



# OTC Markets Group Inc. (OTCM)

**Trading Volume Rose 45% In 2Q:25, Contributing To 7% Year Over Year EPS Growth; Corporate Services Returned To Growth; Upbeat On Impact Of New Market Tier, OTCID; Maintain \$63 Target**

## EPS ESTIMATES

	2023	2024	2025E		2026E	
			OLD	NEW	OLD	NEW
Mar	\$0.52	\$0.49	\$0.50A		\$0.55	
Jun	\$0.57	\$0.56	\$0.62	\$0.60A	\$0.66	
Sep	\$0.61	\$0.61	\$0.64	\$0.62	\$0.70	
Dec	<u>\$0.58</u>	<u>\$0.60</u>	<u>\$0.66</u>		<u>\$0.75</u>	
EPS	\$2.28	\$2.26	\$2.44		\$2.65	
P/E			22.5x		20.7x	

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	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Rev.(Mil.)	\$54.7	\$59.3	\$62.8	\$71.2	\$102.9	\$105.1	\$109.9	\$111.1	\$120.6	\$123.3
GAAP EPS	\$1.06	\$1.36	\$1.25	\$1.53	\$2.52	\$2.53	\$2.28	\$2.26	\$2.44	\$2.65

## COMPANY DESCRIPTION

OTC Markets Group, Inc. ([www.otcmkt.com](http://www.otcmkt.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 (20% of 2024 revenue), Market Data (39%) and Corporate Services (41%). Headquarters are in New York, NY. OTCM trades on the OTCQX market.

- Our outlook captures OTCM's subscription-derived revenue, stable capital structure, and progress toward expanding its product suite to drive growth.
- OTCM's launch of OTCID is a significant milestone, in our view, with the potential to enhance Corporate Services' sales trends, by enticing companies to subscribe to the highest quality market platform they qualify for within OTCM's platform suite.
- Elevated trading activity continues to benefit OTCM's transaction-derived revenue, that was up 24% year over year, as total revenue outpaced our estimate. Corporate Services segment revenue returned to growth in 2Q:25, attributable to price increases and a positive impact of OTCID, in our view.
- EPS rose 7% year over year in 2Q:25, as price increases and elevated trading volume drove revenue growth that outpaced higher expenses.
- OTCM will remain focused on developing capabilities such as overnight trading through OTC Overnight and MOON ATS, meant to improve the broker-dealer experience and drive growth, in our view.
- Our \$63 price target is based on about 23x our 2026 EPS forecast of \$2.65. Our moderate risk rating reflects OTCM's role as a provider of critical market infrastructure and its recurring, subscription-based revenue profile.

We believe the recent launch of OTCID will drive favorable sales trends and renewed conversations with subscribers to reevaluate OTCM's market tiers. OTCM launched OTCID™ Basic Market on July 1, a new market tier for companies that meet a minimum current information standard and provide management certification. OTCID will replace the Pink Current Market and support companies that publish basic disclosures but may not qualify for OTCQX or OTCQB due to financial challenges. At the start of 3Q:25, OTCID had 1,035 company subscribers, following an increase in the number of companies subscribing to OTCM's DNS tool in 2Q:25, which is the primary tool companies can leverage to subscribe to OTCID. We think OTCM should see a marginal revenue uplift from companies eligible to

# NR

Price Target: \$63

Price: \$55.00

Risk Rating: M

## Brendan McCarthy

(212) 453-7057

[bmccarthy@sidoti.com](mailto:bmccarthy@sidoti.com)

## Key Statistics

Market Cap (Mil)	\$659
Enterprise Value (Mil)	\$619
52-Week Range	61-45
5-Year EPS CAGR.	13%
Avg. Daily Trading Volume	5,000
Shares Out (Mil)	11.975
Float Shares (Mil)	
Insider Ownership	
Institutional Holdings	10%
Annualized Dividend	\$0.72
Dividend Yield	1.3%
FCF Per Share (2025E)	\$2.87
FCF Yield (2025E)	5.2%
Net Cash Per Share (2025E)	\$3.86
Price to Book Value	14.7x
Return on Equity (2025E)	61.5%
Total Debt to Capital	
Interest Coverage Ratio	
Short Interest %	
Short Interest Days To Cover	
Russell 2000	2,218
Russell 2000 - Last 12 Months	6.4%
OTCM - Last 12 Months	17.1%

11-Aug-2022 to 11-Aug-2025 (Daily) Price



Source: FactSet Prices

subscribe to OTCID, as opposed to Pink Current. In addition, we believe the company's sales efforts will focus on enticing companies to subscribe to the highest quality market they qualify for within OTCM's platform suite. While OTCID also enhances market structure, we expect OTCM to aim to broaden sales efforts toward companies that meet the new market eligibility standards for the OTCID market.

**OTCM outperformed revenue expectations in 2Q:25 with continued momentum in trading volume.** OTC Link continues to experience favorable revenue trends with increased trading volume, which increased about 45% to \$177 billion in 2Q:25 compared to the prior year period. OTC Link averaged about 63,000 daily trades in 2Q:25, compared to approximately 35,000 during 2Q:24 and 56,000 in 1Q:25. As a result, gross revenue from OTC Link ECN and OTC Link NQB rose 40% year over year from a higher volume of shares traded, driving a 19% increase in OTC Link segment revenue in 2Q:25. Looking ahead, while OTC Link transaction derived revenue has trended favorably in recent quarters, future trading volumes remain unpredictable. Market Data segment revenue rose 14% year over year, due to meaningful price increases for certain user and enterprise licenses that OTCM enacted in 1Q:25. Market Data price increases have been the primary driver of revenue growth through 1H:25 and we expect favorable comparisons to continue in 2H:25. We also expect OTCM to continue to work to develop and enhance the relevance of data products for subscribers. Notably, Corporate Services' segment revenue grew 3% in 2Q:25, returning to year-over-year growth on a quarterly basis for the first time since 4Q:23. The impact of annual price increases enacted in 1Q:25 offset the lower number of OTCQX and OTCQB subscribing companies, resulting in a 2% increase in OTCQX revenues and a 4% increase in OTCQB revenue. Subscriber variability is largely driven by new sales and voluntary non-renewals, along with the impact of compliance downgrades. Sales trends improved in 2Q:25, with OTCM adding 39 companies to the OTCQX platform in 2Q:25 (22 in 1Q:25) and 85 new OTCQB companies in 2Q:25 (47 in 1Q:25); international companies maintained a significant presence with 25 additions to OTCQX and 48 to OTCQB. Considering the economic headwinds that have impacted the Corporate Services segment for some time, the positive sales trends are notable. We also think the launch of OTCID in July prompted companies to reexamine which OTCM market tier (OTCQX, OTCQB, OTCID, Pink Current) aligns best with their strategy. We believe this had a positive impact in the quarter. In total, gross revenue rose 11%, with the subscription-based component increasing by 8% and transaction-based revenue up 24% on increased trading activity.

**EPS of \$0.60 in 2Q:25 was roughly in line with our expectation and up 7% from the prior year period.** Operating expenses increased 8% in 2Q:25 compared to the prior year period, due to a 6% increase in compensation and benefit expenses. We expect the company to continue to invest in talent and infrastructure to manage growth and product expansion. In addition, costs tied to regulatory compliance could require significant investment in the future. Operating income rose 8% in 2Q:25 to \$8.8 million, slightly exceeding our estimate of \$8.7 million. EPS rose 7% year over year in 2Q:25 to \$0.60 as revenue growth outpaced higher expenses.

<b>Exhibit 1: OTC Markets Group Inc. Variance Table</b>					
\$ in thousands except per share data					
	<u>2Q:24A</u>	<u>2Q:25A</u>	<u>2Q:25E</u>	<u>% Change</u>	<u>\$ Variance</u>
Total Dollar Volume (bn)	122.3	175.3		44%	53
OTC Link	5,408	6,447	6,219	4%	228
Market Data Licensing	10,782	12,316	12,130	2%	186
<u>Corporate Services</u>	<u>11,372</u>	<u>11,742</u>	<u>11,429</u>	<u>3%</u>	<u>313</u>
Gross Revenue	27,562	30,505	29,778	2%	727
Operating Expenses	17,082	18,384	18,028	2%	356
Operating Income	8,140	8,831	8,652	2%	179
Operating Margin*	30%	30%	30%		
Net Income	\$6,733	\$7,300	\$7,211	1%	89
Profit Margin*	25%	25%	25%		
<b>EPS</b>	<b>\$0.56</b>	<b>\$0.60</b>	<b>\$0.62</b>	<b>(4%)</b>	<b>\$ (0.02)</b>
Consensus EPS			\$0.64		

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

\* Based on net revenue consistent with company operating metrics

<b>Valuation</b>	<p><b>We maintain our \$63 price target on OTCM.</b> Our price target applies an unchanged multiple of 23x to our 2026 EPS forecast of \$2.65. 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 the 2025 EPS consensus. OTCM's lack of trading liquidity could validate a discount to peers. Yet, we view the recurring, subscription-derived revenue model (85% of 2024 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%.</p>		
<b>Key Risks</b>	Trading volumes	Economic sensitivity	Regulatory

# OTC Markets Group Inc.

**Table 1. OTC Markets Group Inc., Income Statement**

(\$ in thousands, except where noted)

	2023	MarA	JuneA	SepA	DecA	2024	MarA	JuneA	SepE	DecE	2025E	MarE	JuneE	SepE	DecE	2026E
<b>Operating Segments</b>																
OTC Link	\$19,600	\$5,397	\$5,408	\$5,240	\$6,364	\$22,409	\$6,563	\$6,447	\$6,026	\$6,364	\$25,400	\$6,629	\$6,511	\$6,086	\$6,428	\$25,654
Market Data Licensing	43,368	11,088	10,782	10,862	10,893	43,625	12,783	12,316	12,057	12,418	49,574	12,783	12,562	12,419	12,840	50,604
Corporate Services	46,928	11,172	11,372	11,292	11,194	45,030	11,080	11,742	11,405	11,418	45,645	11,191	12,094	11,861	11,932	47,078
<b>Gross Revenue</b>	<b>\$109,896</b>	<b>\$27,657</b>	<b>\$27,562</b>	<b>\$27,394</b>	<b>\$28,451</b>	<b>\$111,064</b>	<b>\$30,426</b>	<b>\$30,505</b>	<b>\$29,488</b>	<b>\$30,200</b>	<b>\$120,619</b>	<b>\$30,602</b>	<b>\$31,168</b>	<b>\$30,366</b>	<b>\$31,200</b>	<b>\$123,336</b>
Redistribution fees and rebates	3,237	840	791	760	791	3,182	994	998	885	906	3,783	918	935	911	936	3,700
Net Revenue	\$106,659	\$26,817	\$26,771	\$26,634	\$27,660	\$107,882	\$29,432	\$29,507	\$28,603	\$29,294	\$116,836	\$29,684	\$30,233	\$29,455	\$30,264	\$119,636
Redistribution & Transaction fees	5,524	1,508	1,549	1,435	2,157	6,649	2,375	2,292	2,064	2,114	8,845	2,142	1,870	1,822	1,872	7,706
<b>Revenues less transaction-based expenses</b>	<b>\$101,134</b>	<b>\$25,309</b>	<b>\$25,222</b>	<b>\$25,199</b>	<b>\$25,503</b>	<b>\$101,233</b>	<b>\$27,057</b>	<b>\$27,215</b>	<b>\$26,539</b>	<b>\$27,180</b>	<b>\$107,991</b>	<b>\$27,542</b>	<b>\$28,363</b>	<b>\$27,633</b>	<b>\$28,392</b>	<b>\$111,930</b>
Compensation	42,467	12,522	10,934	10,506	10,160	44,122	12,906	11,573	11,264	10,991	46,734	13,679	11,969	11,326	10,920	47,894
IT Infrastructure	10,311	2,699	2,545	2,657	2,673	10,574	2,715	2,858	2,801	2,778	11,153	2,815	2,836	2,824	2,808	11,284
Professional fees	8,048	1,466	1,521	1,525	1,783	6,295	1,956	1,842	1,769	1,812	7,379	1,530	1,777	1,731	1,872	6,910
Marketing & Advertising	1,194	263	362	320	422	1,367	343	438	413	362	1,556	428	343	425	343	1,540
Occupancy costs	2,360	585	576	589	619	2,369	638	668	619	604	2,529	612	592	607	624	2,436
D&A	2,398	653	682	677	668	2,680	660	656	729	709	2,754	723	717	750	780	2,970
General and administrative	1,762	422	462	301	428	1,613	565	349	324	454	1,692	467	468	334	374	1,643
<b>Total Operating Costs</b>	<b>\$68,540</b>	<b>\$18,610</b>	<b>\$17,082</b>	<b>\$16,575</b>	<b>\$16,753</b>	<b>\$69,020</b>	<b>\$19,783</b>	<b>\$18,384</b>	<b>\$17,920</b>	<b>\$17,711</b>	<b>\$73,798</b>	<b>\$20,255</b>	<b>\$18,701</b>	<b>\$17,998</b>	<b>\$17,721</b>	<b>\$74,675</b>
<b>Operating Income</b>	<b>\$32,594</b>	<b>\$6,699</b>	<b>\$8,140</b>	<b>\$8,624</b>	<b>\$8,750</b>	<b>\$32,213</b>	<b>\$7,274</b>	<b>\$8,831</b>	<b>\$8,619</b>	<b>\$9,469</b>	<b>\$34,193</b>	<b>\$7,287</b>	<b>\$9,662</b>	<b>\$9,635</b>	<b>\$10,670</b>	<b>\$37,255</b>
Interest Income & Other income	903	175	184	270	300	929	150	216	250	250	866	300	300	300	300	1,200
<b>Pretax Income</b>	<b>\$33,497</b>	<b>\$6,874</b>	<b>\$8,324</b>	<b>\$8,894</b>	<b>\$9,050</b>	<b>\$33,142</b>	<b>\$7,424</b>	<b>\$9,047</b>	<b>\$8,869</b>	<b>\$9,719</b>	<b>\$35,059</b>	<b>\$7,587</b>	<b>\$9,962</b>	<b>\$9,935</b>	<b>\$10,970</b>	<b>\$38,455</b>
Income Taxes	(5,836)	(890)	(1,591)	(1,466)	(1,835)	(5,782)	(1,384)	(1,747)	(1,419)	(1,944)	(6,494)	(1,032)	(1,853)	(1,550)	(2,150)	(6,585)
<b>Net Income</b>	<b>\$27,661</b>	<b>\$5,984</b>	<b>\$6,733</b>	<b>\$7,428</b>	<b>\$7,215</b>	<b>\$27,360</b>	<b>\$6,040</b>	<b>\$7,300</b>	<b>\$7,450</b>	<b>\$7,775</b>	<b>\$28,565</b>	<b>\$6,556</b>	<b>\$8,109</b>	<b>\$8,385</b>	<b>\$8,820</b>	<b>\$31,870</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>\$27,661</b>	<b>\$5,984</b>	<b>\$6,733</b>	<b>\$7,428</b>	<b>\$7,215</b>	<b>\$27,360</b>	<b>\$6,040</b>	<b>\$7,300</b>	<b>\$7,450</b>	<b>\$7,775</b>	<b>\$28,565</b>	<b>\$6,556</b>	<b>\$8,109</b>	<b>\$8,385</b>	<b>\$8,820</b>	<b>\$31,870</b>
Basic EPS	\$2.32	\$0.50	\$0.56	\$0.62	\$0.61	\$2.29	\$0.50	\$0.61	\$0.62	\$0.66	\$2.45	\$0.55	\$0.66	\$0.70	\$0.75	\$2.66
<b>FD EPS</b>	<b>\$2.28</b>	<b>\$0.49</b>	<b>\$0.56</b>	<b>\$0.61</b>	<b>\$0.60</b>	<b>\$2.26</b>	<b>\$0.50</b>	<b>\$0.60</b>	<b>\$0.62</b>	<b>\$0.66</b>	<b>\$2.44</b>	<b>\$0.55</b>	<b>\$0.66</b>	<b>\$0.70</b>	<b>\$0.75</b>	<b>\$2.65</b>
FD Shares Outstanding	11,863	11,863	11,838	11,833	11,855	11,841	11,834	11,831	11,831	11,831	11,831	11,831	11,831	11,831	11,831	11,831
Dividend	\$2.22	\$0.18	\$0.18	\$0.18	\$1.68	\$2.22	\$0.18	\$0.18	\$0.18	\$1.70	\$2.24	\$0.18	\$0.18	\$0.18	\$1.72	\$2.26
Payout Ratio	96%	36%	32%	29%	278%	97%	36%	29%	29%	257%	92%	33%	27%	26%	230%	85%
EBITDA	\$40,907	\$9,178	\$10,315	\$10,775	\$11,130	\$41,398	\$9,816	\$11,115	\$10,822	\$11,686	\$43,439	\$9,846	\$11,937	\$11,904	\$13,010	\$46,697
<b>Growth Analysis</b>																
OTC Link	(6.4%)	(0.9%)	12.2%	15.6%	32.5%	14.3%	21.6%	19.2%	15.0%	0.0%	13.3%	1.0%	1.0%	1.0%	1.0%	1.0%
Market Data Licensing	19.1%	2.3%	1.3%	1.3%	0.1%	0.6%	15.3%	14.2%	11.0%	14.0%	13.6%	0.0%	2.0%	3.0%	3.4%	2.1%
Corporate Services	(1.8%)	(4.8%)	(3.3%)	(1.8%)	(6.1%)	(4.0%)	(0.8%)	3.3%	1.0%	2.0%	1.4%	1.0%	3.0%	4.0%	4.5%	3.1%
Revenue YOY Growth	4.5%	(1.3%)	1.2%	1.3%	3.1%	1.1%	10.0%	10.7%	7.6%	6.1%	8.6%	0.6%	2.2%	3.0%	3.3%	2.3%
Seq. Rev Growth		0.2%	(0.3%)	(0.6%)	3.9%		6.9%	0.3%	(3.3%)	2.4%		1.3%	1.8%	(2.6%)	2.7%	
Adjusted Net Income YoY Growth	(10.2%)	(5.3%)	(3.3%)	0.6%	3.1%	(1.1%)	0.9%	8.4%	0.3%	7.8%	4.4%	8.5%	11.1%	12.6%	13.4%	11.6%
Adjusted FD EPS YoY Growth	(9.8%)	(5.4%)	(1.5%)	(0.7%)	3.3%	(0.9%)	1.2%	6.9%	2.0%	9.8%	8.1%	10.7%	9.8%	12.8%	13.4%	8.6%
Adjusted EBITDA	40,909	9,178	10,315	10,775	11,130	41,264	9,816	11,115	10,822	11,686	43,408	9,846	11,937	11,904	13,010	46,670
EBITDA YOY Growth	(5.4%)	0.3%	(0.9%)	2.2%	3.1%	0.9%	7.0%	7.8%	0.4%	5.0%	5.2%	0.3%	7.4%	10.0%	11.3%	7.5%
<b>Margin Analysis</b>																
Operating Margin	30.6%	25.0%	30.4%	32.4%	31.6%	29.9%	24.7%	29.9%	30.1%	32.3%	29.3%	24.5%	32.0%	32.7%	35.3%	31.1%
Adjusted Profit Margin	25.9%	22.3%	25.2%	27.9%	26.1%	25.4%	20.5%	24.7%	26.0%	26.5%	24.4%	22.1%	26.8%	28.5%	29.1%	26.6%
Tax Rate	17%	13%	19%	16%	20%	17%	19%	19%	16%	20%	19%	14%	19%	16%	20%	17%

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	MarA	JuneA	SepA	DecA	2024	MarA	JuneE	SepE	DecE	2025E	2026E
<b>Operating Activities</b>												
Net Income	\$27,661	\$5,984	\$6,733	\$7,428	\$7,215	\$27,360	\$6,040	\$7,300	\$7,450	\$7,775	\$28,565	\$31,870
Depreciation & amortization	2,398	653	683	677	668	2,681	660	656	624	783	2,723	2,943
Provision for bad debts	367	29	5	(75)	28	(13)	137	0	0	0	137	0
Share based compensation	5,858	1,826	1,496	1,474	1,574	6,370	1,881	1,627	1,474	1,510	6,492	6,473
Excess tax benefit	(815)	(486)	(55)	1	123	(417)	(128)	0	0	0	(128)	0
Deferred rent & other	31	0	0	0	0	0	0	0	0	0	0	0
Deferred income taxes	(2,838)	(690)	(668)	(176)	(895)	(2,429)	(453)	0	0	0	(453)	0
Loss on fixed assets	0	0	0	0	13	13	0	0	0	0	0	0
<b>Change in Operating Assets &amp; Liabilities</b>	<b>\$32,662</b>	<b>\$7,316</b>	<b>\$8,194</b>	<b>\$9,329</b>	<b>\$8,726</b>	<b>\$33,565</b>	<b>\$8,137</b>	<b>\$9,583</b>	<b>\$9,548</b>	<b>\$10,068</b>	<b>\$37,336</b>	<b>\$41,285</b>
Net Change in Working Capital	374	(8,025)	(2,019)	(3,458)	13,613	(692)	(8,955)	5,026	3,917	4,458	4,446	6,633
<b>Net Cash Provided by Operations</b>	<b>\$33,036</b>	<b>(\$709)</b>	<b>\$6,175</b>	<b>\$5,871</b>	<b>\$22,339</b>	<b>\$32,873</b>	<b>(\$818)</b>	<b>\$14,609</b>	<b>\$13,465</b>	<b>\$14,526</b>	<b>\$41,783</b>	<b>\$47,918</b>
<b>Investing Activities</b>												
Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
Capital expenditures	(1,567)	(522)	(661)	(60)	(58)	(1,301)	(116)	(519)	(354)	(362)	(1,351)	(1,850)
Net proceeds/purchase of short term investments	(3,622)	(14)	(769)	(103)	(5)	(891)	642	0	0	0	642	0
<b>Net Cash Provided by Investing Activities</b>	<b>(\$5,189)</b>	<b>(\$536)</b>	<b>(\$1,430)</b>	<b>(\$163)</b>	<b>(\$63)</b>	<b>(\$2,192)</b>	<b>\$526</b>	<b>(\$519)</b>	<b>(\$354)</b>	<b>(\$362)</b>	<b>(\$709)</b>	<b>(\$1,850)</b>
<b>Financing Activities</b>												
Dividends	(26,482)	(2,154)	(2,155)	(2,155)	(20,121)	(26,585)	(2,162)	(2,145)	(2,145)	(20,424)	(26,876)	(28,107)
Proceeds from stock options	0	0	428	456	0	86	11	0	0	0	11	0
Restricted stock issuance	1	(406)	(478)	0	0	(825)	1	0	0	0	1	0
Withholding taxes paid	(1,236)	0	0	(480)	0	(797)	(130)	0	0	0	(130)	0
Excess tax benefits	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of treasury stock	(3,379)	(2,944)	0	0	0	(2,944)	(2,934)	0	0	0	(2,934)	0
<b>Net Cash Provided by Financing</b>	<b>(\$31,096)</b>	<b>(\$5,504)</b>	<b>(\$2,205)</b>	<b>(\$2,179)</b>	<b>(\$20,121)</b>	<b>(\$31,065)</b>	<b>(\$5,214)</b>	<b>(\$2,145)</b>	<b>(\$2,145)</b>	<b>(\$20,424)</b>	<b>(\$29,928)</b>	<b>(\$28,107)</b>
<b>Net Cash Increase (decrease) in cash</b>	<b>(\$3,249)</b>	<b>(\$6,749)</b>	<b>\$2,540</b>	<b>\$3,529</b>	<b>\$2,155</b>	<b>(\$384)</b>	<b>(\$5,506)</b>	<b>\$11,946</b>	<b>\$10,966</b>	<b>(\$6,260)</b>	<b>\$11,146</b>	<b>\$17,961</b>
Beginning cash balance	38,936	35,687	27,346	29,886	33,415	35,687	36,128	30,622	42,568	53,534	35,303	46,449
<b>Ending Cash Balance</b>	<b>\$35,687</b>	<b>\$28,938</b>	<b>\$29,886</b>	<b>\$33,415</b>	<b>\$35,570</b>	<b>\$35,303</b>	<b>\$30,622</b>	<b>\$42,568</b>	<b>\$53,534</b>	<b>\$47,274</b>	<b>\$46,449</b>	<b>\$64,410</b>
<b>CFFO</b>	<b>\$33,036</b>	<b>(\$709)</b>	<b>\$6,175</b>	<b>\$5,871</b>	<b>\$22,339</b>	<b>\$32,873</b>	<b>(\$818)</b>	<b>\$14,609</b>	<b>\$13,465</b>	<b>\$14,526</b>	<b>\$41,783</b>	<b>\$47,918</b>
CapEx	(1,567)	(522)	(661)	(60)	(58)	(1,301)	(116)	(519)	(354)	(362)	(1,351)	(1,850)
<b>Free Cash Flow (excluding SBC)</b>	<b>\$25,611</b>	<b>(\$3,057)</b>	<b>\$4,018</b>	<b>\$4,337</b>	<b>\$20,707</b>	<b>\$26,005</b>	<b>(\$2,815)</b>	<b>\$12,464</b>	<b>\$11,637</b>	<b>\$12,654</b>	<b>\$33,939</b>	<b>\$39,595</b>
<b>FCF / Share</b>	<b>\$2.16</b>	<b>(\$0.26)</b>	<b>\$0.34</b>	<b>\$0.37</b>	<b>\$1.75</b>	<b>\$2.20</b>	<b>(\$0.24)</b>	<b>\$1.05</b>	<b>\$0.98</b>	<b>\$1.07</b>	<b>\$2.87</b>	<b>\$3.35</b>

Sources: Company reports, Sidoti & Company, LLC estimates

OTC Markets Group Inc.

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

(\$ in thousands except where noted)

	2023	MarA	JuneA	SepA	DecA	2024	MarA	JuneE	SepE	DecE	2025E	2026E
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash and cash equivalents	34,101	\$27,346	\$29,881	\$33,405	\$34,522	34,522	\$29,016	\$40,962	\$51,928	\$45,668	45,668	63,997
Short-term investments	3,622	3,636	4,405	4,508	4,513	4,513	3,871	3,871	3,871	3,871	3,871	3,871
Receivables	7,680	7,535	7,443	7,950	8,097	8,097	9,268	7,643	8,150	8,297	8,297	8,497
Prepaid income taxes	1,324	942	699	1,369	244	244	430	430	430	430	430	430
Prepaid expenses	1,865	2,584	2,789	2,184	2,237	2,237	2,771	2,771	2,771	2,771	2,771	2,771
<b>Total Current Assets</b>	<b>\$48,592</b>	<b>\$42,043</b>	<b>\$45,217</b>	<b>\$49,416</b>	<b>\$49,613</b>	<b>\$49,613</b>	<b>\$45,356</b>	<b>\$55,677</b>	<b>\$67,150</b>	<b>\$61,037</b>	<b>\$61,037</b>	<b>\$79,566</b>
PP&E	8,429	8,538	8,105	7,573	7,096	7,096	6,697	6,560	6,290	5,869	5,869	4,409
Operating lease right-of-use assets	12,324	11,987	11,646	11,301	10,951	10,951	10,597	10,597	10,597	10,597	10,597	10,597
Non-current deferred tax asset	7,691	8,381	9,049	9,225	10,120	10,120	10,573	10,573	10,573	10,573	10,573	10,573
Goodwill	3,984	3,984	3,984	3,984	3,984	3,984	3,984	3,984	3,984	3,984	3,984	3,984
Intangible assets	7,411	7,265	7,120	6,975	6,829	6,829	6,684	6,684	6,684	6,684	6,684	6,684
Other Assets	2,094	2,543	2,418	2,295	2,149	2,149	2,159	2,159	2,159	2,159	2,159	2,159
<b>Total Assets</b>	<b>\$90,525</b>	<b>\$84,741</b>	<b>\$87,539</b>	<b>\$90,769</b>	<b>\$90,742</b>	<b>\$90,742</b>	<b>\$86,050</b>	<b>\$96,233</b>	<b>\$107,437</b>	<b>\$100,903</b>	<b>\$100,903</b>	<b>\$117,972</b>
<b>Liabilities</b>												
Accounts payable	2,152	1,684	1,510	634	1,175	1,175	854	1,401	1,426	1,447	1,447	1,480
Income tax payable	141	1,316	12	3	54	54	1,457	1,457	1,457	1,457	1,457	1,457
Accrued expenses	14,065	8,503	10,442	11,841	13,425	13,425	7,388	11,242	12,641	14,225	14,225	15,025
Deferred revenue	29,267	26,378	23,031	19,379	29,084	29,084	27,001	26,001	29,001	32,001	32,001	38,001
<b>Current Liabilities</b>	<b>\$45,625</b>	<b>\$37,881</b>	<b>\$34,995</b>	<b>\$31,857</b>	<b>\$43,738</b>	<b>\$43,738</b>	<b>\$36,700</b>	<b>\$40,101</b>	<b>\$44,525</b>	<b>\$49,130</b>	<b>\$49,130</b>	<b>\$55,963</b>
Operating Lease Liabilities	11,895	11,518	11,137	10,751	10,360	10,360	9,964	9,964	9,964	9,964	9,964	9,964
Income tax reserve	778	809	850	880	927	927	962	962	962	962	962	962
<b>Total Liabilities</b>	<b>\$58,298</b>	<b>\$50,208</b>	<b>\$46,982</b>	<b>\$43,488</b>	<b>\$55,025</b>	<b>\$55,025</b>	<b>\$47,626</b>	<b>\$51,027</b>	<b>\$55,451</b>	<b>\$60,056</b>	<b>\$60,056</b>	<b>\$66,889</b>
<b>Shareholders' Equity</b>												
Class A	127	128	128	128	128	128	129	129	129	129	129	129
Additional paid-in capital	29,469	30,888	32,334	33,784	35,127	35,127	36,889	38,516	39,990	41,500	41,500	47,973
Retained earnings	22,425	26,255	30,833	36,107	23,200	23,200	27,078	32,233	37,538	24,889	24,889	28,652
Treasury shares	(19,794)	(22,738)	(22,738)	(22,738)	(22,738)	(22,738)	(25,672)	(25,672)	(25,672)	(25,672)	(25,672)	(25,672)
<b>Total Stockholders' Equity</b>	<b>\$32,227</b>	<b>\$34,533</b>	<b>\$40,557</b>	<b>\$47,281</b>	<b>\$35,717</b>	<b>\$35,717</b>	<b>\$38,424</b>	<b>\$45,206</b>	<b>\$51,986</b>	<b>\$40,847</b>	<b>\$40,847</b>	<b>\$51,083</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$90,525</b>	<b>\$84,741</b>	<b>\$87,539</b>	<b>\$90,769</b>	<b>\$90,742</b>	<b>\$90,742</b>	<b>\$86,050</b>	<b>\$96,233</b>	<b>\$107,437</b>	<b>\$100,903</b>	<b>\$100,903</b>	<b>\$117,972</b>
<b>Key Metrics</b>												
ROA	30.4%	31.2%	31.5%	30.4%	30.1%	30.1%	31.0%	30.7%	27.5%	27.4%	27.4%	26.3%
ROE	72.6%	81.9%	72.2%	61.8%	65.9%	65.9%	74.0%	66.9%	57.6%	61.5%	61.5%	56.2%
ROIC	54.3%	59.6%	54.5%	48.7%	51.7%	51.7%	56.9%	53.1%	47.1%	49.8%	49.8%	47.1%
Cash per share	\$2.87	\$2.31	\$2.52	\$2.82	\$2.91	\$2.92	\$2.45	\$3.46	\$4.39	\$3.86	\$3.86	\$5.41

Sources: Company reports, Sidoti & Company, LLC estimates

## Required Disclosures

OTC Markets Group Inc. (OTCM-\$55.00) NR Price Target: \$63 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		63.0	

11-Aug-2022 to 11-Aug-2025 (Daily) Price



Source: FactSet Prices

<b>Valuation</b>	<p><b>We maintain our \$63 price target on OTCM.</b> Our price target applies an unchanged multiple of 23x to our 2026 EPS forecast of \$2.65. 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 the 2025 EPS consensus. OTCM's lack of trading liquidity could validate a discount to peers. Yet, we view the recurring, subscription-derived revenue model (85% of 2024 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%.</p>		
<b>Key Risks</b>	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
BUY	All, except Utilities	Capital appreciation of at least 25% over the next 12 months
NEUTRAL	All, except Utilities	Capital appreciation of less than 25% over the next 12 months
BUY	Utilities(a)	Capital appreciation of at least 15% over the next 12 months
NEUTRAL	Utilities(a)	Capital appreciation of less than 15% over the next 12 months
HIGH (RISK)	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 8-11-2025 , 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)
<b>BUY</b>	32	22.7%	1	3.1%
<b>NEUTRAL(a)</b>	8	5.7%	0	0.0%
<b>NOT RATED</b>	0	0.0%	0	0.0%
<b>NR - CSRs</b>	85	60.3%	0	0.0%
<b>Moderate Risk (c)</b>				
<b>NR - CSRs High Risk (c)</b>	16	11.4%	0	0.0%
<b>TOTAL</b>	141	100%	1	0.7%
<b>(a) Of the NEUTRALS 2 trade above our price target.</b>				
<b>(b) Numbers may not add due to rounding or because of a pending drop of coverage.</b>				
<b>(c) 84.2% of our CSRs are moderate risk, while 15.8% are high risk.</b>				

#### **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.

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

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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.

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- provides Sidoti the ability to terminate the contract under certain circumstances;
- 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
- does not directly or indirectly tie analyst compensation to the specific recommendations or views expressed in any research report.

Notwithstanding the measures set forth above to mitigate the risk of potential conflicts of interest, Sidoti makes no representations and does not warrant that such measures can or will fully eradicate potential conflicts.

### **Certain Additional CSR (including Lighthouse Equity Research) Risk Considerations**

Many companies covered under Sidoti's CSR program can be classified as microcap stocks, which equities typically bear certain risks that are not as prevalent in the "Blue Chip", large capitalization, mid capitalization or even the small capitalization segment of the market. Microcap stocks are more prone to trade at discounts. They generally have smaller trading volume and smaller public floats than companies with larger market capitalization, which can lead to an inability to buy or sell shares (liquidity risk) in quantity without moving the market (or at all), large bid-ask spreads, and increased stock price volatility (which can result) even if a trade involves a very small number of shares. In addition, microcaps tend to have significant company specific risks that contribute to lower valuations and may limit stock price appreciation. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market. Given the foregoing, readers of this report are urged to pay special attention to the risk rating and risk factors set forth in this report, as well as to seek more detailed information regarding risks by reviewing the company's public filings at [www.sec.gov](http://www.sec.gov).

### **Source(s)**

Key Statistics data is sourced from FactSet Research Systems