBC Capital Markets.

Kenneth Lee

Hey, good afternoon, and thanks for taking my question. Just one on the portfolio allocation. Just given the longer-term shift towards sports and media investments, how should we think about some of the investments that were done in the past? For example, JANA Partners, Walk-Ins, and I guess most of the other investments, except for outside of BKFC, is the plan to eventually monetize pretty much all of them? Thanks.

Ryan Caswell

Yes. Thanks, Ken. We are pushing to Sports and Entertainment-related assets. But with that being said, we like all of the investments that we have, and we think there's attractive attributes. What I do on a quarterly basis is I review our entire portfolio with the Board, and we determine whether it makes sense to divest any of the assets. When appropriate, we will obviously disclose any of the conclusions that the Board comes to, similar to what we did with the Restaurant Group.

Kenneth Lee

Got you. And then in terms of capital returns, has there been any updated evaluation? And I know that you've done some evaluation in the past in terms of returning capital either through buybacks or continue to return it through buybacks, or have you given dividends or special dividends a thought as well? Thanks.

Ryan Caswell

Yes. Currently, in terms of buybacks, we remain committed to share buybacks, as evidenced from purchases thus far this year. We have not looked at special dividends or things like that. We obviously have the ongoing dividend. I think more broadly, we look at capital allocation and liquidity on an ongoing basis and look at what will maximize shareholder value between capital returns and new investments, and that's a framework that we will continue going forward.

Kenneth Lee

Got you. And one more for me. Just, once again, looking across the portfolio, are you also maintaining active dialogue or having a pipeline of potential opportunities or new investments? Maybe just wanted to get a little bit more color around that. Thanks.

Ryan Caswell

We are. I think we are leveraging the network that we have, given the success that we've had in some of our Sports assets, and we tried to disclose a bit more around this, or we will disclose in an updated investor deck that will be out later today. But we are looking at different deals. Each new investment that we look at, we are trying to determine whether it is higher value for our shareholders to invest in a new business or to continue the share buyback. Last quarter, we spent the money on share buybacks, but we are seeing a lot of deals and we'll do that analysis going forward.

Kenneth Lee

Great. Very helpful. That's all I had.

Ryan Caswell

Thank you, Ken.

Operator

Thank you. We'll go next now to Ian Zaffino at Oppenheimer.

Ian Zaffino

Hi, Ryan. Thank you very much. Just kind of a follow-up on the buyback question is, how do you think about sizing buybacks as far as—stocks are very, very cheap here, so how are you thinking about just really kind of pulling the trigger on incremental buybacks?

Then when you think about your alternative use of cash and investing, how high is the bar for new investments? So is there like a very kind of minimal chance you're going to be doing incremental investments, or is there still a very high chance you're doing incremental investments? And if so, maybe give us an example of what you look for and then maybe what area of kind of your verticals you're in. Thanks.

Ryan Caswell

Thanks. Let me try and take those one at a time. First, in terms of buybacks and trying to size the buyback, we think about liquidity and liquidity over the next, you know, six to 12 months in terms of how we think about the buybacks, and that liquidity analysis also includes the timing of some of these other non-core asset sales. So I don't want to provide a specific size framework. You obviously can look back with what we did in the first quarter and historically. But for each buyback, we are looking at liquidity and the capital allocation framework that I mentioned before.

In terms of new investments, management and the Board are focused on trying to maximize shareholder value through the growth of NAV over time. And we have talked about how we're transitioning the portfolio to Sports and Entertainment assets. And so in order to do that, we do need to make new investments. We're being thoughtful and mindful around those in terms of, again, thinking about size and liquidity and valuation and future performance. But we believe that transitioning the portfolio to the Sports-related assets will create the most shareholder value over time.

Ian Zaffino

Okay, thanks. And then just a follow up. Where are we as far as the strategic alternatives for the restaurants? I know you talked a lot about the performance, but where are we as far as the strategic alternatives? Thanks.

Ryan Caswell

So as I mentioned in my prepared remarks, the strategic alternatives process is ongoing. We are looking to maximize the value and the proceeds from each asset. And we think that by the next quarter, we'll have a more fulsome update. But the Board's firm view is these are non-core assets, and we are working to monetize them.

Ian Zaffino

All right. Thank you.

Ryan Caswell

Thank you.

Operator

Thank you. And just a quick reminder, ladies and gentlemen, star one, please, for questions today. We go next now to Oscar Nieves at Stephens.

Oscar Nieves

Hello. Good afternoon. My first one is on the buyback. Back in 2024, Cannae bought a sizable chunk of the shares outstanding through a tender offer. So my question is, given how many shares are still available on the current buyback program and potentially the proceeds from the Restaurant business, would the Company consider the possibility of executing a structured process like that in 2024?

Ryan Caswell

Yes. Thanks, Oscar. Right now, we're focused on open market buybacks. We did do a tender before, so it is something that we could consider if we couldn't get the volume or the pricing that we wanted. But we bought the shares at a premium and the stock traded down. So in the short term, we are most focused on open market purchases as the form of buybacks.

Oscar Nieves

That's helpful. My next one is, what can you tell us about Alight and the current thinking on that investment?

Ryan Caswell

We are optimistic about Alight and the new CEO. So I would turn you to his more detailed remarks in terms of the performance of the business. But we've been a holder of the business for a while and are supportive of him in the business. But as I said earlier, we will review quarterly each of our investments with our Board to make a determination on what's the appropriate timing. Okay.

Oscar Nieves

Okay, and my last one is, on the \$55 million tax refund, or I guess \$45 million you mentioned earlier, how are you thinking about allocating that capital between buybacks and potential incremental investments in some of the core assets? And also, what will ultimately drive that decision?

Ryan Caswell

So we will look at allocating that capital similar to how we look at allocating any liquidity that we have on our balance sheet, which is what we determined to be the most attractive use of capital at that time for our shareholders. In this last quarter, we allocated about 86% of our capital to buybacks and dividends. But it will be a case-by-case basis when the timing comes in and where we are in terms of investments or where our stock price is trading.

Oscar Nieves

Very helpful. Thank you.

Operator

Thank you. Gentlemen, it appears we have no further questions this afternoon. Mr. Caswell, I'll turn things back to you, sir, for any closing comments.

Ryan Caswell

I want to thank you all for the support as we continue to execute our strategic priorities. We look forward to updating you on our progress next quarter. Thank you very much.

Operator

Thank you, gentlemen. Again, ladies and gentlemen, this will conclude the Cannae Holdings Incorporated First Quarter 2026 earnings conference call. Thank you all so much for joining us today. We wish you all a great afternoon. Goodbye.