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Zacks Small-Cap Research

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Binah Capital Group (BCG-NASDAQ)

BCG: Initiating Coverage: A Company Gaining from Rapid IA Growth

Binah Capital Group is a full-service financial service firm catering to one of the fastest growing wealth segments. We value BCG at $4.48/share on a discounted cash flow basis.

Current Price (11/04/26)	$1.16
Valuation	**$4.48**

OUTLOOK

BCG operates a national network of independent broker-dealers and investment advisory businesses that provides advisors with the infrastructure, technology, regulatory support, and investment solutions needed to operate independently.

Its existing infrastructure offers opportunities to generate additional revenue without proportionate increases in overhead. Its multiple brokerage and advisory platforms also create opportunities for expansion through recruitment and selective acquisitions. We believe this all adds up to a company that should be valued higher than the market is indicating at the present time.

SUMMARY DATA

52-Week High	**$3.11**
52-Week Low	**$0.99**
One-Year Return (%)	**-15.64**
Beta	**0.31**
Average Daily Volume (sh)	**12,755**
Shares Outstanding (mil)	**17**
Market Capitalization ($mil)	**$20**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**5**
Insider Ownership (%)	**8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**6.4**
P/E using 2026 Estimate	**N/A**
P/E using 2027 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Financial**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	41 A	41 A	42 A	45 A	169 A
2025	49 A	41 A	46 A	51 A	187 A
2026	49 A	47 A	47 E	48 E	191 E
2027	50 E	49 E	49 E	50 E	198 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	-$0.14 A	-$0.04 A	-$0.07 A	-$0.07 A	-$0.32 A
2025	$0.06 A	-$0.04 A	$0.08 A	$0.01 A	$0.04 A
2026	$0.09 A	$0.00 A	$0.00 E	$0.00 E	$0.09 E
2027	$0.08 E	$0.02 E	$0.02 E	$0.03 E	$0.15 E

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OVERVIEW

Zacks Small Cap Research is initiating coverage of Binah Capital Group (NASDAQ: BCG) ("BCG") with a valuation of $4.48 per share. BCG is a full-service financial services company built around one of the fastest-growing segments of U.S. wealth management.

Positioned to capitalize on the continuing shift toward independent financial advice and wealth management, BCG operates a national network of independent broker-dealers and investment advisory businesses. This portfolio provides advisors with the infrastructure, technology, regulatory support, and investment solutions needed to operate independently. BCG earns revenue from fees and commissions generated across its entire advisor network. For BCG, revenue grows with advisor headcount and client assets. The business model allows advisors to run their own practice while drawing on the capabilities and economies of scale of an established financial services organization. BCG is expected to benefit as more advisors continue to move toward independence.

Binah operates a portfolio of companies that include Purshe Kaplan Sterling Investments (PKS Securities), World Equity Group and Cabot Lodge Securities. These Binah owned entities provide access to brokerage services, investment management, insurance products, financial planning, and other related solutions. A key differentiator at Binah is its platform, which offers several operating models, including its leading hybrid friendly structure. By offering these flexible pathways, BCG stands out among traditional brokerage firms.

Binah generates revenue primarily through commissions earned on securities transactions and investment products, along with fees from investment advisory services. It also generates interest and other income. Its business model provides an opportunity to benefit from growth in client assets, advisor recruitment and investment activity. Because many affiliated advisors operate their own offices and absorb associated expenses, Binah can expand its distribution network without assuming all the overhead typically associated with traditional brokerage operations.

To us, Binah's investment appeal centers on its growing asset base, improving profitability and ability to participate in the expansion of independent wealth management. Its financial performance demonstrates that the company is successfully expanding its operations while beginning to translate that growth into improved earnings.

In 2025, its first full year as a public company, Binah increased annual revenue approximately 11% to $187.1 million, while total advisory and brokerage assets reached approximately $29.9 billion. Net income totaled $2.3 million, and EBITDA increased to $5.4 million from $2.0 million in the previous year. These results established a strong financial foundation contributing to increasing positive momentum into 2026.

This positive momentum continued during the second quarter of 2026, the most recent reported period, when assets increased 13.4% year over year to $31.6 billion. Quarterly revenue rose 12.1% to $46.5 million, while the company generated net income of approximately $300,000, reversing a $700,000 loss in the comparable year-earlier quarter. EBITDA increased to approximately $1 million. The combination of double-digit asset and revenue growth and improving profitability provides evidence of progress in Binah's underlying business.

Finally, another attractive element to us is Binah's potential operating leverage. As the company attracts additional advisors and increases assets across its platform, its existing infrastructure offers opportunities to generate additional revenue without proportionate increases in overhead. Its multiple brokerage and advisory platforms also create opportunities for expansion through recruitment and selective acquisitions. We believe this all adds up to a company that should be valued higher than the market is indicating at the present time.

The Opportunity

The growth of the independent financial-advisor market is in our view one of the most important structural trends in U.S. wealth management and we believe it provides the backdrop for understanding the opportunity available to Binah Capital Group. Binah is occupying the vast middle ground between two extremes: the large, highly centralized wirehouse model and the very fragmented universe of smaller independent advisors and advisory firms. The company's sweet spot is to give advisors much of the infrastructure, technology, compliance capability, product access and scale of a large institution while allowing them to retain the independence, economics and control that increasingly attract advisors to the independent model-something that has already proven to be a very attractive proposition for advisors. The shift toward independence has been underway for more than a decade, and we believe the research and trends show that shift will continue. Cerulli Associates estimates that independent RIAs and hybrid RIAs increased assets under management at annualized rates of approximately 10.9% and 12.2%, respectively, over the decade through 2024. Together, those channels increased their share of industry assets from roughly 21% in 2014 to 27% in 2024. Over the most recent five-year period, hybrid and independent RIA advisor headcounts have also grown at annualized rates of approximately 6.5% and 6.4%, respectively.

The trend extends beyond pure RIAs. The independent broker-dealer, or IBD, channel—which is particularly relevant to Binah—has recently been one of the fastest-growing areas of wealth management. Cerulli reported that IBD advisor-managed assets grew more than 21% year over year in its 2025 analysis, faster than both captive broker-dealers and RIAs. Independent broker-dealers now represent nearly one-fifth of U.S. financial-advisor headcount and approximately 16% of industry assets.



Source: Binah Capital Group

We believe the underlying reasons are straightforward: advisors increasingly want to own the economics of the businesses they are building.

Cerulli's research also found that 91% of advisors attracted to independent affiliation models cited higher payouts, 75% cited the opportunity to build financial value in their own businesses, and 73% pointed to

greater autonomy. More recently, Cerulli found that 71% of advisors said they would choose an independent channel if they changed firms. Among independent RIA advisors, 88% said they were very likely to remain with their current firm, and 97% of those considering a move said they would move to another independent RIA.

We believe this illustrates an important point about independence: it is not simply an advisor-compensation story. It is increasingly an ownership story.

At a traditional wirehouse, an advisor can build a very large book of business, but the economics, infrastructure and often the client relationship ultimately reside within the larger institution. An independent advisor has considerably more opportunity to treat the advisory practice as an enterprise—one that can be expanded, acquire other practices, bring in partners and eventually be sold. And looking into the future for advisors, McKinsey has noted that acquisition multiples for large independent advisory businesses can materially exceed the retirement packages available to advisors remaining at traditional wealth managers.

That economic incentive is becoming increasingly important as the advisor population ages. Cerulli estimates that more than 26,000 financial advisors will retire during the next decade. That creates an enormous succession problem, but also an M&A opportunity for platforms that can help acquire, finance, integrate and transition those books of business.

This brings us to one of the most important characteristics of the independent market for Binah Capital: despite substantial consolidation, it remains extremely fragmented.

The SEC-registered investment-adviser industry reached 16,544 firms in 2025, according to the Investment Adviser Association. Yet 92.8% of those advisers had 100 or fewer employees, 67.4% managed less than $1 billion of assets and 87.3% managed less than $5 billion. Firms focused primarily on individual investors averaged only eight employees and $424 million of assets.

Simply put, this is a huge and growing industry made up largely of relatively small businesses.
Not that fragmentation is a bad thing, in fact, we believe that fragmentation exists for multiple good reasons. Wealth management is fundamentally a relationship business. Clients often select an individual advisor rather than a corporate brand, and successful advisors therefore have historically been able to establish independent practices around their own client relationships. Technology and third-party custody have made it easier to leave large organizations, while fee-based advisory models have made recurring revenue streams increasingly portable and valuable.

But the same fragmentation that makes independence attractive also creates significant inefficiencies and this is where Binah Capital fills an enormous need.

A small advisory business still needs cybersecurity, client reporting, portfolio technology, compliance systems, regulatory supervision, insurance products, alternative investments, custody relationships, clearing arrangements, research, billing, accounting and increasingly sophisticated financial-planning capabilities. It also must recruit employees, market itself, manage succession and keep up with constantly evolving regulation.

Those requirements are becoming more expensive at the same time clients are demanding more from their advisors.

Not so long ago, an advisor could largely concentrate on stocks, bonds, mutual funds and retirement accounts. Today's affluent clients increasingly expect tax planning, estate planning, insurance advice, alternatives, structured products, banking relationships and sophisticated technology. Independent advisors therefore face a difficult tradeoff: independence provides superior autonomy and potentially better economics, but operating entirely independently can mean recreating an enormous amount of expensive infrastructure.

Approximately 83% of RIAs say limited time and resources are a moderate or major obstacle to organic growth. Advisors devote only about 7% of their working time—roughly three hours of a 40-hour week—to business development, while 56% report that the lack of a cohesive marketing plan is a significant challenge.

That is essentially the problem Binah is designed to address.

Binah is a consolidator of retail wealth-management businesses and operates across three advisor models: hybrid, independent and employee/W-2. As of June 30, 2026, its network included more than 1,600 registered individuals across four broker-dealers, three registered investment advisers and three insurance entities. The platform served approximately $31.6 billion of advisory and brokerage assets, up 13.4% from $27.8 billion one year earlier.

The important aspect of the model is not simply Binah's current size. It is what Binah potentially allows an independent advisor to avoid building independently.

Through the Binah network, advisors can obtain trade execution and access to stocks, bonds, ETFs and options; insurance products; mutual funds; alternative investments; annuities; portfolio-management solutions; research; compliance; supervision; accounting; clearing and custody. Binah also emphasizes its multi-clearing and multi-custodial architecture, allowing advisors greater flexibility rather than forcing every practice into a single operating structure.

The proposition could be summarized as: remain independent at the client level while becoming larger and more efficient behind the scenes.

The advisor can maintain the personal client relationship, brand identity and entrepreneurial economics that made independence attractive in the first place, while Binah aggregates functions where scale is advantageous. Instead of 100 small firms separately purchasing technology, negotiating product relationships, maintaining compliance infrastructure and creating administrative systems, a common platform can spread those costs across many advisors and billions of dollars of assets.
This can create benefits on both sides.

For advisors, scale can mean better technology, wider product choice, more efficient compliance, access to multiple custodians, succession assistance and potentially greater purchasing power. For Binah, adding advisors and assets to an existing infrastructure can potentially create operating leverage because the cost of supporting additional assets does not necessarily rise proportionally with those assets.

There is also a meaningful consolidation opportunity. RIA M&A reached record levels in 2025. DeVoe & Company counted 322 transactions, up 18% from the prior record of 272 in 2024. Importantly, the number of active buyers actually declined, meaning increasingly experienced consolidators are executing a larger proportion of deals.

We believe that environment potentially favors firms such as Binah. The company does not need to create the independent-advisor movement—it can participate in a structural migration that is already happening and aggregate pieces of what remains a highly fragmented industry.

This could be viewed as an interesting apparent contradiction here: independent wealth management is simultaneously becoming more independent and more consolidated. In reality, those trends reinforce each other.

Advisors increasingly want independence from the traditional employee-based wirehouse model, but they do not necessarily want to operate every piece of infrastructure themselves. Consequently, the likely long-term structure of the industry may involve thousands of locally branded independent advisor

practices sitting on top of a smaller number of increasingly large technology, custody, broker-dealer, RIA and service platforms.

We believe that is where Binah's longer-term strategic opportunity lies.

A useful analogy is that Binah is attempting to become the infrastructure layer behind independent advisors rather than replacing the advisor. The local advisor owns the relationship; Binah provides much of the machinery required to operate the business.

There is already some evidence of scale within the company. At June 30, 2026, Binah had approximately $28.3 billion of brokerage assets and $3.3 billion of advisory assets. Advisory assets increased 20.5% year over year, while total advisory and brokerage assets rose 13.4%. Second-quarter revenue increased 12.1%, and gross profit increased 12.6%.

We believe the broader industry setup is extremely favorable to Binah's strategy. Independent and hybrid advisory channels continue to take market share, advisors have strong financial incentives to migrate toward independence, tens of thousands of aging advisors will need succession solutions, regulatory and technology costs are increasing, and the underlying market remains populated by thousands of relatively small firms.

That creates a sizable gap between what advisors want—independence—and what they increasingly need—scale.

Binah's opportunity is to bridge that gap and it has repeatedly proven it can do so effectively and efficiently. The company has proven it can provide the infrastructure and purchasing power of a large financial institution without eliminating the entrepreneurial independence that advisors value, which provides the opportunity for increasing growth of revenues and assets under the Binah umbrella.

The Solution

Given the above, we believe that Binah Capital Group gives investors an attractive opportunity to participate in the ongoing transformation of the U.S. wealth management industry, particularly the accelerating movement of financial advisors away from traditional brokerage firms toward independent business models as illustrated above. By providing independent financial advisors with the technology, regulatory infrastructure, investment products, operational support, and institutional capabilities necessary to manage and grow their practices, Binah has developed a business model that can benefit from both increasing assets under management and the continued consolidation of a highly fragmented industry.

We believe the company’s strengths rest on several complementary growth drivers: the recruitment of additional financial advisors, growth in assets managed by existing advisors, expanding fee-based advisory and commission revenues, strategic acquisitions, and the ability to spread operating expenses across a progressively larger asset and advisor base. Importantly, Binah does not need to build a traditional nationwide branch infrastructure to capture these opportunities. Instead, it leverages a centralized operating platform that allows independent advisors to maintain much of their entrepreneurial autonomy while benefiting from the resources of a much larger financial institution.

As noted at the start of this analysis, the company's financial results are beginning to demonstrate the potential of this strategy. For the second quarter of 2026, Binah reported $31.6 billion in advisory and brokerage assets, an increase of 13.4% year over year, while quarterly revenue rose 12.1% to $46.5 million. Net income turned positive, and EBITDA increased substantially from the prior-year period. These results suggest that growing scale and stronger revenue generation can translate into meaningful earnings improvement, although the company still needs to establish a sustained record of organic asset gathering and operating margin expansion.

Binah's business is built around a straightforward but increasingly valuable proposition: independent financial advisors want the freedom to own and manage their businesses, but they also need many of the sophisticated services traditionally provided by large financial institutions.

An independent advisor must be able to execute investment transactions, access a broad range of investment products, maintain client accounts, comply with complex securities regulations, generate statements and reports, operate technology systems, and provide clients with professional portfolio management services. Establishing and maintaining these capabilities independently can be expensive and operationally demanding, particularly for smaller advisory firms.

Binah addresses this problem by providing the financial infrastructure and support services that allow advisors to concentrate on serving clients, gathering assets, and expanding their businesses.
The company operates through a network of broker-dealers, registered investment advisers, and insurance entities. Its principal broker-dealer businesses include Purshe Kaplan Sterling Investments, Cabot Lodge Securities, PKS Securities, and World Equity Group. Together, these operations support more than 1,600 registered financial services professionals across a nationwide network of more than 600 offices.

The platform accommodates traditional independent financial advisors, hybrid advisors who combine brokerage and fee-based advisory activities, and advisors operating under employee-based arrangements. This flexibility is particularly important because advisors differ considerably in how they want to structure their businesses, compensate themselves, and serve their clients.

We believe a key competitive advantage is Binah's open-architecture approach, which gives advisors access to multiple investment products, clearing arrangements, and custody providers rather than requiring them to operate through a narrowly defined proprietary system.

The services provided through Binah's platform include securities trade execution, access to stocks, bonds, exchange-traded funds, mutual funds, annuities, insurance products and alternative investments, as well as portfolio advisory capabilities, compliance oversight, supervision, research, accounting support, technology, and administrative services.

This comprehensive offering creates a mutually beneficial relationship. Advisors gain the institutional capabilities they need without sacrificing the independence that makes their business model attractive. Binah, in turn, participates economically in the financial activity generated by those advisors and their clients.

Binah generates revenue primarily through commissions on investment transactions, recurring compensation associated with investment products, fees on advisory accounts, and interest-related income through its financial services relationships.

This revenue structure is particularly attractive to us because it provides multiple ways for the company to grow without necessarily increasing its advisor population proportionately.

When an advisor brings additional clients onto the platform, Binah can benefit from the resulting increase in investment activity and assets. When existing clients increase their investments, or when financial markets appreciate, the company can generate additional asset-linked revenue. When advisors expand the range of financial services they provide, Binah may participate in the incremental commissions and fees.

The company's revenue streams can be divided into several major categories.

Commission-based revenue is generated when advisors facilitate purchases and sales of securities and financial products, including mutual funds, annuities, insurance-related investment products, and

alternative investments. Binah receives commissions associated with these transactions and pays a substantial portion to the producing advisor.

Trailing commissions provide a more recurring source of revenue. Certain financial products generate ongoing compensation while client investments remain in place. This gives Binah a continuing economic interest in assets already placed through its network, even when clients are not actively making new purchases.

Fee-based advisory revenue is generated through advisory relationships in which clients pay ongoing fees linked to the market value of eligible assets. These fees are recognized over time and provide a relatively predictable revenue stream, although they remain exposed to changes in financial markets and client asset levels.

Interest and other income provides an additional revenue source, including income generated under arrangements with clearing partners. This revenue can benefit from account activity and cash-related economics but is also sensitive to interest rates and contractual arrangements.

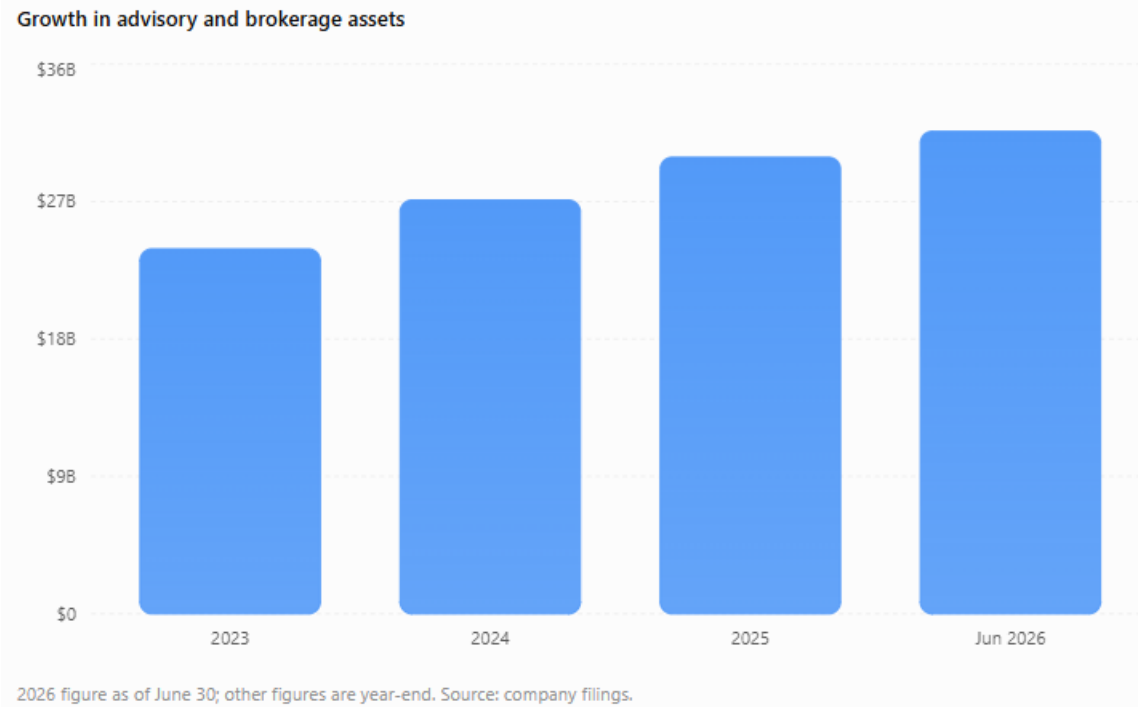
Binah's 2025 results provide a helpful illustration of how these revenue sources contribute to the business.

Revenue category	2025 revenue	Growth vs. 2024
Commissions	$153.4 million	+10.0%
Advisory fees	$28.6 million	+14.7%
Interest and other income	$5.1 million	+13.1%
Total revenue	$187.1 million	+10.8%

Source: Binah Capital Group 2025 Form 10-K.

One note we believe investors should be aware of is that Binah does not retain all reported commission and advisory revenue. Much of this revenue is passed through to the advisors generating the business. For example, in 2025 the company reported $149.3 million in commission and related fee expenses, leaving approximately $37.8 million in gross profit under its non-GAAP definition.

One of the most encouraging aspects of Binah's recent performance has been the expansion of the assets served by its platform.



Assets increased from approximately $23.9 billion at the end of 2023 to $27.1 billion at the end of 2024 and $29.9 billion at the end of 2025, before reaching $31.6 billion at June 30, 2026. The latest figure represents a 13.4% increase compared with the $27.8 billion reported one year earlier.

This expansion is significant because it increases the asset base from which Binah can generate advisory fees, trailing commissions, and other forms of financial services revenue.

The composition of the company's assets also highlights an opportunity for future business development. As of June 30, 2026, approximately $28.3 billion consisted of brokerage assets, while $3.3 billion represented assets on its corporate advisory platform. Advisory assets increased approximately 20.5% from the prior year, outpacing the 12.7% growth in brokerage assets.

Although brokerage activities remain the largest component of the company's revenue model, the growth of advisory assets should be particularly appealing because fee-based relationships can generate ongoing revenue with less dependence on transaction volumes.

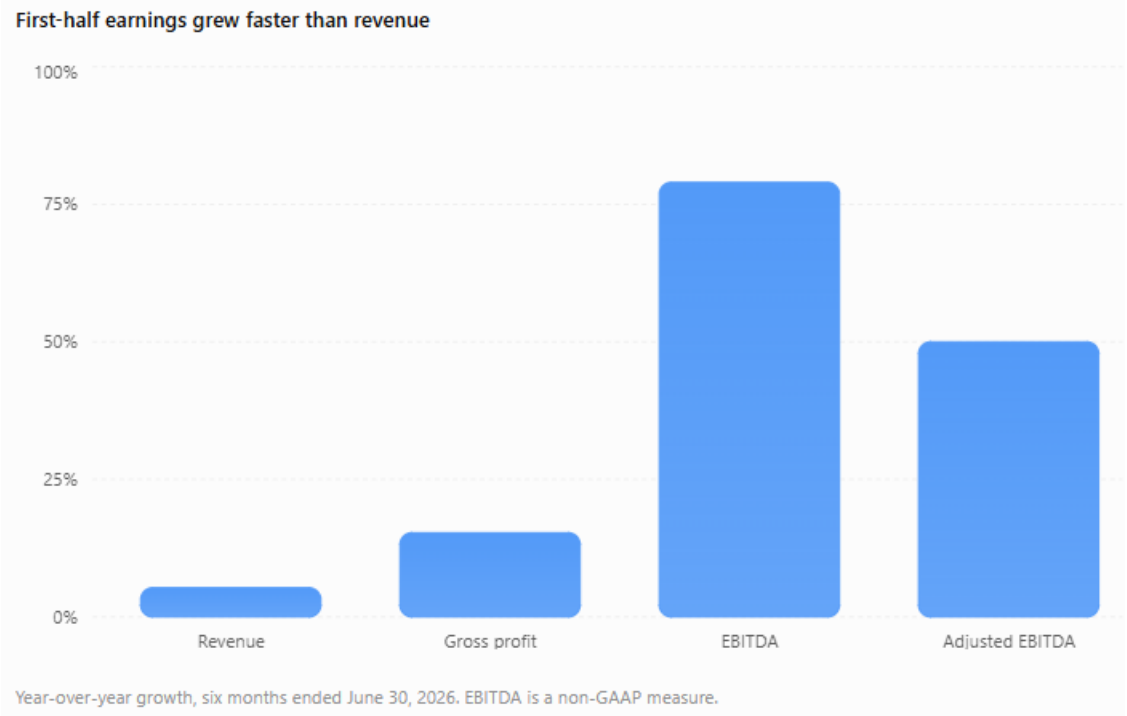
There is also a much broader measure of Binah's market reach. In its August 2026 investor presentation, the company identified approximately $400 billion of affiliated assets under management at independent RIA firms whose associated individuals maintain broker-dealer registrations within its network. This $400 billion figure should not be confused with the $31.6 billion directly reported as advisory and brokerage assets served by Binah. The affiliated assets are generally managed by independently operated firms and do not automatically generate direct asset-based revenue for Binah. However, they demonstrate to us the considerable reach of the company's advisor relationships and the potential opportunity to provide additional brokerage, insurance, investment-product, and support services across a much larger financial ecosystem.

Binah's recent financial performance provides encouraging evidence to us that the company is beginning to translate its expanding asset base into stronger revenues and earnings.

For the full year 2025, revenue increased 10.8% to $187.1 million, compared with $168.9 million in 2024. More importantly, the company moved from a net loss of $4.6 million in 2024 to net income of $2.3 million in 2025. Gross profit expanded approximately 12%, from $33.7 million to $37.8 million, while EBITDA increased from $1.9 million to $5.4 million. Adjusted EBITDA increased more modestly, from $6.3 million to $6.5 million, reflecting the impact of adjustments and emphasizing that the improvement was stronger on a GAAP and unadjusted EBITDA basis.

This improvement continued into the first half of 2026. Revenue reached $95.2 million, an increase of 5.3% from the prior-year period, while net income increased to approximately $2.2 million from $0.4 million. EBITDA advanced to $4.3 million from $2.4 million, representing approximately 79% growth, and adjusted EBITDA increased 50% to $4.8 million.

The second quarter was particularly encouraging, with revenue increasing 12.1% to $46.5 million, gross profit rising 12.6% to $9.8 million, and EBITDA advancing to approximately $1.0 million from $0.1 million a year earlier.



The divergence between revenue growth and EBITDA growth is especially important to us in viewing Binah Capital as an investment. It suggests that additional business volume is beginning to produce a disproportionate improvement in profitability, a hallmark of a potentially scalable platform business. Binah's first-half EBITDA margin increased from approximately 2.7% in 2025 to 4.5% in 2026. While these margins remain relatively modest, continued expansion could have a meaningful impact on earnings because the company is operating from a comparatively small profit base.

For investors, we believe the opportunity lies not only in expecting revenue to increase, but in the very real likelihood that earnings could increase considerably faster than revenue as the company grows. From our analysis, one of Binah's most promising characteristics is that its business can grow through multiple complementary channels.

We believe advisor recruitment offers perhaps the most straightforward growth opportunity. Each new financial advisor who joins the platform can bring an established client base, brokerage assets, investment activity, and recurring revenue relationships.

Because these advisors generally arrive with their own books of business, Binah has the opportunity to add meaningful amounts of client assets without incurring the same customer acquisition expenses associated with building an entirely new retail financial services business.

The company's hybrid-friendly model is particularly valuable in this regard. Advisors who operate their own RIAs can maintain their independent advisory businesses while using Binah for brokerage, insurance, and other financial services. This may make joining the platform more attractive than moving to a firm requiring a complete restructuring of their business.

Binah also emphasizes custodial flexibility, allowing advisors to maintain relationships with major custody and clearing providers. This is a meaningful advantage because transferring accounts between custodians can involve extensive administrative work and create disruption for clients. Reducing these obstacles can improve recruiting effectiveness.

Acquisitions represent a second major growth opportunity in our view. Binah can potentially acquire independent broker-dealers, advisory practices, or related financial services businesses, adding established advisor relationships and assets to its existing platform.

Unlike a traditional acquisition in which the buyer must maintain an entirely separate operating structure, Binah should be able to consolidate selected functions, including compliance, technology, accounting, administration, and management. Successful integration could increase revenue while eliminating duplicated expenses.

A third opportunity we've identified involves increasing the revenue generated by advisors and assets already affiliated with Binah. Advisors may expand their offerings to include financial planning, managed portfolios, annuities, insurance products, alternative investments, and other solutions supported by the platform.

The company's substantial affiliated RIA network also creates opportunities to deepen existing relationships. Even modest incremental participation in the financial activity associated with this network could become meaningful relative to Binah's current size. However, we should caution that capturing such revenue would require additional services or transactions; it should not be assumed that affiliated RIA assets automatically generate fees for the company.

Finally, Binah may benefit from the continued expansion of fee-based wealth management. Its advisory revenue increased 14.7% in 2025 and another 8.3% during the first six months of 2026, demonstrating growth in a revenue category that is generally more recurring than transaction-based commissions.

But in what may be the most compelling aspect of Binah's long-term investment case, the company has the potential to scale its business while limiting the rate of growth in operating expenses.

Financial services platforms incur substantial infrastructure expenses regardless of whether they support a few hundred advisors or several thousand. Regulatory oversight, cybersecurity, technology development, accounting, executive management, compliance systems, and other corporate functions are necessary to operate the business.

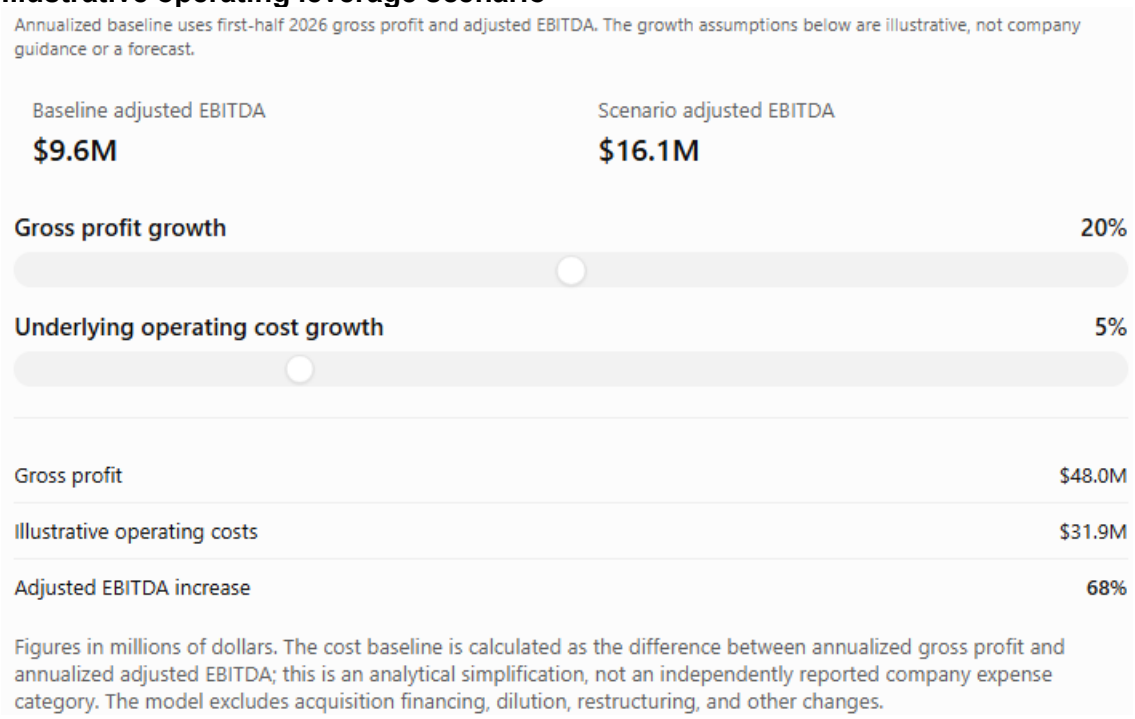
Once that infrastructure has been established, however, adding incremental advisors and assets may not require a proportionate increase in costs.

For example, an additional advisor joining Binah does not necessarily require the company to establish a new branch office, develop a separate technology platform, or duplicate its senior management structure. Instead, the advisor can operate through the existing infrastructure, subject to incremental onboarding, supervision, service, and support costs.

This creates an opportunity for a progressively larger portion of retained revenue to flow through to operating earnings.

The distinction between reported revenue and retained gross profit is important. Because Binah pays approximately three-quarters of advisor-generated production revenue to its advisors, additional gross revenue does not translate dollar-for-dollar into earnings. Nevertheless, growth in the remaining retained revenue can be financially attractive when incremental infrastructure costs are relatively limited. Consider a hypothetical example based on Binah's current approximate revenue and profitability structure.

Illustrative operating leverage scenario



In the scenario, 20% growth in gross profit combined with just 5% growth in underlying operating costs would increase illustrative adjusted EBITDA from $9.6 million to approximately $16.1 million, representing a roughly 68% increase.

This calculation illustrates the power of operating leverage and shows why we're so enthusiastic. A relatively modest increase in retained revenue can generate a substantially larger percentage increase in earnings when a significant portion of the operating expense base remains relatively stable.

Binah's actual first-half 2026 results suggest that this dynamic is already emerging. Revenue increased 5.3%, while gross profit advanced 15.3%, and adjusted EBITDA increased 50%. The company also reported a 4.3% year-over-year reduction in employee compensation and benefits during the second quarter, despite the increase in revenue.

Further improvements could result from standardizing administrative processes, consolidating technology infrastructure, streamlining compliance and supervision, automating back-office activities, and negotiating more favorable commercial arrangements as the company's advisor network grows.

Technology and automation could play an especially valuable role. By using increasingly sophisticated digital tools to simplify account onboarding, transaction processing, compliance reviews, and advisor support, Binah may be able to accommodate more financial professionals without expanding its employee base proportionately.

Acquisitions could accelerate the same process. When Binah adds a smaller broker-dealer, it may be able to transition significant portions of the acquired firm's operations onto existing technology and support systems, reducing the combined organization's unit operating costs.

The ultimate objective would be to create a business in which advisors and assets grow steadily while overhead expenses rise much more slowly. If successfully executed, we believe that strategy could drive sustained margin expansion, stronger cash generation, and a more valuable enterprise.

Investment Outlook

We believe Binah Capital Group offers investors exposure to several of the most attractive long-term trends in wealth management: the movement toward advisor independence, rising demand for outsourced infrastructure, the consolidation of smaller financial services firms, and the growth of recurring advisory revenues.

What makes the company's business model particularly appealing to us is that each of these trends can contribute to growth through a shared operating platform. New advisors can add assets and commissions. Existing advisors can grow their client relationships and expand their product offerings. Acquisitions can add established businesses while potentially eliminating duplicated operating expenses. Expanding advisory assets can improve the consistency of revenues, and centralized technology can help reduce operating costs per advisor and per dollar of assets served.

The company's recent performance offers encouraging evidence of progress. Binah has grown its directly served advisory and brokerage assets to $31.6 billion, increased quarterly revenue at a double-digit year-over-year rate, returned to profitability, and produced strong first-half EBITDA growth.

Its position within a much larger independent advisor ecosystem, including approximately $400 billion in affiliated RIA assets, also provides a substantial potential source of additional business opportunities, even though those assets are not equivalent to directly revenue-generating AUM.

The next stage of the investment story will depend on management's ability to convert this market reach into stronger organic asset flows, recruit additional advisors, execute selective acquisitions, and improve the amount of gross profit retained after advisor compensation and infrastructure expenses and given the history of success we have confidence in the company’s leadership’s ability to execute.

Binah's potential lies in becoming an increasingly profitable infrastructure provider to the independent wealth management industry, rather than simply a collection of brokerage firms. The company has already established a national presence and a meaningful asset base, while its current earnings leave room for significant percentage improvements if its platform can continue expanding efficiently, which we believe will translate into a corresponding expansion in the shares of BCG.

For investors willing to accept the competitive, market, and execution risks associated with a smaller publicly traded financial services company, Binah presents a favorable growth opportunity in our view. Continued expansion in advisor relationships, assets, recurring revenues, and operating margins could produce earnings growth well in excess of overall revenue growth, creating a compelling foundation for long-term expansion of shareholder value.

VALUATION

A discounted cash flow analysis of Binah Capital Group (Nasdaq: BCG) points to an equity valuation of $4.48 per share. Based on what we believe are the relatively conservative assumptions below, the shares trade at less than a quarter of their model value.

As discussed above, Binah Capital Group is a holding company for independent wealth-management and broker-dealer platforms. Its economics are thin by design: most of what clients pay flows straight through to advisors as commissions, which made up roughly 80% of expenses in the first half of 2026. What remains is a small spread between two large numbers.

That spread has recently turned positive. Revenue grew 11% to $187.1 million in 2025, and the company moved from a $4.6 million net loss in 2024 to $2.3 million of net income. Pre-tax income was $2.6 million,

a margin of just 1.4%. The first half of 2026 continued the trend, with revenue of $95.2 million, pre-tax income of $3.1 million and net income of $2.2 million. At June 30, 2026 the company held $10.9 million in cash and restricted cash against about $22 million of debt, with 17.06 million shares outstanding.

The valuation starts from full-year 2025 actuals, revenue of $187.1 million and total expenses of $184.5 million, and projects both forward for ten years. Revenue is assumed to grow 5% a year and total expenses 4.5% a year. Because expenses grow a half point slower, profit widens steadily. We believe this is appropriate and a conservative approach to the operating leverage discussed above. After year ten, both lines are assumed to grow at 5% indefinitely, so the margin reached in 2035 is held constant.

Future profits are taxed at 25%, our rough estimate of the federal-plus-state rate. Cash flows are discounted at 14%, a rate that reflects the risk of a small, thinly capitalized firm. Capital spending and working capital are assumed to be offset by depreciation, which is only about $0.5 million a year. Since reported expenses already include interest, the resulting cash flows belong to shareholders, so the analysis does not subtract debt again or add back cash.

Under these assumptions, revenue climbs from $196.5 million in 2026 to $304.8 million in 2035, while expenses rise from $192.8 million to $286.6 million. The pre-tax margin therefore expands from 1.4% in 2025 to 6.0% in 2035, and after-tax cash flow grows from $2.7 million to $13.7 million. Discounted at 14%, the ten years of cash flow are worth $33.4 million today.

Capitalizing the 2035 cash flow as a growing perpetuity at a 14% discount rate and 5% growth gives a terminal value of $159.8 million, which is worth $43.1 million in today's dollars. Together the two pieces total $76.5 million, and the terminal value alone is 56% of the total. Dividing by 17.06 million shares gives $4.48 a share.

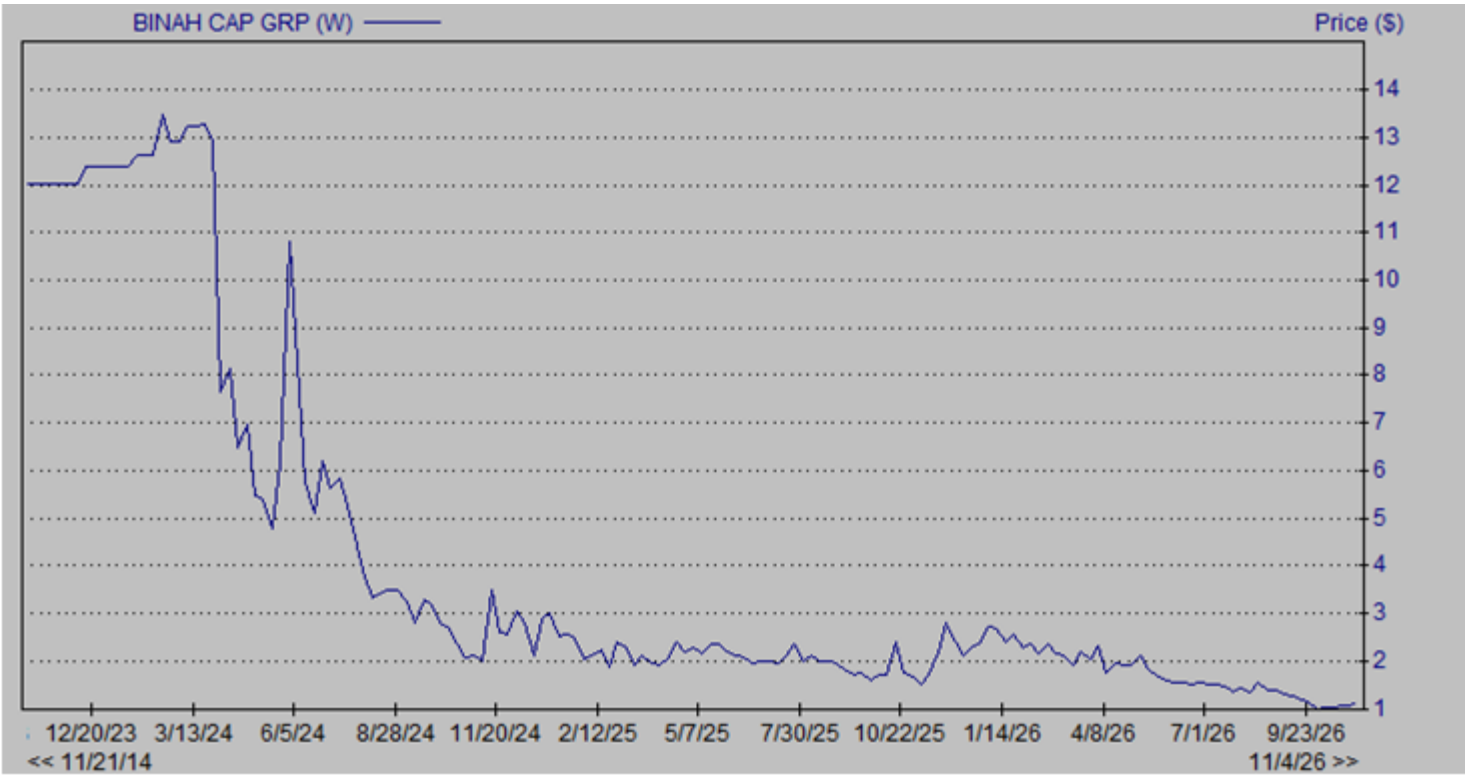
The valuation is far more sensitive to expense growth than to the discount rate. Moving the discount rate between 12% and 16% shifts the value only between about $3.51 and $6.05 a share. Moving expense growth is much more consequential: at 4.0% the value rises to $7.51, at 4.75% it falls to $2.92, and at 5.0%, the same pace as revenue, it is $1.34. Expense growth of about 5.06% would reproduce today's $1.00 share price, so the market is effectively pricing in no margin improvement at all, which we think is an extremely unrealistic assumption given the company’s business model.

If Binah can achieve a relatively modest improvement in profit margin, which we believe is a very reasonable assumption, the shares are worth more than their current price, and the model's $4.48 estimate would represent a large margin of safety. We believe investors with modestly higher risk tolerance take a look at BCG, recognizing the discount we believe shares are trading at given even modest assumptions.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Binah Capital Group Income Statement and Balance Sheet										
(US $ in thousands)										
	1Q2025A	2Q2025A	3Q2025A	4Q2025A	1Q2026A	2Q2026A	3Q2026E	4Q2026E	2027E
Revenue from Contracts with Customers:									
Commissions	41,141	33,998	37,370	40,931	39,758	38,060	39,202	40,378	165,549
Advisory Fees	6,916	6,627	7,407	7,651	7,307	7,354	7,648	7,954	32,612
Total Revenue from Contracts with Customers	48,057	40,625	44,777	48,582	47,065	45,414	46,850	48,332	198,161
Interest and other income	879	872	1,421	1,931	1,635	1,102	0	0	0
Total Revenues	48,936	41,497	46,198	50,513	48,700	46,516	46,850	48,332	198,161
Expenses									
Commissions and fees	40,298	32,740	37,202	39,037	38,513	36,656	38,418	39,167	158,927
Employee Comp and Benefits	4,351	4,926	4,679	4,929	4,926	4,715	4,809	4,905	19,622
Rent and occupancy	285	286	286	284	280	270	297	327	1,307
Other Expense	2,545	4,106	2,081	6,498	2,325	4,451	3,200	3,900	15,600
Total operating expenses	47,479	42,058	44,248	50,748	46,044	46,092	46,724	48,299	195,456
Income/(Loss) before provision for taxes	1,457	(561)	1,950	(235)	2,656	424	126	33	2,705
Provision for Income Tax Credit/(expense)	(423)	(93)	(190)	403	(755)	(86)	(100)	(100)	(100)
Net Income/(Loss)	1,034	(654)	1,760	168	1,901	338	26	(67)	2,605
Diluted gain/(loss) per share	$ 0.06	$ (0.04)	$ 0.08	$ 0.01	$ 0.09	$ -	$ 0.00	$ (0.00)	$ 0.15
Diluted wtd avg common shares	16,602	16,602	16,720	16,975	16,942	17,060	17,060	17,060	17,060
Assets									
Cash	8,821	8,170	8,339	10,716	10,526	10,909	11,454	12,027	12,629
Accounts Receivable	11,840	11,646	12,346	12,409	13,497	12,864	13,507	14,183	14,892
Property, Plant and Equipment, net	511	454	389	342	298	273	1,891	1,910	1,986
Goodwill/Intangible assets	40,772	40,685	40,597	40,510	40,422	40,335	40,335	40,335	40,335
Other assets	5,933	6,836	5,893	6,238	6,507	6,802	7,482	8,230	9,053
Total Assets	67,877	67,791	67,564	70,215	71,250	71,183	74,670	76,685	78,895
Liabilities and stockholder equity									
Liabilities									
Accounts Payable	11,332	12,234	10,520	13,103	12,203	11,968	12,088	12,209	12,331
Commissions Payable	11,460	11,709	12,104	12,632	12,829	12,957	13,346	13,746	14,158
Note Payable	19,091	18,620	18,150	17,679	17,209	16,738	16,236	15,424	14,653
Other liabilities	8,988	8,841	8,691	8,534	8,590	8,738	8,825	8,914	9,003
Total Liabilities	50,871	51,404	49,465	51,948	50,831	50,401	50,495	50,292	50,145
Stockholders Equity									
Total stockholders equity	17,007	16,387	18,099	18,267	20,419	20,782	24,175	26,393	28,750
Total liabilities and stockholder equity	67,877	67,791	67,564	70,215	71,250	71,183	74,670	76,685	78,895

HISTORICAL STOCK PRICE



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