



OTC Markets Group Inc. (OTCM)

We Expect Strong 1Q:25 Results Due To The 57% Increase In OTC Link Dollar Volume During 1Q:25; Product Expansion And Development Remain Growth Driver; Maintain \$63 Price Target

	2023	2024	2025E		2026E	
			OLD	NEW	OLD	NEW
Mar.	\$0.52	\$0.49	\$0.53		\$0.55	
June	0.57	0.56	0.62		0.66	
Sep.	0.61	0.61	0.64		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			19.5x		18.0x	

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	\$112.5	\$116.2
GAAP EPS	\$1.06	\$1.36	\$1.25	\$1.53	\$2.52	\$2.53	\$2.28	\$2.26	\$2.44	\$2.65

Description: OTC Markets Group, Inc. (www.otcmkt.com), operates three lines of business centered on more than 12,300 U.S. and global securities clients at the end of 2023. 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.

Release Date	Conference Call	Time (Eastern)	Contact	Co. Guidance	Consensus
May 7	May 8	8:30am	Webinar	N/A	\$0.54

- Our estimates reflect OTCM's subscription derived revenue, stable capital structure, and progress in expanding its product suite to drive growth.
- On the regulatory front, management is encouraged by the renewed focus on capital formation initiatives and improving market structure, which it views as key to future growth for OTCM.
- We forecast OTCM generated a 6% gain in EPS to \$0.53 in 1Q:25 compared to \$0.49 in 1Q:24, driven by a 57% year-over-year increase in total dollar volume traded on OTC market platforms.
- In late 2024, OTCM launched OTC Overnight and MOON ATS, both of which underpin the company's commitment to building infrastructure that empowers global investors to access U.S. markets while increasing the value proposition for broker-dealers and investors.
- OTCM is due to form a new market tier this July called OTCID, geared toward companies in good standing with disclosures that do not qualify for OTCQX/OTCQB. We think this is another step to improve market quality and should drive subscriber growth.
- OTCM's balance sheet remains a key strength, with no debt and ample liquidity for capital allocation priorities, which have included a stable, consistent dividend.
- 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.

OTCM will remain focused on developing capabilities such as overnight trading and OTCID to improve the broker-dealer experience and drive growth, in our view. We expect OTCM to focus on building out its overnight trading business to drive subscriber connectivity and better trading functionality on MOON ATS and for OTC Overnight (an

NR

Price Target: \$63

Price: \$47.65

Risk Rating: M

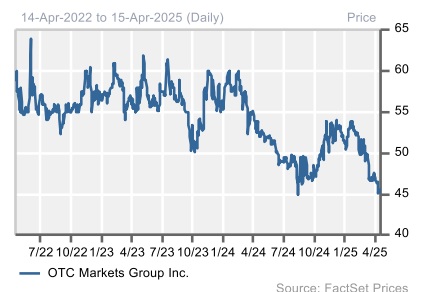
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Key Statistics

Market Cap (Mil)	\$550
Enterprise Value	\$515
52-Week Range (US OTC)	55-44
5-Year EPS CAGR	9%
Avg. Daily Trading Volume	5,000
Shares Out (Mil)	11.975
Float Shares (Mil)	7.753
Insider Ownership	35%
Institutional Holdings	10%
Annualized Dividend	\$0.72
Dividend Yield	1.6%
FCF Per Share (2026E)	\$3.33
FCF Yield (2026E)	7.0%
Net Cash Per Share (2026E)	\$5.75
Price to Book Value	15.3x
Return on Equity (2026E)	53.6%
Total Debt to Capital	Nil
Interest Coverage Ratio	N/A
Short Interest %	N/A
Short Interest Days To Cover	N/A
Russell 2000	1,883
Russell 2000 – Last 12 Months	-4.7%
OTCM – Last 12 Months	-12.9%



extension of OTC NQB). We believe the increased functionality will enhance the value proposition for broker-dealers over time by enabling trading during local hours on OTC platforms. We also expect OTCM to aim to monetize its market data for overnight trading to grow the number of subscribers to Market Data Licensing products. Separately, this July, OTCM is set to launch OTCID, a new, basic reporting market for companies that meet a minimum current information standard and provide a management certification. OTCID will support companies that publish basic disclosures for investors but may not qualify for OTCQX or OTCQB due to financial challenges. We expect OTCM to aim to broaden sales efforts toward companies meeting the new market eligibility standards for the OTCID market, which could drive growth in the Corporate Services business.

We estimate a 57% year-over-year increase in dollar volume traded on OTCM market platforms drove strong 1Q:25 results. We estimate OTC Link segment revenue rose 13% in 1Q:25 compared to the prior year period, driven by an increase in the volume of shares traded on OTC Link ECN and OTC Link NQB. The total dollar volume traded across OTCM platforms increased 57% year over year in 1Q:25 to about \$178 billion, which we believe to be the highest measure since mid-2021. While OTC Link ECN and OTC Link NQB generate transactional revenue based on share volume traded, which is difficult to predict, we expect a degree of positive correlation between total dollar volume and OTC Link revenue. International securities and American depositary receipts (ADRs) fared particularly well in the quarter as OTCM presents a viable platform to attract global investors seeking access to U.S. capital markets. In the Corporate Services segment, we estimate a 3% revenue decline and remain cautious about the effect of economic headwinds resulting from trade policy and interest rate volatility on the subscriber base. Despite near-term economic challenges, we think the value proposition to list on OTCM market platforms continues to grow, specifically for international companies aiming to access U.S. capital markets. We forecast results in the Market Data Licensing segment were roughly unchanged in 1Q:25 versus 1Q:24 as OTCM continues to develop and enhance the relevance of data products for subscribers. We expect revenue to benefit from incremental price increases implemented in 1Q:25 across all three segments, particularly in the Market Data segment. Our operating expense estimate is roughly flat year over year and considers the seasonal effect of higher stock-based compensation and associated payroll taxes. In total, we estimate EPS expanded 6% year over year in 1Q:25 to \$0.53.

Exhibit 1: OTC Markets Group Inc. Variance Table				
\$ in thousands except per share data				
	<u>1Q:24A</u>	<u>1Q:25E</u>	<u>% Change</u>	<u>\$ Variance</u>
OTC Link	5,397	6,078	13%	681
Market Data Licensing	11,088	11,198	1%	110
Corporate Services	11,172	10,884	(3%)	(288)
Gross Revenue	27,657	28,160	2%	503
Operating Expenses	18,610	18,807	1%	197
Operating Income	6,699	6,987	4%	288
Operating Margin*	25%	26%		
Net Income	\$5,984	\$6,224	4%	240
Profit Margin*	22%	23%		
EPS	\$0.49	\$0.53	6%	\$ 0.03
Consensus EPS		\$0.54		

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

* Based on net revenue consistent with company operating metrics

A debt-free balance sheet and strong cash flow generation provide flexibility and support OTCM's financial strength. OTCM carries no debt and primarily funds capital allocation priorities and growth initiatives with cash flow from operations. We model a net cash balance of \$5.75 per share in 2026, and the company had access to an untapped \$3 million line of credit at 4Q:24 end. In addition, cash flow generation supports OTCM's shareholder returns program, which includes an annualized dividend of \$0.72 per share. OTCM has increased the dividend sporadically, but we estimate the annual dividend payment to remain at \$0.72 per share through 2025. Our annual dividend estimates also include a special dividend, equal to \$1.52 in 2025, which OTCM typically makes payable in the fourth quarter of each year. Together, the company's dividend yield approximates 5%. Balance sheet strength and durable free cash flow can provide capital for organic investments in current operations and opportunistic M&A as well, in our view.

Valuation	We maintain our \$63 price target on OTCM. 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%.		
Key Risks	Trading liquidity	Economic	Regulatory

OTC MARKETS GROUP INC.

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

	2023	MarA	JuneA	SepA	DecA	2024	MarE	JuneE	SepE	DecE	2025E	MarE	JuneE	SepE	DecE	2026E
Operating Segments																
OTC Link	\$19,600	\$5,397	\$5,408	\$5,240	\$6,364	\$22,409	\$6,078	\$5,716	\$5,608	\$6,496	\$23,898	\$6,200	\$5,830	\$5,776	\$6,528	\$24,334
Market Data Licensing	43,368	11,088	10,782	10,862	10,893	43,625	11,198	10,844	10,925	11,089	44,056	11,366	11,386	11,340	11,466	45,559
Corporate Services	46,928	11,172	11,372	11,292	11,194	45,030	10,884	11,272	11,305	11,295	44,756	11,210	11,723	11,814	11,747	46,494
Gross Revenue	\$109,896	\$27,657	\$27,562	\$27,394	\$28,451	\$111,064	\$28,160	\$27,832	\$27,838	\$28,880	\$112,710	\$28,776	\$28,939	\$28,930	\$29,742	\$116,387
Redistribution fees and rebates	3,237	840	791	760	791	3,182	845	835	835	866	3,381	863	868	868	892	3,492
Net Revenue	\$106,659	\$26,817	\$26,771	\$26,634	\$27,660	\$107,882	\$27,315	\$26,997	\$27,002	\$28,014	\$109,329	\$27,913	\$28,071	\$28,062	\$28,849	\$112,895
Redistribution & Transaction fees	5,524	1,508	1,549	1,435	2,157	6,649	1,521	1,392	1,392	1,444	5,748	1,554	1,447	1,446	1,487	5,934
Revenues less transaction-based expenses	\$101,134	\$25,309	\$25,222	\$25,199	\$25,503	\$101,233	\$25,795	\$25,605	\$25,611	\$26,570	\$103,581	\$26,359	\$26,624	\$26,615	\$27,362	\$106,961
Compensation	42,467	12,522	10,934	10,506	10,160	44,122	12,700	10,666	10,634	10,524	44,524	12,863	11,113	10,791	10,350	45,117
IT Infrastructure	10,311	2,699	2,545	2,657	2,673	10,574	2,675	2,505	2,645	2,657	10,482	2,647	2,633	2,690	2,617	10,589
Professional fees	8,048	1,466	1,521	1,525	1,783	6,295	1,408	1,614	1,670	1,733	6,425	1,439	1,650	1,649	1,725	6,462
Marketing & Advertising	1,194	263	362	320	422	1,367	366	334	390	347	1,436	403	318	405	327	1,453
Occupancy costs	2,360	585	576	589	619	2,369	563	557	585	578	2,282	576	550	579	565	2,269
D&A	2,398	653	682	677	668	2,680	665	689	688	678	2,720	679	666	715	684	2,744
General and administrative	1,762	422	462	301	428	1,613	430	467	306	434	1,637	439	434	318	357	1,548
Total Operating Costs	\$68,540	\$18,610	\$17,082	\$16,575	\$16,753	\$69,020	\$18,807	\$16,831	\$16,917	\$16,950	\$69,505	\$19,046	\$17,364	\$17,147	\$16,626	\$70,182
Operating Income	\$32,594	\$6,699	\$8,140	\$8,624	\$8,750	\$32,213	\$6,987	\$8,775	\$8,694	\$9,620	\$34,075	\$7,313	\$9,261	\$9,469	\$10,737	\$36,779
Interest Income & Other income	903	175	184	270	300	929	250	250	250	250	1,000	300	300	300	300	1,200
Pretax Income	\$33,497	\$6,874	\$8,324	\$8,894	\$9,050	\$33,142	\$7,237	\$9,025	\$8,944	\$9,870	\$35,075	\$7,613	\$9,561	\$9,769	\$11,037	\$37,979
Income Taxes	(5,836)	(890)	(1,591)	(1,466)	(1,835)	(5,782)	(1,013)	(1,715)	(1,431)	(1,974)	(6,133)	(1,035)	(1,778)	(1,524)	(2,163)	(6,501)
Net Income	\$27,661	\$5,984	\$6,733	\$7,428	\$7,215	\$27,360	\$6,224	\$7,310	\$7,513	\$7,896	\$28,943	\$6,578	\$7,782	\$8,245	\$8,874	\$31,478
Less restricted stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income To Common	\$27,661	\$5,984	\$6,733	\$7,428	\$7,215	\$27,360	\$6,224	\$7,310	\$7,513	\$7,896	\$28,943	\$6,578	\$7,782	\$8,245	\$8,874	\$31,478
Basic EPS	\$2.32	\$0.50	\$0.56	\$0.62	\$0.61	\$2.29	\$0.53	\$0.62	\$0.64	\$0.66	\$2.47	\$0.55	\$0.66	\$0.70	\$0.75	\$2.68
FD EPS	\$2.28	\$0.49	\$0.56	\$0.61	\$0.60	\$2.26	\$0.53	\$0.62	\$0.64	\$0.66	\$2.44	\$0.55	\$0.66	\$0.70	\$0.75	\$2.65
FD Shares Outstanding	11,863	11,863	11,838	11,833	11,855	11,841	11,855	11,855	11,855	11,855	11,855	11,855	11,855	11,855	11,855	11,855
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%	34%	29%	28%	256%	91%	33%	27%	26%	230%	84%
EBITDA	\$40,907	\$9,178	\$10,315	\$10,775	\$11,130	\$41,398	\$9,342	\$10,855	\$10,773	\$11,742	\$42,712	\$9,719	\$11,373	\$11,630	\$12,908	\$45,959
Growth Analysis																
OTC Link	(6.4%)	(0.9%)	12.2%	15.6%	32.5%	14.3%	12.6%	5.7%	7.0%	2.1%	6.6%	2.0%	2.0%	3.0%	0.5%	1.8%
Market Data Licensing	19.1%	2.3%	1.3%	(1.3%)	0.1%	0.6%	1.0%	0.6%	0.6%	1.8%	1.0%	1.5%	5.0%	3.8%	3.4%	3.4%
Corporate Services	(1.8%)	(4.8%)	(3.3%)	(1.8%)	(6.1%)	(4.0%)	(2.6%)	(0.9%)	0.1%	0.9%	(0.6%)	3.0%	4.0%	4.5%	4.0%	3.9%
Revenue YOY Growth	4.5%	(1.3%)	1.2%	1.3%	3.1%	1.1%	1.8%	1.0%	1.6%	1.5%	1.5%	2.2%	4.0%	3.9%	3.0%	3.3%
Seq. Rev Growth		0.2%	(0.3%)	(0.6%)	3.9%		(1.0%)	(1.2%)	0.0%	3.7%		(0.4%)	0.6%	(0.0%)	2.8%	
Adjusted Net Income YoY Growth	(10.2%)	(5.3%)	(3.3%)	0.6%	3.1%	(1.1%)	4.0%	8.6%	1.1%	9.4%	5.8%	5.7%	6.5%	9.7%	12.4%	8.8%
Adjusted FD EPS YoY Growth	(9.8%)	(5.4%)	(1.5%)	(0.7%)	3.3%	(0.9%)	6.2%	10.4%	5.9%	9.6%	8.0%	5.7%	6.5%	8.0%	14.1%	8.4%
Adjusted EBITDA	40,909	9,178	10,315	10,775	11,130	41,264	9,342	10,855	10,773	11,742	42,845	9,719	11,373	11,630	12,908	45,959
EBITDA YOY Growth	(5.4%)	0.3%	(0.9%)	2.2%	3.1%	0.9%	1.8%	5.2%	(0.0%)	5.5%	3.8%	4.0%	4.8%	8.0%	9.9%	7.3%
Margin Analysis																
Operating Margin	30.6%	25.0%	30.4%	32.4%	31.6%	29.9%	25.6%	32.5%	32.2%	34.3%	31.2%	26.2%	33.0%	33.7%	37.2%	32.6%
Adjusted Profit Margin	25.9%	22.3%	25.2%	27.9%	26.1%	25.4%	22.8%	27.1%	27.8%	28.2%	26.5%	23.6%	27.7%	29.4%	30.8%	27.9%
Tax Rate	17%	13%	19%	16%	20%	17%	14%	19%	16%	20%	17%	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	MarE	JuneE	SepE	DecE	2025E	2026E
Operating Activities												
Net Income	\$27,661	\$5,984	\$6,733	\$7,428	\$7,215	\$27,360	\$6,224	\$7,310	\$7,513	\$7,896	\$28,943	\$31,478
Depreciation & amortization	2,398	653	683	677	668	2,681	708	738	624	783	2,853	3,073
Provision for bad debts	367	29	5	(75)	28	(13)	0	0	0	0	0	0
Share based compensation	5,858	1,826	1,496	1,474	1,574	6,370	1,690	1,392	1,392	1,444	5,917	6,107
Excess tax benefit	(815)	(486)	(55)	1	123	(417)	0	0	0	0	0	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)	0	0	0	0	0	0
Loss on fixed assets	0	0	0	0	13	13	0	0	0	0	0	0
Change in Operating Assets & Liabilities	\$32,662	\$7,316	\$8,194	\$9,329	\$8,726	\$33,565	\$8,622	\$9,440	\$9,528	\$10,123	\$37,712	\$40,658
Net Change in Working Capital	374	(8,025)	(2,019)	(3,458)	13,613	(692)	(2,596)	1,034	3,897	4,442	6,778	6,644
Net Cash Provided by Operations	\$33,036	(\$709)	\$6,175	\$5,871	\$22,339	\$32,873	\$6,026	\$10,474	\$13,425	\$14,565	\$44,490	\$47,302
Investing Activities												
Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
Capital expenditures	(1,567)	(522)	(661)	(60)	(58)	(1,301)	(535)	(473)	(334)	(347)	(1,689)	(1,743)
Net proceeds/purchase of short term investments	(3,622)	(14)	(769)	(103)	(5)	(891)	0	0	0	0	0	0
Net Cash Provided by Investing Activities	(\$5,189)	(\$536)	(\$1,430)	(\$163)	(\$63)	(\$2,192)	(\$535)	(\$473)	(\$334)	(\$347)	(\$1,689)	(\$1,743)
Financing Activities												
Dividends	(26,482)	(2,154)	(2,155)	(2,155)	(20,121)	(26,585)	(2,145)	(2,145)	(2,145)	(20,694)	(27,129)	(27,840)
Proceeds from stock options	0	0	428	456	0	86	0	0	0	0	0	0
Restricted stock issuance	1	(406)	(478)	0	0	(825)	0	0	0	0	0	0
Withholding taxes paid	(1,236)	0	0	(480)	0	(797)	0	0	0	0	0	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)	0	0	0	0	0	0
Net Cash Provided by Financing	(\$31,096)	(\$5,504)	(\$2,205)	(\$2,179)	(\$20,121)	(\$31,065)	(\$2,145)	(\$2,145)	(\$2,145)	(\$20,694)	(\$27,129)	(\$27,840)
Net Cash Increase (decrease) in cash	(\$3,249)	(\$6,749)	\$2,540	\$3,529	\$2,155	(\$384)	\$2,521	\$7,856	\$10,946	(\$6,476)	\$15,672	\$17,719
Beginning cash balance	38,936	35,687	27,346	29,886	33,415	35,687	35,570	38,091	45,946	56,893	35,303	50,975
Ending Cash Balance	\$35,687	\$28,938	\$29,886	\$33,415	\$35,570	\$35,303	\$38,091	\$45,946	\$56,893	\$50,417	\$50,975	\$68,694
CFFO	\$33,036	(\$709)	\$6,175	\$5,871	\$22,339	\$32,873	\$6,026	\$10,474	\$13,425	\$14,565	\$44,490	\$47,302
CapEx	(1,567)	(522)	(661)	(60)	(58)	(1,301)	(535)	(473)	(334)	(347)	(1,689)	(1,743)
Free Cash Flow (excluding SBC)	\$25,611	(\$3,057)	\$4,018	\$4,337	\$20,707	\$26,005	\$3,801	\$8,609	\$11,699	\$12,774	\$36,884	\$39,452
FCF / Share	\$2.16	(\$0.26)	\$0.34	\$0.37	\$1.75	\$2.20	\$0.32	\$0.73	\$0.99	\$1.08	\$3.11	\$3.33

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	MarE	JuneE	SepE	DecE	2025E	2026E
ASSETS												
Current Assets												
Cash and cash equivalents	34,101	\$27,346	\$29,881	\$33,405	\$34,522	34,522	\$38,091	\$45,946	\$56,893	\$50,417	50,417	68,136
Short-term investments	3,622	3,636	4,405	4,508	4,513	4,513	4,513	4,513	4,513	4,513	4,513	4,513
Receivables	7,680	7,535	7,443	7,950	8,097	8,097	7,735	7,643	8,150	8,297	8,297	8,497
Prepaid income taxes	1,324	942	699	1,369	244	244	244	244	244	244	244	244
Prepaid expenses	1,865	2,584	2,789	2,184	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,237
Total Current Assets	\$48,592	\$42,043	\$45,217	\$49,416	\$49,613	\$49,613	\$52,820	\$60,583	\$72,037	\$65,708	\$65,708	\$83,627
PP&E	8,429	8,538	8,105	7,573	7,096	7,096	6,700	6,435	6,146	5,709	5,709	4,379
Operating lease right-of-use assets	12,324	11,987	11,646	11,301	10,951	10,951	10,951	10,951	10,951	10,951	10,951	10,951
Non-current deferred tax asset	7,691	8,381	9,049	9,225	10,120	10,120	10,120	10,120	10,120	10,120	10,120	10,120
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	6,829	6,829	6,829	6,829	6,829	6,829
Other Assets	2,094	2,543	2,418	2,295	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149
Total Assets	\$90,525	\$84,741	\$87,539	\$90,769	\$90,742	\$90,742	\$93,553	\$101,051	\$112,215	\$105,450	\$105,450	\$122,039
Liabilities												
Accounts payable	2,152	1,684	1,510	634	1,175	1,175	1,339	1,342	1,347	1,353	1,353	1,397
Income tax payable	141	1,316	12	3	54	54	54	54	54	54	54	54
Accrued expenses	14,065	8,503	10,442	11,841	13,425	13,425	9,303	11,242	12,641	14,225	14,225	15,025
Deferred revenue	29,267	26,378	23,031	19,379	29,084	29,084	30,084	29,084	32,084	35,084	35,084	41,084
Current Liabilities	\$45,625	\$37,881	\$34,995	\$31,857	\$43,738	\$43,738	\$40,780	\$41,722	\$46,126	\$50,716	\$50,716	\$57,560
Operating Lease Liabilities	11,895	11,518	11,137	10,751	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360
Income tax reserve	778	809	850	880	927	927	927	927	927	927	927	927
Total Liabilities	\$58,298	\$50,208	\$46,982	\$43,488	\$55,025	\$55,025	\$52,067	\$53,009	\$57,413	\$62,003	\$62,003	\$68,847
Shareholders' Equity												
Class A	127	128	128	128	128	128	128	128	128	128	128	128
Class C	0	0	0	0	0	0	0	0	0	0	0	0
Additional paid-in capital	29,469	30,888	32,334	33,784	35,127	35,127	36,817	38,208	39,600	41,044	41,044	47,151
Retained earnings	22,425	26,255	30,833	36,107	23,200	23,200	27,279	32,444	37,812	25,014	25,014	28,652
Treasury shares	(19,794)	(22,738)	(22,738)	(22,738)	(22,738)	(22,738)	(22,738)	(22,738)	(22,738)	(22,738)	(22,738)	(22,738)
Total Stockholders' Equity	\$32,227	\$34,533	\$40,557	\$47,281	\$35,717	\$35,717	\$41,486	\$48,042	\$54,802	\$43,448	\$43,448	\$53,193
Total Liabilities & Stockholders' Equity	\$90,525	\$84,741	\$87,539	\$90,769	\$90,742	\$90,742	\$93,553	\$101,051	\$112,215	\$105,450	\$105,450	\$122,039
Key Metrics												
ROA	30.4%	31.2%	31.5%	30.4%	30.1%	30.1%	30.0%	29.0%	26.5%	26.6%	26.6%	25.1%
ROE	72.6%	81.9%	72.2%	61.8%	65.9%	65.9%	71.5%	62.9%	55.0%	58.9%	58.9%	53.6%
ROIC	54.3%	59.6%	54.5%	48.7%	51.7%	51.7%	55.3%	50.3%	45.1%	47.9%	47.9%	45.0%
Cash per share	\$2.87	\$2.31	\$2.52	\$2.82	\$2.91	\$2.92	\$3.21	\$3.88	\$4.80	\$4.25	\$4.25	\$5.75

Sources: Company reports, Sidoti & Company, LLC estimates

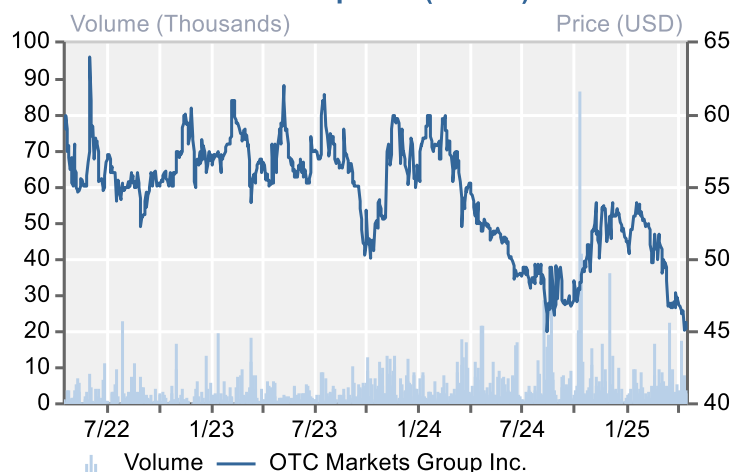
Required Disclosures

OTC Markets Group Inc. (OTCM-\$47.65) NR Price Target: \$63 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Rating	6/8/22	0	Suspended	68	
Initiation	6/29/22	55.8	NR	68	H
ACHG	1/9/23	57.3	NR	68	
Risk Rating	3/8/24	57.5			M
PT	8/8/24	47.2		63	

OTC Markets Group Inc. (OTCM)



Source: FactSet Prices

Valuation

We maintain our \$63 price target on OTCM. 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%.

Key Risks

Trading liquidity

Economic

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"> • significant potential for loss of principal; • significant share price volatility; • limited revenue or cash flow and/or high unpredictability associated with revenue and cash flow; • short and/or unprofitable operating history;

		<ul style="list-style-type: none"> • potentially significant issues regarding operational and/or financial success; • problematic financial, liquidity, legal, regulatory or political issues; • upcoming need for additional capital when availability is questionable; • significant related party transactions which could lead to a conflict of interest; • any other factor that the analyst believes could materially and adversely impact the subject company and/or the value of its securities.
MODERATE (RISK)	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"> • more stable and predictable revenue, profits and cash flow; • more established operating history; • more favorable operating or business environment • lower potential for financial, liquidity, regulatory or political issues; or • less onerous upcoming capital needs.

(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, 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	38	26.2%	1	2.6%
NEUTRAL(a)	12	8.3%	0	0.0%
NOT RATED	0	0.0%	0	0.0%
NR -CSRs Moderate Risk (c)	82	56.6%	0	0.0%
NR -CSRs High Risk (c)	13	9.0%	0	0.0%
TOTAL	145	100%	1	0.7%

(a) Of the NEUTRALS 3 trade above our price target.

(b) Numbers may not add due to rounding or because of a pending drop of coverage.

(c) 86.3% of our CSRs are moderate risk, while 13.7% 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.

Certain information Regarding Analyst Compensation

Sidoti employees, including research analysts, receive compensation that is based in part upon the overall performance of the firm, including revenues generated by Sidoti's investment banking activities, brokerage activities, from issuers participating in Sidoti's Company Sponsored Research program, from covered (and non-covered) companies paying to attend our conferences or compensating Sidoti for arranging Non-Deal Road Show (NDR) meetings, but compensation is not directly related to any of these revenue streams. As noted below such factors present a potential conflict of interest.

Factors that May Influence Continuation of Coverage and Related Potential Conflicts of Interest

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 Sidoti-sponsored conferences and/or non-deal roadshows (Sidoti 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); 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 for, such conferences and NDR meetings, as well as inclusion in investment banking transactions. This approach could be viewed as presenting potential conflicts of interest.

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

Sidoti does NOT own securities of the issues described herein. Sidoti policy does not allow an analyst or a member of their household or any account in which they otherwise hold a beneficial interest to own shares in any company that he/she covers. Sidoti policy does not allow employees or household members to serve as an officer or director of a covered company. Sidoti does not make a market in any securities.

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. 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

Prior to December 31, 2022, Sidoti held multiple conferences a year and charged a fee of up to \$6,000 per conference to presenting companies. Beginning January 2023, Sidoti Events, LLC ("Sidoti Events"), an affiliate of Sidoti by common ownership, began to hold these conferences. Sidoti or Sidoti Events may also receive a fee of up to \$8,000 for scheduling a Non-Deal Roadshow ("NDR") day. Sidoti Events reimburses Sidoti for certain services provided by Sidoti to Sidoti Events in respect of these conferences (or NDR days) pursuant to an Expense Sharing Arrangement. The table below sets forth instances where Sidoti or Sidoti Events received non-investment revenue from the company covered hereunder, if any, over the past 12 months:

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 analyst's compensation was, is or will be directly or indirectly related to the analyst's specific recommendations or views contained in this research report.

Other Disclosures

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SPECIAL CSR-RELATED DISCLOSURES

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Sidoti receives a flat fee of \$40,000 from companies who commissioned CSR coverage from Sidoti prior to January 1, 2023 ("Pre-2023 CSRs") and \$50,000 from companies that are not Pre-2023 CSRs. Those Pre-2023 CSRs will pay a flat fee of \$45,000 for an additional year of coverage when renewing in 2023. This fee is for the production and dissemination of an Initiation Report (if the initial year of the contract) and quarterly update reports during the one-year term of a CSR contract. (Sidoti does not accept stock or warrant compensation). Such contractually required reports coincide with initiation of coverage and the subject companies' quarterly earnings releases. Sidoti may also publish reports on its CSR companies between each earnings report for which it has a contractual obligation to publish. The purpose of the CSR fee is to subsidize the high costs of providing securities research coverage. Sidoti's receipt of a fee from the issuer described herein for producing this report could present potential conflicts of interest. To mitigate the potential for conflicts, Sidoti:

- assures its contracts with the issuer described herein allows for Sidoti's full editorial control of all research and, within reason, the timing of its release;
- requires the term of a contract extend for one full year, which contract the issuer cannot unilaterally terminate;
- 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 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.

Source(s)

Key Statistics data is sourced from FactSet Research Systems