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Zacks Small-Cap Research

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Binah Capital Group (BCG-NASDAQ)

BCG: Earnings Beat Estimates as Operating Leverage Improves

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.

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.

The company reported 3Q2026 financial information that blew past estimates on earnings and revenue, while improving margins and growing assets.

Current Price (11/12/26)	$1.10
Valuation	**$4.48**

SUMMARY DATA

52-Week High	**$3.11**
52-Week Low	**$0.99**
One-Year Return (%)	**-22.81**
Beta	**0.31**
Average Daily Volume (sh)	**10,625**
Shares Outstanding (mil)	**17**
Market Capitalization ($mil)	**$19**
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	49 A	51 E	196 E
2027	51 E	52 E	53 E	53 E	209 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	$0.13 A	$0.21 E	$0.43 E
2027	$0.20 E	$0.25 E	$0.25 E	$0.30 E	$1.00 E

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OVERVIEW

Binah Capital Group (BCG) delivered a very encouraging third quarter of 2026, with meaningful improvements in revenue, profitability, and operating efficiency that reinforce our investment case for this growing financial services platform. The company's latest results demonstrate a characteristic of its business model that we have been emphasizing: as revenue expands, earnings are growing at a considerably faster pace, creating operating leverage that could become a powerful driver of long-term shareholder value**.**

Binah operates a network of financial services businesses serving independent financial advisors, providing the infrastructure, regulatory support, technology, investment products, brokerage capabilities, and administrative services necessary for advisors to operate their practices. Rather than competing directly with independent advisors for their clients, Binah provides the platform that enables these professionals to build their businesses while retaining substantial independence. Its flexible structure accommodates traditional independent advisors, registered investment advisors (RIAs), and hybrid advisors, positioning the company to benefit from the continuing evolution of the wealth management industry.

Binah generates revenue primarily through commissions and advisory fees earned from investment products and services delivered through its affiliated financial professionals. A significant portion of this revenue is paid to the advisors, while Binah retains a share to support its operations and generate profits. The attraction of this model is its scalability. Once the company's regulatory, technology, compliance, and administrative infrastructure is established, additional advisors and client assets can potentially generate incremental revenue without requiring proportionate increases in corporate overhead.

The third-quarter financial results provide tangible evidence of this operating leverage. Revenue bested our estimates by increasing 9.4% year-over-year to $50.6 million, compared with $46.2 million in the third quarter of 2025. More importantly, GAAP net income increased approximately 50% to $2.6 million from $1.8 million a year earlier. This substantial difference between revenue and earnings growth indicates that Binah is becoming more effective at translating its expanding business into bottom-line profits as we expected would occur.

The improvement was even more pronounced in adjusted EBITDA, which increased approximately 69% to $4.9 million from $2.9 million in the comparable quarter. Adjusted EBITDA margin consequently expanded from approximately 6.3% to 9.7%, an improvement of roughly 340 basis points. This should be particularly significant for investors because it demonstrates the earnings potential of a business in which fixed infrastructure costs can be spread across a growing revenue base.

The company's non-GAAP gross profit also increased approximately 11% to $10.0 million, compared with $9.0 million a year earlier. Revenue growth was supported by healthy expansion in both primary business segments, with commission revenue increasing 10.4% to $41.3 million and advisory fee revenue rising 10.0% to $8.1 million. The growth in advisory fees is encouraging to us because asset-based advisory relationships can provide a more recurring revenue foundation than transaction-dependent commissions.

All of this is great news, but what may be the most compelling aspect of Binah's third-quarter performance to us is the improvement in its underlying cost structure. Employee compensation and benefits increased only 1.0% year-over-year, despite revenue growth of 9.4%. Professional fees declined 75.3%, from approximately $558,000 to $138,000, reflecting the stabilization of costs associated with

operating as a public company. Technology expenses increased just 3.3%, while rent and occupancy costs remained essentially flat. These trends demonstrate that Binah is supporting higher business volumes without a corresponding expansion in its fixed-cost base.

Binah's financial position also improved during the first nine months of the year. Cash, cash equivalents, and restricted cash increased to approximately $13.2 million at September 30, 2026, from $10.7 million at year-end 2025. Meanwhile, the outstanding balance of its senior term loan declined to approximately $16.3 million from $17.7 million. The combination of improving profitability, stronger liquidity, and lower borrowing obligations provides greater financial flexibility to support future growth initiatives.

The company's wealth management platform continues to offer an attractive foundation for expansion. Total advisory and brokerage assets served reached $31.4 billion at the end of September, an increase of approximately 5% from the prior year. Advisory assets increased 12.3% to $3.3 billion, highlighting growth in an important business category.

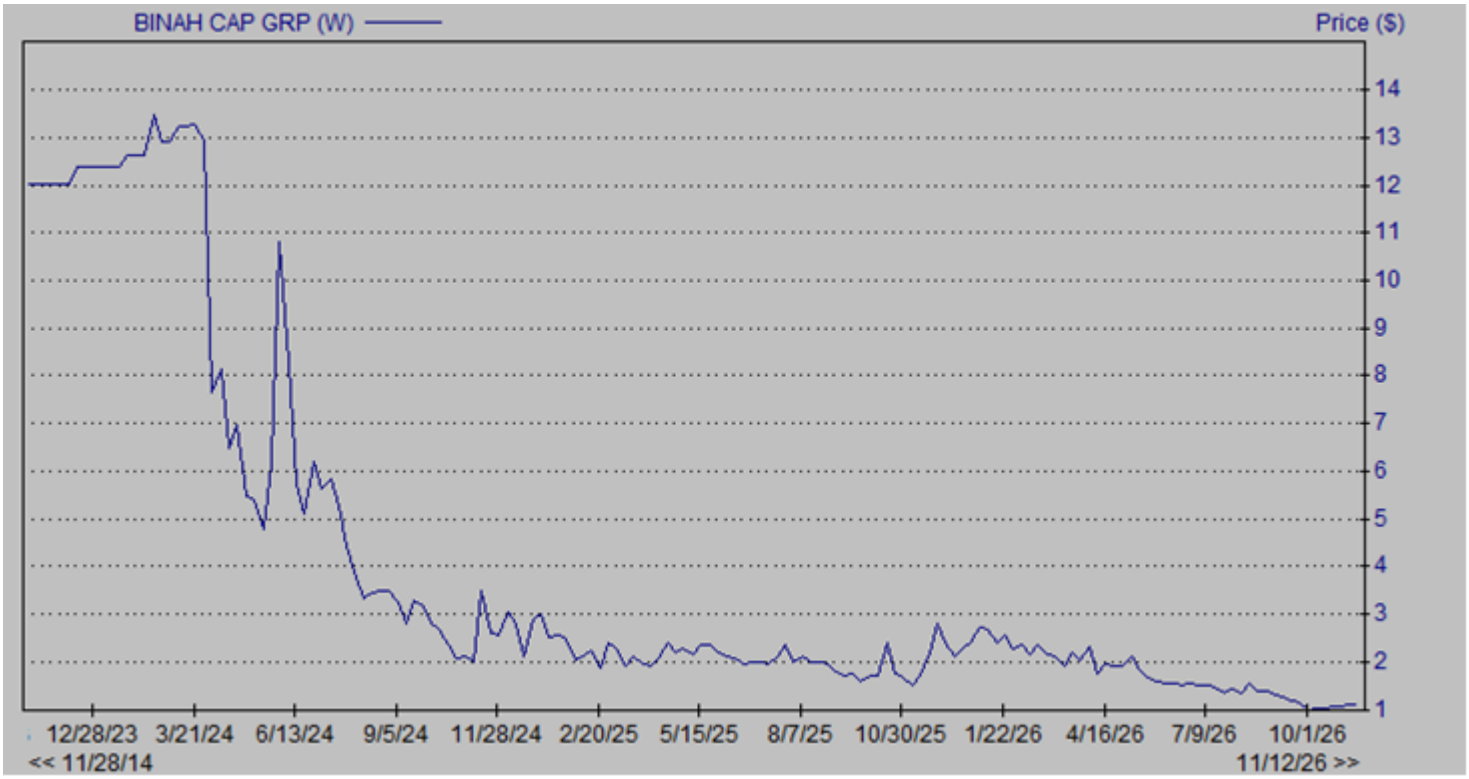
Looking toward the future, we have noted that the investment opportunity rests on Binah's ability to leverage its established platform across an increasingly large network of financial advisors and client assets, which this quarter shows an excellent example of. The highly fragmented independent wealth management industry offers potential opportunities for advisor recruitment, business consolidation, and additional fee-generating services. Each successful expansion of the company's advisor network has the potential to contribute incremental earnings while utilizing much of the infrastructure already in place.

For investors and for us, the third-quarter results represent an encouraging development in Binah's evolution from a growing wealth management platform into a more profitable and scalable financial services enterprise**.** Revenue continues to expand, corporate expenses are becoming better controlled, and adjusted EBITDA is growing substantially faster than sales. While attracting and retaining advisor assets remains an important challenge, the company's demonstrated improvement in operating leverage supports the view that continued business expansion could translate into disproportionately stronger earnings and cash generation and we urge investors to take a look at BCG.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Binah Capital Group Income Statement and Balance Sheet (US $ in thousands)										
		1Q2025A	2Q2025A	3Q2025A	4Q2025A	1Q2026A	2Q2026A	3Q2026A	4Q2026E	2027E
Revenue from Contracts with Customers:										
Commissions		41,141	33,998	37,370	40,931	39,758	38,060	41,259	42,497	174,237
Advisory Fees		6,916	6,627	7,407	7,651	7,307	7,354	8,145	8,471	34,730
Total Revenue from Contracts with Customers		48,057	40,625	44,777	48,582	47,065	45,414	49,404	50,968	208,967
	Interest and other income	879	872	1,421	1,931	1,635	1,102	1,157	0	0
Total Revenues		48,936	41,497	46,198	50,513	48,700	46,516	50,561	50,968	208,967
Expenses										
	Commissions and fees	40,298	32,740	37,202	39,037	38,513	36,656	40,567	41,222	167,267
	Employee Comp and Benefits	4,351	4,926	4,679	4,929	4,926	4,715	4,728	4,823	19,290
	Rent and occupancy	285	286	286	284	280	270	291	320	1,280
	Other Expense	2,545	4,106	2,081	6,498	2,325	4,451	929	1,000	4,000
Total operating expenses		47,479	42,058	44,248	50,748	46,044	46,092	46,515	47,365	191,838
Income/(Loss) before provision for taxes		1,457	(561)	1,950	(235)	2,656	424	4,046	3,603	17,129
Provision for Income Tax Credit/(expense)		(423)	(93)	(190)	403	(755)	(86)	(1,400)	(100)	(100)
Net Income/(Loss)		1,034	(654)	1,760	168	1,901	338	2,646	3,503	17,029
Diluted gain/(loss) per share		$ 0.06	$ (0.04)	$ 0.08	$ 0.01	$ 0.09	$ -	$ 0.13	$ 0.21	$ 1.00
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	13,242	13,904	14,599
	Accounts Receivable	11,840	11,646	12,346	12,409	13,497	12,864	12,815	13,456	14,129
	Property, Plant and Equipment, net	511	454	389	342	298	273	242	1,910	1,986
	Goodwill/Intangible assets	40,772	40,685	40,597	40,510	40,422	40,335	40,247	40,335	40,335
	Other assets	5,933	6,836	5,893	6,238	6,507	6,802	6,584	7,242	7,967
Total Assets		67,877	67,791	67,564	70,215	71,250	71,183	73,130	76,847	79,015
Liabilities and stockholder equity										
Liabilities										
	Accounts Payable	11,332	12,234	10,520	13,103	12,203	11,968	11,473	11,588	11,704
	Commissions Payable	11,460	11,709	12,104	12,632	12,829	12,957	13,377	13,778	14,192
	Note Payable	19,091	18,620	18,150	17,679	17,209	16,738	16,267	15,454	14,681
	Other liabilities	8,988	8,841	8,691	8,534	8,590	8,738	8,550	8,636	8,722
Total Liabilities		50,871	51,404	49,465	51,948	50,831	50,401	49,667	49,455	49,298
Stockholders Equity										
Total stockholders equity		17,007	16,387	18,099	18,267	20,419	20,782	23,463	27,392	29,717
Total liabilities and stockholder equity		67,877	67,791	67,564	70,215	71,250	71,183	73,130	76,847	79,015

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