August 13, 2026

OTC MARKETS GROUP INC.
(OTCQX: OTCM)

New York–based OTC Markets Group Inc. operates regulated markets for trading more than 12,000 U.S. and international securities. It has three business lines: OTC Link, which operates Securities and Exchange Commission–regulated (SEC-regulated) alternative trading systems, providing trading services to broker-dealer subscribers including quotation, messaging, and trade execution and reporting services; Market Data Licensing, which provides actionable market and compliance data for a wide spectrum of securities via licenses to subscribers; and Corporate Services, which operates the OTCQX®/OTCQB®/OTCID™ markets and provides services to client companies designed to promote public disclosures, transparency, and communications with investors.

COMPANY HIGHLIGHTS

* **Diversified and Complementary Product Mix**: In our view, OTCM has built a robust suite of complementary, technology-driven products and services that impact a wide array of stakeholders across the financial markets value chain. The company serves broker-dealers, investors, traders, financial institutions, companies, accountants, regulators, and advisors.

* **Strong Subscription-Based Renewal Rates**: Much of OTCM's revenue is derived from subscriptions. Subscriptions accounted for 79% of gross revenues in 2Q26 and more than 80% of gross revenues in recent years. Historically, among compliant companies, retention rates for the OTCQX and OTCQB markets have been above 90%, which we think mitigates some of the cyclical volatility across various financial market conditions.

* **New Products to Support Platform Growth**: We are encouraged by OTCM's introduction of new products and services that we expect to enhance value to its clients, which has supported its ability to maintain pricing power despite inflationary pressures. Notably, OTCM has begun to roll out overnight trading capabilities for exchange-traded and global OTC securities and has been onboarding active broker-dealer subscribers. In July 2025, OTCM launched a new classification,

(continued on next page)

PRICE CHART

KEY STATISTICS

Key Stock Statistics	
Recent price (8/12/26)	$55.05
Fair Value Estimate	$65.00
52 week high/low	$58.00 / $49.35
Shares outstanding (M)	12.0
Market cap (M)	$660.6
Dividend	$1.20
Yield	2.2%

Sector Overview	
Sector	Financial
Sector % of S&P 500	12.5%

Financials ($M, as of 6/30/26)	
Cash/Equivalents/ST Inv	50.4
Debt	NA
Working Capital ($M)	23.3
Current Ratio	1.6
Total Debt/Equity (%)	NA
Payout Ratio TTM (%)	35%
Gross Revenue (M) TTM	133.9
Net Income (M) TTM	33.3
Net Margin TTM	24.9%

Risk	
Beta	0.27
Inst. ownership	8%

Valuation	
P/E forward EPS (2026)	18.6
Price/Sales (TTM)	4.9
Price/Book	19.8

Top Holders

T. Rowe Price Group, Inc.
Horizon Kinetics Holding Corp.
Royce & Associates LP

Management	
President/CEO	Mr. Cromwell Coulson
CFO	Ms. Antonia Georgieva
General Counsel/COS	Mr. Daniel Zinn
Company website	https://www.otcmarkets.com

COMPANY SPONSORED REPORT. SEE LAST PAGE FOR DISCLOSURES.

OTCID, for engaged companies that meet minimal standards for current information and management certifications.

* **Broad-Based Growth in 2Q26:** In 2Q26, OTCM saw growth among all three of its operating divisions. For OTC Link, revenues increased by 27%, driven by higher trading volumes on its platforms. Market Data Licensing and Corporate Services revenues rose 7% and 14%, respectively. The operating margin increased by 120 basis points to 31.1%. EPS for 2Q26 were $0.71, compared with $0.60 in the year-earlier period, representing 18% growth.

* **Robust Cash Generation and Investor Returns**: We view positively OTCM's history of strong cash flow generation, which has supported the return of capital to investors through dividends (regular and special) and share repurchases. Since the beginning of 2023, the company has returned more than $100 million through these two actions. In December 2025, OTCM paid a special dividend of $1.75 per share, following four years of special dividends of $1.50 per share. In March 2026, OTCM raised its quarterly dividend by 67% to $0.30 per share. This implies a current yield of 2.2%.

* **Fair Value**: We see the company's strong balance sheet and history of returning capital to its shareholders as long-term value drivers. Based on our forward P/E analysis, we see a fair value of $65 per share.

COMPANY/INDUSTRY BACKGROUND

OTC Markets Group Inc., through its predecessor entities, was founded in 1904 and operates regulated markets for trading more than 12,000 U.S. and international securities.

In our view, OTCM has built a robust suite of complementary, technology-driven products and services that impact a wide array of stakeholders across the financial markets value chain. The company serves broker-dealers, investors, traders, financial institutions, companies, accountants, regulators, and advisors.

The company has evolved from a traditional bulletin board known for publishing price quotations on a specific group of equities into a technology-focused provider of a robust suite of predominantly subscription-driven, complementary solutions that seek to create better-informed and more-efficient markets through the sharing of information widely through open networks that foster transparency, connect broker-dealers, organize markets, and inform investors.

Importantly, OTC Markets' primary trading platform facilitates a broker-dealer network, rather than operating a centralized matching engine, and, thus, has inherent differences to exchanges, including those related to regulation and liquidity among traded issues.

OTCM's operating segments are organized into three divisions: OTC Link (trading services), Market Data Licensing, and Corporate Services (OTCQX, OTCQB, OTCID, and other services). In 2025, these groups accounted for 21%, 40%, and 39% of gross revenues, respectively. This compares with 20%, 39%, and 41% in 2024, respectively. We see the diversification of these units supporting a relatively stable revenue profile under various market conditions.

For example, in 2021, OTC Link drove first-half results due to higher trading volumes and retail investor participation in over-the-counter equity markets, while Corporate Services drove second-half results upon the implementation of amendments to SEC Rule 15c2-11 that led many subscribing companies to update their disclosures in order to maintain public broker-dealer quotations on their securities. As trading volumes moderated in 2022, Corporate Services continued to benefit from strong market and disclosure subscriptions. In 2023, Market Data Licensing drove revenue growth, supported by acquisitions and professional subscriber growth. Most recently, higher trading volumes have resulted in OTC Link driving revenue growth. The OTC Link business began as a bulletin board for the publication of quotations on securities and historically operated only as a subscription-based system that later registered an alternative trading system (ATS), OTC Link ATS, where attributable quotes are displayed and messages delivered, enabling direct trades between dealers.

In 2018, OTC Link launched its electronic communication network (ECN) named OTC Link ECN, an anonymous order-matching engine and order router, functioning as the executing party on an agency basis, thus facilitating the matching of buy and sell orders. Under this product, OTC Markets Group receives a fee from, or pays a rebate to, broker-dealer subscribers based on per share executions, depending upon whether orders provide or remove liquidity.

The total number of securities quoted by broker-dealers on OTC Link ATS was 12,351 as of June 30, 2026, which has remained fairly consistent in recent years. Across all of its platforms, OTC Link had 144 unique subscribers, compared with 137 at the end of 2Q25.

For 2025, total dollar volume traded in OTCQX/OTCQB/OTCID/Pink securities increased by 43% over 2024, to $702 billion. In 1H26, this increased by approximately 30% year over year to roughly $467 billion.

In 1H26, companies on OTCM's OTCQX, OTCQB, and OTCID markets represented around 25% of all securities traded on its platforms and contributed 26% of the dollar volumes on its

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PEER COMPARISON

Company	Ticker	Recent Price ($)	52-Week High ($)	52-Week Low ($)	Mkt. Cap ($MIL)	1-yr Price Change (%)	1-yr Rev Growth (%)	1 YR EPS Growth (%)	P/E Ratio	Beta	Yield
OTC MARKETS GROUP INC	**OTCQX: OTCM**	**55.05**	**58.00**	**49.35**	**661**	**6**	**13**	**14**	**21.3**	**0.27**	**2.2%**
INTERCONTINENTAL EXCHANGE INC	NYSE: ICE	151.37	183.65	121.79	84978	-16	7	21	26.2	0.93	1.4%
NASDAQ INC	NASDAQ: NDAQ	95.66	101.79	76.55	53472	1	13	60	31.0	0.97	1,2%
LONDON STOCK EXCHANGE GROUP PLC	LSE: LSEG	87.52*	101.40*	66.84*	42482*	-7	6	85	36.9	0.39	1.8%

*Stock Statistics in British Pound (GBP)

platforms. These figures compare favorably to 14% of all securities and 19% of dollar volumes for OTCQX/OTCQB in the prior-year period, which was before the launch of OTCID midyear.

Over the past several years, OTC Link had contributed around 20% of gross revenue. However, the revenue mix fluctuates based on transaction volumes conducted over OTC Markets Group's trading platforms. In 2021, OTC Link ECN saw higher trading volumes and average daily transactions executed (48,000 transactions per day), but these levels moderated from 2022 to 2024 to 30,000-38,000 daily transactions. Since 2025, however, average trading volumes have accelerated sharply, reaching an average of 95,000 daily transactions in 2Q26, consistent with 1Q26, representing approximately 50% growth over the 63,000 in 2Q25.

As OTC Link's trading systems have reached critical mass by expanding its market presence and the level of market and trading data conducted over its platform, OTCM has built a separate and higher-margin subscription business unit around the selling of market data generated by its platform.

The Market Data Licensing unit packages data to both professional and retail investors, with higher pricing rates for the former. This data can be priced per enterprise or per user and can be used internally or redistributed to third parties.

As mentioned earlier, in 2025, Market Data Licensing accounted for 40% of gross revenues, up from 39% in 2024. Revenue growth has come from redistributors, directly sold licenses, and data and compliance solutions. The unit's revenues have been supported by price increases and modest expansion of its professional subscriber base, which offset a decline in nonprofessional users in 2025 due to an internal policy change at one of its broker-dealer subscribers. Nonprofessional users tend to correlate with retail participation levels in the equity markets. Following this nonprofessional user reset, however, the user base increased by 38% to 11,923 in 2Q26 from 8,647 in 2Q25, resulting in a 47% increase in revenue from this group.

OTCM's Corporate Services unit is built upon the foundation of allowing companies to demonstrate their compliance with securities laws and helping investors to better assess the level of risk exposure. To support this goal, OTCM has tiered the securities of the companies quoted on its system, based primarily on the adequacy and timeliness of disclosures, financial criteria, and adherence to governance standards. Corporate Services accounted for 39% of gross revenues in 2025, down from 41% in 2024. This is also down from 45% as recently as 2022.

OTCM's OTCQX Best Market and OTCQB Venture Market designations provide access to public trading in the U.S. at a more cost-effective price (as of January 2026, effective annual fees were $26,880 for OTCQX and $16,500 for OTCQB) than a listing on a registered national securities exchange such as Nasdaq, which can cost more than $100,000 annually.

To secure an OTCQX designation, companies must meet high financial standards, have recognized corporate governance standards, and provide timely public disclosures. The OTCQB designation provides a public trading facility for more-nascent companies while still meeting standards promoting price transparency and public disclosure, including audited financial statements, to investors.

In July 2025, OTCM launched a new classification, OTCID, for engaged companies that meet minimal standards for current information and management certifications, many of which previously held Pink Current Market or Pink Limited Market designations. We see this new designation better enabling differentiation from Pink companies, which previously included engaged companies as well as those with limited to no interaction with investors.

Over time, we expect enhanced engagement with OTCM's subscriber base to facilitate migrations to higher-tier markets, including from OTCID to OTCQX/OTCQB or from Pink Limited to OTCID. We expect OTCID to provide an incremental revenue tailwind, while Pink Limited Market securities can still be traded by broker-dealers and are identified with caution to investors over the lack of engagement.

In our view, the enhanced member roster of global companies has contributed to an improved perception among investors of a more technology-focused company and marketplace for higher-quality companies, as, historically, the company had been viewed as the "pink sheets" and a more speculative company marketplace.

INVESTMENT THESIS

We believe a key driver of OTC Markets Group's value proposition is its predominantly subscription-based revenue structure, accounting for more than 80% of gross revenues in recent years, which we think limits volatility, promotes stable cash flow generation, and provides a floor to operating results during periods of macroeconomic volatility. In 2025, subscriptions accounted for 81% of gross revenues, down from 83% in 2024 and 85% in 2023, due to higher levels of average daily transactions over OTC Link platforms. In 2Q26, this figure was 79%.

We see OTCM utilizing technology to invest in new product offerings through which it can build scale, drive operational efficiencies, and align operating costs with revenues while providing value to its clients. Importantly, the company has been able to maintain pricing power despite a volatile marketplace and recent inflationary periods.

In recent years, the company has significantly enhanced functionality within its trading systems, including the ECN platform that was launched in 2018. The company has automated many technology processes to leverage human capital and scale its sales functions into other high-growth areas.

Although OTC Link's total addressable market in terms of number of subscribers is limited, as the platform is already utilized by the most-active broker-dealers, we see OTCM continuing to invest to expand market share, such as through new trading systems including OTC Link NQB, which was launched in 2021 and operates in the same way as OTC Link ECN but with full disclosure, rather than anonymity, and allows distribution of the full depth of book data. OTCM has also added closing cross-functionality on its matching engine, enabling subscribers to send auction-eligible orders and have closing auction data included in the OTC Link NQB market data feed, matching functionality available in other markets.

To capitalize on the globalization of equity markets, OTCM has launched new products to accommodate overnight trading,

which we think should enhance trading and promote market data participation over the long term. We view this as an attractive opportunity, as American Depositary Receipts and ordinary shares of cross-listed international securities comprise more than 80% of the total securities that trade on its markets and account for nearly 90% of traded dollar volumes.

In September 2024, OTCM launched OTC Overnight for a select group of active securities. To date, trading has not yet commenced for this service, though we expect the industry to evolve more broadly over the coming years and anticipate this tool to represent a value-add to its clients, by leveraging existing technology and infrastructure to allow subscribing broker-dealers to trade OTC equity securities over OTC Link NQB Sunday through Thursday between 8:00 p.m. to 7:45 a.m. Eastern time, spanning overnight in the U.S., Asian market hours, and the opening of European markets.

In November 2024, OTC Link launched its MOON ATS® for overnight trading of National Market System (NMS) securities, making OTC Markets Group one of the first ATS operators offering broker-dealer subscribers the ability to trade both OTC equity and exchange-listed NMS securities overnight. OTCM continues to onboard active broker-dealer subscribers to the trading platform. In 2Q26, MOON ATS saw approximately 69,000 average trades per session and 7.8 million average shares traded per session. That said, we expect the competitive landscape for MOON to be significant, given the presence of established players and the expected entry of the listing exchanges, as early as December 2026.

In our view, OTCM's growth strategy is increasingly focused on financial data, including data captured across its own user base, which can represent a value-add to its professional investor base and provide opportunities for product cross-selling.

In its Market Data Licensing unit, the number of professional users increased by 5% in 2Q26 to close to 29,000, which is near the high end of its historical range. This led to a 6% revenue increase among these users. Segment revenues have been supported by price increases. Revenues from professional users increased by 27% in 2025, compared to a 1% decline in 2024. OTCM reported an 18% reduction in nonprofessional users in 2025, attributable to an internal policy change at one of its broker-dealers. However, the number of nonprofessional users has resumed growth off of this revised base since mid-2025, as mentioned earlier.

As of June 30, 2026, OTC Markets Group had 59 subscriptions to its Compliance Data or Compliance Analytics products, compared with 56 at the end of 2Q25. It also had 26 subscriptions to its Blue Sky data product, consistent with the year-earlier period.

OTCM has periodically acquired products that are complementary to its core offerings. In May 2022, it purchased the assets of Blue Sky Data, a provider of equity and debt state-law compliance data. This product enables OTC Markets to provide broker-dealer subscribers and public companies a better understanding of relevant state-level "Blue Sky" laws that govern whether a broker-dealer can recommend a security, often based on the company's public disclosures. OTC Markets is pursuing recognition in all 50 U.S. states and four territory jurisdictions for its markets. As of August 2026, 40 states and Puerto Rico have recognized its OTCQX market, while 36 states recognize the OTCQB market.

In November 2022, OTCM acquired the EDGAR Online business, which provides SEC data and compliance tools, from Donnelley Financial LLC for total consideration of $3.5 million, subject to certain adjustments. Although we expect full implementation to take several years and to require capital investment to bring it to cash-flow-positive status, the technology platform has been successfully migrated to OTC Markets Group's cloud environment, and the data is embedded into OTC Markets Group's issuer compliance and disclosure digitalization and SEC Rule 15c2-11 disclosure processes. Over the longer term, we expect the EDGAR business, which has seen its subscriber base contract to 412 from approximately 500 at the time of the acquisition, to support an expansion of the Market Data Licensing product offering, as OTCM creates new products from combined data sets.

In Corporate Services, both OTCQX and OTCQB subscribers expanded in 2025, after a decline in 2024. In 2Q26, the number of OTCQX companies was 585, up from 556 at the end of 2Q25 (5% growth), nearing the 600 OTCQX-company high-water mark achieved at the end of 2023. For OTCQB, there were 1,101 companies as of June 30, 2026, above the 1,073 a year earlier (3% growth). At the end of 2023, this figure was at 1,140. We attribute the recent positive trend to higher sales and a lower number of nonrenewals and compliance downgrades. We are encouraged by the migration of some former Pink companies to OTCID, with 1,037 OTCID companies as of 2Q26, following its mid-2025 launch.

In 2025, OTCQX added 137 new issuers, seven on a net basis. OTCQB saw 293 new issuers, 56 on a net basis. During 1H26, OTCQX and OTCQB companies saw a combined 3.5% increase. International companies have accounted for approximately 70% of these companies, and sales to international companies on OTCQX/QB increased by 11% in 1H26, with 81 new companies compared to 73 in the year-earlier period. As mentioned earlier, international companies have accounted for nearly 90% of overall traded dollar volumes.

We view positively strong retention rates among companies in compliance with the respective markets' rules and standards: 95% in 2026 versus 96% in 2025 for OTCQX, consistent with the historical range, after a dip to 93% in 2024. OTCQB has consistently seen more than 90% retention among compliant companies. We view positively that OTCM has maintained pricing power over these services, despite volatility across the market and a challenging capital-raising environment for many small-cap companies over the past few years.

OTCM has also realigned its corporate sales team to enhance enrollment and reach among current and potential corporate issuers in North America, Europe, and Asia. The company recently opened an office in Hong Kong to support its Asia-based initiatives. The company is also looking to expand its senior management team with a head of Corporate Services. We see these initiatives as being in the early stages of supporting long-term growth.

Also as mentioned earlier, we see the OTC Overnight global trading capabilities enhancing the attractiveness of OTCM's Corporate Services unit and its goal to increase the number of securities, asset classes, and trading functionality on its markets. The industry is moving toward establishing regulations that would introduce lawful tokenized and digital asset securities into its markets. In

July 2026, OTCM announced a proposed strategic alliance with BitGo Bank & Trust to bring digital asset trading and custody infrastructure to OTC Link ATS's broker-dealer subscribers. OTC Link would also integrate with Elysium LD Technology Inc.'s MatchHub platform, which would link OTC Link ATS to multiple custodians and coordinate each digital asset trade from execution through settlement, giving broker-dealer subscribers streamlined access through a single connection.

RECENT DEVELOPMENTS

OTC Markets Group shares trade under the ticker symbol "OTCM" and have OTCQX designation. In 2025, the shares rose 5%, compared with a 17% advance for the S&P 500. Year-to-date in 2026, the shares have increased 9%, compared with a 13% rise for the S&P 500.

In August 2026, OTCM reported 2Q26 results, highlighted by 14% higher gross revenues, including growth in all operating divisions. For OTC Link, revenues increased by 27%, driven by higher trading volumes on its platforms. Market Data Licensing and Corporate Services revenues rose 7% and 14%, respectively. The operating margin increased by 120 basis points to 31.1%. EPS for 2Q26 were $0.71, compared with $0.60 in the year-earlier period, representing 18% growth. For the first six months of 2026, gross revenues increased 14%, and EPS increased by 17%.

In July 2026, OTCM announced a proposed strategic alliance with BitGo Bank & Trust to bring digital asset trading and custody infrastructure to OTC Link ATS's broker-dealer subscribers, alongside a new integration with Elysium LD Technology's MatchHub platform.

In March 2026, OTCM raised its quarterly cash dividend to $0.30 per share, up 67% from $0.18 previously. It most recently authorized this quarterly dividend in August 2026, payable in September 2026.

In July 2025, OTCM launched the new OTCID Basic Market to replace the legacy Pink Current Market. OTCID provides a basic reporting market for engaged companies that are current in their ongoing disclosure and have management certifications and timely share data as part of their U.S. investor interactions but do not meet the standards for OTCQX/OTCQB.

EARNINGS & GROWTH ANALYSIS

We forecast that OTCM will post gross revenues of $140 million for 2026 and $145 million for 2027, which would represent growth of 12% and 4%, respectively.

We see near-term revenue growth supported by increases in OTC Link transaction-based revenues, due to enhanced retail participation in global equity markets and new product launches. For 2026 and 2027, we expect transaction-based expenses offsetting close to 9% of gross revenues, above recent years in the 5%-7% range, as trading activity remains elevated amid more volatile markets.

We see OTCM managing its Market Data Licensing subscriber base and continuing to invest in its technology to support future growth while raising its prices over time to reflect the enhanced value of the product suite. For Corporate Services, we anticipate OTCQX/OTCQB client trends to continue to stabilize, with fewer compliance-related downgrades and a solid renewal rate, as interest rates gradually decline. We also see recent investments made to align the sales team regionally supporting enhanced company relationships.

For 2026 and 2027, we forecast operating profit margins around 32% and 33%, respectively, compared with 31.5% in 2025. We see OTCM effectively managing its corporate head count and cost structure, noting that compensation and benefits are the largest operating expense line items, accounting for more than 60% of its operating expenses. Over the last two years, operating expenses have included some nonrecurring items, including for IT infrastructure, regulatory settlement accrual expenses, and professional fees. As such, we see operating margins trending back toward 2022 levels around 36% over time.

We project EPS of $2.96 and $3.17 for 2026 and 2027, representing growth of 15% and 7%, respectively. With around 12 million shares outstanding and a share repurchase program in place, we see inherent long-term EPS leverage for OTCM, though we note that small changes in operating expenses can have wide impacts on operating margins and EPS.

FINANCIAL STRENGTH & DIVIDENDS

Our financial strength rating for OTC Markets Group is High. As of June 30, 2026, the company had $50.4 million in cash, equivalents, and short-term investments, compared with $54.3 million at the end of 2025.

OTCM's working capital surplus at June 30, 2026 was $23.3 million (with a current ratio of 1.6), reflecting $63.9 million in current assets and $40.6 million in current liabilities. This compares to working capital of $16.1 million (and a current ratio of 1.3) at the end of 2025.

As of June 30, 2026, OTCM had no outstanding borrowings under a $5 million line of credit, and its shareholders' equity was $45.8 million, compared with $40.5 million as of December 31, 2025.

We note that there is some seasonality in OTCM's business, with 4Q typically representing its largest quarter for cash balances, due to the receipt of annual renewal subscription proceeds for OTCQX. (OTCQB renews continuously on the anniversary of the date companies joined the market.) Conversely, 1Q is typically lower due to costs related to incentive compensation and taxes.

In August 2024, OTC Markets Group paid $1.2 million in a settlement with the SEC related to its processes in filing suspicious activity reports. The company has upgraded these policies as part of market integrity programs already in place.

In June 2026, OTCM was named as one of the investors in a recent oversubscribed private financing round for Receipts Depositary Corp. (RDC), which was led by LiveOak Ventures. The company believes that a relationship with RDC could yield long-term strategic benefits to both parties.

For the year ended December 31, 2025, net cash generated by operating activities was $48.6 million, compared with $32.9 million in the prior year. In 1H26, the company generated $11.2 million in cash flow from operations, above $10.4 million in 1H25.

Net cash used in investing activities was $754,000 in 2025, compared with cash used of $2.2 million in 2024. For 1H26, net

cash used by investing activities totaled $856,000, compared with net cash used of $505,000 in 1H25.

Net cash used in financing activities in 2025 totaled $33.2 million, up from $30.2 million in 2024, driven by dividends and share repurchases. For 1H26, net cash used in financing activities totaled $13.9 million, up from $7.6 million in 1H25, driven by the increased dividend and higher share repurchases.

In our view, OTCM's capital allocation strategy is supported by a history of positive operating cash flow. In March 2026, OTCM's board authorized the increase of its quarterly dividend to $0.30 per share ($1.20 annually) from $0.18 per share ($0.72 annually), which had been in place since 2021. In addition, the company has paid special dividends annually: $1.75 per share was paid in December 2025, after four years of paying $1.50 per share. At current levels, the regular dividend represents an annualized yield of 2.2%.

In March 2026, the board refreshed the company's stock repurchase program at up to 300,000 shares. As of June 30, 2026, the current program had 242,000 shares remaining. During the first half of 2026, OTCM used $6.2 million to repurchase around 115,000 shares. In total, OTCM has returned more than $100 million to its investors since the start of 2023.

MANAGEMENT

R. Cromwell Coulson serves as CEO and president and is a director of OTC Markets Group. Mr. Coulson initially led a group of investors acquiring OTC Markets Group's predecessor business, the National Quotation Bureau, in 1997 and led its transformation into a technology-driven, open, transparent, and connected marketplace platform. Previously, he had served as an institutional trader and portfolio manager specializing in distressed and value-oriented investments at OTC market maker Carr Securities Corp. Mr. Coulson served as chairman of the Financial Industry Regulatory Authority's Market Regulation Committee that advises on rulemaking and trading issues. Mr. Coulson holds around 27% of OTCM's voting power.

Antonia Georgieva has served as CFO at OTC Markets Group since 2021. She has M&A experience and capital markets experience in both fintech and financial services. Most recently, Ms. Georgieva served as a partner at Drake Star Partners covering the fintech industry and previously served as a managing director at BMO Capital Markets' Technology and Business Services and Financial Institutions groups. She holds a bachelor's degree in finance from the University of National and World Economy in Bulgaria and an MBA from the Wharton School at the University of Pennsylvania.

Daniel Zinn has served as general counsel and corporate secretary of OTC Markets Group since 2010 and is its chief of staff. He leads the company's regulatory and policymaking efforts. Mr. Zinn had previously served as outside counsel to OTC Markets Group as a partner at The Nelson Law Firm LLC and worked in the corporate office of American International Group Inc. He is a member of the New York State and American Bar Associations. Mr. Zinn received his JD from Yeshiva University's Benjamin N. Cardozo School of Law and his Bachelor of Science degree from Pennsylvania State University.

OTC Markets Group's board of directors consists of six members, including five independent directors. We view favorably the company's revision of its compensation levels to reflect challenging market conditions when they have arisen, most recently in 2023. As such, we hold a positive view of the company's corporate governance.

RISKS

OTC Markets Group operates in a highly competitive industry, as many companies opt to list their equities on national exchanges, such as the New York Stock Exchange (which also operates the NYSE American exchange, which typically lists smaller companies) and Nasdaq. We also see the number of companies participating in either the OTCQX or OTCQB markets remaining variable due to trends related to IPOs, graduation to national exchanges, and companies remaining compliant with ongoing rules and standards. OTCM's OTC Link ECN offering faces competition for execution of transactions in OTC securities from companies including Global OTC, which operates as a subsidiary of the NYSE.

Although much of OTCM's revenue base is fixed and subscription based, economic conditions such as higher inflation and rising interest rates or geopolitical instability can contribute to declines in financial markets and lower trading volumes in equity markets, which can result in greater revenue variability for OTC Markets Group.

OTCM currently has approximately 12 million shares outstanding. While a low share count provides significant leverage for EPS growth, modest expenses can have a significant impact on reported results, resulting in less favorable comparisons across periods.

We note that OTC Markets Group does not file its financial statements with the SEC but rather through its own platform. Last, OTCM's stock is thinly traded and more illiquid compared with many peer exchange companies, which can increase its volatility. The stock is approximately 8% owned by institutions. In contrast, the floats of Intercontinental Exchange Inc. (ICE), which owns the NYSE, and Nasdaq Inc. (NDAQ) are 94% and 93% held by institutional investors, respectively.

VALUATION

With a recent stock price near $55 per share and a market capitalization around $660 million, OTC Markets is trading at 18.6-times our 2026 earnings estimate, below the level of a broad basket of global financial and exchange data companies that recently traded at a forward multiple above 25-times, down from 30-times after a period of volatility across the global markets. The average forward multiple for ICE, NDAQ, and London Stock Exchange Group plc using 2026 consensus adjusted EPS estimates is currently around 20-times and has been volatile as well. We note that following the recent dividend expansion, OTCM's yield is currently 2.2%, compared with a 1.5% average for these peers.

We think OTCM's introduction of new products and services, both organically and through acquisition, can support incremental revenue growth across its three operating units. We see its high proportion of subscription-based revenues providing a solid floor to its operations and limiting volatility. While we continue to see OTCQX/OTCQB member companies navigating a challenging

financing environment, we are encouraged by recent firming trends in OTCQX/OTCQB membership, as both markets saw year-over-year expansion after a down 2024, as well as an increase in average daily transactions over OTCM's trading platforms.

We view OTCM's strong balance sheet and history of returning capital to its shareholders as long-term value drivers. Despite the more limited liquidity profile and more modest revenue growth profile, we think OTCM should trade closer to its historical forward P/E in the low-to-mid-20-times range and a narrower discount to the broad peer group.

Thus, we apply a 22-times multiple to our 2026 EPS estimate of $2.96 to arrive at a fair value of $65 per share. This represents 18% upside from current levels. The dividend yield, from both regular and special dividends, adds to the total return potential.

Steve Silver,
Argus Research Analyst

INCOME STATEMENT

($MIL)	2023	2024	2025	Q1 2026	Q2 2026	Q3 2026E	Q4 2026E	2026E	Q1 2027E	Q2 2027E	Q3 2027E	Q4 2027E	2027E
Gross Revenue	109.9	111.1	125.3	34.8	34.8	35.0	35.5	140.1	36.2	36.0	36.3	36.5	145.0
Net Revenues	106.7	107.9	121.3					136.0					141.0
Operating Expenses	68.6	69.0	73.9					80.0					82.1
R&D	NA	NA	NA					NA					NA
Operating Income	32.6	32.2	38.2					43.5					46.5
Interest Income	0.8	0.9	1.0					1.0					1.0
Pretax Income	33.5	33.1	39.2					44.5					47.6
Tax Rate (%)	18	18	21					20					20
Net income	27.7	27.4	31.1					35.6					38.0
Diluted Shares	11.9	12.0	12.0					12.0					12.0
EPS	2.28	2.26	2.58	0.59	0.71	0.81	0.85	2.96	0.65	0.78	0.85	0.89	3.17
Dividend	0.72	0.72	0.72					1.20					1.20
Growth Rates (%)													
Revenue	5	1	13					12					3
Operating Income	NM	NM	12					14					7
Net Income	NM	NM	14					14					7
EPS	NM	NM	14					15					7
Valuation Analysis													
Price ($): High	64.99	60.16	60.50					NA					NA
Price ($):Low	49.50	45.00	44.20					NA					NA
PE: High	25.7	26.4	26.8					NA					NA
PE: Low	19.6	19.7	19.6					NA					NA
PS: High	7.4	6.6	6.5					NA					NA
PS: Low	5.6	4.9	4.8					NA					NA
Yield: High	1.5	1.6	1.6					NA					NA
Yield: Low	1.1	1.2	1.2					NA					NA
Financial & Risk Analysis ($MIL)													
Cash/Equivalents	37.7	39.0	54.3					NA					NA
Working Capital	3.0	5.9	16.1					NA					NA
Current Ratio	1.1	1.1	1.3					NA					NA
LTDebt/Equity (%)	NA	NA	NA					NA					NA
Total Debt/Equity (%)	NA	NA	NA					NA					NA
Ratio Analysis													
Net Revenue Margin	97%	97%	97%					97%					97%
Operating Margin	31%	30%	31%					32%					33%
Net Margin	25%	25%	25%					25%					26%
Return on Assets (%)	22.7	22.2	25.0					NA					NA
Return on Equity (%)	89.2	80.5	81.7					NA					NA
Op Inc/Int Exp	NA	NA	NA					NA					NA
Div Payout	32%	32%	28%					41%					38%

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