LITCHFIELD HILLS RESEARCH

AtlasClear Holdings, Inc.

OTC - ATCH

November 17, 2026

AtlasClear Reports 27% Revenue Growth While Shares Trade Just 8% Above Cash Value

Analyst: Barry M. Sine, CFA, CMT

- AtlasClear reported 27% September quarter revenue growth to $5 million, while its $0.01 per share loss beat our estimate of a $0.02 loss.
- Stock-locate revenue increased 261% to $3 million. Excluding an estimated $1 million in nonrecurring acquisition expenses, we believe net income would have approached breakeven.
- AtlasClear has onboarded five new clearing clients, with another four pending. Fully onboarding these clients should approximately double quarterly revenue, with substantial operating leverage.
- With the Dawson James and bank acquisitions completed, we see the potential for a profitable $67 million annual revenue business by FY2028, well above our published forecasts.
- Despite listing and acquisition financing challenges, the shares are valued near September quarter-end cash. We reiterate our Buy rating and $1 price target.

Rating	Buy
Target Price	$1.00
Ticker Symbol	ATCH
Market	OTC
Stock Price	$0.06
52 wk High	$0.38
52 wk Low	$0.05
Shares Outstanding:	151.8 M
Public Market Float:	135.4 M
Avg. Daily Volume	4,590,578
Market Capitalization:	$9 M
Institutional Holdings:	7.1%

Earnings Per Share				
FYE - June	**2025**	**2026**	**2027E**	**2028E**
1Q - September	$5.68	($0.01)	($0.01) A	($0.00)
2Q - December	($1.11)	$0.05	($0.01)	($0.01)
3Q - March	($1.25)	($0.01)	($0.01)	($0.00)
4Q - June	($0.04)	$0.00	$0.00	$0.00
Year	**$0.14**	$0.04	($0.02)	($0.01)
Revenue ($mm)	**$10.9**	**$20.1**	**$21.4**	**$26.6**
EV/Revenue	3.0x	1.6x	1.5x	1.2x
AEBITDA ($mm)	**($3.6)**	**($2.5)**	**($0.3)**	**$2.9**
EV/AEBITDA				11.1x

Risks/Valuation

- **Integration –** the company has closed on the acquisition of a clearing firm and fintech assets, and three acquisitions are pending. A key challenge will be to integrate these and future likely acquisitions to create a seamless operating business.
- **Execution –** the second risk we see is that the firm must execute. Its business is largely automated, but that means that the software must work flawlessly as designed for transactions such as clearing trades and margin loans.
- **Financing –** AtlasClear must arrange financing to complete its pending acquisitions.

Company description: AtlasClear is a next-generation clearing firm headquartered in Tampa, Florida, run by three entrepreneurial executives who have worked together since 2008 and have a track record of success. The firm's clearing subsidiary is profitable and growing at a double-digit pace. It has announced plans to acquire Commercial Bancorp; has a letter of intent to acquire investment bank Dawson James; and has a non-binding letter of intent to acquire an institutional digital-asset business. It also owns a portfolio of fintech assets developed under this management team at prior ventures and retained.

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AtlasClear Reports 27% Revenue Growth While Shares Trade Just 8% Above Cash Value

AtlasClear reported strong September quarter results and a strong balance sheet. EPS of negative $0.01 beat our estimate of a $0.02 loss, while revenue of $5 million was in line with expectations. AtlasClearing ended the quarter with $15 million in regulatory net capital, well above its minimum requirement. Despite this, the stock has plunged, and last week NYSE American suspended trading and initiated delisting proceedings. Presumably, the market anticipates the need to raise capital to complete the company's pending acquisitions and has sold the stock out of concern that such financing would be highly dilutive at the current share price. While we acknowledge the need to overcome the financing hurdles, we see a very different picture of the company's underlying business and earnings potential.

First, the business model is working. Since acquiring clearing firm Wilson-Davis in February 2024, AtlasClear has added nine new broker-dealer clients, five of which we believe have been onboarded and four of which are still pending. Due to operating leverage, each additional client should contribute disproportionately to profitability, since AtlasClear already has the infrastructure in place to clear substantially greater trading volumes. The other part of the business that is working is stock locate, which generated $3 million in September quarter revenue, up from approximately $830,000 a year ago. This business, developed by the new management team, is an important component of the company's broader clearing strategy.

Second, while the company did not separately disclose acquisition-related expenses, we estimate that it incurred approximately $1 million in professional fees associated with its two pending acquisitions during the September quarter. Excluding these nonrecurring expenses, we estimate that net income would have been close to breakeven.

Third, AtlasClear now has five new clearing clients onboarded, with four more to go. We estimate that fully onboarding these additional clients should at least double September quarter revenue to approximately $11 million, or $43 million annually, with an even greater percentage increase in profitability due to operating leverage. ATCH has invested in the technology, personnel and infrastructure to clear significantly more volume than it is currently handling. Our financial model is far more conservative and does not assume this level of contribution.

Fourth, the company has now filed its FINRA Continuing Membership Application (CMA) to obtain approval for the acquisition of Ark Financial Services, parent of Dawson James Securities (DJSI). While we believe AtlasClear should be able to arrange the financing needed to close the transaction, given that DJSI principal Robert Keyser serves on its board, we also believe a more capital-friendly renegotiation of the transaction terms is possible.

DJSI generated revenue of $25 million and net income of $2 million in 2025. Adding its revenue to the $43 million annualized clearing revenue discussed above suggests a combined business generating approximately $68 million in annual revenue and operating profitably, particularly without M&A expenses. One caveat is that once acquired, DJSI's clearing fees paid to AtlasClear will become intercompany revenue and be eliminated upon consolidation. Thus, the $68 million pro forma revenue figure is somewhat high, but we believe it is directionally correct and illustrates the potential scale of the combined business.

Fifth, the bank acquisition applications are expected to be refiled shortly. Once completed, the acquisition of Commercial Bancorp, parent of Farmers State Bank, should significantly reduce AtlasClear's margin lending funding costs. The bank itself is small, generating approximately $2 million in annual revenue and modest profits, but we believe the synergy benefits from integrating banking with clearing and brokerage operations should be substantially greater than its standalone earnings contribution.

Putting all this together, a fully integrated AtlasClear, with all nine new clearing clients onboarded, the DJSI and bank acquisitions completed, and nonrecurring M&A expenses eliminated, looks to us like a roughly $67 million annual revenue business with a profitable bottom line in FY2028. This estimate incorporates some intercompany revenue eliminations and excludes additional growth opportunities and potential synergies. Given the company's existing infrastructure and the operating leverage inherent in its business model, we believe profitability should improve substantially as revenue grows.

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Management still needs to do the heavy lifting of resolving the listing issue, presumably through a reverse split, arranging financing for the acquisitions, obtaining regulatory approvals, and executing its growth strategy. Piece of cake!

A Strong Balance Sheet Despite the Depressed Share Price

AtlasClear ended September with $21 million in shareholders' equity, including $1.6 million in tangible book value, or $0.01 per share, and $9 million in unrestricted cash, or $0.06 per share, based on 152 million shares outstanding. At the recent share price of approximately $0.067, the company's market capitalization of approximately $10 million is just 8% above its September quarter cash balance. Importantly, AtlasClearing had $15 million in regulatory net capital, including approximately $15 million in excess of its minimum requirement, comfortably above the $10 million threshold required by the NSCC for firms clearing for introducing brokers. The clearing subsidiary also had an undrawn $10 million revolving credit facility with BMO Bank. While AtlasClear still needs to finance its pending acquisitions and made a $2.5 million cash payment for its initial Dawson James investment after quarter-end, we believe the depressed share price substantially understates the financial resources and operating infrastructure already in place.

We reiterate our Buy rating and $1 price target. Importantly, our published estimates and valuation exclude the acquisitions and the full potential contribution from the additional clearing clients. We do not incorporate acquisitions into our financial model until they close, and our existing business forecasts remain conservative. Consequently, as management executes its strategy, we believe actual results should increasingly exceed our forecasts, creating the potential for substantial share price appreciation.

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AtlasClear Income Forecast

Dollars, except per share data			2026				2027E					2028E				
Fiscal years ended June 30	1Q	2Q	3Q	4Q	YEAR	1QA	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
	September	December	March	June		September	December	March	June		September	December	March	June	
Commissions	2,334,389	3,097,701	1,412,339	2,409,477	9,253,906	1,736,434	2,323,276	1,059,254	1,807,108	6,926,072	1,910,077	2,787,931	1,324,068	2,258,885	8,280,961
YoY growth	68.7%	93.8%	-6.2%	66.2%	55.9%	-25.6%	-25.0%	-25.0%	-25.0%	-25.2%	10.0%	20.0%	25.0%	25.0%	19.6%
Percent of total	54.9%	61.3%	33.6%	36.8%	46.1%	32.2%	55.1%	27.7%	22.6%	32.3%	26.8%	53.7%	28.1%	23.6%	31.1%
Vetting fees	371,700	351,850	430,525	237,060	1,391,135	230,015	217,731	266,417	146,697	860,861	230,015	217,731	266,417	146,697	860,861
YoY growth	1.7%	-1.6%	16.1%	-35.2%	-4.7%	-38.1%	-38.1%	-38.1%	-38.1%	-38.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Percent of total	8.7%	7.0%	10.2%	3.6%	6.9%	4.3%	5.2%	7.0%	1.8%	4.0%	3.2%	4.2%	5.6%	1.5%	3.2%
Clearing fees	714,349	582,148	661,950	97,333	2,055,780	101,786	82,949	94,320	13,869	292,924	101,786	82,949	94,320	13,869	292,924
YoY growth	-31.8%	-25.9%	0.5%	-85.6%	-35.1%	-85.8%	-85.8%	-85.8%	-85.8%	-85.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Percent of total	16.8%	11.5%	15.8%	1.5%	10.3%	1.9%	2.0%	2.5%	0.2%	1.4%	1.4%	1.6%	2.0%	0.1%	1.1%
Net gain/(loss) on firm trading accounts	(111)	205,569	336,860	(36,177)	506,141	66,825	100,000	100,000	100,000	366,825	100,000	100,000	100,000	100,000	400,000
YoY growth	-106.5%	9056.7%	21960.2%	-3397.8%	7592.1%	-60302.7%	-51.4%	-70.3%	-376.4%	-27.5%	49.6%	0.0%	0.0%	0.0%	9.0%
Percent of total	0.0%	4.1%	8.0%	-0.6%	2.5%	1.2%	2.4%	2.6%	1.3%	1.7%	1.4%	1.9%	2.1%	1.0%	1.5%
Stock locate fees	830,263	819,826	1,360,178	3,770,547	6,780,814	2,997,205	1,229,739	2,040,267	5,655,821	11,923,032	4,495,808	1,721,635	2,652,347	6,786,985	15,656,774
YoY growth				1281.8%	2258.8%	261.0%	50.0%	50.0%	50.0%	75.8%	50.0%	40.0%	30.0%	20.0%	31.3%
Percent of total	19.5%	16.2%	32.4%	57.6%	33.8%	55.6%	29.2%	53.4%	70.8%	55.7%	63.2%	33.2%	56.2%	70.8%	58.8%
Other				64,859	64,859	261,846	260,000	260,000	260,000	1,041,846	280,000	280,000	280,000	280,000	1,120,000
YoY growth											6.9%	7.7%	7.7%	7.7%	7.5%
Percent of total						4.9%	6.2%	6.8%	3.3%	4.9%	3.9%	5.4%	5.9%	2.9%	4.2%
Revenue	**4,250,590**	**5,057,094**	**4,201,852**	**6,543,099**	**20,052,635**	**5,394,111**	**4,213,695**	**3,820,258**	**7,983,494**	**21,411,558**	**7,117,686**	**5,190,246**	**4,717,152**	**9,586,435**	**26,611,519**
YoY growth	51.6%	84.1%	65.2%	136.8%	84.7%	26.9%	-16.7%	-9.1%	22.0%	6.8%	32.0%	23.2%	23.5%	20.1%	24.3%
Seq growth	53.8%	19.0%	-16.9%	55.7%		-17.6%	-21.9%	-9.3%	109.0%		-10.8%	-27.1%	-9.1%	103.2%	
Compensation	3,123,630	2,790,561	2,329,261	3,271,550	11,515,002	2,718,784	2,123,821	1,925,518	4,023,906	10,792,029	3,558,843	2,595,123	2,358,576	4,793,218	13,305,759
As a percent of revenue	73.5%	55.2%	55.4%	50.0%	57.4%	50.4%	50.4%	50.4%	50.4%	50.4%	50.0%	50.0%	50.0%	50.0%	50.0%
Data processing and clearing	584,250	967,778	999,545	1,243,189	3,794,762	1,897,046	800,602	725,849	1,516,864	4,940,361	1,352,360	986,147	896,259	1,821,423	5,056,189
As a percent of revenue	13.7%	19.1%	23.8%	19.0%	18.9%	35.2%	19.0%	19.0%	19.0%	23.1%	19.0%	19.0%	19.0%	19.0%	19.0%
Stock locate expense			256,119	716,404	972,523										
As a percent stock locate revenue			18.8%	19.0%	14.3%										
Regulatory	250,573	1,508,774	1,540,079	457,801	3,757,227	1,302,136	464,655	201,258	343,350	2,311,400	382,015	529,707	251,573	429,188	1,592,483
As a percent of revenue	5.9%	29.8%	36.7%	19.0%	18.7%	75.0%	20.0%	19.0%	19.0%	10.8%	20.0%	19.0%	19.0%	19.0%	6.0%
Communications	218,869	190,253	156,889	229,008	795,019	195,547	147,479	133,709	279,422	756,158	249,119	181,659	165,100	335,525	931,403
As a percent of revenue	5.1%	3.8%	3.7%	3.5%	4.0%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Occupancy	36,751	45,950	59,822	50,000	192,523	103,595	105,000	105,000	105,000	418,595	105,000	105,000	105,000	105,000	420,000
As a percent of revenue	0.9%	0.9%	1.4%	0.8%	1.0%	1.9%	2.5%	2.7%	1.3%	2.0%	1.5%	2.0%	2.2%	1.1%	1.6%
Transfer fees	48,160	40,339	41,417	18,493	148,409	18,415	15,760	17,921	2,635	54,731	19,339	15,760	17,921	2,635	55,655
As a percent of revenue	6.7%	6.9%	6.3%	19.0%	7.2%	18.1%	19.0%	19.0%	19.0%	18.7%	19.0%	19.0%	19.0%	19.0%	19.0%
Bank charges	58,718	58,486	57,916	60,000	235,120	60,570	42,137	38,203	79,835	220,744	71,177	51,902	47,172	95,864	266,115
As a percent of revenue	1.4%	1.2%	1.4%	0.9%	1.2%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Bad debt	40	(1,847)	14,561	-	12,754	62,328	-	-	-	62,328	-	-	-	-	-
Stock-based comp.	155,411	1,173,360	1,154,829	500,000	2,983,600	606,740	600,000	500,000	500,000	2,206,740	600,000	500,000	500,000	500,000	2,100,000
Amortization	355,795	355,795	348,060	360,000	1,419,650	355,795	360,000	360,000	360,000	1,435,795	360,000	360,000	360,000	360,000	1,440,000
Other	295,631	382,967	176,213	250,000	1,104,811	592,717	500,000	525,000	525,000	2,142,717	500,000	525,000	525,000	525,000	2,075,000
Operating income	**(877,238)**	**(2,455,322)**	**(2,932,859)**	**(613,346)**	**(6,878,765)**	**(2,519,562)**	**(945,760)**	**(712,199)**	**247,481**	**(3,930,040)**	**(80,168)**	**(660,052)**	**(509,448)**	**618,582**	**(631,086)**
Operating margin	-20.6%	-48.6%	-69.8%	-9.4%	-34.3%	-46.7%	-22.4%	-18.6%	3.1%	-18.4%	-1.1%	-12.7%	-10.8%	6.5%	-2.4%
Interest income	486,357	493,359	432,618	436,539	1,848,873	496,135	500,000	500,000	500,000	1,996,135	500,000	500,000	500,000	500,000	2,000,000
Interest expense	(1,434,210)	(2,777,916)	(432,620)	(439,925)	(5,084,671)	(401,713)	(400,000)	(400,000)	(400,000)	(1,601,713)	(400,000)	(400,000)	(400,000)	(400,000)	(1,600,000)
Loss on AtlasClear asset acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value	1,231,762	11,720,064	806,423	958,635	14,716,884	1,148,851	-	-	-	1,148,851	-	-	-	-	-
Total Other	283,909	9,435,507	806,421	955,249	11,481,086	1,243,273	100,000	100,000	100,000	1,543,273	100,000	100,000	100,000	100,000	400,000
Pretax Income	(593,329)	6,980,185	(2,126,438)	341,903	4,602,321	(1,276,289)	(845,760)	(612,199)	347,481	(2,386,767)	19,832	(560,052)	(409,448)	718,582	(231,086)
Taxes	153,035	(196,014)	195,554	-	152,575	223,318	168,548	152,810	319,340	864,016	284,707	207,610	188,686	383,457	1,064,461
As a percent of revenue	3.6%	-3.9%	4.7%	0.0%	0.8%	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Net income to common	**(440,294)**	**6,784,171**	**(1,930,884)**	**341,903**	**4,754,896**	**(1,052,971)**	**(1,014,308)**	**(765,010)**	**28,142**	**(3,250,783)**	**(264,875)**	**(767,662)**	**(598,135)**	**335,125**	**(1,295,547)**
Net income margin	-10.4%	134.2%	-46.0%	5.2%	23.7%	-19.5%	-24.1%	-20.0%	0.4%	-15.2%	-3.7%	-14.8%	-12.7%	3.5%	-4.9%
Diluted shares outstanding	59,947,249	162,927,062	148,000,149	148,100,149	129,743,652	151,539,948	151,639,948	151,739,948	151,839,948	151,689,948	151,939,948	152,039,948	152,139,948	152,239,948	152,089,948
Seq change	19,781,646	102,979,813	(14,926,913)	100,000		3,439,799	100,000	100,000	100,000		100,000	100,000	100,000	100,000	
EPS diluted - continuing	**($0.01)**	**$0.05**	**($0.01)**	**$0.00**	**$0.04**	**($0.01)**	**($0.01)**	**($0.01)**	**$0.00**	**($0.02)**	**($0.00)**	**($0.01)**	**($0.00)**	**$0.00**	**($0.01)**
Adjusted EBITDA															
Operating income	(877,238)	(2,455,322)	(2,932,859)	(613,346)	(6,878,765)	(2,519,562)	(945,760)	(712,199)	247,481	(3,930,040)	(80,168)	(660,052)	(509,448)	618,582	(631,086)
Addback:															
Stock-based comp	155,411	1,173,360	1,154,829	500,000	2,983,600	606,740	600,000	500,000	500,000	2,206,740	600,000	500,000	500,000	500,000	2,100,000
Amortization	355,795	355,795	348,060	360,000	1,419,650	355,795	360,000	360,000	360,000	1,435,795	360,000	360,000	360,000	360,000	1,440,000
Adjusted EBITDA	**(366,032)**	**(926,167)**	**(1,429,970)**	**246,654**	**(2,475,515)**	**(1,557,027)**	**14,240**	**147,801**	**1,107,481**	**(287,505)**	**879,832**	**199,948**	**350,552**	**1,478,582**	**2,908,914**

Source: Company reports and Litchfield Hills Research

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