



## OTC Markets Group Inc. (OTCM)

**OTC Link Volume And OTCID Drove 1Q:26 EPS Up 17% From 1Q:25; Operating Margin Was In Line With Expectations; Corporate Services Subscribers Increased; Maintain Estimates, \$65 Price Target**

### EPS ESTIMATES

	2024		2025		2026E		2027E	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
Mar	\$0.49	\$0.50	\$0.61	\$0.59A	\$0.63			
Jun	\$0.56	\$0.60	\$0.70		\$0.71			
Sep	\$0.61	\$0.71	\$0.76		\$0.80			
Dec	<u>\$0.60</u>	<u>\$0.76</u>	<u>\$0.74</u>		<u>\$0.76</u>			
<b>EPS</b>	<b>\$2.26</b>	<b>\$2.58</b>	<b>\$2.81</b>		<b>\$2.90</b>			
<b>P/E</b>			<b>19.6x</b>		<b>19.0x</b>			

Note: NR = Not Rated. Risk Ratings: H = High; M = Moderate. Sum of quarterly EPS may not equal full-year total due to rounding and/or change in share count. NC=Not covered by Sidoti & Co., LLC.

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Rev.(Mil.)	\$59.3	\$62.8	\$71.2	\$102.9	\$105.1	\$109.9	\$111.1	\$125.3	\$133.5	\$136.3
GAAP EPS	\$1.36	\$1.25	\$1.53	\$2.52	\$2.53	\$2.28	\$2.26	\$2.58	\$2.81	\$2.90

### COMPANY DESCRIPTION

OTC Markets Group, Inc. ([www.otcm Markets.com](http://www.otcm Markets.com)), operates three lines of business centered on more than 12,300 U.S. and global securities clients at the end of 2024. The company offers a cost-effective solution to penetrate the U.S. securities market, while providing a host of services that connect brokers and dealers, organize markets, and ultimately monetize OTC's vast database of information. OTC's three lines of business are OTC Link (21% of 2025 revenue), Market Data (40%) and Corporate Services (39%). Headquarters are in New York, NY. OTCM trades on the OTCQX market.

- **Our outlook captures OTCM's role as a provider of critical market infrastructure, subscription derived revenue, stable capital structure, and progress toward expanding its product suite to drive growth.**
- **We maintain our estimates ahead of OTCM's 1Q:26 earnings call ([webinar](#)).**
- **OTCM generated EPS of \$0.59 in 1Q:26, rising 17% from 1Q:25, showcasing operating leverage. EPS slightly trailed our forecast due to higher than expected transaction-based expenses.**
- **OTCM saw broad-based revenue gains in 1Q:26, which rose 14% year over year. Corporate Services growth was led by the new OTCID market tier and a higher number of subscribers, while volume trends remain favorable in OTC Link.**
- **OTC Link segment revenue rose substantially in 1Q:26, up 31% from the 1Q:25 and ahead of our estimate, due to the 27% increase in trading volume.**
- **Dollar volume traded on OTC Market platforms continued to show strong momentum in 1Q:26, rising 27% from the prior year period to the highest quarterly read since 1Q:21.**
- **Our \$65 price target is based on 23x our 2027 EPS forecast of \$2.90. Our moderate risk rating reflects OTCM's role as a provider of critical market infrastructure and its recurring, subscription based revenue profile.**

**OTC Link segment revenue rose substantially in 1Q:26, up 31% from the 1Q:25 and ahead of our estimate, due to increased trading volume.** OTC Link segment revenue strengthened markedly in 1Q:26 to reach \$8.6 million, exceeding our \$7.0 million estimate and rising 31% from \$6.6 million in 1Q:25. We had anticipated higher revenue after the total dollar volume traded across OTCM platforms (OTCQX, OTCQB, OTCID, and Pink securities) increased about 27% year over year in 1Q:26 to about \$232 billion, continuing strong momentum from elevated volume in 2025 and representing the highest quarterly volume measure since 1Q:21. High retail participation and strong U.S. investor interest in international

## NR

Price Target: \$65

Price: \$55.10

Risk Rating: M

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### Key Statistics

Market Cap (Mil)	\$660
Enterprise Value (Mil)	\$609
52-Week Range	61-48
5-Year EPS CAGR.	13%
Avg. Daily Trading Volume	6,000
Shares Out (Mil)	11.975
Float Shares (Mil)	7.714
Insider Ownership	34%
Institutional Holdings	9%
Annualized Dividend	\$1.20
Dividend Yield	2.1%
FCF Per Share (2026E)	\$3.45
FCF Yield (2026E)	6.3%
Net Cash Per Share (2026E)	\$5.34
Price to Book Value	17.7x
Return on Equity (2026E)	64.9%
Total Debt to Capital	0%
Interest Coverage Ratio	N/A
Short Interest %	N/A
Short Interest Days To Cover	N/A
Russell 2000	2,887
Russell 2000 - Last 12 Months	45.6%
OTCM - Last 12 Months	11.1%

07-May-2023 to 07-May-2026 (Daily) Price



Source: FactSet Prices

equities continue to bolster volume, in our view. With higher volume of shares traded, transaction-based revenues from OTC Link ECN, OTC Link NQB, and MOON ATS rose 52% year over year to \$5.5 million. OTCM disclosed that MOON ATS, which covers NMS securities traded overnight, contributed meaningfully, averaging 7.2 million shares and 71,000 trades per session. We note that, as a result of higher trading volume, transaction-based expenses, representing rebates paid to OTC Link subscribers providing liquidity, rose 45% year over year to \$3.4 million, well ahead of our estimate.

**Market Data Licensing and Corporate Services results were in line with our estimates.** Market Data Licensing and Corporate Services segment revenue rose 2% and 19%, respectively, and in line with our estimates. Market Data Licensing revenue increased 2% to \$13.0 million in 1Q:26, driven by higher direct-sold license revenue on the back of price increases and an increase in subscribers, as well as modest redistributor-based growth. Corporate Services revenue increased 19% to \$13.2 million, led by revenue growth from OTCID companies, as the July 2025 launch of OTCID drove a substantial number of Pink companies to upgrade to OTCID and related DNS/products. Growth also resulted from stronger sales and pricing adjustments effective January 1 for OTCQX and OTCQB. Both platforms also saw a larger average number of companies on those markets during the quarter. We expect growth tailwinds from international companies that meet the listing standards of a qualified non-U.S. stock exchange in their primary market and see more value/cost savings in listing with OTCM over a U.S. exchange. 31 international companies joined OTCQX and 71 joined OTCQB during 1Q:26.

**Despite a 10% increase in operating expenses, EPS rose 17% in 1Q:26, showcasing operating leverage.** Operating expenses increased 10% in 1Q:26, led by higher compensation costs, that usually carry a larger impact in Q1. Operating margin was 25% in 1Q:26, unchanged from 1Q:25, and we anticipate OTCM will maintain an operating margin of around 30% annually. In all, EPS was \$0.59 in 1Q:26, up 17% from 1Q:25, yet slightly under our \$0.61 estimate as transaction-based expenses exceeded our forecast.

<b>Exhibit 1: OTC Markets Group Inc. Variance Table</b>									
\$ in thousands except per share data									
	<u>1Q:26A</u>	<u>1Q:26E</u>	<u>%</u>		<u>1Q:25A</u>	<u>1Q:26A</u>	<u>% Change</u>	<u>\$ Change</u>	
			<u>Variance</u>	<u>\$ Variance</u>			<u>YoY</u>	<u>YoY</u>	
Total Dollar Volume (bn)	226.0	226.0			183.0	226.0	23%	43.0	
OTC Link	8,598	7,029	22%	1,569.4	6,563	8,598	31%	2,035.0	
Market Data Licensing	13,007	12,911	1%	96.2	12,783	13,007	2%	224.0	
<u>Corporate Services</u>	<u>13,232</u>	<u>12,964</u>	<u>2%</u>	<u>268.4</u>	<u>11,080</u>	<u>13,232</u>	<u>19%</u>	<u>2,152.0</u>	
Gross Revenue	34,837	32,903	6%	1,933.9	30,426	34,837	14%	4,411.0	
Operating Expenses	21,773	21,255	2%	517.6	19,783	21,773	10%	1,990.0	
Operating Income	8,622	8,357	3%	264.6	7,274	8,622	19%	1,348.0	
Operating Margin*	25%	26%			25%	25%			
Net Income	\$7,077	\$7,272	(3%)	(195.2)	\$6,040	\$7,077	17%	1,037.0	
Profit Margin*	21%	23%			21%	21%			
<b>EPS</b>	<b>\$0.59</b>	<b>\$0.61</b>	<b>(4%)</b>	<b>\$ (0.03)</b>	<b>\$0.50</b>	<b>\$0.59</b>	<b>17%</b>	<b>\$ 0.09</b>	
Consensus EPS		\$0.61							

Sources: Company reports and Sidoti & Company, LLC. estimates.

\* Based on net revenue consistent with company operating metrics

<b>Valuation</b>	<b>We maintain our \$65 price target on OTCM, based on 23x our 2027 EPS estimate of \$2.90.</b> In the past five years, OTCM shares traded at 16x-29x forward EPS and averaged 23x. Corporate service and exchange peers trade at 21x-59x and average 30x forward earnings. OTCM's lack of trading liquidity could validate a discount to peers. Yet we view the recurring, subscription derived revenue model (81% of 2025 gross revenue), product expansion, strong balance sheet, and key regulatory role as supporting our multiple. We also think OTCM operates with a wide economic moat as an operator of critical market infrastructure for smaller companies. Technology investments to increase the value of Market Data Licensing and grow international Corporate Service subscribers could warrant a higher multiple, in our view. Our Moderate risk rating reflects strengths in OTCM's business model as a provider of critical market infrastructure with diverse end markets and subscription-derived revenue of 80%-90%.		
<b>Key Risks</b>	Volatile trading volumes	Economic sensitivity	Regulatory

## OTC Markets Group Inc.

**Table 1. OTC Markets Group Inc., Income Statement**  
(\$ in thousands, except where noted)

	2024	MarA	JuneA	SepA	DecA	2025	MarA	JuneE	SepE	DecE	2026E	MarE	JuneE	SepE	DecE	2027E
<b>Operating Segments</b>																
OTC Link	\$22,409	\$6,563	\$6,447	\$6,420	\$6,830	\$26,260	\$8,598	\$6,511	\$6,484	\$6,830	\$28,424	\$6,878	\$6,609	\$6,614	\$6,932	\$27,034
Market Data Licensing	43,625	12,783	12,316	12,520	12,745	50,364	13,007	12,809	12,958	13,127	51,901	13,592	13,385	13,477	13,652	54,106
Corporate Services	45,030	11,080	11,742	12,695	13,147	48,664	13,232	13,151	13,203	13,541	53,127	13,761	13,546	13,731	14,083	55,121
<b>Gross Revenue</b>	<b>\$111,064</b>	<b>\$30,426</b>	<b>\$30,505</b>	<b>\$31,635</b>	<b>\$32,722</b>	<b>\$125,288</b>	<b>\$34,837</b>	<b>\$32,471</b>	<b>\$32,645</b>	<b>\$33,499</b>	<b>\$133,452</b>	<b>\$34,232</b>	<b>\$33,540</b>	<b>\$33,821</b>	<b>\$34,668</b>	<b>\$136,261</b>
Redistribution fees and rebates	2,182	994	998	976	985	3,953	995	974	979	1,005	3,953	1,027	1,006	1,015	1,040	4,088
Net Revenue	\$107,882	\$29,432	\$29,507	\$30,659	\$31,737	\$121,335	\$33,842	\$31,497	\$31,666	\$32,494	\$129,499	\$33,205	\$32,534	\$32,807	\$33,628	\$132,173
Redistribution & Transaction fees	6,649	2,375	2,292	2,155	2,426	9,248	3,447	2,273	2,285	2,345	10,350	2,396	2,348	2,367	2,427	9,538
<b>Revenues less transaction-based expenses</b>	<b>\$101,233</b>	<b>\$27,057</b>	<b>\$27,215</b>	<b>\$28,504</b>	<b>\$29,311</b>	<b>\$112,086</b>	<b>\$30,395</b>	<b>\$29,224</b>	<b>\$29,381</b>	<b>\$30,149</b>	<b>\$119,149</b>	<b>\$30,809</b>	<b>\$30,186</b>	<b>\$30,439</b>	<b>\$31,201</b>	<b>\$122,635</b>
Compensation	44,122	12,906	11,573	11,162	10,795	46,436	14,036	12,112	11,426	11,725	49,298	14,520	12,678	11,973	12,411	51,582
IT Infrastructure	10,574	2,715	2,858	2,896	2,910	11,379	3,139	3,052	3,069	3,149	12,409	3,218	3,153	3,179	3,328	12,878
Professional fees	6,295	1,956	1,842	1,916	1,947	7,661	2,515	2,046	2,024	2,077	8,662	2,054	2,012	2,029	2,149	8,245
Marketing & Advertising	1,367	343	438	368	488	1,637	346	455	490	469	1,759	445	470	440	485	1,840
Occupancy costs	2,369	638	668	629	622	2,557	731	617	653	670	2,671	685	637	676	693	2,692
D&A	2,680	660	656	635	610	2,561	607	649	653	670	2,579	685	671	676	693	2,725
General and administrative	1,613	565	349	291	416	1,621	399	422	424	435	1,681	445	436	440	451	1,771
<b>Total Operating Costs</b>	<b>\$69,020</b>	<b>\$19,783</b>	<b>\$18,384</b>	<b>\$17,897</b>	<b>\$17,788</b>	<b>\$73,852</b>	<b>\$21,773</b>	<b>\$19,353</b>	<b>\$18,738</b>	<b>\$19,195</b>	<b>\$79,059</b>	<b>\$22,051</b>	<b>\$20,057</b>	<b>\$19,413</b>	<b>\$20,211</b>	<b>\$81,733</b>
<b>Operating Income</b>	<b>\$32,213</b>	<b>\$7,274</b>	<b>\$8,831</b>	<b>\$10,607</b>	<b>\$11,523</b>	<b>\$38,235</b>	<b>\$8,622</b>	<b>\$9,871</b>	<b>\$10,642</b>	<b>\$10,954</b>	<b>\$40,090</b>	<b>\$8,757</b>	<b>\$10,129</b>	<b>\$11,026</b>	<b>\$10,990</b>	<b>\$40,902</b>
Interest Income & Other income	929	150	216	269	317	953	222	300	300	300	1,122	300	300	300	300	1,200
Pretax Income	\$33,142	\$7,424	\$9,047	\$10,876	\$11,840	\$39,188	\$8,844	\$10,171	\$10,942	\$11,254	\$41,212	\$9,057	\$10,429	\$11,326	\$11,290	\$42,102
Income Taxes	(5,782)	(1,384)	(1,747)	(2,318)	(2,603)	(8,052)	(1,767)	(1,892)	(1,970)	(2,476)	(8,104)	(1,449)	(1,940)	(1,982)	(2,258)	(7,629)
<b>Net Income</b>	<b>\$27,360</b>	<b>\$6,040</b>	<b>\$7,300</b>	<b>\$8,558</b>	<b>\$9,237</b>	<b>\$31,136</b>	<b>\$7,077</b>	<b>\$8,279</b>	<b>\$8,973</b>	<b>\$8,778</b>	<b>\$33,107</b>	<b>\$7,608</b>	<b>\$8,489</b>	<b>\$9,344</b>	<b>\$9,032</b>	<b>\$34,473</b>
Less restricted stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Income To Common</b>	<b>\$27,360</b>	<b>\$6,040</b>	<b>\$7,300</b>	<b>\$8,558</b>	<b>\$9,237</b>	<b>\$31,136</b>	<b>\$7,077</b>	<b>\$8,279</b>	<b>\$8,973</b>	<b>\$8,778</b>	<b>\$33,107</b>	<b>\$7,608</b>	<b>\$8,489</b>	<b>\$9,344</b>	<b>\$9,032</b>	<b>\$34,473</b>
Basic EPS	\$2.29	\$0.50	\$0.61	\$0.71	\$0.77	\$2.59	\$0.59	\$0.70	\$0.76	\$0.74	\$2.81	\$0.63	\$0.71	\$0.80	\$0.76	\$2.91
<b>FD EPS</b>	<b>\$2.26</b>	<b>\$0.50</b>	<b>\$0.60</b>	<b>\$0.71</b>	<b>\$0.76</b>	<b>\$2.58</b>	<b>\$0.59</b>	<b>\$0.70</b>	<b>\$0.76</b>	<b>\$0.74</b>	<b>\$2.81</b>	<b>\$0.63</b>	<b>\$0.71</b>	<b>\$0.80</b>	<b>\$0.76</b>	<b>\$2.90</b>
FD Shares Outstanding	11,841	11,834	11,831	11,870	11,878	11,853	11,865	11,865	11,865	11,865	11,865	11,865	11,865	11,865	11,865	11,865
Dividend	\$2.22	\$0.18	\$0.18	\$0.18	\$1.93	\$2.47	\$0.30	\$0.30	\$0.30	\$0.30	\$1.20	\$0.30	\$0.30	\$0.30	\$1.98	\$2.88
Payout Ratio	97%	36%	29%	25%	249%	96%	51%	43%	39%	40%	43%	47%	42%	37%	262%	99%
<b>Adjusted EBITDA</b>																
Operating Income	32,213	7,274	8,831	10,607	11,523	38,235	8,622	9,871	10,642	10,954	40,090	8,757	10,129	11,026	10,990	40,902
D&A	2,681	660	656	635	610	2,561	607	649	653	670	2,761	685	671	676	693	2,961
Stock Based Comp	6,370	1,881	1,627	1,587	1,693	6,788	1,996	1,624	1,632	1,675	6,927	2,054	2,012	2,029	1,733	7,829
Non-Recurring & Other	-	1	1	-	(1)	2	-	-	-	-	-	-	-	-	-	-
Adj. EBITDA	41,253	9,816	11,115	12,829	13,825	47,585	11,225	12,144	12,927	13,299	49,777	11,496	12,812	13,731	13,417	51,692
<b>Growth Analysis</b>																
OTC Link	14.3%	21.6%	19.2%	22.5%	7.3%	17.2%	31.0%	1.0%	1.0%	0.0%	8.2%	(20.0%)	1.5%	2.0%	1.5%	(4.9%)
Market Data Licensing	0.6%	15.3%	14.2%	15.3%	17.0%	15.4%	1.8%	4.0%	3.5%	3.0%	3.1%	4.5%	4.5%	4.0%	4.0%	4.2%
Corporate Services	(4.0%)	(0.8%)	3.3%	12.4%	17.4%	8.1%	19.4%	12.0%	4.0%	3.0%	9.2%	4.0%	3.0%	4.0%	4.0%	3.8%
Revenue YOY Growth	1.1%	10.0%	10.7%	15.5%	15.0%	12.8%	14.5%	6.4%	3.2%	2.4%	6.5%	(1.7%)	3.3%	3.6%	3.5%	2.1%
Seq. Rev Growth		6.9%	0.3%	3.7%	3.4%		6.5%	(6.8%)	0.5%	2.6%		2.2%	(2.0%)	0.8%	2.5%	
Adjusted Net Income YoY Growth	(1.1%)	0.9%	8.4%	15.2%	28.0%	13.8%	17.2%	13.4%	4.8%	(5.0%)	6.3%	7.5%	2.5%	4.1%	2.9%	4.1%
Adjusted FD EPS YoY Growth	(0.9%)	1.2%	6.9%	17.0%	26.6%	14.0%	17.2%	16.9%	6.4%	(2.3%)	9.1%	7.6%	1.1%	5.5%	2.9%	3.0%
Adj. EBITDA YOY Growth	0.9%	7.0%	7.8%	19.1%	24.2%	15.3%	14.4%	9.3%	0.8%	(3.8%)	4.6%	2.4%	5.5%	6.2%	0.9%	3.8%
<b>Margin Analysis</b>																
Operating Margin	29.9%	24.7%	29.9%	34.6%	36.3%	31.5%	25.5%	31.3%	33.6%	33.7%	31.0%	26.4%	31.1%	33.6%	32.7%	30.9%
Net Profit Margin	25.4%	20.5%	24.7%	27.9%	29.1%	25.7%	20.9%	26.3%	28.3%	27.0%	25.6%	22.9%	26.1%	28.5%	26.9%	26.1%
Tax Rate	17%	19%	19%	21%	22%	21%	20%	19%	18%	22%	20%	16%	19%	18%	20%	18%

Sources: Company reports, Sidoti & Company, LLC estimates

OTC Markets Group Inc.

**Table 2. OTC Markets Group Inc., Statement of Cash Flows**

(\$ in thousands except where noted)

	2023	2024	2025	MarE	JuneE	SepE	DecE	2026E	2027E
<b>Operating Activities</b>									
Net Income	\$27,661	\$27,360	\$31,135	\$7,077	\$8,279	\$8,973	\$8,778	\$33,107	\$34,473
Depreciation & amortization	2,398	2,681	2,561	710	706	685	660	2,761	2,961
Provision for bad debts	367	(13)	3	0	0	0	0	0	0
Share based compensation	5,858	6,370	6,788	1,996	1,624	1,632	1,675	6,927	7,829
Excess tax benefit	(815)	(417)	(322)	0	0	0	0	0	0
Deferred rent & other	31	0	1	0	0	0	0	0	0
Deferred income taxes	(2,838)	(2,429)	3,311	0	0	0	0	0	0
Loss on fixed assets	0	13	0	0	0	0	0	0	0
<b>Change in Operating Assets &amp; Liabilities</b>	<b>\$32,662</b>	<b>\$33,565</b>	<b>\$43,477</b>	<b>\$9,783</b>	<b>\$10,609</b>	<b>\$11,290</b>	<b>\$11,113</b>	<b>\$42,795</b>	<b>\$45,263</b>
Net Change in Working Capital	374	(692)	7,802	(5,739)	2,658	5,427	4,671	7,017	6,634
<b>Net Cash Provided by Operations</b>	<b>\$33,036</b>	<b>\$32,873</b>	<b>\$51,279</b>	<b>\$4,044</b>	<b>\$13,267</b>	<b>\$16,717</b>	<b>\$15,784</b>	<b>\$49,812</b>	<b>\$51,897</b>
<b>Investing Activities</b>									
Acquisitions	0	0	0	0	0	0	0	0	0
Capital expenditures	(1,567)	(1,301)	(220)	(662)	(552)	(392)	(402)	(2,008)	(2,042)
Net proceeds/purchase of short term investments	(3,622)	(891)	(534)	0	0	0	0	0	0
<b>Net Cash Provided by Investing Activities</b>	<b>(\$5,189)</b>	<b>(\$2,192)</b>	<b>(\$754)</b>	<b>(\$662)</b>	<b>(\$552)</b>	<b>(\$392)</b>	<b>(\$402)</b>	<b>(\$2,008)</b>	<b>(\$2,042)</b>
<b>Financing Activities</b>									
Dividends	(26,482)	(26,585)	(29,692)	(3,600)	(3,600)	(3,600)	(20,858)	(31,658)	(32,518)
Proceeds from stock options	0	86	16	0	0	0	0	0	0
Restricted stock issuance	1	(825)	1	0	0	0	0	0	0
Withholding taxes paid	(1,236)	(797)	(567)	0	0	0	0	0	0
Excess tax benefits	0	0	0	0	0	0	0	0	0
Purchase of treasury stock	(3,379)	(2,944)	(2,934)	(3,000)	0	0	0	(3,000)	(3,000)
<b>Net Cash Provided by Financing</b>	<b>(\$31,096)</b>	<b>(\$31,065)</b>	<b>(\$33,176)</b>	<b>(\$6,600)</b>	<b>(\$3,600)</b>	<b>(\$3,600)</b>	<b>(\$20,858)</b>	<b>(\$34,658)</b>	<b>(\$35,518)</b>
<b>Net Cash Increase (decrease) in cash</b>	<b>(\$3,249)</b>	<b>(\$384)</b>	<b>\$17,349</b>	<b>(\$2,561)</b>	<b>\$9,115</b>	<b>\$12,725</b>	<b>(\$5,475)</b>	<b>\$13,147</b>	<b>\$14,336</b>
Beginning cash balance	38,936	35,687	35,303	50,837	48,276	57,391	70,116	52,652	65,799
<b>Ending Cash Balance</b>	<b>\$35,687</b>	<b>\$35,303</b>	<b>\$52,652</b>	<b>\$48,276</b>	<b>\$57,391</b>	<b>\$70,116</b>	<b>\$64,641</b>	<b>\$65,799</b>	<b>\$80,135</b>
CFFO	\$33,036	\$32,873	\$51,279	\$4,044	\$13,267	\$16,717	\$15,784	\$49,812	\$51,897
CapEx	(1,567)	(1,301)	(220)	(662)	(552)	(392)	(402)	(2,008)	(2,042)
Free Cash Flow (excluding SBC)	\$25,611	\$26,005	\$41,631	\$1,386	\$11,091	\$14,693	\$13,708	\$40,878	\$42,025
<b>FCF / Share</b>	<b>\$2.16</b>	<b>\$2.20</b>	<b>\$3.51</b>	<b>\$0.12</b>	<b>\$0.93</b>	<b>\$1.24</b>	<b>\$1.16</b>	<b>\$3.45</b>	<b>\$3.54</b>

Sources: Company reports, Sidoti & Company, LLC estimates

**Table 3. OTC Markets Group Inc., Balance Sheet**

(\$ in thousands except where noted)

	2023	2024	2025	MarE	JuneE	SepE	DecE	2026E	2027E
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and cash equivalents	34,101	34,522	49,231	\$47,038	\$56,153	\$68,878	\$63,403	63,403	77,739
Short-term investments	3,622	4,513	5,047	5,047	5,047	5,047	5,047	5,047	5,047
Receivables	7,680	8,097	9,053	9,468	8,715	8,851	9,253	9,253	9,453
Prepaid income taxes	1,324	244	249	249	249	249	249	249	249
Prepaid expenses	1,865	2,237	2,361	2,361	2,361	2,361	2,361	2,361	2,361
<b>Total Current Assets</b>	<b>\$48,592</b>	<b>\$49,613</b>	<b>\$65,941</b>	<b>\$64,163</b>	<b>\$72,525</b>	<b>\$85,386</b>	<b>\$80,313</b>	<b>\$80,313</b>	<b>\$94,849</b>
PP&E	8,429	7,096	5,557	4,484	4,330	4,037	3,779	3,779	2,860
Operating lease right-of-use assets	12,324	10,951	9,508	9,508	9,508	9,508	9,508	9,508	9,508
Non-current deferred tax asset	7,691	10,120	6,809	6,809	6,809	6,809	6,809	6,809	6,809
Goodwill	3,984	3,984	3,984	3,984	3,984	3,984	3,984	3,984	3,984
Intangible assets	7,411	6,829	6,247	6,247	6,247	6,247	6,247	6,247	6,247
Other Assets	2,094	2,149	2,063	2,063	2,063	2,063	2,063	2,063	2,063
<b>Total Assets</b>	<b>\$90,525</b>	<b>\$90,742</b>	<b>\$100,109</b>	<b>\$97,258</b>	<b>\$105,466</b>	<b>\$118,034</b>	<b>\$112,703</b>	<b>\$112,703</b>	<b>\$126,321</b>
<b>Liabilities</b>									
Accounts payable	2,152	1,175	1,184	1,556	1,580	1,592	1,601	1,601	1,635
Income tax payable	141	54	138	138	138	138	138	138	138
Accrued expenses	14,065	13,425	14,884	8,188	11,069	13,620	15,684	15,684	16,484
Deferred revenue	29,267	29,084	33,640	34,640	33,640	36,640	39,640	39,640	45,640
<b>Current Liabilities</b>	<b>\$45,625</b>	<b>\$43,738</b>	<b>\$49,846</b>	<b>\$44,522</b>	<b>\$46,427</b>	<b>\$51,990</b>	<b>\$57,063</b>	<b>\$57,063</b>	<b>\$63,897</b>
Operating Lease Liabilities	11,895	10,360	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Income tax reserve	778	927	8,748	8,748	8,748	8,748	8,748	8,748	8,748
<b>Total Liabilities</b>	<b>\$58,298</b>	<b>\$55,025</b>	<b>\$59,644</b>	<b>\$54,320</b>	<b>\$56,225</b>	<b>\$61,788</b>	<b>\$66,861</b>	<b>\$66,861</b>	<b>\$73,695</b>
<b>Shareholders' Equity</b>									
Class A	127	128	129	129	129	129	129	129	129
Additional paid-in capital	29,469	35,127	41,364	40,360	41,984	43,616	45,291	45,291	50,120
Retained earnings	22,425	23,200	24,644	28,121	32,800	38,173	26,094	26,094	28,049
Treasury shares	(19,794)	(22,738)	(25,672)	(25,672)	(25,672)	(25,672)	(25,672)	(25,672)	(25,672)
<b>Total Stockholders' Equity</b>	<b>\$32,227</b>	<b>\$35,717</b>	<b>\$40,465</b>	<b>\$42,938</b>	<b>\$49,241</b>	<b>\$56,246</b>	<b>\$45,841</b>	<b>\$45,841</b>	<b>\$52,625</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$90,525</b>	<b>\$90,742</b>	<b>\$100,109</b>	<b>\$97,258</b>	<b>\$105,466</b>	<b>\$118,034</b>	<b>\$112,703</b>	<b>\$112,703</b>	<b>\$126,321</b>
<b>Key Metrics</b>									
ROA	30.4%	30.1%	30.9%	32.6%	32.7%	30.0%	28.7%	28.7%	26.7%
ROE	72.6%	65.9%	66.8%	77.1%	71.9%	63.6%	64.9%	64.9%	59.3%
ROIC	54.3%	51.7%	55.0%	62.5%	59.3%	53.7%	54.4%	54.4%	50.8%
Cash per share	\$2.87	\$2.92	\$4.15	\$3.96	\$4.73	\$5.81	\$5.34	\$5.34	\$6.55

Sources: Company reports, Sidoti & Company, LLC estimates

## Required Disclosures

OTC Markets Group Inc. (OTCM-\$55.10) NR Price Target: \$65 Risk Rating: M

### Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Risk Rating	03/08/2024	11.1			M
PT	08/08/2024	48.0		63	
PT	11/14/2025	54.3		65	

07-May-2023 to 07-May-2026 (Daily) Price



Source: FactSet Prices

<b>Valuation</b>	<b>We maintain our \$65 price target on OTCM, based on 23x our 2027 EPS estimate of \$2.90.</b> In the past five years, OTCM shares traded at 16x-29x forward EPS and averaged 23x. Corporate service and exchange peers trade at 21x-59x and average 30x forward earnings. OTCM's lack of trading liquidity could validate a discount to peers. Yet we view the recurring, subscription derived revenue model (81% of 2025 gross revenue), product expansion, strong balance sheet, and key regulatory role as supporting our multiple. We also think OTCM operates with a wide economic moat as an operator of critical market infrastructure for smaller companies. Technology investments to increase the value of Market Data Licensing and grow international Corporate Service subscribers could warrant a higher multiple, in our view. Our Moderate risk rating reflects strengths in OTCM's business model as a provider of critical market infrastructure with diverse end markets and subscription-derived revenue of 80%-90%.		
<b>Key Risks</b>	Volatile trading volumes	Economic sensitivity	Regulatory

**(IF A COMPANY SPONSORED RESEARCH ("CSR") REPORT, ALSO REFER TO ADDITIONAL CSR-SPECIFIC DISCLOSURES PROVIDED BELOW)**

### Rating System

Sidoti's Equity Research rating system consists of BUY and NEUTRAL recommendations, as well as a NOT RATED classification. We do not assign these BUY or NEUTRAL ratings for companies covered under our Company Sponsored Research program. Companies (or equity securities) covered by our CSR program are classified as NOT RATED (NR) and are only assigned a HIGH (H) or MODERATE (M) risk rating. Unless otherwise noted in a report, Sidoti ratings should be interpreted as follows:

Rating	Industry	Interpretation
<b>BUY</b>	All, except Utilities	Capital appreciation of at least 25% over the next 12 months
<b>NEUTRAL</b>	All, except Utilities	Capital appreciation of less than 25% over the next 12 months
<b>BUY</b>	Utilities(a)	Capital appreciation of at least 15% over the next 12 months
<b>NEUTRAL</b>	Utilities(a)	Capital appreciation of less than 15% over the next 12 months
<b>HIGH (RISK)</b>	All in CSR program	Companies/equities with among others, one or more of the following characteristics:

		<ul style="list-style-type: none"> <li>• significant potential for loss of principal;</li> <li>• significant share price volatility;</li> <li>• limited revenue or cash flow and/or high unpredictability associated with revenue and cash flow;</li> <li>• short and/or unprofitable operating history;</li> <li>• potentially significant issues regarding operational and/or financial success;</li> <li>• problematic financial, liquidity, legal, regulatory or political issues;</li> <li>• upcoming need for additional capital when availability is questionable;</li> <li>• significant related party transactions which could lead to a conflict of interest;</li> <li>• any other factor that the analyst believes could materially and adversely impact the subject company and/or the value of its securities.</li> </ul>
<b>MODERATE (RISK)</b>	All in CSR program	<p>Companies which have many of the same risks as described under the HIGH risk rating, but which risks are mitigated (on a relative basis and in the opinion of the analyst) due to, among others, one or more of the following:</p> <ul style="list-style-type: none"> <li>• more stable and predictable revenue, profits and cash flow;</li> <li>• more established operating history;</li> <li>• more favorable operating or business environment</li> <li>• lower potential for financial, liquidity, regulatory or political issues; or</li> <li>• less onerous upcoming capital needs.</li> </ul>

(a) those with at least 75% of operations derived from regulated state and federal businesses

**Percentage of Covered Companies with Each Rating and Realization of Investment Banking Income from Covered Companies Over the Past 12 Months:**

With reference to the information described in the header immediately above please refer to the table below, which is as of 5-7-2026 , and reflects information immediately prior to, the publication of this report:

Rating	# of Companies	% (b)	Realized Investment Banking Income (# of companies with rating)	Realized Investment Banking Income (% of companies with rating)
BUY	18	13.7%	0	0.0%
NEUTRAL(a)	5	3.8%	0	0.0%
NOT RATED	0	0.0%	0	0.0%
NR - CSRs Moderate Risk (c)	92	70.2%	0	0.0%
NR - CSRs High Risk (c)	16	12.2%	0	0.0%
<b>TOTAL</b>	<b>131</b>	<b>100%</b>	<b>0</b>	<b>0.0%</b>
(a) Of the NEUTRALS 4 trade above our price target.				
(b) Numbers may not add due to rounding or because of a pending drop of coverage.				
(c) 85.2% of our CSRs are moderate risk, while 14.8% are high risk.				

**Certain Risks**

A universal risk to all our price targets is that the analyst's estimates or forecasts may not be met. Past performance should not be construed as indicative of future performance. This report contains forward-looking statements, which involve risks and uncertainties. Actual results may differ significantly from such forward-looking statements. Factors that may cause such a

difference include, but are not limited to, those discussed in the “Risk Factors” section in the subject company’s SEC filings available in electronic format through SEC Edgar filings at [www.sec.gov](http://www.sec.gov).

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Sidoti research analysts generally do not cover (or continue to cover) those companies where Sidoti does not deem coverage to be profitable. In determining whether coverage is profitable, Sidoti considers among other things, (a) an estimate of invoice payments received from its institutional investor clients as it relates to a covered company; (b) whether management of a covered company participates in a Sidoti affiliate’s-sponsored conferences and/or non-deal roadshows (Sidoti’s affiliate receives a fee from the issuer if the issuer presents at a conference and may receive a fee from the issuer if it schedules an NDR; The affiliate thereafter covers a portion of Sidoti’s expenses pursuant to an expense sharing agreement, which amount is determined based on affiliate revenue versus Sidoti revenue); and (c) whether a covered company has in the past or is inclined to include Sidoti in an investment banking transaction as a co-manager or otherwise. A possible effect of factors (b) and (c) above may be that continued coverage decisions are based, in part, on the willingness of management of covered companies to participate in, and compensate Sidoti’s affiliate for, such conferences and NDR meetings, as well as Sidoti’s inclusion in investment banking transactions. This approach could be viewed as presenting potential conflicts of interest. There are additional conflicts of interest, described below, regarding companies that are part of Sidoti’s CSR program.

**Sidoti and Analyst Ownership of Securities Described Herein and Other Analyst Restrictions**

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**Sidoti Investment Banking Revenue Realized from the Subject Company in the Last 12 Month**

Sidoti has non-research employees that will seek compensation for investment banking services from the company covered hereunder. As of the date hereof, Sidoti may expect to receive or may intend to seek investment banking compensation from any of its covered companies, including the subject company covered herein, within the next 3 months (additional detail, if any, is provided in a special disclosure below). Investment banking services, as defined under FINRA Rule 2241, includes, among other things, acting as an underwriter in or as a member of the selling group in a securities underwriting. Sidoti’s role in most investment banking transactions can be viewed on this company’s filings at [www.sec.gov](http://www.sec.gov). The table below sets forth instances where Sidoti has received investment banking revenue from the company covered hereunder in the last twelve months, if any:

Date	Role	Transaction	Security

**Sidoti Non-Investment Revenue Realized from the Subject Company in the Last 12 Months**

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Conferences	NDR Days

## **Additional Disclosures Specific to the Subject Company of this Report Including the Pursuit or Expectation of Investment Banking Revenue in the Next Three Months**

None

### **Analyst Certification**

The research analyst that authors this report, Brendan McCarthy, certifies that this report accurately reflects his/her personal views about the subject securities and issuers and that none of the research analysts compensation was, is or will be directly or indirectly related to the analysts specific recommendations or views contained in this research report.

### **Other Disclosures**

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- insists that, at a minimum, pro-rata payment of the annual fee is received prior to the publication or release of a research report;
- utilizes analysts who must abide by the CFA Institute Code of Ethics and Standards of Professional Conduct;
- provide analysts with full discretion on the price target and over other coverage points based on their own due diligence;
- maintains and enforces written policies and procedures reasonably designed to prevent any controlling persons, officers (or persons performing similar functions), or employees of Sidoti from influencing the activities of research analysts and the content of research reports prepared by the research analyst;
- does not directly tie analyst compensation to their willingness to cover a company on a commissioned basis, provided however that the provision of CSR coverage is one of several overall considerations that is factored into Sidoti's determination of analyst compensation; and
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### **Source(s)**

Key Statistics data is sourced from FactSet Research Systems