

OTC MARKETS GROUP INC.

A Delaware Corporation

300 Vesey Street
New York, NY 10282

Telephone: (212) 896-4400
Corporate website: www.otcmarkets.com
Email: ir@otcmarkets.com

Federal EIN: 13-3941069
NAICS: 523210
SIC Code: 6289

Issuer's Quarterly Report

For the quarterly period ended March 31, 2025
(the "Reporting Period")

ISSUER'S EQUITY SECURITIES

COMMON STOCK

Class A Common Stock
\$0.01 Par Value Per Share
17,000,000 Shares Authorized
12,013,784 Shares Outstanding as of April 30, 2025
OTCQX: OTCM

OTC Markets Group Inc. is responsible for the content of this Quarterly Report. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.

Table of Contents

Item 1	The exact name of the issuer and the address of its principal executive offices	3
Item 2	Shares outstanding	4
Item 3	Unaudited interim condensed consolidated financial statements	5
Item 4	Management's discussion and analysis	6
Item 5	Legal proceedings	21
Item 6	Defaults upon senior securities	21
Item 7	Other information	21
Item 8	Exhibits	21
Item 9	Certifications	21

OTC MARKETS GROUP INC.

A Delaware Corporation

QUARTERLY REPORT

Cautionary Note Regarding Forward-Looking Statements

Information set forth in this Quarterly Report (the “Quarterly Report”) contains forward-looking statements, which involve a number of risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Forward-looking statements can be identified by use of the words “expect,” “project,” “may,” “might,” “potential,” and similar terms. OTC Markets Group Inc. and its subsidiaries (“OTC Markets Group,” “we,” or the “Company”) caution readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Forward-looking statements involve a number of risks, uncertainties, or other factors beyond OTC Markets Group’s control. These factors include but are not limited to: our ability to implement our strategic initiatives; economic, political, and market conditions and price fluctuations; government and industry regulation; U.S. and global competition; changes to trading behavior broadly in the market; and other risk factors discussed under the heading “*Risk Factors*” in our Annual Report for the year ended December 31, 2024. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Item 1. The exact name of the issuer and the address of its principal executive offices

The name of the issuer is OTC Markets Group Inc.

Company description

OTC Markets Group Inc. (OTCQX: OTCM) operates regulated markets for trading 12,000 U.S. and international securities. Our data-driven disclosure standards form the foundation of our three public markets: OTCQX® Best Market, OTCQB® Venture Market, and Pink® Open Market.

Our OTC Link® Alternative Trading Systems (“ATs”) provide critical market infrastructure that broker-dealers rely on to facilitate trading. Our innovative model offers companies more efficient access to the U.S. financial markets.

OTC Link ATS, OTC Link ECN, OTC Link NQB, and MOON ATS™ are each a Securities and Exchange Commission (“SEC”) regulated ATS, operated by the Company’s wholly owned subsidiary, OTC Link LLC (“OTC Link”), a Financial Industry Regulatory Authority, Inc. (“FINRA”) and SEC registered broker-dealer, member SIPC.

There have been no changes in control of the Company since 1997. OTC Markets Group is currently conducting operations, and it is not now, nor has it at any time been, a “shell company” as that term is defined in the OTCQX U.S. Disclosure Guidelines and the federal securities laws.

The address of the issuer: **300 Vesey Street, 12th Floor
New York, NY 10282**

The issuer's telephone: **(212) 896-4400**

The issuer's website: **OTC Markets Group's corporate website, www.otcmarkets.com, contains general information about us and our products and services. As of March 31, 2025, we also maintained www.otciq.com, www.otcdealer.com, canari.otcmarkets.com, www.qaravan.com, www.virtualinvestorconferences.com, www.edgar-online.com, and www.edgarexplorer.com. The information contained on such websites shall not be deemed incorporated by reference herein.**

Investor relations contact: **Antonia Georgieva, Chief Financial Officer
300 Vesey Street, 12th Floor
New York, NY 10282
Telephone: (212) 220-2215
ir@otcmarkets.com**

Item 2. Shares outstanding

As of March 31, 2025, the Company is authorized to issue 17,000,000 shares of Class A Common Stock of \$0.01 par value.

None of OTC Markets Group's Class A Common Stock has been registered under the Securities Act of 1933 (the "Securities Act"), or qualified under any state securities laws, and we have no current plans to register or qualify any of our securities. Certain shares of our Class A Common Stock are currently eligible for resale in the public market pursuant to the exemption from registration offered by Rule 144 under the Securities Act ("Rule 144"). The remaining outstanding shares of our Class A Common Stock are "restricted securities" within the meaning of Rule 144 and may be eligible for resale in the future.

The following table shows the amount of the securities outstanding for our Class A Common Stock as of March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
Number of shares authorized	17,000,000	17,000,000
Number of shares outstanding	12,013,295	11,979,165
Number of shares freely tradable (public float) ⁽¹⁾⁽²⁾	7,687,935	7,875,672
Total number of holders of record	220	212

- (1) The number of shares freely tradable may include shares held by stockholders owning 10% or more of our Class A Common Stock. These stockholders may be considered "affiliates" within the meaning of Rule 144, and their shares may be "control shares" subject to the volume and manner of sale restrictions under Rule 144.

- (2) Our officers and directors hold approximately 4.2 million shares of our Class A Common Stock, which may be “control shares” subject to the volume and manner of sale restrictions under Rule 144. These shares are excluded from the number of shares freely tradable.

As of March 31, 2025 and December 31, 2024, there were 1,392 and 1,385 non-objecting beneficial stockholders owning at least 100 shares of the Company’s Class A Common Stock, respectively.

Our Class A Common Stock trades on the OTCQX market under the symbol OTCM (CUSIP Number: 67106F108).

Dividends

The declaration of dividends by OTC Markets Group is subject to the discretion of our Board of Directors. Our Board of Directors will consider such matters as general business conditions, financial results, capital requirements, contractual, legal, and regulatory restrictions on the payment of dividends, and other factors as our Board of Directors may deem relevant.

During the Reporting Period, our Board of Directors authorized and approved the following cash dividend:

<u>Declaration Date</u>	<u>Dividend Per Common Share</u>	<u>Record Date</u>	<u>Total Amount (in thousands)</u>	<u>Payment Date</u>
March 11, 2025	0.18	March 24, 2025	2,162	March 31, 2025

On May 6, 2025, the Board of Directors authorized and approved a quarterly cash dividend of \$0.18 per share of Class A Common Stock. The quarterly cash dividend is payable on June 18, 2025, to stockholders of record on June 4, 2025. The ex-dividend date is June 4, 2025.

Stock Repurchase Program

The Company is authorized to purchase shares from time to time on the open market, from employees and consultants, and through block trades, in accordance with the safe harbor provision of Rule 10b-18 under the Securities Exchange Act of 1934 (the “Exchange Act”).

The following table shows purchases by the Company of our Class A Common Stock during the Reporting Period and the number of shares remaining to be purchased under the Company’s stock repurchase program:

<u>Date</u>	<u>Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Number of Shares Purchased as Part of Announced Repurchase Plan</u>	<u>Total Amount (in thousands)</u>	<u>Number of Shares Remaining To Be Purchased Under Announced Plan</u>
Feb 2025	55,522	\$ 52.86	55,522	\$ 2,934	244,478

On March 11, 2025, the Board of Directors refreshed the Company’s stock repurchase program, giving the Company authorization to repurchase up to 300,000 shares of the Company’s Class A Common Stock.

Item 3. Unaudited interim condensed consolidated financial statements

Copies of the unaudited interim condensed consolidated financial statements of OTC Markets Group for the three months ended March 31, 2025 and March 31, 2024, including the unaudited interim Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Stockholders’ Equity, Condensed Consolidated Statements of Cash Flows, and Notes to the condensed consolidated financial

statements, are attached hereto as Exhibit 3.1 and are hereby incorporated by reference into this Quarterly Report.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). The accompanying unaudited interim condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal recurring nature. As permitted under U.S. GAAP, certain footnotes or other financial information are condensed or omitted in the unaudited interim condensed consolidated financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report for the year ended December 31, 2024. The December 31, 2024 unaudited Condensed Consolidated Balance Sheet was derived from audited consolidated financial statements contained in our Annual Report for the year ended December 31, 2024. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2025.

Item 4. Management’s discussion and analysis

Overview

Our mission is to create better informed and more efficient financial markets.

We operate three business lines:

- OTC Link LLC is a FINRA member broker-dealer that operates four SEC regulated ATSs.
- Market Data Licensing distributes market data and financial information.
- Corporate Services operates the OTCQX and OTCQB markets and offers issuers disclosure and regulatory compliance products.

We provide critical infrastructure to the U.S. financial markets: connecting brokers, organizing markets, and incentivizing disclosure. Our market data provides price transparency, assists regulated entities in meeting their compliance obligations, and enables better informed investment decisions. Our platform empowers companies to be public and provides a global gateway to access U.S. investors. OTCQX and OTCQB offer companies a choice of premium markets to demonstrate their compliance with securities laws, corporate governance, and commitment to transparency.

Our Business

OTC Link

Our wholly owned subsidiary, OTC Link LLC, a FINRA member broker-dealer, operates OTC Link ATS, OTC Link ECN, OTC Link NQB, and MOON ATS, each an SEC-regulated ATS. OTC Link LLC provides regulated quotation, messaging, trade execution, and reporting services to broker-dealers. By offering multiple market models, control of trades, and choice of counterparties, OTC Link allows broker-dealer subscribers to efficiently provide best execution, attract order flow, and comply with FINRA and SEC regulations.

OTC Link ATS offers a fully attributable, network-based model for quoting and facilitating transactions in over-the-counter (“OTC”) equity securities and serves a diverse community of FINRA member broker-dealers that operate as market makers, agency brokers, and ATSs, including Electronic Communication Networks (“ECNs”). OTC Link ATS consolidates broker-

dealer quotations, delivers trade messages, and allows subscribers to execute or negotiate trades with known counterparties. All subscribers to OTC Link ATS are FINRA member broker-dealers, subject to all applicable FINRA rules. Unlike traditional exchanges and matching engines, OTC Link ATS is not a party to any trade reports with respect to any trade executions that may result from trade messages.

OTC Link ATS operates as a Qualified Interdealer Quotation System (“Qualified IDQS”) as defined in Exchange Act Rule 15c2-11 (“Rule 15c2-11”). In this capacity, OTC Link ATS determines whether a security is eligible to be the subject of quotations under Rule 15c2-11 and makes those determinations publicly available on our website and via our market data feeds. Broker-dealers can rely on our determinations in submitting quotations in securities on our OTC Link ATS.

OTC Link ECN operates as an ECN and functions as a centralized matching engine and router for certain OTC equity securities by providing subscribers with anonymous order matching functionality.

OTC Link NQB operates as a fully attributable IDQS and a centralized matching engine, allowing distribution of depth-of-book market data. OTC Link NQB also offers the OTC Overnight™ trading and reporting functionality allowing broker-dealer subscribers to trade a select group of active OTC equity securities in overnight sessions, from 8 PM to 4 AM Eastern Time, Sunday to Thursday, in U.S. dollars.

When orders do not match internally on OTC Link ECN or OTC Link NQB, they are routed to other market destinations.

MOON ATS, which launched in November 2024, operates as a fully attributable ATS, with an option for anonymity, and a centralized matching engine, offering access to National Market System (“NMS”) securities listed on major exchanges during overnight sessions. Eligible NMS securities are available for trading from 8 PM to 4 AM Eastern Time, Sunday to Thursday.

OTC Link ECN, OTC Link NQB, and MOON ATS act as the executing party on an agency basis in relation to all transactions executed on these platforms. Pursuant to applicable FINRA rules, OTC Link ECN and OTC Link NQB submit trade reports to FINRA’s OTC Reporting Facility, and MOON ATS submits trade reports to the FINRA/Nasdaq Trade Reporting Facility.

All transactions executed on OTC Link ECN, OTC Link NQB, and MOON ATS are cleared and settled pursuant to a clearing agreement with Apex Clearing Corporation.

Market Data Licensing

Due to the role OTC Link plays in supporting the broker-dealer trading process and our interaction with issuers, we generate a significant amount of market data and information. Our Market Data Licensing business provides our subscribers with access to extensive market data and financial information, including real-time, delayed, and end-of-day quotation and trading data, as well as a security master with issuer-level data. We generate our Market Data Licensing revenues from direct sales to subscribers and from sales through market data redistributors, some of whom are entitled to redistribution fees and rebates.

In addition, our Market Data Licensing business offers a number of data and compliance solutions, including our Compliance Data and Compliance Analytics products, our Blue Sky data product, which provides state securities law compliance data for a wide spectrum of equity and fixed-income securities, and EDGAR Online, which provides structured data sets containing company disclosure and financial information from public company filings. Our data and compliance solutions are available through market data feeds, on our Canari® platform, and through certain of the Company’s websites.

We also charge for the display of advertisements on www.otcmarkets.com.

Corporate Services

Our Corporate Services business includes the OTCQX Best Market, the OTCQB Venture Market, the Pink Open Market, and our suite of additional services. These services include the OTC Disclosure & News Service® (“DNS”) and OTCIQ Basic, which allow issuers to publish disclosure, news, and company information to our website and other distribution channels, and the Virtual Investor Conferences® (“VIC”) product that allows issuers to communicate and engage with stockholders and potential investors through an interactive, online platform and events.

The OTCQX Best Market provides efficient public trading without the complexity and cost of a national securities exchange listing. To join OTCQX, companies must meet minimum financial, disclosure, and qualitative standards set out in our OTCQX Rules.

The OTCQX market is divided into OTCQX U.S. and OTCQX International. OTCQX for Banks, an expansion of the OTCQX market for U.S. companies, is specifically aimed at meeting the needs of community and regional banks. The OTCQX International market is targeted towards (i) large global companies that meet the listing standards of a qualified non-U.S. stock exchange in their primary market and do not see value in meeting multiple regulatory, compliance, disclosure, and accounting standards associated with a U.S. exchange listing, and (ii) emerging growth companies that are listed on a qualified non-U.S. stock exchange and may be working towards a U.S. exchange listing but are not yet ready to deploy the management resources necessary to handle the related operational complexity and cost burdens.

The OTCQB Venture Market provides public trading for entrepreneurial and development-stage companies and applies standards that promote price transparency and facilitate public disclosure. OTCQB is open to international and domestic companies that meet the quantitative and qualitative standards set out in our OTCQB Rules.

Companies that do not meet the standards of, or choose not to apply for, the OTCQX Best Market or the OTCQB Venture Market may have their securities traded on the Pink Open Market. OTC Markets Group categorizes companies on the Pink market as “Pink Current” or “Pink Limited.” The Pink Limited market is for broker-dealers to publicly quote securities with limited to no issuer involvement. Pink Limited companies do not certify their compliance with established reporting standards, have limited availability of disclosure or financial information, and may not support their U.S. market. These securities are identified with a yield sign to warn investors to proceed with caution. The Pink Current market will cease to exist on July 1, 2025, when we introduce the OTCID Market (see *Recent Business Developments*, below). Companies on the Pink market may publish disclosure via DNS, to the SEC, or to certain other regulatory authorities.

We publish issuer and security-level compliance flags to help investors identify opportunities and quantify risk. For example, companies whose stock is the subject of a public interest concern are flagged “Caveat Emptor,” or buyer beware.

We also operate an Expert Market® tier with restricted quote distribution. The Expert Market allows broker-dealers to publish unsolicited quotes and meet their best execution responsibilities while serving the needs of sophisticated investors.

Recent Business Developments

Introducing OTCID™

OTC Markets Group announced that on July 1, 2025, it will launch OTCID – a Basic Reporting Market for companies that meet a minimal current information standard and provide management certification. The Pink Current market will cease to exist. As we have increased the qualitative and quantitative standards of our OTCQX and OTCQB markets, we have identified a need to differentiate companies that actively provide ongoing disclosure and demonstrate compliance with securities laws but cannot qualify for OTCQX or OTCQB. Issuers that do not provide updated information, ongoing reporting, and the required management certifications will see their securities transition to the Pink Limited market or the Expert Market. This will make it clear that the issuer has limited to no involvement with its U.S. securities trading market, while still allowing broker-dealers to serve clients willing to trade these securities. We expect that this ongoing evolution of our markets will improve the overall quality of our markets for broker-dealers and investors and be favorable to our business; however, it is not yet possible to estimate the impact OTCID will have on our financial results.

Overnight Trading in NMS Equity Securities

In November 2024, OTC Markets Group announced the official launch of MOON ATS. MOON ATS offers access to NMS securities listed on major exchanges during overnight sessions, making OTC Markets Group one of the first ATS operators offering broker-dealer subscribers the ability to trade both OTC equity and exchange-listed NMS securities overnight. Overnight trading in NMS securities expands OTC Link's offerings to broker-dealer subscribers; however, it is not yet possible to predict how successful we will be in attracting subscriber activity to the overnight trading of NMS securities, or to estimate the impact this offering will have on our financial results in the future.

Overnight Trading in OTC Equity Securities

In September 2024, OTC Markets Group announced the official launch of OTC Overnight. A select group of active securities are available for trading Sunday through Thursday between 8 PM and 4 AM eastern time. The Company plans to expand the offering to additional securities over time. OTC Overnight, operated on OTC Link NQB, provides trading capabilities that significantly expand market accessibility, transparency, and comprehensive data coverage for the OTC markets; however, it is not yet possible to predict how successful we will be in attracting subscriber activity to the overnight trading offering, or to estimate the impact it will have on our financial results in the future.

Recent Regulatory Developments Impacting our Business

Blue Sky Secondary Trading Exemptions for OTCQX and OTCQB

As of May 1, 2025, our OTCQX and OTCQB markets are exempt from state Blue Sky laws regarding secondary trading in 40 states and one U.S. territory: Alaska, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho (OTCQX only), Indiana, Iowa, Kansas (OTCQX only), Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont (OTCQX only), Virginia (OTCQX only), Washington, West Virginia, Wisconsin, and Wyoming. State Blue Sky laws generally help investors make informed decisions by mandating that companies disclose accurate and current information when offering or marketing securities. We believe recognition of our markets by state regulators and the resulting Blue Sky

exemptions make OTCQX and OTCQB more attractive to current and prospective companies. However, the impact of this initiative on our financial results is indirect and therefore difficult to determine.

Trends in Our Business

The economic environment in which we operated during the Reporting Period was characterized by heightened volatility and uncertainty and continuing geopolitical developments. Furthermore, we saw significant changes in trading volumes and trading behavior in the U.S. equity markets. The scope and extent of the potential impact of these macro trends on our business in future quarters depend on several factors that are highly uncertain and cannot be predicted. Additional information regarding the potential risks impacting our business is included in the “*Risk Factors*” section of our Annual Report for the year ended December 31, 2024.

Our overall gross revenues for the Reporting Period increased. OTC Link saw a meaningful increase in trading activity compared to the prior year period, resulting in a significant increase in transaction-based revenues. Our Market Data Licensing business benefited from price increases for certain user and enterprise licenses. Our Corporate Services business saw a lower average and period-end number of companies subscribing to our premium OTCQX and OTCQB markets and DNS product compared to the prior year period (see *Financial Results*, below).

For the Reporting Period, 81% of our gross revenues were derived from subscription-based arrangements that are recurring in nature and 19% were transaction-based revenues, compared to 84% and 16%, respectively, for the prior year period. The subscription-based component of our revenues increased 7%, while the transaction-based component increased 27% as a result of the increased trading activity on OTC Link, compared to the three months ended March 31, 2024.

OTC Link

Our OTC Link business executed a higher volume of trades on OTC Link ECN and OTC Link NQB and saw a higher number of trade messages on OTC Link ATS during the Reporting Period, compared to the prior year period. The total dollar volume traded in OTCQX, OTCQB, and Pink securities increased 57% from \$117 billion in the prior year period to \$183 billion in the Reporting Period. The total number of securities quoted by broker-dealers on OTC Link ATS was 12,423 securities as of March 31, 2025, compared to 12,432 securities as of March 31, 2024.

We executed an average of approximately 56,000 transactions per day on OTC Link ECN and OTC Link NQB during the Reporting Period, compared to an average of approximately 34,000 transactions per day during the prior year period. As a result, gross revenues from OTC Link ECN and OTC Link NQB increased 46%, compared to the prior year period.

OTC Link ECN and OTC Link NQB generated \$3.6 million in transaction-based revenues during the Reporting Period and paid \$2.4 million in transaction-based expenses in the form of rebates for posted liquidity, compared to \$2.5 million in transaction-based revenues and \$1.5 million in transaction-based expenses in the prior year period. The transaction-based revenues and transaction-based expenses that OTC Link generates, as well as OTC Link’s regulatory and clearing costs, which are included in professional and consulting fees, are positively correlated with the volume of trading activity on our markets. However, future trading volumes remain highly uncertain and cannot be predicted.

The number of unique subscribers to OTC Link's trading platforms was 141 as of March 31, 2025, compared to 135 as of the prior year period. The number of broker-dealer subscribers to OTC Link ECN was 116 as of March 31, 2025, up from 112 subscribers as of March 31, 2024. OTC Link ATS had 81 broker-dealer subscribers as of March 31, 2025, compared to 82 subscribers as of March 31, 2024. We expect to continue to attract new subscribers to our OTC Link platform and to grow our market share; however, the total addressable market is relatively limited.

Market Data Licensing

In our Market Data Licensing business, the number of professional users subscribing to our data products decreased 1% to 27,711 as of March 31, 2025, from 28,051 as of March 31, 2024; however, price increases introduced at the beginning of 2025 drove a 20% year over year increase in revenues derived from professional users.

The number of non-professional users of our market data increased 10% to 11,996 users as of March 31, 2025, from 10,927 users as of March 31, 2024. The growth in non-professional users, combined with price increases introduced at the beginning of 2025, drove a 45% increase in revenues from non-professional users year over year. The number of non-professional users of our market data generally correlates to the level of retail participation in the U.S. equity markets. Non-professional users' interest in our data tends to fluctuate significantly in response to volatility in the markets and changes in retail trading activity, and we may experience a decline in the number of users in the future.

We also saw growth in the number of market data enterprise licenses.

In our suite of data and compliance solutions, as of March 31, 2025, we had 56 subscriptions to our Compliance Data or Compliance Analytics products, 27 subscribers to our Blue Sky data product, and 461 subscribers to our EDGAR Online offerings, compared to 55, 27, and approximately 500 subscribers, respectively, as of March 31, 2024.

Effective January 1, 2025, we increased certain Market Data Licensing fees.

Corporate Services

During the Reporting Period, our Corporate Services business saw a lower average and period-end number of companies on our premium OTCQX and OTCQB markets and DNS subscribers, compared to the prior year period. The month-to-month variability in subscriber numbers is driven by new sales, offset by voluntary non-renewals, and the impact of compliance downgrades, which occur when companies are removed from OTCQX or OTCQB for noncompliance with the OTCQX or the OTCQB Rules, or corporate events such as mergers, acquisitions, or other change of control events.

The OTCQX Best Market had 548 companies as of March 31, 2025, compared to 577 companies as of March 31, 2024. The decline stems from a lower number of OTCQX companies as of December 31, 2024, partially offset by a higher retention rate and increased sales during the Reporting Period. Companies on our OTCQX market choose to renew their services at the end of each calendar year. For the annual OTCQX subscription period beginning January 1, 2025, we achieved a 96% retention rate, compared to a 93% retention rate achieved for the annual subscription period beginning January 1, 2024.

As of March 31, 2025, there were 1,051 companies on the OTCQB Venture Market, compared to 1,115 companies as of March 31, 2024. During the Reporting Period, a lower number of OTCQB companies as of December 31, 2024 resulted in a lower number of companies on our OTCQB market compared to the prior year period, but was partially offset by higher sales and lower number of non-renewals and compliance downgrades. OTCQB companies renew on an

annual or semi-annual basis, based on the date they joined the market. During the Reporting Period, nearly 90% of OTCQB companies that remained in compliance with our OTCQB Rules chose to renew their services at the end of their service terms, compared to our historical renewal experience of over 90%.

International issuers remain a significant component of companies on our OTCQX and OTCQB markets, with 15 international companies joining OTCQX and 43 international companies joining OTCQB during the Reporting Period, compared to 14 and 23 international companies joining OTCQX and OTCQB during the prior year period, respectively.

Effective January 1, 2025, we increased certain Corporate Services fees, including applying annual, incremental pricing adjustments to our OTCQX, OTCQB, and DNS fees.

General Business Matters

We continue to evaluate both the current and future period impact of increasing costs related to our personnel, IT infrastructure, and expense base more generally. Consistent with other companies in the financial technology sector, compensation and information technology costs comprise a significant proportion of our overall expenses, representing approximately 79% and 82% of our total operating expenses in the three months ended March 31, 2025 and 2024, respectively.

We recognize the importance of attracting and retaining the talent required to develop our service offerings and manage our infrastructure. We have added headcount where we believe those additional resources can drive future earnings growth, help integrate acquired businesses, or provide reliable services to our clients. Adding headcount also allows us to comply with our regulatory obligations, including those under Regulation Systems Compliance and Integrity ("SCI"), Rule 15c2-11, and our Consolidated Audit Trail ("CAT") reporting responsibilities. We expect that future investments related to our regulatory compliance obligations will be material to our financial results. Our headcount as of March 31, 2025, was 131, an increase of three versus our headcount of 128 employees as of March 31, 2024.

How OTC Markets Group Generates Revenues

OTC Markets Group generates a significant proportion of our revenues pursuant to subscription arrangements that are recurring in nature. Each of our three business lines offers a distinct fee structure designed to serve its subscribers. OTC Link operates OTC Link ATS, with a subscription model and usage-based fees, and OTC Link ECN, OTC Link NQB, and MOON ATS, with transaction-based fees. Corporate Services charges application fees and subscription fees on an annual and semi-annual basis. Market Data Licensing charges licensing and subscription fees. The revenue model for each of our business lines is described in detail below.

OTC Link

OTC Link generates revenues through subscription arrangements and transaction-based fees to broker-dealer subscribers.

Broker-dealers pay monthly subscription and connectivity fees to access OTC Link ATS, including our OTC Dealer[®] application, which provides broker-dealers a user interface into OTC Link ATS. Fees for such access are based on the number of authorized OTC Dealer users per subscriber, which are discounted in graduated amounts in relation to total users per subscriber, or the number and type of services per connection.

OTC Link ATS's FINRA member broker-dealer subscribers pay per security usage fees to (i) publish quotes and (ii) communicate and negotiate with counterparties on OTC Link ATS. Monthly OTC Link ATS quote position fees are based on the daily number of securities on OTC

Link ATS for which quotes are published, with tiered pricing arrangements based on volume. Monthly OTC Link ATS message fees are based on the daily number of securities on OTC Link ATS for which trade messages are sent or received, with tiered pricing arrangements based on volume. The daily quoting and messaging fees allow subscribers to make unlimited quote updates in a single security and to send and receive an unlimited number of trade messages in a security on a given day. OTC Link ATS also generates revenues from the Quote Access Payment ("QAP[®]") One Statement service as well as from our CAT reporting service.

OTC Link ECN generates transactional revenues based on share volume executed. Broker-dealer subscribers pay a fixed fee per share executed where their orders remove posted liquidity on OTC Link ECN, while receiving a rebate on shares executed against their own posted liquidity. To the extent that OTC Link ECN routes orders to OTC Link ATS, OTC Link ECN may earn fees for orders that provide liquidity, while paying a fee for those orders that remove liquidity. OTC Link NQB and MOON ATS generate transactional revenues and incur transaction-based expenses in a manner similar to OTC Link ECN. Fees earned are recognized as transaction-based revenues, while fees paid are recognized as transaction-based expenses.

Market Data Licensing

Market Data Licensing generates revenues by licensing, on a subscription basis, our extensive market data, compliance data, Blue Sky data, and issuer data and security information, including SEC filings.

Market Data Licensing subscribers include broker-dealers, investors, traders, institutions, companies, accountants, and regulators, among others, which pay monthly, quarterly, or annual license fees to access this information. We offer a suite of market data licenses, priced at per enterprise or per user rates, through direct connectivity, extranet connectivity, third-party market data redistributors, OMS providers, and certain of our websites. Depending on the license type, subscribers may distribute our market data on an internal-only basis, to clients, or to the public. We generate Market Data Licensing revenues from sales through market data redistributors and from direct sales to subscribers.

Certain of our Market Data Licensing agreements include redistribution fees and rebates, which represented 8% of Market Data Licensing gross revenues in each of the three months ended March 31, 2025 and 2024.

Market Data Licensing pricing information is publicly available on our website.

We also charge for the right to display advertisements on www.otcmarkets.com. Website advertising revenue is included in our Market Data Licensing business line.

Corporate Services

We generate revenue from the OTCQX Best Market and the OTCQB Venture Market, as well as a suite of Corporate Services products, including DNS; OTCIQ Basic; Real-Time Level 2 Quote Display, a service that companies sponsor to provide their investors with access to free real-time level 2 quotes on www.otcmarkets.com and the issuer's website; the Blue Sky Monitoring Service for issuers; and our VIC product, which allows issuers to communicate and engage with their stockholders and potential investors.

Companies that choose to have their securities designated as OTCQX securities do so annually, on a calendar year basis, while companies on the OTCQB market renew their services annually or semi-annually on the anniversary of the date on which they joined the market. All companies traded on the OTCQX or OTCQB markets pay a one-time application fee and annual or semi-annual fees. These fees are fixed and do not vary based on outstanding shares,

market capitalization, market segment, or otherwise. Companies on both markets also receive access to DNS, Real-Time Level 2 Quote Display, and the Blue Sky Monitoring Service.

Pink companies may subscribe separately to these services and pay one-time application fees and annual or semi-annual subscription fees, as applicable.

Each of these services may be accessed through www.otciq.com.

Our VIC product is available on a per event basis to companies that choose to participate.

Key Metrics

The table below presents key metrics for our OTC Link, Corporate Services, and Market Data Licensing business lines for the three months ended March 31, 2025 and 2024.

	Three Months Ended March 31,	
	2025	2024
OTC Link		
Number of active ATS subscribers ⁽¹⁾	81	82
Number of active ECN subscribers ⁽¹⁾	116	112
Number of unique active OTC Link subscribers ⁽¹⁾	141	135
New Form 211 filings ⁽⁴⁾	50	52
<i>Number of securities quoted: ⁽¹⁾</i>		
OTCQX	610	642
OTCQB	1,108	1,164
Pink	10,705	10,626
Total	12,423	12,432
<i>Dollar volume traded (in thousands): ⁽³⁾</i>		
OTCQX	\$ 24,590,403	\$ 26,293,805
OTCQB	11,349,078	2,188,630
Pink	147,039,982	88,044,713
Total	\$ 182,979,463	\$ 116,527,148
<i>Dollar volume per security (in thousands):</i>		
OTCQX	\$ 40,312	\$ 40,956
OTCQB	10,243	1,880
Pink	13,736	8,286
Corporate Services		
Graduates to a national securities exchange	14	7
<i>Number of corporate clients ^{(1)/(2)}</i>		
OTCQX	548	577
OTCQB	1,051	1,115
Pink	1,303	1,428
Total	2,902	3,120
Market Data Licensing		
Market data professional users ⁽¹⁾	27,711	28,051
Market data non-professional users ⁽¹⁾	11,996	10,927
Market data compliance file users ⁽¹⁾	56	55

- (1) Figures presented are at period end.
- (2) Figures presented represent the number of companies subscribing to our services.
- (3) Figures presented are based on actual daily volume accumulation.
- (4) Starting in September 2021, OTC Link ATS began conducting initial reviews under Rule 15c2-11 for certain companies seeking to join the OTCQX and OTCQB markets. In the event that OTC Link ATS approves the initial review, it subsequently files a modified Form 211 with FINRA. Figures presented include 30 and 31 Form 211s filed by OTC Link ATS during the three months ended March 31, 2025 and 2024, respectively.

Financial Results

Consolidated Results from Operations

Three Months Ended March 31, 2025 Versus Three Months Ended March 31, 2024

The table below presents comparative information from the Company's unaudited interim Condensed Consolidated Statements of Income for the three months ended March 31, 2025 and 2024.

(in thousands, except shares and per share data)	Three Months Ended March 31,		% change
	2025	2024	
Gross Revenues	\$ 30,426	\$ 27,657	10%
Net revenues	29,432	26,817	10%
Revenues less transaction-based expenses	27,057	25,309	7%
Operating expenses	19,783	18,610	6%
Income from operations	7,274	6,699	9%
Operating profit margin	24.7%	25.0%	
Income before provision for income taxes	7,424	6,874	8%
Net income	\$ 6,040	\$ 5,984	1%
Diluted earnings per share	\$ 0.50	\$ 0.49	2%
Weighted-average shares outstanding, diluted	11,834,071	11,863,089	-

Revenues and Transaction-Based Expenses

The following table presents OTC Markets Group's gross revenues by business line and consolidated revenues less transaction-based expenses for the three months ended March 31, 2025 and 2024.

(in thousands)	Three Months Ended March 31,		% change
	2025	2024	
OTC Link	\$ 6,563	\$ 5,397	22%
Market data licensing	12,783	11,088	15%
Corporate services	11,080	11,172	(1%)
Gross revenues	30,426	27,657	10%
Redistribution fees and rebates	(994)	(840)	18%
Net revenues	29,432	26,817	10%
Transaction-based expenses	(2,375)	(1,508)	57%
Revenues less transaction-based expenses	\$ 27,057	\$ 25,309	7%

Gross revenues for the Reporting Period increased \$2.8 million, or 10%, to \$30.4 million, compared to the same prior year period, while revenues less transaction-based expenses increased \$1.7 million, or 7%. Gross revenues below are for the Reporting Period, compared to the same prior year period.

- OTC Link revenues increased \$1.2 million, or 22%. The overall increase primarily resulted from a \$1.1 million, or 46%, increase in revenues from OTC Link ECN and OTC Link NQB due to a higher volume of shares traded on those platforms. Contributing to the overall increase in OTC Link revenues was a \$44 thousand, or 19%, increase in

certain connectivity revenue due to growth in the number of connection licenses. Additionally, revenue from OTC Link ATS' QAP service increased \$16 thousand, or 15%, due to the higher volume of trading activity.

- Market Data Licensing revenues increased \$1.7 million, or 15%. The increase in Market Data Licensing revenues was the result of a \$1.1 million, or 19%, increase in redistributor-based revenues and a \$651 thousand, or 22%, increase in revenues from direct sold licenses, more than offsetting a \$28 thousand, or 1%, decline in revenues from data and compliance solutions. Redistributor-based revenues increased due to a \$928 thousand, or 20%, increase in revenue from professional user licenses, as a result of price increases in effect from the beginning of 2025, offsetting a slightly lower pro-user count, and a \$168 thousand, or 45%, increase in revenue from non-professional users due to price increases and higher non-pro user counts (see *Trends in Our Business*, above). The growth in revenues from direct sold licenses was primarily driven by a \$310 thousand, or 31%, increase in revenue from broker-dealer enterprise licenses due to price increases and growth in subscribers, and a \$217 thousand, or 36%, increase in revenue from internal system licenses due to growth in subscribers and certain one-time revenue recognized during the Reporting Period. The slight decline in revenues from data and compliance solutions resulted from a \$91 thousand, or 10%, reduction in revenues from EDGAR Online due to subscriber cancellations, partially offset by increases in revenues from data services and our Blue Sky data product.
- Corporate Services revenues decreased \$92 thousand, or 1%. OTCQB revenues decreased \$75 thousand, or 2%, due to a lower number of companies subscribing to OTCQB, which more than offset the impact of pricing adjustments effective January 1, 2025. Contributing to the overall decline in Corporate Services revenues was also a \$61 thousand, or 67%, decline in revenue from OTCIQ Basic due to phasing out of the product in connection with the July 1, 2025 launch of OTCID (see *Recent Business Developments*, above). Partially offsetting these declines were a \$44 thousand, or 1%, increase in OTCQX revenues and a \$39 thousand, or 2%, increase in DNS revenues, in each case due to the impact of annual, incremental pricing adjustments, counterbalancing the lower number of companies on the OTCQX market or subscribing to DNS. Corporate Services achieved a 96% renewal rate for the annual OTCQX subscription period beginning January 1, 2025, compared to 93% for the prior year period. OTCQB saw a renewal rate of nearly 90% during the Reporting Period (see *Trends in Our Business*, above).
- Transaction-based expenses, representing rebates paid to OTC Link subscribers providing liquidity and certain CAT-related regulatory pass-through fees, increased \$867 thousand, or 57%, consistent with the higher trading volumes on OTC Link ECN and OTC Link NQB.

Operating Expenses

The following table presents OTC Markets Group's consolidated operating expenses for the three months ended March 31, 2025 and 2024.

(in thousands)	Three Months Ended March 31,		% change
	2025	2024	
Compensation and benefits	\$ 12,906	\$ 12,522	3%
IT Infrastructure and information services	2,715	2,699	1%
Professional and consulting fees	1,956	1,466	33%
Marketing and advertising	343	263	30%
Occupancy costs	638	585	9%
Depreciation and amortization	660	653	1%
General, administrative and other	565	422	34%
Total operating expenses	<u>\$ 19,783</u>	<u>\$ 18,610</u>	6%

Operating expenses for the Reporting Period increased 1.2 million, or 6%, to \$19.8 million, compared to the same prior year period. All operating expenses below are for the Reporting Period, compared to the same prior year period.

- Compensation and benefits expenses increased \$384 thousand, or 3%, to \$12.9 million, primarily related to a \$125 thousand, or 6%, increase in cash-based incentive compensation, \$121 thousand, or 77%, increase in commissions due to higher sales and the updated commission plan in effect from January 1, 2025, and \$114 thousand, or 2%, increase in base salaries as a result of annual base salary increases. As a percentage of gross revenues, compensation and benefits costs represented 42% for the Reporting Period, compared to 45% for the same prior year period. Compensation and benefits expenses during both the Reporting Period and the same prior year period included certain one-time expenses.
- IT infrastructure and information services expenses increased \$16 thousand, or 1%, and remained at approximately \$2.7 million, with increases in information services and software licenses partially offset by lower data center costs due to optimization of our cloud services and lower spending on workstation accessories.
- Professional and consulting fees increased \$490 thousand, or 33%, to \$2.0 million, primarily as a result of higher consulting expenses related to the SEC matter (see *Legal Proceedings*, below). Contributing to the increase in professional and consulting fees were also higher regulatory and clearing costs as a result of increased trading volumes on OTC Link ECN and OTC Link NQB.
- Marketing and advertising expenses increased \$80 thousand, or 30%, to \$343 thousand, primarily related to higher travel and entertainment spending due to timing of events.
- Occupancy costs increased \$53 thousand, or 9%, to \$638 thousand, primarily due to higher real estate taxes allocated to us by our landlords.
- General, administrative and other costs increased \$143 thousand, or 34%, to \$565 thousand, primarily due to bad debt related to higher aged accounts receivable and higher bank fees.

Income from Operations and Operating Profit Margin

(in thousands)	Three Months Ended March 31,		
	2025	2024	% change
Income from operations	\$ 7,274	\$ 6,699	9%
Operating profit margin	24.7%	25.0%	(1%)

Income from operations increased \$575 thousand, or 9%, for the Reporting Period, compared to the same prior year period, while operating profit margin contracted slightly to 24.7% as shown in the table above. Income from operations increased due to growth in revenues less transaction-based expenses outpacing the increase in operating expenses.

Net Income

(in thousands)	Three Months Ended March 31,		
	2025	2024	% change
Income before provision for income taxes	\$ 7,424	\$ 6,874	8%
Provision for income taxes	1,384	890	56%
Effective income tax rate	18.6%	12.9%	44%
Net income	\$ 6,040	\$ 5,984	1%

Net income increased \$56 thousand, or 1%, for the Reporting Period, compared to the same prior year period, due to the \$575 thousand increase in income from operations, partially offset by an increase in the Company's effective tax rate for the Reporting Period from 12.9% to 18.6% primarily as a result of lower excess tax benefit on stock-based compensation.

Liquidity and Capital Resources

Our liquidity is primarily derived from our working capital and cash flows from operations. We require cash to support our current operating levels, fund strategic growth initiatives, including acquisitions, develop new services and enhance existing services, make capital expenditures, fund dividends and stock repurchases, and pay federal, state, and local corporate taxes. We expect that our operations will provide sufficient cash to fund our strategic initiatives. We have no outstanding debt and, as described further below, \$3.0 million available for business operations under our line of credit, which gives us additional flexibility in managing our cash flows (see *Line of Credit*, below).

Cash Available for Operations

The following table presents cash available for operations, which consists of cash and cash equivalents and short-term investments, as of March 31, 2025 and December 31, 2024.

(in thousands)	March 31,	December 31,	% change
	2025	2024	
Cash available for operations	\$ 32,887	\$ 39,035	(16%)

Cash available for operations decreased \$6.1 million, or 16%, to \$32.9 million as of March 31, 2025. During the Reporting Period, the Company used \$818 thousand in cash from operations and utilized operating cash flows and cash on hand to fund \$116 thousand investments in IT infrastructure enhancements, \$2.2 million in quarterly dividends, and \$2.9 million in respect of repurchases of our Class A Common Stock.

Cash Flow

The following table presents sources and uses of cash flows for the three months ended March 31, 2025 and 2024.

(in thousands)	Three Months Ended March 31,		% change
	2025	2024	
Net Cash used in operating activities	\$ (818)	\$ (709)	15%
Net Cash provided by (used in) investing activities	526	(536)	(198%)
Net Cash used in financing activities	(5,214)	(5,504)	(5%)
Net (decrease) in cash and restricted cash	<u>\$ (5,506)</u>	<u>\$ (6,749)</u>	(18%)

Operating Activities

Net cash used in operating activities for the Reporting Period was \$818 thousand, compared to \$709 thousand used in the same prior year period. Net cash used in operating activities for the Reporting Period consisted of net income of \$6.0 million, which was adjusted for non-cash items of \$2.1 million and offset by changes in assets and liabilities of \$9.0 million. The higher net cash used in operating activities during the Reporting Period was primarily due to an increase in accounts receivable. The remaining variance was primarily related to other fluctuations in working capital.

Investing Activities

Net cash provided by investing activities for the Reporting Period was \$526 thousand, compared to cash used of \$536 thousand for the same prior year period. Net cash provided by investing activities during the Reporting Period was primarily related to \$1.6 million in treasury bill maturities, partially offset by \$908 thousand of treasury bill purchases and \$116 thousand in investments in IT infrastructure enhancements.

Financing Activities

Net cash used in financing activities for the Reporting Period was \$5.2 million, compared to \$5.5 million for the same prior year period. The net cash used in both periods was primarily related to dividends paid to our stockholders and repurchases of our Class A Common Stock.

Capital Resources and Working Capital

OTC Markets Group's working capital as of March 31, 2025 was \$8.7 million, an increase of \$2.8 million, or 47%, from \$5.9 million as of December 31, 2024. Working capital includes certain non-operating assets and liabilities, such as prepaid income taxes and income taxes payable. The increase in working capital for the Reporting Period was primarily attributable to an increase in accounts receivable and a reduction in accrued expenses and other current liabilities.

Line of Credit

On July 7, 2012, the Company entered into a line of credit agreement with JPMorgan Chase (the "Line of Credit") that initially provided up to \$1.5 million of available borrowing capacity to fund business operations. The Line of Credit has been increased to \$3.0 million and has been extended through June 21, 2025. The effective interest rate of the Line of Credit is benchmarked to the Prime Rate. We have not drawn funds on the Line of Credit. Under the terms of the Line of Credit, we agreed to fulfill certain affirmative and negative covenants and other specified terms. As of March 31, 2025, the Company was in compliance with all of the covenants and other terms of the Line of Credit.

Operating Leases

We have entered into operating lease agreements for our offices and recognize rent expense on a straight-line basis over the terms of the leases.

Off-Balance Sheet Arrangements

None.

Item 5. Legal proceedings

There are no current, past, pending, or threatened legal proceedings or administrative actions either by or against OTC Markets Group that could have a material effect on our business, financial condition, or operations. We are not a party to any past or pending trading suspensions by a securities regulator.

In the ordinary course of business, the nature of the Company's business subjects it to claims, lawsuits, regulatory examinations or investigations, and other proceedings. OTC Link is regularly the subject of various regulatory reviews, inquiries, investigations, and subpoenas or requests for information by FINRA and the SEC. On August 20, 2024, OTC Link paid a civil penalty of \$1.19 million to the SEC that the Company had accrued in 2023, pursuant to a settlement order regarding certain OTC Link policies and procedures related to the filing of Suspicious Activity Reports (SARs). During 2024, we also responded to an information request from the SEC's Division of Enforcement regarding certain OTC Link policies and procedures related to Regulation SCI. We have not received any further communication from the SEC's Division of Enforcement, and we cannot anticipate the timing, outcome, or possible impact of this inquiry, financial or otherwise.

Item 6. Defaults upon senior securities

None.

Item 7. Other information

None.

Item 8. Exhibits

- Exhibit 3.1 Unaudited interim condensed consolidated financial statements
- Exhibit 9.1 Certification of principal executive officer
- Exhibit 9.2 Certification of principal financial officer

Item 9. Certifications

Current certifications are filed as Exhibits 9.1 and 9.2 to this Quarterly Report.

EXHIBIT 3.1

OTC MARKETS GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share information)
(Unaudited)

	March 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 29,016	\$ 34,522
Short-term investments	3,871	4,513
Accounts receivable, net of allowance for credit losses of \$462 and \$326	9,268	8,097
Prepaid income taxes	430	244
Prepaid expenses and other current assets	2,771	2,237
Total current assets	45,356	49,613
Property and equipment, net	6,697	7,096
Operating lease right-of-use assets	10,597	10,951
Deferred tax assets, net	10,573	10,120
Goodwill	3,984	3,984
Intangible assets, net	6,684	6,829
Long-term restricted cash	1,606	1,606
Other assets	553	543
Total Assets	\$ 86,050	\$ 90,742
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 854	\$ 1,175
Income taxes payable	1,457	54
Accrued expenses and other current liabilities	7,388	13,425
Deferred revenue	27,001	29,084
Total current liabilities	36,700	43,738
Income tax reserve	962	927
Operating lease liabilities	9,964	10,360
Total Liabilities	47,626	55,025
Commitments and contingencies		
Stockholders' equity		
Common stock - par value \$0.01 per share		
Class A - 17,000,000 authorized, 12,904,727 issued, 12,013,295 outstanding at		
March 31, 2025; 12,815,075 issued, 11,979,165 outstanding at December 31, 2024	129	128
Additional paid-in capital	36,889	35,127
Retained earnings	27,078	23,200
Treasury stock - 891,432 shares at March 31, 2025 and 835,910 shares at December 31, 2024	(25,672)	(22,738)
Total Stockholders' Equity	38,424	35,717
Total Liabilities and Stockholders' Equity	\$ 86,050	\$ 90,742

See accompanying notes to unaudited condensed consolidated financial statements

OTC MARKETS GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share information)
(Unaudited)

	Three Months Ended March 31,	
	2025	2024
Gross Revenues	\$ 30,426	\$ 27,657
Redistribution fees and rebates	(994)	(840)
Net revenues	29,432	26,817
Transaction-based expenses	(2,375)	(1,508)
Revenues less transaction-based expenses	27,057	25,309
Operating expenses		
Compensation and benefits	12,906	12,522
IT Infrastructure and information services	2,715	2,699
Professional and consulting fees	1,956	1,466
Marketing and advertising	343	263
Occupancy costs	638	585
Depreciation and amortization	660	653
General, administrative and other	565	422
Total operating expenses	19,783	18,610
Income from operations	7,274	6,699
Other income		
Interest income	149	175
Other income, net	1	-
Income before provision for income taxes	7,424	6,874
Provision for income taxes	1,384	890
Net Income	\$ 6,040	\$ 5,984
Earnings per share		
Basic	\$ 0.50	\$ 0.50
Diluted	\$ 0.50	\$ 0.49

See accompanying notes to unaudited condensed consolidated financial statements

OTC MARKETS GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2025	2024
Beginning balance	\$ 35,717	\$ 32,227
Increase from net income	6,040	5,984
Dividends paid	(2,162)	(2,154)
Stock-based compensation	1,881	1,826
Issuance of restricted and common shares, net of withholding taxes paid related to cashless exercise of stock options	(118)	(406)
Purchases of treasury stock	(2,934)	(2,944)
Ending balance	<u>\$ 38,424</u>	<u>\$ 34,533</u>

See accompanying notes to unaudited condensed consolidated financial statements

OTC MARKETS GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities		
Net income	\$ 6,040	\$ 5,984
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	660	653
Provision for credit losses	137	29
Stock-based compensation	1,881	1,826
Excess tax benefits related to stock-based compensation	(128)	(486)
Deferred income taxes	(453)	(690)
Changes in assets and liabilities:		
Accounts receivable	(1,308)	116
Prepaid expenses and other current assets	(534)	(719)
Prepaid income taxes	(186)	382
Accounts payable	(321)	(291)
Accrued expenses and other current liabilities	(6,038)	(5,791)
Income tax payable	1,531	1,661
Income tax reserve	35	31
Deferred revenue	(2,083)	(2,889)
Net change in other assets and liabilities	(51)	(525)
Net Cash used in operating activities	(818)	(709)
Cash flows from investing activities		
Purchases of property and equipment	(116)	(522)
Purchases of short-term investments	(908)	(2,264)
Maturities of short-term investments	1,550	2,250
Net Cash provided by (used in) investing activities	526	(536)
Cash flows from financing activities		
Dividends paid	(2,162)	(2,154)
Proceeds from the exercise of stock options	11	-
Issuance of restricted stock	1	1
Withholding taxes paid related to cashless exercise of stock options	(130)	(407)
Purchase of treasury stock	(2,934)	(2,944)
Net Cash used in financing activities	(5,214)	(5,504)
Net (decrease) in cash, cash equivalents and restricted cash	(5,506)	(6,749)
Cash, cash equivalents and restricted cash at beginning of period	36,128	35,687
Cash, cash equivalents and restricted cash at end of period	\$ 30,622	\$ 28,938
Reconciliation of cash and restricted cash:		
Cash and cash equivalents	\$ 29,016	\$ 27,346
Long-term restricted cash	1,606	1,592
Total cash, cash equivalents and restricted cash	\$ 30,622	\$ 28,938
Supplemental Disclosure of Cash Flow Information:		
Income taxes, net of refunds	\$ 586	\$ (9)
Non-cash investing and financing activities:		
Property and equipment included in accounts payable and accrued expenses	-	618

See accompanying notes to consolidated financial statements

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements

(in thousands, except share and per share information)

Note 1. Description of Business

Overview

OTC Markets Group Inc. (“OTC Markets Group” or the “Company”) (OTCQX: OTCM) operates regulated markets for trading 12,000 U.S. and international securities. The Company’s data-driven disclosure standards form the foundation of its three public markets: OTCQX® Best Market, OTCQB® Venture Market, and Pink® Open Market.

The Company’s OTC Link® Alternative Trading Systems (“ATs”) provide critical market infrastructure that broker-dealers rely on to facilitate trading. OTC Markets Group’s innovative model offers companies more efficient access to the U.S. financial markets.

OTC Link ATS, OTC Link ECN, OTC Link NQB, and MOON ATS™ are each a Securities and Exchange Commission (“SEC”) regulated ATS, operated by the Company’s wholly owned subsidiary, OTC Link LLC (“OTC Link”), a Financial Industry Regulatory Authority, Inc. (“FINRA”) and SEC registered broker-dealer, member SIPC.

The Company has three business lines: OTC Link, Market Data Licensing, and Corporate Services.

- OTC Link – OTC Link LLC operates four ATs, OTC Link ATS, OTC Link ECN, OTC Link NQB, and MOON ATS that provide trading services to FINRA member broker-dealer subscribers.
- Market Data Licensing – OTC Markets Group provides market data and compliance data, including SEC filings, for a wide spectrum of securities and issuers. The Market Data Licensing business provides broker-dealers, investors, traders, institutions, companies, accountants, and regulators, among others, with a suite of enterprise and user market data licenses, offered via direct or extranet connectivity, through third-party market data redistributors or Order Management Systems (“OMS”) as well as through certain of the Company’s websites.
- Corporate Services – OTC Markets Group operates the OTCQX Best Market and the OTCQB Venture Market and offers companies access to a suite of services that are designed to facilitate public disclosure and communication with investors, promote greater transparency, and allow companies to demonstrate regulatory compliance and mitigate market risk. These services include the OTC Disclosure & News Service® (“DNS”), OTCIQ Basic, Real-Time Level 2 Quote Display, Blue Sky Monitoring Service for issuers, and the Virtual Investor Conferences® (“VIC”) product.

Corporate Form

OTC Markets Group is a Delaware corporation. The Company is a “C” Corporation for federal, state, and local income tax purposes.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and include the accounts of the Company and its wholly owned subsidiaries, OTC Link LLC, OTC Markets Group International Ltd, and Edgar Online LLC. The unaudited interim condensed consolidated financial statements reflect all adjustments,

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair statement of the results for the periods. All intercompany transactions have been eliminated in consolidation. Management has assessed the segment reporting standards and the availability of discrete financial information, analyzed how the chief operating decision maker ("CODM"), the President and Chief Executive Officer, manages the businesses, assesses performance, and allocates resources; and has concluded that the Company's three business lines are managed as one operating segment, which is the Company's reportable segment. Refer to Note 2, *Summary of Significant Accounting Policies*, in the Company's Annual Report for the year ended December 31, 2024 for a full discussion of significant accounting policies.

The interim condensed consolidated financial statements are unaudited and should be read in conjunction with the audited financial statements of the Company as of and for the year ended December 31, 2024. Operating results for the three months ended March 31, 2025 (the "Reporting Period") are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

Segment information

The Company has a single operating and reportable segment, which operates regulated markets for trading over 12,000 U.S. and international securities. The primary financial measure used by the CODM to evaluate performance and allocate resources is Net Income.

The measure of segment assets is reflected as Total Assets on the Company's unaudited interim Condensed Consolidated Balance Sheets. As of March 31, 2025 and December 31, 2024, all of the Company's long-lived assets, including property and equipment, net, and operating right-of-use assets, were located in the United States.

Use of Estimates

The preparation of these unaudited interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the unaudited interim condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Estimates included in the unaudited interim condensed consolidated financial statements include allowance for credit losses, certain accrued expenses, stock-based compensation expense, the incremental borrowing rate used to calculate the present value of the operating lease liabilities, fair values of intangible assets and goodwill, useful lives of intangible assets, income tax reserve and provision for income taxes. Actual results could differ from those estimates.

Recently Adopted Accounting Standards

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures*, which updates the reportable segment disclosure requirement, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this guidance effective for the annual reporting period beginning January 1, 2024, and has applied the guidance retrospectively. The adoption of this guidance did not have a material impact on the Company's financial statements and related disclosure.

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires that an entity discloses consistent categories and

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

greater disaggregation of information in the income tax rate reconciliation, and income taxes paid disaggregated by jurisdiction, among other amendments that expand income tax disclosures. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of the adoption of this ASU but does not expect it would have a material impact on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation*, which requires an entity to provide additional disaggregated information disclosures about certain income statement expense items. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026. The Company is currently evaluating the impact of the adoption of this ASU but does not expect it would have a material impact on its consolidated financial statements and related disclosures.

Note 3. Revenue Recognition

Substantially all of OTC Markets Group's revenues are derived from contracts with customers. Revenues are recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. In accordance with ASC Topic 606, the Company evaluates its contracts with customers based on a five-step methodology. The Company: (1) identifies the contract with the customer; (2) identifies the performance obligations under the contract; (3) determines the transaction price; (4) allocates the transaction price to the separate performance obligations; and (5) recognizes revenue when each performance obligation is satisfied. Certain of the Company's ancillary Market Data Licensing and Corporate Services offerings, including VIC, news release and advertising services, are usage-based and are delivered at a point in time. Accordingly, the Company recognizes revenue upon delivery of the service in line with the contractual agreement.

OTC Link

OTC Link LLC operates four ATSS: OTC Link ATS, OTC Link ECN, OTC Link NQB, and MOON ATS. Broker-dealers pay monthly subscription and connectivity fees that permit access to the trading system, including the OTC Dealer[®] application and related support and updates, if applicable, during the contract term. Fees for such access are based on the number of authorized OTC Dealer users per subscriber, which are calculated based on a tiered pricing arrangement, or the number and type of services per connection. These fees are invoiced monthly and in advance of the monthly service period. The Company satisfies its performance obligations over the contract term and records revenue from these fees ratably over the month, with the unrealized portion recorded as deferred revenue on the Company's Consolidated Balance Sheets.

In addition to the aforementioned monthly access fees, broker-dealer subscribers to OTC Link ATS pay usage-based fees to publish quotes and deliver trade messages electronically to counterparties. Those fees are recognized at the point in time when the performance obligation, the publication of the quote or delivery of the message, is satisfied. OTC Link ECN generates revenues based on share volume executed on the ECN matching platform. Broker-dealer counterparties pay a fixed fee per share executed where their orders remove posted liquidity on the ECN, while receiving a rebate on shares executed against their own posted liquidity. To the extent that OTC Link ECN routes orders to OTC Link ATS, OTC Link ECN may earn fees for orders that provide liquidity, while paying a fee for orders that remove liquidity. OTC Link NQB and MOON ATS generate revenues in a manner similar to OTC Link ECN. Fees earned are recognized as transaction-based revenues, while fees paid are recognized as transaction-based

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

expenses. These fees are invoiced monthly, in arrears, and are due upon receipt. The Company recognizes transaction-based revenue earned upon the execution of a trade when the Company's obligations are substantially met. Similarly, payments made to subscribers providing liquidity are recognized upon execution and are recorded as transaction-based expenses within the Consolidated Statements of Income.

Market Data Licensing

Market Data Licensing generates revenues by providing subscribers with continuous access to market data, compliance data, Blue Sky data, company data and security information, including SEC filings. Subscribers pay monthly, quarterly, or annual fees to access this information priced at per enterprise or per user rates. Market Data Licensing revenues are recognized ratably over the term of the contract period, beginning on the date on which the data is made available to the customer, as the Company's continuing performance obligations are met.

A significant portion of Market Data Licensing revenues result from sales through redistributors, some of whom earn redistribution fees based on a contractual fixed rate. These fees are invoiced monthly based on the contractual period and are recognized as a reduction of gross revenues. Substantially all of the Company's redistribution fees and rebates are related to these arrangements with market data redistributors.

Corporate Services

Corporate Services generates revenues from the OTCQX Best Market and OTCQB Venture Market and from a suite of other services. Issuers pay annual or semi-annual subscription fees upfront to have their securities traded on the OTCQX or OTCQB markets and to subscribe to OTC Markets Group's various other services. The Company recognizes these revenues ratably over time based on the subscription period as the performance obligations are met and the transfer of services occurs. Issuers pay one-time non-refundable application fees. These fees are not related to distinct performance obligations and are recognized ratably over the contractual service period, which is one year or shorter. For declined applications, the Company recognizes revenue when the application review is completed. The Company also charges for the right to host webcast presentations and events on the VIC platform. VIC presentation fees are recognized at the point in time when the services are rendered, which corresponds to the date of the webcast or event and the point in time that the performance obligation is satisfied.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

The following tables present the Company's revenues disaggregated by timing of revenue recognition:

	Three Months Ended March 31,					
	2025			2024		
	Point in Time	Over Time	Total	Point in Time	Over Time	Total
OTC Link	\$ 5,237	\$ 1,326	\$ 6,563	\$ 4,096	\$ 1,301	\$ 5,397
Market data licensing	31	12,752	12,783	6	11,082	11,088
Corporate services	407	10,673	11,080	364	10,808	11,172
Gross revenues	5,675	24,751	30,426	4,466	23,191	27,657
Redistribution fees and rebates	(12)	(982)	(994)	(2)	(838)	(840)
Net revenues	5,663	23,769	29,432	4,464	22,353	26,817
Transaction-based expenses	(2,375)	-	(2,375)	(1,508)	-	(1,508)
Revenues less transaction-based expenses	<u>\$ 3,288</u>	<u>\$ 23,769</u>	<u>\$ 27,057</u>	<u>\$ 2,956</u>	<u>\$ 22,353</u>	<u>\$ 25,309</u>

The following tables present the Company's revenues disaggregated by geography:

	Three Months Ended March 31,					
	2025			2024		
	U.S.	International	Total	U.S.	International	Total
OTC Link	\$ 6,563	\$ -	\$ 6,563	\$ 5,397	\$ -	\$ 5,397
Market data licensing	10,359	2,424	12,783	8,750	2,338	11,088
Corporate services	4,970	6,110	11,080	4,894	6,278	11,172
Gross revenues	21,892	8,534	30,426	19,041	8,616	27,657
Redistribution fees and rebates	(897)	(97)	(994)	(723)	(117)	(840)
Net revenues	20,995	8,437	29,432	18,318	8,499	26,817
Transaction-based expenses	(2,375)	-	(2,375)	(1,508)	-	(1,508)
Revenues less transaction-based expenses	<u>\$ 18,620</u>	<u>\$ 8,437</u>	<u>\$ 27,057</u>	<u>\$ 16,810</u>	<u>\$ 8,499</u>	<u>\$ 25,309</u>

Accounts Receivable, net

As of March 31, 2025 and December 31, 2024, accounts receivable, net of allowance for credit losses, were \$9,268 and \$8,097, respectively. The allowance for credit losses reflects the Company's best estimate of expected losses inherent in the accounts receivable balances. The Company determines the allowance based on historical experience, the age of the accounts receivable balances, specific account information, and estimates of current and future economic conditions that may affect customers' ability to pay.

Deferred Revenue

Deferred revenue primarily represents the Company's contractual performance obligations related to annual and semi-annual Corporate Services subscription fees; monthly, quarterly, and annual Market Data Licensing fees; as well as monthly OTC Link subscription fees. The following table presents the changes in deferred revenue during the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,	
	2025	2024
Balance at beginning of period	\$ 29,084	\$ 29,267
Net changes	(2,083)	(2,889)
Balance at end of period	<u>\$ 27,001</u>	<u>\$ 26,378</u>

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

During the three months ended March 31, 2025 and 2024, the Company recognized \$10,894 and \$11,247 of revenues, respectively, that were included in the deferred revenue balance at the beginning of each year.

Payment Terms

The Company's payment terms vary by business line and the products or services offered and range from due upon receipt to net 45 days. For certain products, OTC Markets Group requires payment before services are rendered.

Note 4. Concentrations and Uncertainties

During the Reporting Period and the same prior year period, Market Data Licensing revenues earned through one market data redistributor amounted to approximately 9% and 8% of the Company's gross revenues, respectively. Additionally, as of March 31, 2025 and 2024, accounts receivable from that same redistributor amounted to 24% and 23% of the Company's accounts receivable, respectively.

Note 5. Fair Value of Financial Instruments

The Company accounts for certain financial instruments at fair value, in accordance with the provisions of the standard for fair value measurement, which utilizes a three-tier hierarchy to determine the fair value of financial assets and liabilities based on the quality of observable inputs and enhances disclosure requirements for fair value measurement. The three tiers are:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in an active market;
- Level 2 – Other inputs that are directly or indirectly observable in the market; and
- Level 3 – Unobservable inputs that are supported by little or no market activity.

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

Assets and liabilities on the unaudited interim Condensed Consolidated Balance Sheets that are measured at carrying value, which approximates fair value due to the short-term nature of these balances, include prepaid expenses, accrued expenses and other current liabilities, and deferred revenue. These balances are classified as Level 1 and Level 2 in the fair value hierarchy.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Note 6. Property and Equipment, net

Property and equipment, net consisted of the following:

(in thousands)	March 31, 2025	December 31, 2024	Estimated useful life (years)
Computer software	\$ 7,609	\$ 7,609	3 - 10
Computer equipment	7,231	7,115	1 - 4
Furniture and fixtures	691	691	5 - 7
Leasehold improvements	2,917	2,917	Term of lease
Total property and equipment	18,448	18,332	
Accumulated depreciation and amortization	(11,751)	(11,236)	
Total property and equipment, net	\$ 6,697	\$ 7,096	

Depreciation and amortization on property and equipment, including computer software acquired as part of the EDGAR Online acquisition, included in the unaudited interim Condensed Consolidated Statements of Income amounted to \$515 and \$508 for the three months ended March 31, 2025 and 2024, respectively.

Note 7. Leases

The Company has two non-cancelable operating leases. One is for office space at 300 Vesey Street, New York, NY that was executed in October 2018 and expires on December 30, 2031. The other is for office space at 100 M Street SE, Washington, D.C. that was amended in April 2021 and expires on January 31, 2028. These operating leases are recorded as operating lease right-of-use assets on the Company's unaudited interim Condensed Consolidated Balance Sheets and represent the Company's right to use the underlying asset during the lease term. The Company's obligation in respect of future payments due under the leases is included in accrued expenses and other current liabilities and in the operating lease liabilities section on the Company's unaudited interim Condensed Consolidated Balance Sheets.

The components of lease expense were as follows:

(in thousands)	Three Months Ended March 31,	
	2025	2024
Operating Lease cost	\$ 499	\$ 499
Short-term Lease cost	19	16
Total lease cost	\$ 518	\$ 515

Supplemental cash flow information related to leases was as follows:

(in thousands)	Three Months Ended March 31,	
	2025	2024
Cash Paid for operating lease liabilities	\$ 539	\$ 496
Right-of-use assets obtained in exchange for operating lease obligations	-	-

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Supplemental balance sheet information related to leases was as follows:

(in thousands)	March 31, 2025	December 31, 2024
Operating lease right-of use assets	\$ 10,597	\$ 10,951
Other current liabilities	2,108	2,107
Operating lease liabilities	9,964	10,360
Total operating lease liabilities	12,072	12,467
Weighted-average remaining lease term	7 Years	7 Years
Weighted-average discount rate	4.7%	4.7%

Maturities of lease liabilities were as follows:

Remainder of 2025	\$ 1,620
2026	2,165
2027	2,171
2028	1,945
2029	2,041
2030	2,091
Thereafter	2,091
Total lease payments	14,124
Less imputed interest	(2,052)
Total	\$ 12,072

Note 8. Goodwill and Intangible Assets

The following table presents goodwill activity for the period:

	December 31, 2024	Goodwill Acquired	Other Adjustments	March 31, 2025
Goodwill	\$ 3,984	\$ -	\$ -	\$ 3,984

Intangible assets consisted of the following:

(in thousands)	March 31, 2025	December 31, 2024	Estimated useful life (years)
Website	\$ 100	\$ 100	2
Subscription services	150	150	8-15
Customer Relationships	8,200	8,200	15
Data Asset	140	140	4
Distributor relations	27	27	15
Intellectual property	40	40	Indefinite
Total intangible assets	8,657	8,657	
Accumulated amortization	(1,973)	(1,828)	
Intangible assets, net	\$ 6,684	\$ 6,829	

Amortization expense for finite-lived intangible assets was \$145 and \$146 for the three months ended March 31, 2025 and 2024, respectively, and was related to acquired intangible assets in connection with the Blue Sky Data Corp acquisition, which closed in May 2022. No impairment charges were recorded to goodwill or intangible assets during the three months ended March 31, 2025 and 2024.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Note 9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	March 31, 2025	December 31, 2024
Payroll and employee withholdings	\$ 3,830	\$ 9,896
Accrued operating expenses	1,450	1,422
Current operating lease liabilities	2,108	2,107
Total accrued expenses and other	\$ 7,388	\$ 13,425

Payroll and employee withholdings primarily consisted of accrued discretionary bonus, discretionary employer 401(k) contribution, vacation, and sales commissions. The balance of payroll and employee withholdings as of December 31, 2024 represents a full year of accrual, which was paid out during the Reporting Period.

Note 10. Stock-Based Compensation

OTC Markets Group grants stock options to employees and certain consultants and restricted stock awards (“RSAs”) and restricted stock units (“RSUs”) to certain employees and consultants, as well as directors. The grant date fair value of each stock option is estimated using the Black-Scholes option pricing model and is then amortized into compensation and benefits expense on a straight-line basis over the requisite service period, which is generally the vesting period. The grant date fair value of each RSA and RSU is based on the closing stock price on the day prior to the grant date. These charges are included in compensation and benefits expense and, in respect of compensation for the Company’s Board of Directors, professional and consulting fees on the unaudited interim Condensed Consolidated Statements of Income.

Stock Options

A summary of the Company’s stock option activity for the Reporting Period is as follows:

(in thousands, except W/A exercise price)	Stock Options	Weighted- average exercise price	Aggregate Intrinsic value	Remaining contractual term (years)
Outstanding, January 1, 2025	825	\$ 49.94	\$ 3,688	7.52
Granted	17	50.55	2	
Exercised	(14)	30.65	301	
Forfeited	(15)	57.05	-	
Outstanding, March 31, 2025	813	\$ 50.15	\$ 2,549	7.37
Exercisable, March 31, 2025	322	\$ 45.15	\$ 2,377	5.86

The Company recognized compensation expense related to stock options, net of estimated forfeitures, of \$528 and \$460 for the three months ended March 31, 2025 and 2024, respectively. During the Reporting Period, management estimated forfeiture rates of 5% for stock options granted to management and 21% for stock options granted to other employees. Such charges are included in compensation and benefits expenses on the unaudited interim Condensed Consolidated Statements of Income.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

As of March 31, 2025, unrecognized compensation cost related to non-vested stock option awards totaled \$5,675, which will be recognized over approximately 3.4 years.

Restricted Stock Awards and Restricted Stock Units

A summary of the Company's RSA and RSU activity for the Reporting Period is as follows:

(in thousands, except W/A exercise price)	Restricted Stock	Weighted- average fair value	Aggregate Intrinsic value
Outstanding, January 1, 2025	249	\$ 53.33	\$ 12,732
Granted	91	52.75	4,789
Vested	(84)	48.93	4,451
Forfeited	(2)	52.59	83
Outstanding, March 31, 2025	254	\$ 54.59	\$ 12,037

The Company recognized compensation expense related to RSAs and RSUs, net of estimated forfeitures, of \$1,297 and \$1,320 for the three months ended March 31, 2025 and 2024, respectively. During the Reporting Period, management estimated forfeiture rates of 6% for RSAs granted to management and 10% for RSAs and RSUs granted to other employees. In addition, the Company also recognized professional fees of \$56 and \$47 for the three months ended March 31, 2025 and 2024, respectively, related to the issuance of RSAs to the Board of Directors.

As of March 31, 2025, unrecognized compensation cost related to non-vested RSAs and RSUs totaled \$11,997, which will be recognized over approximately 3.5 years.

Performance Unit Awards

In March 2022, OTC Markets Group's Board of Directors approved and authorized the award of Performance Units to certain employees under the Company's 2019 Equity Incentive Plan (the "Plan"). Under the Performance Unit Award agreements, the Company is obligated to deliver a variable number of Performance Units on a fixed monetary amount to certain eligible employees if the Company achieves defined Gross Revenue and Diluted Earnings Per Share targets within the defined performance periods. Each Performance Unit represents the right to receive the value of one share of Class A Common Stock of the Company and will be settled 50% in Class A Common Stock and 50% in cash upon vesting, subject to continued employment vesting requirements set forth in the Performance Unit Award agreements.

The liability-classified Performance Unit Awards are considered unearned until the issuance requirements are met and would be included in accrued expenses and other current liabilities in the Company's unaudited interim Condensed Consolidated Balance Sheets. As of March 31, 2025 and December 31, 2024, there was no accrued unrecognized compensation expense related to this obligation in accrued expenses and other current liabilities in the Company's unaudited interim Condensed Consolidated Balance Sheets because the Company determined, based on its financial results for the three months ended March 31, 2025 and year ended December 31, 2024, that the performance objectives set forth in the Performance Unit Award agreements have not been met.

The maximum total compensation expense to be recognized under the Performance Unit Awards is \$2,508 if the performance objectives are met each performance year, which would result in the issuance of approximately 45,394 Performance Units, payable in 26,428 shares of Class A Common Stock and \$1,254 in cash, based on the closing share price of the Company's Class A Common Stock of \$47.45 on March 31, 2025. However, the actual number of Performance Units issued may fluctuate based on the share price at the date of settlement.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Note 11. Contingencies

Level Funding Self-Insurance Plan

Effective January 1, 2025, the Company switched from a fully insured employee health insurance plan to a level funding self-insurance plan. Under the new plan, the Company contracted a third-party administrator (“TPA”) to access healthcare carriers, process claims, and facilitate the provision of specific and aggregate stop-loss coverage to limit the Company’s total exposure under the program.

The Company elected to level-fund the plan at maximum coverage under its specific and aggregate stop-loss policies. Accordingly, the Company recorded the TPA’s administrative fees, stop loss premium, and maximum expected claims costs on a straight-line basis over the annual coverage period.

Legal Matters

There are no current, past, pending, or threatened legal proceedings or administrative actions either by or against OTC Markets Group that could have a material effect on its business, financial condition, or operations. OTC Markets Group is not a party to any past or pending trading suspensions by a securities regulator.

In the ordinary course of business, the nature of the Company’s business subjects it to claims, lawsuits, regulatory examinations or investigations, and other proceedings. OTC Link is regularly the subject of various regulatory reviews, inquiries, investigations, and subpoenas or requests for information by FINRA and the SEC. Where it is determined, in consultation with legal counsel based on litigation and settlement risks, that a loss is probable and estimable in a given matter, the Company establishes an accrual.

On August 20, 2024, OTC Link paid a civil penalty of \$1,190 to the SEC, an amount that OTC Markets Group previously accrued and included in accrued expenses and other current liabilities in the Consolidated Balance Sheet as of December 31, 2023, pursuant to a settlement order regarding certain OTC Link policies and procedures related to the filing of Suspicious Activity Reports (SARs). During 2024, the Company also responded to an information request from the SEC’s Division of Enforcement regarding certain OTC Link policies and procedures related to Regulation Systems Compliance and Integrity (SCI). The Company has not received any further communication from the SEC’s Division of Enforcement, and it cannot anticipate the timing, outcome, or possible impact of this inquiry, financial or otherwise.

Note 12. Stockholders’ Equity

Common Stock

The Company has one class of shares, Class A Common Stock, outstanding. Holders of Class A Common Stock, which include holders of unvested RSAs, are entitled to receive such dividends and other distributions in cash or stock of any corporation or property of the Company, as may be authorized and declared by the Board of Directors from time to time out of the assets or funds of the Company legally available for the payment of dividends. Upon the voluntary or involuntary liquidation, dissolution, or winding up of the Company, holders of Class A Common Stock are entitled to a pro rata share of the net assets of the Company available for distribution in proportion to the number of shares of Class A Common Stock held by each.

The Company is authorized to issue 17,000,000 shares of Class A Common Stock of \$0.01 par value. As of March 31, 2025, there were a total of 12,904,727 shares issued and 12,013,295

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

shares outstanding. As of December 31, 2024, there were a total of 12,815,075 shares issued and 11,979,165 shares outstanding.

Treasury Stock

In August 2011, the Board of Directors authorized the Company to repurchase up to 300,000 shares of Class A Common Stock in compliance with Rule 10b-18 under the Securities Exchange Act of 1934 (the "Exchange Act"). On March 11, 2025, the Board of Directors refreshed the Company's stock repurchase program, authorizing the repurchase of up to 300,000 shares of Class A Common Stock.

During the Reporting Period, the Company repurchased 55,522 shares of Class A Common Stock at an average price of \$52.8575 per share for a total of \$2,934. During the same prior year period, the Company repurchased 51,141 shares at an average price of \$57.56 per share, for a total of \$2,944. All repurchased shares are held in treasury. Under the stock repurchase program, there are 300,000 shares remaining to be purchased.

Dividends

The Company declared and paid a quarterly cash dividend of \$0.18 per share of Class A Common Stock during each of the three months ended March 31, 2025 and 2024, totaling \$2,162 and \$2,154, respectively.

Equity Incentive Plan

The Company's Plan, as adopted by the Board of Directors on May 7, 2019, and approved by a vote of the Company's stockholders on December 19, 2019, provides for the grant of incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares, and governs options awarded (see Note 10, *Stock-Based Compensation*). In each of November 2024 and 2023, the Board of Directors authorized an increase in the number of shares available for issuance under the Plan by 200,000 shares.

Note 13. Income Taxes

The Company's effective tax rates were 18.6% and 12.9% for the three months ended March 31, 2025 and 2024, respectively. The rates reflect the inclusion of state and local income taxes at the federal statutory rate of 21%. The effective tax rate for the three months ended March 31, 2025 differed from the federal statutory rate primarily due to the recognition of the U.S. federal research and development credit, the impact of the Foreign-Derived Intangible Income deduction available pursuant to provisions of the Tax Cuts and Jobs Act, and the impact of excess tax benefits from stock-based compensation. During the three months ended March 31, 2025 and 2024, the Company recognized an income tax benefit related to the excess tax benefit on stock-based compensation of \$128 and \$486, respectively.

As required by the uncertain tax position guidance in ASC Topic 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon settlement with the relevant tax authority. The gross amount of unrecognized tax benefits as of March 31, 2025 and December 31, 2024 was \$680 and \$658, respectively, and was classified in income tax reserve in the unaudited interim Condensed Consolidated Balance Sheets. It is not

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

reasonably possible that any unrecognized tax benefits will reverse within the next twelve months from settlements with taxing authorities.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of tax expense. The Company recognized interest and penalties of \$13 and \$11 for the three months ended March 31, 2025 and 2024, respectively. Interest and penalties accrued as of March 31, 2025 and December 31, 2024 were \$282 and \$269, respectively.

Note 14. Earnings Per Share

The Company calculates earnings per share pursuant to the two-class method, which is an earnings allocation formula that determines earnings per share for common stock and participating securities according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends. RSAs granted to employees, consultants, and directors (see Note 10, *Stock-Based Compensation*) participate in dividends on the same basis as common shares and such dividends are nonforfeitable by the holder. As a result, these RSAs meet the definition of a participating security.

The tables below present the calculations of earnings per share under the two-class method:

Basic Earnings per common share

(in thousands, except shares and per share data)	Three Months Ended March 31,	
	2025	2024
Net income available to common shareholders	\$ 6,040	\$ 5,984
Less: Undistributed earnings allocated to unvested RSAs	(82)	(81)
Less: Dividend equivalents on unvested RSAs	(46)	(46)
Net Income allocated to common shareholders	<u>\$ 5,912</u>	<u>\$ 5,857</u>
Shares of common stock and common stock equivalents		
Weighted-average common shares outstanding	<u>11,756,815</u>	<u>11,705,383</u>
Basic earnings per share	\$ 0.50	\$ 0.50

Diluted Earnings per common share

(in thousands, except shares and per share data)	Three Months Ended March 31,	
	2025	2024
Net income available to common shareholders	\$ 6,040	\$ 5,984
Less: Undistributed earnings allocated to unvested RSAs	(81)	(80)
Less: Dividend equivalents on unvested RSAs	(46)	(46)
Net Income allocated to common shareholders	<u>\$ 5,913</u>	<u>\$ 5,858</u>
Shares of common stock and common stock equivalents		
Weighted-average common shares outstanding	11,756,815	11,705,383
Dilutive effect of employee stock options and RSAs and RSUs	<u>77,256</u>	<u>157,706</u>
Weighted-average shares used in diluted computation	<u>11,834,071</u>	<u>11,863,089</u>
Diluted earnings per share	\$ 0.50	\$ 0.49

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Note 15. Segment Information

The Company has a single operating and reportable segment, which operates regulated markets for trading over 12,000 U.S. and international securities with three service offerings: OTC Link, Market Data Licensing, and Corporate Services. The Company's CODM allocates resources and assesses performance primarily based on consolidated Net Income included in the accompanying unaudited interim Condensed Consolidated Statements of Income. The CODM reviews results by monitoring period-over-period trends and considering budget versus actual variances.

The measure of segment assets is reflected as Total Assets on the Company's unaudited interim Condensed Consolidated Balance Sheets. As of March 31, 2025 and December 31, 2024, all of the Company's long-lived assets, including property and equipment, net, and operating right-of-use assets, were located in the United States.

Revenue and significant expenses regularly provided to the CODM to arrive at segment Net Income are as follows:

(in thousands)	Three Months Ended March 31,	
	2025	2024
OTC Link	\$ 6,563	\$ 5,397
Market data licensing	12,783	11,088
Corporate services	11,080	11,172
Gross Revenues	30,426	27,657
Redistribution fees and rebates	(994)	(840)
Net revenues	29,432	26,817
Transaction-based expenses	(2,375)	(1,508)
Revenues less transaction-based expenses	27,057	25,309
Compensation and benefits	12,906	12,522
IT Infrastructure and information services	2,715	2,699
Professional and consulting fees	1,480	1,104
Regulatory Reporting and Clearing Fees	476	362
Marketing and advertising	343	263
Occupancy costs	638	585
Depreciation and amortization	660	653
General, administrative and other	565	422
Total operating expenses	19,783	18,610
Income from operations	7,274	6,699
Other income (expense)	150	175
Provision for income taxes	1,384	890
Net Income	\$ 6,040	\$ 5,984

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Note 16. Regulatory Authorities

OTC Link LLC is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. Rule 15c3-1 requires the maintenance of net capital, as defined, which shall be the greater of \$5 or 6-2/3% of aggregate indebtedness, as defined. OTC Link LLC's regulatory net capital as of March 31, 2025 and December 31, 2024 was \$2,122 and \$442, respectively, which exceeded the minimum net capital requirement by \$1,892 and \$189, respectively.

Note 17. Subsequent Events

For purposes of disclosure in the unaudited interim condensed consolidated financial statements, the Company has evaluated subsequent events through May 7, 2025, the date the financial statements were available to be issued.

On May 6, 2025, the Board of Directors authorized and approved a quarterly cash dividend of \$0.18 per share of Class A Common Stock. The quarterly cash dividend is payable on June 18, 2025, to stockholders of record on June 4, 2025. The ex-dividend date is June 4, 2025.

EXHIBIT 9.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, R. Cromwell Coulson, Chief Executive Officer of OTC Markets Group Inc., certify that:

1. I have reviewed this Quarterly Report of OTC Markets Group Inc.;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

/s/ R. Cromwell Coulson

R. Cromwell Coulson
Chief Executive Officer

May 7, 2025
Date

EXHIBIT 9.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Antonia Georgieva, Chief Financial Officer of OTC Markets Group Inc., certify that:

1. I have reviewed this Quarterly Report of OTC Markets Group Inc.;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

/s/ Antonia Georgieva
Antonia Georgieva
Chief Financial Officer

May 7, 2025
Date