

TABLE OF CONTENTS

Miami International Holdings, Inc. (MIAX)

Initiating Coverage

EXECUTIVE SUMMARY

SOURCE TAG LEGEND

SECTION 1: COMPANY PROFILE AND KPI FRAMEWORK

SECTION 2: BUSINESS MODEL: THE CAUSAL ARCHITECTURE

SECTION 3: MANAGEMENT QUALITY: ACTIONS OVER WORDS

SECTION 4: THE MOAT: INDEPENDENT VERIFICATION

SECTION 5: UNIT ECONOMICS: DERIVE, DON'T DESCRIBE

SECTION 6: FINANCIAL MODEL: STATUTORY, NOT ADJUSTED

SECTION 7: MANAGEMENT DISCUSSION & ANALYSIS: MULTI-YEAR SYNTHESIS

SECTION 8: TAILWINDS AND RISKS

SECTION 9: APPENDIX: OPERATIONAL METRICS DASHBOARD

APPENDIX A: EARNINGS SENTIMENT ANALYSIS

Miami International Holdings, Inc. (MIAX)

Initiating Coverage

Date: 2026-04-21	Ticker: MIAX
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EXECUTIVE SUMMARY

Miami International Holdings operates four US-regulated securities exchanges (three options, one equities) generating \$1.36B in total revenue and \$430.5M in net revenue after liquidity rebates. The business is a transaction-fee-driven exchange with a structural switching cost that is regulatory rather than commercial — the SEC's best-execution framework effectively mandates that order-routing firms maintain connectivity to any exchange displaying competitive quotes, making MIAX's ~14% options market share a durable revenue base as long as the technology remains competitive.

The financial picture is bifurcated. On an Adjusted EBITDA basis, MIAX earned \$216.2M in FY2025 (up 11% YoY) with a fortress balance sheet (\$432M net cash, zero long-term debt post-IPO). However, on an Economic EBITDA basis (subtracting \$57.6M in IPO-year SBC), profitability actually declined 18% to \$158.6M. Free cash flow of \$145M and operating cash flow of \$168M demonstrate strong cash conversion despite a GAAP net loss of -\$70M — the loss is entirely driven by non-operating items (debt extinguishment, Pyth token losses, warrant valuations) that bear no relationship to exchange operating economics.

The central tension is between operating leverage potential and concentration risk. The bull case: secular growth in US options volume (53.6M contracts/day and rising) combined with MIAX's near-zero marginal cost structure should drive non-linear profit growth once SBC normalizes and the equities segment scales — FY2026 Economic EBITDA could exceed \$200M, a 30%+ recovery. The bear case: 82% of revenue depends on a single asset class (US multi-listed options) traded on exchanges subject to SEC regulatory intervention, and MIAX lacks the proprietary product revenue (like Cboe's SPX) that would diversify this exposure. For the bull to be right, industry volumes must sustain 8%+ annual growth and MIAX must hold or grow share. For the bear to be right, a regulatory shock (financial transaction tax, fee caps) or sustained volume decline would expose the operating leverage in reverse.

SOURCE TAG LEGEND

Every quantitative figure and factual claim in this report carries a source tag indicating its provenance and reliability tier. Higher tiers are preferred; lower tiers are used only when higher tiers returned no data.

Tag	Tier	Meaning	Retrieval Platform
[Q]	1 — MCP Structured Data	Figure extracted from QuartrPro get_financials API. Standardised, machine-	QuartrPro

		readable, unit-consistent across periods.	
[LF]	2 — Local Folder	Figure read directly from an official filing in the locally provided IR folder. Unit declared from filing header.	Not provided for this report
[OF]	3 — Official Filing	Figure read from a regulatory filing (10-K, S-1, 8-K, earnings presentation, etc.) accessed via QuartrPro's document reader. The source document is real and retrieved, but the number was extracted manually by the analyst (Claude), introducing non-zero extraction-error risk.	QuartrPro document reader
[TR]	4 — Earnings Transcript	Figure quoted verbatim from management's spoken remarks on an earnings call. Often rounded. Used only when Tiers 1-3 are unavailable.	QuartrPro transcript
[NR]	5 — Not Retrieved	No compliant source found after exhausting all tiers. The cell is intentionally blank — no estimation, interpolation, or training-knowledge fill.	N/A
[WS]	Web Search	Live market data (market cap, 52-week range, all-time high, daily volume) retrieved via web search during report delivery. Point-in-time as of report date.	Web search (Yahoo Finance, StockAnalysis.com)
△ [TRAINING DATA]	—	Factual claim drawn from Claude's general knowledge, not from	N/A

		any retrieved document. Unverifiable and potentially stale. Used only for contextual narrative when no retrieved source exists.	
△ [ANALYTICAL JUDGMENT]	—	Inference, counterfactual reasoning, or risk identification performed by Claude. Inputs are sourced; the causal logic connecting them is Claude's own analysis.	N/A

How to read the 1F log alongside these tags: Section 1F lists every document retrieved for this report. Any [OF] or [TR] citation can be traced to a specific document in that log. If a document is cited in the report but absent from the 1F log, it is a fabrication violation — report it.

SECTION 1: COMPANY PROFILE AND KPI FRAMEWORK

1A — Company Identity

Field	Value	Source
Legal Name	Miami International Holdings, Inc.	[Q] 10-K FY2025
Ticker(s)	MIAX (Class A Common Stock)	[Q] 10-K FY2025
Exchange(s)	NYSE	[Q] 10-K FY2025
Headquarters	Princeton, New Jersey, USA	[OF] S-1 Registration Statement
Country of Incorporation	Delaware, USA	[OF] S-1 Registration Statement
Founding Date	2007 (MIAX Options Exchange launched trading in Dec 2012)	[OF] S-1 Registration Statement
IPO Date	August 13, 2025 (NYSE)	[OF] 10-K FY2025
Industry / Sector	Financial Services — Securities Exchanges & Data	[OF] S-1 Registration Statement
Employee Count	~628 (as of December 31, 2025)	[OF] 10-K FY2025
Fiscal Year End	December 31	[OF] 10-K FY2025
Operating Geographies	United States (primary), Bermuda (MIAX Bermuda subsidiary, in development), United Kingdom (TISE acquisition)	[OF] 10-K FY2025, S-1
Revenue Share by Geography	Substantially all revenue is US-derived; international revenue is de minimis	[OF] 10-K FY2025
Reporting Currency	USD	[OF] 10-K FY2025
Auditor	PricewaterhouseCoopers LLP	[OF] 10-K FY2025

Key Market & Financial Snapshot

Metric	Value	As Of / Period	Source
Current Stock Price	\$45.85	2026-04-21	[WS]
Market Capitalisation	\$4.2B	2026-04-21	[WS]
52-Week High	\$51.38	Nov 12, 2025	[WS]
52-Week Low	\$28.63	Trailing 52 weeks	[WS]

All-Time High	\$51.38	Nov 12, 2025 (IPO Aug 2025)	[WS]
Average Daily Volume (shares)	~702,000	Trailing period	[WS]
FY2025 Revenue	\$1,364.1M	FY2025 (Dec 31)	[Q]
FY2025 Revenue Growth (YoY)	19.6%	FY2025 vs FY2024	[Q]
FY2025 Adj EBITDA	\$216.2M	FY2025 (Dec 31)	[OF] Q4 2025 Earnings Slides
FY2025 Net Income (GAAP)	-\$70.0M	FY2025 (Dec 31)	[Q]
FY2025 Free Cash Flow	\$145.0M	FY2025 (Dec 31)	[Q] (derived: OCF \$167.8M – Capex \$22.8M)

Note: MIAX IPO'd August 2025. Only one full fiscal year of public data is available. LTM = FY2025. GAAP Net Income is distorted by non-operating items (debt extinguishment \$107.7M, Pyth token losses, warrant FV changes) — see Section 6 for reconciliation.

1B — Business Model Narrative

Miami International Holdings (MIH) operates four US-regulated securities exchanges — MIAX Options, MIAX Pearl Options, MIAX Emerald Options, and MIAX Pearl Equities — and recently acquired The International Stock Exchange (TISE) in the Channel Islands. The company generates revenue primarily through transaction fees charged per contract or share executed on its platforms, access and connectivity fees for members who connect to its matching engines, and market data fees from distributing real-time and historical quote/trade data. The model is asset-light relative to the trading volumes it processes: the core asset is proprietary exchange technology (matching engines, connectivity infrastructure, and the regulatory licenses that permit exchange operation). Value proposition: MIAX offers a low-latency, high-performance, and transparent marketplace with maker-taker pricing and proprietary order-handling mechanisms (such as the Price Improvement Mechanism, or PRIME) that attract liquidity providers and order-routing firms. [OF] S-1 Registration Statement, [OF] 10-K FY2025

Legal reporting segments (as filed in 10-K FY2025): Options, Equities, Futures (newly launched, pre-revenue/immaterial), International, and Corporate. **Management's internal view** (as described in calls and presentations): largely mirrors reporting segments, with management additionally separating market data and connectivity fees as strategic revenue categories within the Options segment. [OF] 10-K FY2025, [TR] Q4 2025 Transcript

Business model classification: Transaction-fee-based financial exchange with recurring access/connectivity fees and market data licensing. Hybrid: ~60–65% variable transaction fees, ~35–40% recurring access and data fees. [OF] S-1 Registration Statement, [OF] 10-K FY2025

1C — Revenue Model

Stream Name	Trigger	Recurring vs.	Recognition	% of Total	Trend
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		One-Time	Method	Revenue (FY2025)	
Transaction Fees — Options	Per-contract fee on options traded	Variable / Volume-dependent	Recognized at point of execution per ASC 606	~52% (estimated from segment data) [OF] 10-K FY2025	Growing — driven by industry volume growth and market share gains
Transaction Fees — Equities	Per-share fee on equities traded	Variable / Volume-dependent	Recognized at point of execution per ASC 606	~6% (estimated) [OF] 10-K FY2025	Growing — MIAX Pearl Equities gaining share
Regulatory Fees	Per-contract/share regulatory pass-through (ORF)	Variable / Volume-dependent	Recognized at point of execution	Substantial but offset by equal expense (pass-through) [OF] 10-K FY2025	Neutral — margin impact is zero
Access and Connectivity Fees	Monthly/annual port/connectivity charges	Recurring / Subscription-like	Recognized over the service period	~8-10% of net revenue (estimated) [OF] S-1, 10-K FY2025	Stable — grows with member count
Market Data Fees	Monthly charges for real-time quote/trade data	Recurring / Licensing	Recognized over the delivery period	~5-7% of net revenue (estimated) [OF] S-1, 10-K FY2025	Growing — new products (e.g., MIAX Data Services)
Other Revenue	Technology services, proprietary products	Mixed	Varies by contract	<5% [OF] 10-K FY2025	Small but growing — includes Bloomberg product launch

Note on gross vs. net reporting: MIAX reports total transaction revenues including regulatory fees (ORF) and liquidity payments (rebates to market makers). The gross-to-net distinction is critical: total revenue of \$1,364.1M in FY2025 includes ~\$933.5M in "cost of revenues" which is predominantly liquidity payments to market makers and regulatory fee pass-throughs. Net revenue (Gross Profit equivalent) was \$430.5M. [OF] 10-K FY2025

Flag: The transaction fee revenue recognition is straightforward (point of execution), but the gross reporting of regulatory fees inflates top-line revenue without margin impact. For analytical purposes, Gross Profit (\$430.5M) is the more meaningful "revenue" figure. [OF] 10-K FY2025

1D — Ecosystem Map

Category	Details
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Customers	Market participants include: broker-dealers, proprietary trading firms, market makers, and institutional investors. Key market maker relationships include Citadel Securities, Wolverine Trading, Susquehanna International Group (SIG), and other major options market-making firms. No single customer disclosed as >10% of revenue, but market maker concentration is inherent to exchange economics — top market makers provide disproportionate liquidity. [OF] S-1, [OF] 10-K FY2025
Suppliers & Dependencies	Key technology dependencies: proprietary exchange technology stack (developed in-house), Equinix data centers (co-location hosting in NJ), network connectivity providers. Regulatory dependency on SEC for exchange registration and rule changes. [OF] S-1
Channel Partners	Order Routing Firms (ORFs) that route retail and institutional order flow to MIAX exchanges; Options Clearing Corporation (OCC) for post-trade clearing and settlement. [OF] S-1, [OF] 10-K FY2025
Technology Partners	No significant disclosed third-party technology partners — MIAX emphasizes its proprietary technology as a competitive differentiator. Data distribution partnerships with market data vendors (Bloomberg — recently launched MIAX data products on Bloomberg terminal, Reuters/Refinitiv). [TR] Q4 2025 Transcript
Regulators	SEC — primary regulator for all four US exchanges. CFTC — regulator for MIAX Futures (recently launched). FINRA — member regulation for certain broker-dealer activities. Bermuda Monetary Authority — for MIAX Bermuda operations. Channel Islands authorities — for TISE. [OF] S-1, [OF] 10-K FY2025
Competitors	Named in filings: Cboe Global Markets (largest US options exchange operator), Nasdaq (multiple options and equity exchanges), NYSE/ICE (NYSE Arca, NYSE American options), BOX Exchange , MEMX (newer entrant in equities). Risk Factors section also references potential new entrants and alternative trading systems (ATS/dark pools) as competitive threats. Management specifically called out competing with Cboe for SPX-like index products (MIAX

	developing MIAXdx, though sold to Robinhood/SIG). [OF] S-1, [OF] 10-K FY2025, [TR] Q4 2025 Transcript
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1E — KPI Inventory

Operational KPIs:

KPI	Definition	Most Recent Value	Source	Why It Matters
Total Industry Options Volume	Total US multi-listed options contracts traded per day	53.6M contracts/day (Q4 2025)	[TR] Q4 2025 Transcript	MIAX revenue is a function of industry volume × market share × revenue per contract; industry volume is the macro driver
MIAX Options Market Share	MIAX's share of total US multi-listed options volume	~14.3% combined across three options exchanges (FY2025)	[OF] 10-K FY2025	Primary competitive metric — share gains/losses drive revenue independently of industry volume
MIAX Pearl Equities Market Share	Share of US equity volume	~3.1% (Q4 2025, per management)	[TR] Q4 2025 Transcript	Growing segment; management targeting 4–5% range
Revenue Per Contract (RPC) — Options	Net revenue per options contract executed	Derived: ~\$0.047 net RPC estimated from segment data (FY2025)	[OF] 10-K FY2025 (derived)	Pricing power metric — tracks competitive dynamics and mix shifts between maker/taker
Active Members/Participants	Number of firms connected to MIAX exchanges	~400+ members across exchanges (estimated from S-1 disclosure)	[OF] S-1	Proxy for network density and switching cost stickiness
New Product Launches	Count of new exchange products (expirations, series) in pipeline	Monday/Wednesday short-dated options launched; Bloomberg data product launched Q1 2026	[TR] Q4 2025 Transcript	Innovation velocity — critical for exchange differentiation

Financial KPIs:

KPI	Definition	Most Recent Value	Source	Why It Matters
Revenue Growth	YoY total revenue change	+19.6% (FY2025 vs FY2024)	[Q] get_financials	
Gross Margin (Net Revenue/Total Revenue)	Gross Profit / Revenue	31.6% (FY2025)	[Q] get_financials	Measures net capture after liquidity payments — the "real" margin
Adjusted EBITDA	Management-defined metric excluding SBC, debt extinguishment, Pyth token gains/losses, ERP charges, other non-recurring items	\$216.2M (FY2025)	[OF] Q4 2025 Earnings Slides	Management's preferred profitability metric
Adjusted EBITDA Margin	Adj EBITDA / Total Revenue	15.9% (FY2025)	[OF] Q4 2025 Earnings Slides (derived)	
GAAP Net Income	Statutory net income	-\$70.0M (FY2025) — distorted by \$107.7M debt extinguishment loss, Pyth token losses, warrant fair value changes	[Q] get_financials	Heavily distorted by non-operating items; not reflective of operating performance
OCF	Operating Cash Flow	\$167.8M (FY2025)	[Q] get_financials	Strong cash generation despite GAAP losses
FCF	OCF minus Capex	\$145.0M (FY2025, \$167.8M - \$22.8M)	[Q] get_financials (derived)	Core cash available to equity holders
Net Cash / (Debt)	Cash + short-term investments - total debt	\$432.1M net cash (FY2025: \$433.6M cash, \$1.5M total debt)	[Q] get_financials	Post-IPO fortress balance sheet

Pipeline / Forward-Looking KPIs:

KPI	Definition	Most Recent Value	Source	Why It Matters
2026 Revenue Guidance	Management's FY2026 total revenue estimate	Not provided as a specific figure; guidance provided on expense lines only	[TR] Q4 2025 Transcript	Exchange companies rarely guide on revenue (volume-dependent)
2026 Adj. Operating Expense Guidance	Management's FY2026 expense guidance	\$285M-\$315M	[OF] Q4 2025 Earnings Slides	Key to margin expansion thesis
Options Industry Volume Trend	Forward trajectory of industry options volume	Consensus expectation for continued growth driven by ODTE, retail participation, and product proliferation	[TR] Q4 2025 Transcript	The single most important macro variable for MIAX's revenue

Unit Economics KPIs:

KPI	Definition	Most Recent Value	Source	Why It Matters
Revenue Per Employee	Total revenue / employee count	~\$2.2M (FY2025: \$1,364M / 628 employees)	[OF] 10-K FY2025 (derived)	Exchange model efficiency — extremely high
Net Revenue Per Employee	Gross Profit / employee count	~\$686K (FY2025: \$430.5M / 628)	[OF] 10-K FY2025 (derived)	More meaningful productivity metric

KPIs management does NOT disclose (notable absences):

- **Revenue per contract by exchange** — MIAX does not break out RPC at the individual exchange level (MIAX Options vs. Pearl vs. Emerald). This makes it impossible to track pricing mix shifts between exchanges. [△](#) This is a significant analytical gap.
- **Market maker concentration** — no disclosure of what % of volume comes from top 5 or top 10 market makers. This is standard for exchanges to withhold but is a key risk factor.
- **Customer acquisition cost / churn** — not disclosed, though exchange customers have extremely high switching costs.
- **Segment-level Adjusted EBITDA** — the 10-K provides segment revenue and operating income, but not Adj EBITDA by segment. [OF] 10-K FY2025

1F — Retrieved Documents Log

#	Document Title	Document Type	Period Covered	Source Platform	Source Location	Date Retrieved
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1	Miami International Holdings 10-K FY2025	Annual Report (10-K)	FY2025 (Jan-Dec 2025)	QuartrPro	Document ID: 3007303	2026-04-21
2	Miami International Holdings S-1 Registration Statement	IPO Filing (S-1)	Historical through IPO (Aug 2025); FY2022–FY2024 summary financials	QuartrPro	Document ID: 2495607	2026-04-21
3	Q3 2025 Earnings Call Transcript	Earnings Transcript	Q3 FY2025 (Jul-Sep 2025)	QuartrPro	Document ID: 2250642 (Event ID: 385149)	2026-04-21
4	Q4 2025 Earnings Call Transcript	Earnings Transcript	Q4 FY2025 (Oct-Dec 2025)	QuartrPro	Document ID: 2957235 (Event ID: 402768)	2026-04-21
5	Q4 2025 Earnings Presentation Slides	Investor Presentation	Q4 FY2025 and Full Year 2025	QuartrPro	Document ID: 2933746	2026-04-21
6	Q4 2025 8-K Earnings Release	Press Release / 8-K	Q4 FY2025	QuartrPro	Document ID: 2927769	2026-04-21
7	get_financials — Yearly (FY2025)	Structured Financial Data	FY2025	QuartrPro MCP	companyId: 20962, periodType: yearly	2026-04-21
8	get_financials — Quarterly (Q3 2025 only populated)	Structured Financial Data	Q3 FY2025	QuartrPro MCP	companyId: 20962, periodType: quarterly	2026-04-21

Retrieval completeness notes:

- Only 1 annual report (10-K FY2025) was retrievable from the MCP — the company listed in August 2025 and this is its first 10-K. Historical financial data (FY2022–FY2024) comes from the S-1 summary financial tables (pages 45–50), which provide consolidated P&L and selected balance sheet data but not the full detail of a 10-K.
- Only 2 earnings transcripts exist (Q3 2025 and Q4 2025) — the first two quarters as a public company.

- Quarterly get_financials data is extremely sparse: only Q3 2025 has actual data; Q4 2025 cash flow statement is entirely null. This is expected for a recently listed company.
- The S-1 is 534 pages but the API returned only the first 50 pages. The deep financial statements (F-1 pages) on pages ~400+ were not retrievable. Summary financials on pages 45-50 were used instead.
- No local IR folder was provided.

> **Investor Implication:** MIAX is a high-throughput financial exchange operator with \$430.5M in net revenue, a near-zero debt balance sheet (\$432M net cash post-IPO), and strong operating cash flow generation — but with GAAP earnings severely distorted by non-operating items (Pyth tokens, debt extinguishment, puttable warrant valuations) that bear no relationship to the exchange's operating economics. The critical analytical task is separating the exchange operating model from the legacy capital structure and one-time items.

SECTION 2: BUSINESS MODEL: THE CAUSAL ARCHITECTURE

Strategic Pivot 1: Multi-Exchange Expansion (2017–2020)

Trigger: MIAX launched as a single options exchange (MIAX Options, 2012) but faced structural concentration risk — a single exchange cannot offer differentiated pricing tiers or capture different order-flow segments. Competitive pressure from Cboe (which operates 4 options exchanges) and Nasdaq (6 options exchanges) required MIAX to build a multi-exchange platform. [OF] S-1 Registration Statement

Financial model change: MIAX launched MIAX Pearl Options (February 2017) and MIAX Emerald Options (March 2019), followed by MIAX Pearl Equities (September 2020). This tripled the number of options exchanges from 1 to 3, allowing MIAX to offer differentiated fee structures (maker-taker on MIAX Options and Pearl, maker-taker with distinct tiers on Emerald) and capture previously unaddressable order flow. Revenue grew from \$607.5M in FY2020 to \$865.3M in FY2022 — a \$257.8M increase (+42%). [OF] S-1 Registration Statement (FY2020 and FY2022 figures from S-1 summary financial tables, pages 45–50)

Counterfactual reasoning: Δ [ANALYTICAL JUDGMENT — inputs sourced, causal logic is Claude's inference] Had MIAX remained a single-exchange operator, it would have been limited to one fee model and one competitive position. Industry multi-listed options volume was ~\$39M contracts/day in FY2022 [OF] S-1. Assuming MIAX Options alone could have captured ~5–6% share (vs. the ~13% combined share achieved with three exchanges), single-exchange revenue would have been approximately \$400–470M rather than \$865.3M. The incremental technology and regulatory cost of operating additional exchanges is largely fixed (shared matching engine architecture, shared connectivity infrastructure) — estimated at \$30–50M per additional exchange per year — making the multi-exchange strategy highly accretive to EBITDA.

Quantified impact: Revenue (FY2020 → FY2022): \$607.5M → \$865.3M (+\$257.8M, +42.4%). Combined options market share increased from ~10% to ~13% over this period. [OF] S-1 Registration Statement

Strategic Pivot 2: IPO and Capital Structure Transformation (August 2025)

Trigger: MIAX operated as a private company for over a decade with a complex capital structure including ~\$365M in long-term debt, puttable warrants held by MIAX founders, and Pyth Network digital asset token holdings. The IPO (August 13, 2025) raised approximately \$369M in net proceeds. [OF] 10-K FY2025

Financial model change: The IPO proceeds were used to extinguish substantially all long-term debt (\$365M repaid). This created a \$107.7M loss on debt extinguishment (recognized in FY2025) that distorts GAAP Net Income, but transformed the balance sheet from net-debt to net-cash (\$432M net cash at FY2025-end). Annual interest expense dropped from ~\$13M pre-IPO run-rate to near zero. Additionally, the company recorded \$57.6M in SBC expense as equity-based compensation was restructured post-IPO, up from near zero pre-IPO. [OF] 10-K FY2025, [Q] get_financials

Counterfactual reasoning: Δ [ANALYTICAL JUDGMENT — inputs sourced, causal logic is Claude's inference] Had MIAX remained private with the pre-IPO debt load, it would have continued paying ~\$13M/year in interest expense and retained the complex puttable warrant structure (which generated quarterly fair-value swings of \$50–100M+). The debt extinguishment eliminated a source of future cash drain (\$13M/year) at a one-time cost of \$107.7M. Payback period: ~8 years on the

extinguishment cost alone, but the elimination of warrant-related volatility in GAAP earnings is an unquantifiable benefit.

Quantified impact: Long-term debt (pre-IPO → FY2025): ~\$365M → \$0. Interest expense (FY2024 → FY2025 run-rate): ~\$12.9M → near zero. Net cash position: -\$365M (net debt, pre-IPO) → +\$432M (net cash, FY2025-end). One-time loss on debt extinguishment: -\$107.7M. [\[OF\]](#) 10-K FY2025, [\[Q\]](#) get_financials

Strategic Pivot 3: Product Proliferation — Short-Dated Options and Data Products (2024–2026)

Trigger: The US options industry experienced explosive growth in ODTE (zero days to expiration) options volume starting in 2022–2023, led by Cboe's SPX ODTE product. MIAX was structurally excluded from this trend (SPX is Cboe-proprietary) but responded with its own short-dated options products and new expiration listings. [\[TR\]](#) Q4 2025 Transcript

Financial model change: MIAX launched Monday and Wednesday short-dated options expirations (expanding from Friday-only) in late 2025/early 2026, and announced a Bloomberg terminal data product in Q4 2025 to monetize its market data more directly. Management guided that these products would contribute meaningfully in 2026. [\[TR\]](#) Q4 2025 Transcript

Counterfactual reasoning: [△ \[ANALYTICAL JUDGMENT — inputs sourced, causal logic is Claude's inference\]](#) Short-dated options have higher turnover velocity (contracts expire in 1–2 days, driving repeat trading), which amplifies volumes per unit of open interest. For MIAX, each additional expiration day is essentially incremental volume on existing infrastructure at near-zero marginal cost. The risk is that short-dated products cannibalize standard-dated products — but industry data suggests they are largely additive. If MIAX captures 14% share of an industry that adds ~5M contracts/day from new expirations (manageable estimate based on Cboe's ODTE trajectory), that would be ~700K incremental contracts/day × ~\$0.05 net RPC × 252 trading days = ~\$8.8M incremental annual net revenue at near-100% incremental margin.

Quantified impact: Too early to quantify — products launched late FY2025/early FY2026. Management declined to provide specific revenue guidance for these products. [\[TR\]](#) Q4 2025 Transcript

Segment Mini-P&Ls (FY2025 vs. FY2024)

From the 10-K FY2025 segment disclosures (pages 78–79): [\[OF\]](#) 10-K FY2025

Segment	Revenue FY2025 (\$M)	Revenue FY2024 (\$M)	YoY Growth	Operating Income FY2025 (\$M)	Operating Income FY2024 (\$M)	Op Margin FY2025
Options	\$1,124.3	\$971.3	+15.8%	\$83.5	\$61.5	7.4%
Equities	\$161.1	\$101.8	+58.3%	\$18.2	\$0.9	11.3%
Futures	\$0.3	\$0.0	N/A	-\$3.5	-\$2.8	N/A (pre-revenue)
International	\$3.8	\$4.1	-7.3%	-\$5.1	-\$1.8	N/A (loss-making)
Corporate	\$74.6	\$63.4	+17.7%	-\$1.1	-\$5.1	N/A

Total	\$1,364.1	\$1,140.6	+19.6%	\$92.0	\$52.7	6.7%
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Key observations: Equities is the fastest-growing segment (+58% YoY) with improving margins (from near-breakeven to 11.3% operating margin). Options remains the dominant revenue driver (82% of total). Futures and International are pre-profitability investments. Corporate includes intercompany eliminations and shared costs. [OF] 10-K FY2025

Note: Segment operating margins are low relative to gross margin because operating expenses (SGA: \$338.6M) are allocated across segments. The segment operating income includes depreciation, amortization, and SBC allocations.

Structural Recurring Revenue

Estimated recurring revenue base: Access and connectivity fees + market data fees + licensing fees = approximately \$90–120M annually (estimated at ~7–9% of total revenue or ~20–28% of net revenue). These persist 12+ months with zero incremental S&M because exchange members must maintain connectivity to route orders. Member churn is near zero — an exchange member disconnecting would lose order-routing access to a venue representing ~14% of US options volume. [OF] S-1, [OF] 10-K FY2025

Assumption: The precise split of recurring vs. transaction-fee revenue is not explicitly disclosed at the consolidated level. The above range is derived from S-1 revenue disclosures that break out "access fees" and "data fees" as categories, combined with the 10-K's cost-of-revenue structure. The recurring base does NOT include transaction fees, which are volume-dependent and technically non-recurring — though exchange transaction revenue has been remarkably stable due to structural growth in US options volume.

> **Investor Implication:** MIAX's business model has undergone two transformative pivots — the multi-exchange expansion that tripled its market footprint, and the IPO that eliminated all debt and created a fortress balance sheet. The Equities segment's 58% revenue growth and margin inflection from breakeven to 11% is the most under-appreciated segment-level story in the business. The next pivot (short-dated options, data products) is a 2026 catalyst with near-zero marginal cost economics.

SECTION 3: MANAGEMENT QUALITY: ACTIONS OVER WORDS

Credibility Scorecard

MIAX has been public for only two quarters (Q3 and Q4 FY2025), which severely limits the ability to build a multi-year credibility scorecard. The company was private for FY2022–FY2024, and specific forward-looking quantitative claims from the private period are not available in retrieved documents. The scorecard below uses the only available public guidance:

Claim	Source	Promise	Outcome	Score
"We expect continued market share gains across our exchanges" — Thomas P. Gallagher, CEO, Q3 2025 transcript	[TR] Q3 2025 Transcript	Market share gains in options and equities	Combined options share was ~14.3% FY2025 (up from ~13% historical per S-1); Equities share grew to ~3.1% in Q4. Both increased.	Met
2026 Adjusted Operating Expense guidance: \$285M–\$315M	[OF] Q4 2025 Earnings Slides	Expense control in the \$285–315M range	Too early to evaluate — FY2026 not yet reported	Pending
"Bloomberg product will launch in early 2026 and the early indicators are positive" — Thomas P. Gallagher, Q4 2025 transcript	[TR] Q4 2025 Transcript	Bloomberg data product launch in early 2026	Too early to evaluate	Pending

Assessment: Insufficient public track record to evaluate management credibility rigorously. The management team (CEO Tom Gallagher, CFO Michael Brodherson) has operated MIAX since its founding in 2007 and grew it from a startup to a four-exchange, ~\$1.4B-revenue operation — a significant operational achievement. However, this was done in a period of secular growth in US options volumes, making it difficult to disaggregate management skill from market tailwinds. [OF] S-1, [TR] Q3 2025 Transcript, [TR] Q4 2025 Transcript

Capital Allocation ROIC

Deployment	Amount (\$M)	Year	Purpose	Outcome	Implied ROIC
MIAX Pearl Options launch	△ [NOT RETRIEVED] — private-period	2017	Second options exchange	Contributing ~4–5% market share;	Cannot compute — investment

Miami International Holdings, Inc. (MIAX) — Business Understanding

	capex not disclosed per exchange			profitable (part of Options segment \$83.5M OI)	base not disclosed
MIAX Emerald Options launch	△ [NOT RETRIEVED]	2019	Third options exchange	Contributing ~3-4% market share; profitable	Cannot compute
MIAX Pearl Equities launch	△ [NOT RETRIEVED]	2020	Entry into equities trading	\$161.1M revenue, \$18.2M operating income in FY2025	Cannot compute — but clearly accretive
TISE acquisition	~\$56.5M (cash acquisitions per CF statement)	FY2025	International stock exchange in Channel Islands	Segment operating loss of -\$5.1M in FY2025; early-stage investment	-\$5.1M / \$56.5M = -9% (year 1). Requires multi-year horizon for evaluation. [Q] get_financials, [OF] 10-K FY2025
MIAXdx sale to Robinhood/SIG	Undisclosed (gain on sale recognized)	FY2025	Sold proprietary index derivatives exchange concept	Recognized as a gain; management decided market opportunity was better served by Robinhood/SIG partnership	N/A — divestiture, not investment
ERP system implementation	~\$30M cumulative investment (per S-1, ongoing since FY2022)	FY2022-ongoing	Enterprise resource planning system upgrade	Not yet complete; contributing to elevated G&A expense; management expects it to drive operational efficiencies post-completion	Too early. Assumption: ERP investments of this magnitude in exchange operations typically yield \$5-10M/year in operational savings (1-3% of operating expense base). At \$30M

					investment, breakeven requires 3-6 years.
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Assessment: The dominant capital allocation pattern is organic — MIAX has built new exchanges from its proprietary technology stack rather than acquiring them, which is the highest-ROIC strategy available in the exchange industry (regulatory licensing and technology are the primary barriers, and MIAX already has both). The TISE acquisition is the first material inorganic move and is loss-making in year 1. The MIAXdx divestiture suggests discipline — management recognized it was better to sell than to deploy capital competing against Cboe's entrenched SPX franchise. [OF] S-1, [OF] 10-K FY2025, [TR] Q4 2025 Transcript

Narrative Consistency

KPI redefinitions or dropped metrics: MIAX has only reported two quarters as a public company, so there is insufficient history to detect KPI redefinition patterns. No metrics were dropped between Q3 and Q4 earnings calls. [TR] Q3 2025, [TR] Q4 2025 Transcripts

Segment reclassifications: None detected in the two public quarters.

Flag: The move from private to public reporting represents a massive increase in disclosure — the S-1 is the first comprehensive view of MIAX's financials. Pre-IPO, MIAX was a black box. Investors should note that management's definition of "Adjusted EBITDA" excludes SBC (\$57.6M), loss on extinguishment of debt (\$107.7M), Pyth network token losses, ERP implementation charges, and other items. This is a wide gap between GAAP and Adjusted results. [OF] 10-K FY2025, [OF] Q4 2025 Earnings Slides

Compensation Alignment

From the 10-K FY2025 and S-1 proxy disclosures: executive compensation includes base salary + annual cash bonus + equity-based awards (RSUs and stock options). The equity awards post-IPO are significant — SBC of \$57.6M in the first partial year as a public company. [OF] 10-K FY2025

Key concern: SBC of \$57.6M in FY2025 (first year, partial — IPO was August) versus Adjusted EBITDA of \$216.2M means SBC = **26.6% of Adjusted EBITDA**. ⚠ This exceeds the 20% threshold. This is not unusual for an IPO year (vesting of pre-IPO grants), but if sustained at this level, it represents a material gap between adjusted and economic profitability.

The specific metrics driving executive pay beyond base salary are not fully disclosed in the 10-K FY2025 (this will be detailed in the first proxy statement, not yet filed as of April 2026). [OF] 10-K FY2025

> **Investor Implication:** Management has demonstrated strong operational execution (building four exchanges on proprietary technology) and capital allocation discipline (selling MIAXdx rather than competing against Cboe). However, the public track record is too short (two quarters) for a credibility scorecard, and SBC at 26.6% of Adjusted EBITDA is a red flag requiring monitoring. The first proxy statement will be the critical document for understanding compensation alignment.

SECTION 4: THE MOAT: INDEPENDENT VERIFICATION

Claimed Advantage 1: Proprietary Exchange Technology

Management's claim: "Our exchange technology platform is built in-house, utilizing purpose-built, high-performance matching engines designed to provide superior speed, throughput, and reliability to market participants. [...] We believe our technology platform is a key competitive differentiator." — S-1 Registration Statement, Business section [OF] S-1

Independent verification: Unverifiable from public sources — no non-management source retrieved. The SEC approves MIAX's exchanges based on regulatory compliance, not technology superiority. No third-party technology benchmarking report was retrieved.

Switching cost analysis:

A market participant connected to MIAX exchanges incurs the following costs to disconnect:

Technical integration cost: Developing, testing, and certifying connectivity to an exchange requires 3–6 months of engineering time per exchange. At estimated cost of \$100K–\$300K per exchange integration (based on typical broker-dealer technology budgets — **Assumption:** this figure is Claude's estimate based on general exchange industry knowledge, not sourced to a specific document; Δ [ANALYTICAL JUDGMENT]).

Regulatory compliance cost: Order routing firms are required to route orders to the exchange offering the best price (Reg NMS for equities, similar best-execution requirements for options). As long as MIAX exchanges display competitive quotes, participants **cannot** disconnect without violating best-execution obligations. This is the most powerful switching cost — it is regulatory, not commercial. [OF] S-1 (Reg NMS discussed in Risk Factors)

Data dependency cost: Market data consumers who embed MIAX data feeds into their trading systems face \$50K–\$200K per year in data subscription fees that would be lost, plus the opportunity cost of missing price signals from ~14% of US options volume. **Assumption:** data fee estimate is based on the S-1's revenue disclosures for market data products. [OF] S-1

Estimated switching cost per customer per year: \$150K–\$500K direct + incalculable Reg NMS/best-execution compliance cost. In practice, no exchange member has ever voluntarily disconnected from a major US options exchange — the regulatory structure makes it effectively impossible as long as the exchange posts competitive quotes.

Vulnerability trigger: Δ [ANALYTICAL JUDGMENT — competitor/metric identified by Claude, not drawn from retrieved documents] If MEMX (which currently operates only in equities) launches a multi-listed options exchange with latency consistently below MIAX's matching engines and captures >5% options market share within 18 months of launch, it would signal that MIAX's technology advantage is eroding. MEMX is the most technologically aggressive new entrant, funded by major banks and market makers, and an options launch would directly threaten MIAX's core segment.

Claimed Advantage 2: Competitive Pricing and Maker-Taker Model

Management's claim: "Our multi-exchange structure allows us to offer differentiated pricing models across our exchanges, enabling market participants to choose the venue that best fits their trading strategies." — S-1 Registration Statement [OF] S-1

Independent verification: Unverifiable from public sources — no non-management source retrieved. Exchange fee schedules are public (filed with the SEC), and the differentiation across MIAX's three

options exchanges is factually verifiable via SEC filings, but no third-party analysis of MIAX's competitive pricing positioning was retrieved.

Switching cost: See above — switching costs for exchanges are primarily regulatory (Reg NMS/best execution), not commercial. The pricing differentiation across MIAX's three exchanges creates optionality for participants within the MIAX ecosystem, reducing incentive to migrate volume elsewhere.

Vulnerability trigger: If Cboe or Nasdaq implements a fee structure that reduces MIAX's per-contract net revenue capture by >\$0.01 (roughly 20% of estimated RPC) through aggressive rebate competition, forcing MIAX to match, the margin compression would directly impact Adjusted EBITDA. Cboe has historically led pricing actions in the US options market. [OF] S-1 (Risk Factors mention competitive pricing pressure)

Claimed Advantage 3: Regulatory Barriers to Entry

Management's claim: "The process of obtaining SEC approval to operate a national securities exchange is complex, costly, and time-consuming." — S-1 Registration Statement [OF] S-1

Independent verification: Unverifiable from public sources — no non-management source retrieved. However, this claim is factually verifiable from public record: the last new options exchange to launch in the US was MEMX (equities only, 2020) and before that MIAX itself (2012). The paucity of new entrants over the last decade is empirical evidence of the barrier, though no independent study was retrieved.

Vulnerability trigger: If the SEC reduces the regulatory burden for new exchange registration (e.g., through a streamlined approval process or reduced capital requirements), the barrier to entry would diminish. [△ \[ANALYTICAL JUDGMENT — identified by Claude, not drawn from retrieved documents\]](#) This is a low-probability event given the SEC's historical posture, but political shifts toward deregulation could make it a medium-term risk.

Competitor Mention Analysis

Based on all retrieved transcripts (Q3 2025 and Q4 2025):

- **Cboe:** Mentioned most frequently across both calls, primarily in the context of industry volume discussion and competitive positioning. Management does not directly criticize Cboe but consistently positions MIAX as a differentiated alternative. Cboe's SPX franchise is acknowledged as a moat MIAX chose not to replicate (MIAXdx was sold). [TR] Q3 2025, Q4 2025
- **Nasdaq:** Mentioned in the context of the multi-exchange landscape. Neutral tone. [TR] Q3 2025
- **NYSE/ICE:** Referenced in the context of competitive options market share. [TR] Q3 2025
- **MEMX:** Not directly mentioned by management in either transcript, despite being a significant new entrant. [△](#) This absence may be a signal — MEMX is backed by many of MIAX's own market maker customers (Citadel, Virtu, etc.), and management may be deliberately avoiding drawing attention to a competitor that could credibly enter options. [TR] Q3 2025, Q4 2025
- **Robinhood/SIG:** Mentioned positively — as the buyers of MIAXdx, not as competitors. [TR] Q4 2025

> **Investor Implication:** MIAX's moat rests on three reinforcing pillars — proprietary technology, regulatory licensing barriers, and the Reg NMS-imposed switching cost that effectively forces order-routing firms to maintain connectivity to any exchange displaying competitive quotes. This is a

structurally sound moat as long as MIAX maintains competitive latency and pricing. The key risk is not that the moat erodes — it is that MIAX's share within the moat stagnates while competitors (particularly Cboe) capture disproportionate growth from new products (ODTE, index options).

SECTION 5: UNIT ECONOMICS: DERIVE, DON'T DESCRIBE

CAC — Customer Acquisition Cost

Exchange "customer acquisition" does not follow the traditional SaaS model. MIAX's customers are broker-dealers, market makers, and order-routing firms that connect to the exchange. The "acquisition" is the initial technology integration and membership process.

Marketing/Sales spend: Sales and marketing expense in FY2025 was \$2.8M. [Q] get_financials

This is negligible relative to revenue (\$1,364M) or net revenue (\$430.5M). Exchange customer acquisition is not driven by marketing spend — it is driven by exchange quality (latency, fill rates, pricing) and regulatory necessity (best execution requirements).

Attempt to derive CAC:

- Total S&M expense: \$2.8M [Q]
- New member/participant additions: Δ [NOT RETRIEVED] — MIAX does not disclose gross new member additions per year.
- **Assumption:** If MIAX added 20–40 new members in FY2025 (plausible range for a mid-sized exchange), $CAC = \$2.8M / 20-40 = \$70K-\$140K$ per new member.

3-Scenario Sensitivity Table:

Scenario	Gross New Members	S&M Spend (\$M)	CAC (\$K)
Low CAC	40 new members	\$2.8	\$70
Mid CAC	30 new members	\$2.8	\$93
High CAC	20 new members	\$2.8	\$140

Assumption: Gross new member count of 20–40 is Claude's estimate; management does not disclose this metric. The actual range could be wider. Δ [ANALYTICAL JUDGMENT]

Note: The above CAC is largely meaningless for exchange economics — the real "cost of acquisition" is the technology and regulatory investment in building and maintaining a competitive exchange, which is a fixed cost (\$300M+ in cumulative operating expenses) rather than a per-customer variable cost. Exchange unit economics are better understood through the lens of marginal revenue per incremental contract.

LTV — Lifetime Value

Retention dynamics: Exchange member churn is near zero. As discussed in Section 4, regulatory best-execution requirements effectively mandate connectivity to any exchange displaying competitive quotes. No retrieved document discloses member churn data.

LTV estimate:

- Average revenue per member: \$430.5M net revenue / ~400 members = ~\$1.08M/year per member (highly skewed — top 10 market makers likely account for 40–60% of volume)
- **Assumption:** Average member lifetime = 10+ years (no exchange member has voluntarily disconnected from a major US options exchange). Using 10 years conservatively.

- **LTV:** $\$1.08\text{M} \times 10 = \10.8M (using average), or $\$2.7\text{M} - \6.5M per year for top-20 members \times 10 years = $\$27\text{M} - \65M .
- **Gross margin applied:** 100% of member fees are margin-positive (variable cost is primarily liquidity payments which scale with volume, not with member count).

LTV/CAC:

Scenario	CAC (\$K)	LTV (\$M)	LTV/CAC
Low CAC / Avg Member	\$70	\$10.8	154x
Mid CAC / Avg Member	\$93	\$10.8	116x
High CAC / Avg Member	\$140	\$10.8	77x

Assessment: LTV/CAC $> 3\times$ is "healthy" — MIAX's exchange model registers 77x–154x, which is off the charts by any standard. This is characteristic of regulated exchange businesses: near-zero churn, near-zero acquisition cost, long-lived revenue streams. The LTV/CAC framework is not particularly useful for exchange businesses — the constraining resource is market share and volume, not customer acquisition.

Marginal Economics

Period	YoY Δ Revenue (\$M)	YoY Δ Gross Profit (\$M)	Incremental Gross Margin
FY2023 \rightarrow FY2024	\$220.1 (\$920.5 \rightarrow \$1,140.6)	\$57.3 (\$297.9 \rightarrow \$355.2)	26.0% [OF] S-1, [OF] 10-K FY2025
FY2024 \rightarrow FY2025	\$223.5 (\$1,140.6 \rightarrow \$1,364.1)	\$75.3 (\$355.2 \rightarrow \$430.5)	33.7% [Q] get_financials, [OF] 10-K FY2025

Trend: Incremental gross margin is improving — 26.0% in FY2024 to 33.7% in FY2025. This indicates that MIAX is capturing incremental revenue at higher net retention (less liquidity rebate dilution on marginal volume). This is consistent with a growing share in higher-margin segments (equities grew 58% at 11.3% operating margin vs. options at 7.4%).

Non-monotonic note: The FY2022 \rightarrow FY2023 period saw revenue growth of only \$55.2M (\$865.3M \rightarrow \$920.5M, +6.4%) which was well below the FY2024/FY2025 growth rates. This slowdown coincided with a 2023 market environment where options industry volumes temporarily plateaued after the post-COVID surge. The recovery in FY2024/FY2025 confirms the secular growth trend reasserted itself. [OF] S-1

Revenue Quality — What % of Next Year's Revenue Is Locked In

Component	Estimated FY2026 Contribution (\$M)	Basis	Source
Retained recurring base (access,	\$90–120M	Prior-year recurring revenue (near-zero	[OF] S-1, [OF] 10-K FY2025

connectivity, data fees)		churn)	
Contracted/highly predictable transaction fees	\$0 (no take-or-pay contracts)	Exchange transaction fees are volume-dependent, not contracted	N/A
New-to-win	All transaction revenue (\$1,200M+ estimated)	Depends entirely on industry volume and MIAX share	N/A

Assessment: MIAX has approximately \$90–120M (6–9% of estimated FY2026 total revenue, or 20–28% of net revenue) that is contractually recurring. The remaining ~80% of net revenue depends on options/equities industry volume, which is not contracted. However, industry volume has grown in 19 of the last 22 years and the structural drivers (retail participation, product proliferation, portfolio hedging) appear durable. **Assumption:** "Locked in" is narrowly defined as contractual recurring revenue. If we relax it to "highly likely given historical volume patterns," the effective visibility is much higher.

> **Investor Implication:** Traditional unit economics frameworks (CAC, LTV, churn) are not the binding constraint for exchange businesses — MIAX's LTV/CAC ratios are astronomically high because regulatory structure prevents customer churn and marketing spend is trivial. The real unit economic question is marginal economics: incremental gross margin improved from 26% to 34% YoY, and if this trajectory continues, the operating leverage inherent in the exchange model will drive non-linear profit growth as industry volumes expand.

SECTION 6: FINANCIAL MODEL: STATUTORY, NOT ADJUSTED

Complete Financial Summary Table

Note on units: All values in \$M unless otherwise stated. get_financials values are in raw USD (divide by 1,000,000). Balance sheet values from get_financials FY2025 appear to be in \$000s (inconsistent with IS values in raw \$) — cross-referenced against 10-K and reconciled. FY2022–FY2023 values sourced from S-1 summary financial tables; FY2024 from 10-K comparative column; FY2025 from 10-K and get_financials.

Line Item	FY2022	FY2023	FY2024	FY2025	Source Notes
Revenue	\$865.3	\$920.5	\$1,140.6	\$1,364.1	FY22-23: [OF] S-1 p.45-50; FY24: [OF] 10-K comparative; FY25: [Q]
Revenue Growth %	N/A	+6.4%	+23.9%	+19.6%	Derived
Cost of Revenue	\$596.8	\$622.6	\$785.4	\$933.5	FY22-23: [OF] S-1; FY24: [OF] 10-K; FY25: [Q]
Gross Profit	\$268.5	\$297.9	\$355.2	\$430.5	[Q] FY25; [OF] prior years
Gross Margin %	31.0%	32.4%	31.1%	31.6%	Derived
SGA Expense	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$302.5	\$338.6	FY24-25: [OF] 10-K; FY22-23: S-1 does not break out SGA vs. D&A separately
Operating Income (GAAP)	\$66.3	\$60.3	\$52.7	\$92.0	FY22-23: [OF] S-1; FY24: [OF] 10-K; FY25: [Q]
Operating Margin %	7.7%	6.6%	4.6%	6.7%	Derived
D&A	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$26.5	\$29.4	FY24-25: [Q] CF statement D&A; FY22-23: not separately disclosed in S-1 summary

SBC	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$0.8	\$57.6	FY25: [Q] CF statement; FY24: [OF] 10-K; FY22-23: minimal/zero (private, no equity comp program) per S-1
Statutory EBITDA (including SBC)	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$80.0	\$179.0	FY25: OpInc \$92.0 + D&A \$29.4 + SBC \$57.6 = \$179.0; FY24: \$52.7 + \$26.5 + \$0.8 = \$80.0 [Q], [OF]
Statutory EBITDA Margin %	N/A	N/A	7.0%	13.1%	Derived
Adj EBITDA (management definition)	\$155.3	\$163.5	\$195.3	\$216.2	FY22-24: [OF] S-1 p.48; FY25: [OF] Q4 2025 Earnings Slides
Adj EBITDA Margin %	17.9%	17.8%	17.1%	15.9%	Derived
Reconciling Items (FY2025):					
— SBC	—	—	\$0.8	\$57.6	[Q]
— Loss on extinguishment of debt	—	—	—	\$107.7	[OF] 10-K
— Pyth Network token losses (net)	—	—	△ [NOT RETRIEVED]	~\$40-50 (est.)	[OF] 10-K (FX/investment losses included in non-operating; precise Pyth attribution not separately disclosed)
— ERP implementation costs	—	—	△ [NOT RETRIEVED]	Included in SGA	[OF] 10-K
— Puttable	—	—	△ [NOT	Included in	[OF] 10-K

warrant fair value changes			RETRIEVED]	non-operating	
Economic EBITDA (= Adj EBITDA - SBC)	~\$155 (SBC ≈ 0)	~\$164 (SBC ≈ 0)	\$194.5	\$158.6	Derived: \$216.2 - \$57.6
Economic EBITDA Margin %	~17.9%	~17.8%	17.1%	11.6%	Derived
<p>⚠ Key finding: Economic EBITDA declined from \$194.5M in FY2024 to \$158.6M in FY2025 despite 20% revenue growth, because SBC went from near-zero to \$57.6M. The reported Adj EBITDA "improvement" from \$195.3M to \$216.2M is entirely an artifact of excluding SBC.</p>					
Non-Operating Items					
Interest Expense	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$12.9	[Q]
Interest & Investment Income	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$9.4	[Q]
Loss on Extinguishment of Debt	—	—	—	-\$107.7	[OF] 10-K
Other Non-Operating (Pyth, FX, warrants)	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	-\$180.9	[Q] (includes equity method losses - \$344.9M netted with other items)
Pre-Tax Income (EBT)	\$60.7	\$53.6	\$35.9	-\$68.6	FY22-23: [OF] S-1; FY24: [OF] 10-K; FY25: [Q]
Income Tax Expense	\$14.0	\$8.0	\$6.9	-\$1.5	FY22-23: [OF] S-1; FY24-25: [Q], [OF] 10-K
PAT (Net Income)	\$46.7	\$45.6	\$29.0	-\$70.0	FY22-23: [OF] S-1; FY24: [OF] 10-K; FY25: [Q]
PAT Margin %	5.4%	5.0%	2.5%	-5.1%	Derived
Other Income / Treasury Income	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$9.4 (interest income)	[Q]
Core Operating PAT	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	See note below	

(= PAT – after-tax Other Income + non-operating losses)					
<p>Note: Core Operating PAT for FY2025 is not cleanly derivable because the non-operating items (Pyth token: ~-\$213M equity method loss, debt extinguishment: -\$107.7M, FX: -\$54.9M, warrant FV: included) are intertwined. Backing these out: Operating Income of \$92.0M less estimated tax (at ~15% effective rate on operating income) = ~\$78M core operating PAT. This is approximate. △ [ANALYTICAL JUDGMENT — tax rate applied to operating income is Claude's estimate; actual effective rate on operations may differ]</p>					
Diluted EPS	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	-\$1.00	[Q]
Diluted Share Count	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	69.8M	[Q]
Cash Flow					
OCF	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$167.8	[Q]
Capex	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$22.8	[Q]
FCF (OCF – Capex)	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$145.0	Derived: \$167.8 – \$22.8
Working Capital Change	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	See CF statement	[Q]
Balance Sheet					
Cash & Investments	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	\$152.5	\$433.6	FY24: [OF] 10-K BS comparative; FY25: [Q] (confirmed via 10-K)
Total Debt	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	~\$365	\$1.5	FY24: [OF] 10-K (long-term debt pre-IPO); FY25: [Q] (current portion only)
Net Cash / (Debt)	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	~-\$213	\$432.1	Derived

Internal Consistency Checks:

Revenue × EBITDA Margin ≈ EBITDA: $\$1,364.1\text{M} \times 15.9\% = \216.9M vs. reported Adj EBITDA $\$216.2\text{M}$. \square Within tolerance.

EBITDA – D&A ≈ EBIT: Statutory EBITDA $\$179.0\text{M}$ – D&A $\$29.4\text{M}$ = $\$149.6\text{M}$ vs. GAAP Operating Income $\$92.0\text{M}$. \square Gap of $\$57.6\text{M}$ = SBC (which is above the D&A line in GAAP). Statutory EBITDA as computed here includes SBC in OpInc; the check should be: Adj EBITDA $\$216.2\text{M}$ – D&A $\$29.4\text{M}$ – SBC $\$57.6\text{M}$ = $\$129.2\text{M}$. Still above OpInc of $\$92.0\text{M}$ by $\$37.2\text{M}$ — the remaining gap is other adjustments (ERP charges, asset write-downs of $\$2.7\text{M}$, other items). [△ \[VERIFY — INTERNAL INCONSISTENCY: \$\\$37.2\text{M}\$ gap between Adj EBITDA – D&A – SBC \(\$\\$129.2\text{M}\$ \) and OpInc \(\$\\$92.0\text{M}\$ \) suggests additional Adj EBITDA add-backs not itemized above. The Q4 earnings slides show reconciling items including loss on disposal of assets, non-cash charges, and other items totaling \$\sim\\$37\text{M}\$. This is consistent.\]](#)

PBT – Tax ≈ PAT: $-\$68.6\text{M} - (-\$1.5\text{M}) = -\$70.1\text{M}$ vs. $-\$70.0\text{M}$. \square Within tolerance.

QoQ/YoY revenue change: $+19.6\%$ (FY24→FY25). \square Does not exceed $\pm 40\%$.

ESOP / SBC Analysis

Metric	FY2024	FY2025
SBC (\$M)	\$0.8	\$57.6
SBC as % of Adj EBITDA	0.4%	26.6% \triangle
SBC as % of Revenue	0.1%	4.2%
Cumulative SBC (FY2024–FY2025) as % of Cumulative Adj EBITDA	$(\$0.8 + \$57.6) / (\$195.3 + \$216.2) = 14.2\%$	
Shares at IPO (Aug 2025)	—	$\sim 70.0\text{M}$ (weighted avg)
Shares outstanding (FY2025 end)	—	85.5M
Total dilution: IPO → FY2025 end	—	+22% (70.0M → 85.5M)

\triangle **Flag:** SBC of $\$57.6\text{M}$ in FY2025 exceeds 20% of Adj EBITDA ($\$216.2\text{M}$). This is IPO-year driven (vesting of pre-IPO awards, initial equity grants to employees). The trend is critical: if SBC normalizes to $\$40\text{--}\50M in FY2026 against growing Adj EBITDA ($\$250\text{M}+$ at current trajectory), SBC/Adj EBITDA would fall to 16–20% — borderline but improving.

SBC quarterly trend: Q3 2025: $\$48.0\text{M}$ (9 months of SBC from Aug IPO). Full-year FY2025: $\$57.6\text{M}$. This implies Q4 2025 incremental SBC of $\sim\$9.6\text{M}$ — a sharply lower run-rate suggesting the bulk of FY2025 SBC was catch-up vesting. [\[Q\] get_financials](#)

Economic EBITDA

Metric	FY2022	FY2023	FY2024	FY2025
Adj EBITDA (\$M)	\$155.3	\$163.5	\$195.3	\$216.2
SBC (\$M)	$\sim\$0$	$\sim\$0$	\$0.8	\$57.6

Economic EBITDA (\$M)	~\$155	~\$164	\$194.5	\$158.6
Economic EBITDA Margin %	17.9%	17.8%	17.1%	11.6%

△ **Key finding:** Economic EBITDA (Adj EBITDA minus SBC) actually **declined** 18.4% YoY despite 19.6% revenue growth. Adjusted EBITDA's "improvement" from \$195.3M to \$216.2M masks a \$36M decline in economic profitability. This was entirely caused by the IPO introducing SBC expense where none existed before. Pre-IPO MIAX was more economically profitable than post-IPO MIAX. This is not a business deterioration — it is a capital structure transformation — but investors using Adjusted EBITDA without subtracting SBC will overstate the company's economic value creation.

Core Operating Earnings

Treasury / non-operating income: Interest and investment income of \$9.4M in FY2025 (\$433.6M cash × ~2.2% implied yield). [Q]

Core Operating PAT: GAAP Net Income (-\$70.0M) + non-operating losses (\$107.7M debt extinguishment + ~\$180.9M other non-operating losses) = ~\$17.7M adjusted pre-tax operating income (vs. \$92.0M GAAP operating income, the difference being interest expense and other below-the-line items).

When did core operating PAT first turn positive? Based on S-1 data, MIAX has been operationally profitable since at least FY2022 (OpInc \$66.3M). Core operating PAT was first positive no later than FY2022 and likely earlier. [OF] S-1

Cash Flow Quality

Metric	FY2025
OCF / Adj EBITDA	\$167.8 / \$216.2 = 77.6%
FCF / PAT	N/A (PAT is negative)
FCF / Adj EBITDA	\$145.0 / \$216.2 = 67.1%
FCF / Economic EBITDA	\$145.0 / \$158.6 = 91.4%
Working Capital Change	Negative impact (AP decreased \$29.9M, partly offset by other changes) [Q]

Cash flow quality assessment: OCF/Adj EBITDA conversion of 78% is solid for a first year as a public company. FCF/Economic EBITDA conversion of 91% is excellent — the exchange model requires minimal capex (\$22.8M = 1.7% of revenue) and generates strong cash from operations despite GAAP losses.

Cash flow ex-acquisitions: OCF of \$167.8M minus maintenance capex of ~\$15M (estimated — total capex of \$22.8M includes growth investments; **Assumption:** 65% is maintenance based on typical exchange infrastructure spending) = ~\$153M maintenance FCF. Acquisition spend of \$56.5M (TISE) was a one-time investment. [Q], [OF] 10-K

> **Investor Implication:** MIAX's financial model tells two stories depending on the lens. Adjusted EBITDA (\$216M, +11% YoY) suggests steady improvement. Economic EBITDA (\$159M, -18% YoY)

reveals that SBC is consuming the entirety of the operating leverage, and then some. The resolution: if SBC normalizes post-IPO (which the Q4 run-rate of ~\$10M/quarter suggests), FY2026 Economic EBITDA should recover toward \$200M+ on continued revenue growth — but this requires monitoring. The balance sheet is a fortress (\$432M net cash) and FCF generation (\$145M) is strong, providing a significant margin of safety.

SECTION 7: MANAGEMENT DISCUSSION & ANALYSIS: MULTI-YEAR SYNTHESIS

Note on retrieval limitations: MIAX was private until August 2025. Only one 10-K (FY2025) and the S-1 (with historical context) are available. There are no multi-year MD&A sections to compare because the company did not file public annual reports before FY2025. The synthesis below is based on the FY2025 10-K MD&A, S-1 historical narrative, and the two available earnings transcripts. [OF] 10-K FY2025, [OF] S-1

FY2025 10-K MD&A — Key Themes

Stated strategic priorities:

Grow options market share across all three exchanges through product innovation (new expirations, new order types) and competitive pricing [OF] 10-K FY2025

Scale MIAX Pearl Equities toward profitability (achieved — segment OpInc of \$18.2M) [OF] 10-K FY2025

Launch MIAX Futures exchange and build a futures business [OF] 10-K FY2025

Expand internationally through the TISE acquisition and MIAX Bermuda development [OF] 10-K FY2025

Complete ERP system implementation to drive operational efficiency [OF] 10-K FY2025

Key performance drivers cited:

- **Positive:** Industry options volume growth (+20% industry volume contributed to MIAX revenue growth), market share gains in equities, successful IPO execution, debt elimination [OF] 10-K FY2025
- **Negative:** Loss on debt extinguishment (-\$107.7M), Pyth Network token losses, elevated SBC post-IPO, increased headcount and compensation costs [OF] 10-K FY2025

Risks management chose to highlight:

- Competition from larger exchanges with more resources (Cboe, Nasdaq)
- Dependence on industry trading volume levels
- Regulatory changes (SEC rule amendments, market structure proposals)
- Technology infrastructure disruption risk
- Key person dependency on CEO Thomas Gallagher
- Concentration of revenue in options trading [OF] 10-K FY2025

Capital allocation priorities:

- Complete ERP implementation
- Fund TISE and Bermuda international expansion
- Potential M&A (management declined to provide specific targets)
- No dividend declared; no share buyback program announced [OF] 10-K FY2025, [TR] Q4 2025

S-1 Historical Narrative — How MIAX Got Here

The S-1 provides the private-company narrative context that the 10-K cannot:

- Founded 2007 by Thomas P. Gallagher and partners

- First exchange (MIAX Options) launched December 2012 — a decade-long regulatory and technology build
- Growth strategy: launch additional exchanges on shared technology (Pearl 2017, Emerald 2019, Pearl Equities 2020)
- Revenue grew from \$607.5M (FY2020) to \$1,140.6M (FY2024) — an 88% increase in 4 years
- Operating income was relatively flat (\$60–66M range in FY2022–2023 despite revenue growth) due to escalating operating costs (hiring, technology investment, ERP, international expansion)
- The decision to IPO was driven by capital structure simplification (eliminating complex debt and warrant arrangements) and providing public market liquidity for investors [OF] S-1

Synthesis

Durable themes (across all available sources):

- Technology differentiation: management consistently emphasizes MIAX's proprietary technology as the core competitive advantage, from the S-1 through Q4 2025 calls. This is a genuine strategic pillar — MIAX built four exchanges on its own stack.
- Options volume growth as the primary revenue driver: every filing and call leads with industry volume data. Management frames MIAX as a beneficiary of secular growth in options trading.

Abandoned initiatives:

- **MIAXdx (proprietary index derivatives exchange):** This was a significant initiative discussed in the S-1 as a growth catalyst. By Q4 2025, management had sold MIAXdx to Robinhood/SIG. The decision was framed as a strategic partnership, but the subtext is that MIAX concluded it could not compete with Cboe's SPX franchise for proprietary index products. This is a notable strategic retreat, albeit a rational one. [OF] S-1, [TR] Q4 2025

Emerging priorities (new in most recent period):

- Bloomberg terminal data product (mentioned in Q4 2025 for the first time)
- Monday/Wednesday short-dated options (response to ODTE trend)
- International expansion via TISE (first international acquisition)

Narrative consistency:

- Operating margins have been surprisingly flat (6–8% range) despite significant revenue growth (\$865M → \$1,364M from FY2022–FY2025). Management highlights revenue growth and Adj EBITDA improvement but does not address the stagnation in GAAP operating margins. This is a mild narrative inconsistency — the cost base is growing as fast as revenue at the operating level, and management's preferred metric (Adj EBITDA) masks this by excluding SBC and one-time items. [OF] S-1, [OF] 10-K FY2025

Tone evolution:

- S-1 (early 2025): Growth-oriented, ambitious — emphasizes TAM expansion, new products, international strategy. Tone is "building a global exchange group."
- Q3 2025 (Nov 2025): Measured confidence — first public earnings call, management focused on demonstrating operational stability and "steady as she goes" messaging.
- Q4 2025 (Feb 2026): Incrementally more confident — expense guidance provided (\$285–315M), Bloomberg product launch announced, tone shifts toward "executing on multiple growth vectors."

The progression is consistent with a newly public management team finding its footing. No concerning tone shifts detected. [\[TR\] Q3 2025](#), [\[TR\] Q4 2025](#)

> **Investor Implication:** MIAX's narrative is coherent but incomplete — the company has only one 10-K, making multi-year MD&A comparison impossible. The most important narrative finding is the operating margin stagnation (GAAP operating margin has been 5–8% for four years despite 60%+ revenue growth) which management does not address directly. If MIAX cannot demonstrate operating leverage in FY2026–2027 (with SBC normalizing and revenue growing), the investment case weakens materially because the exchange model's primary attraction is high incremental margins, and MIAX has not yet delivered them at the GAAP level.

SECTION 8: TAILWINDS AND RISKS

Structural Tailwinds (5+ Year Horizon)

1. Secular Growth in US Options Volume

External trigger: Retail participation in options trading, product proliferation (ODTE, short-dated expirations), portfolio hedging by institutional investors, and the overall "optionification" of investment strategies. US multi-listed options volume has grown from ~20M contracts/day (2019) to ~54M contracts/day (Q4 2025). [\[TR\]](#) Q4 2025 Transcript, [\[OF\]](#) S-1

Financial line impact: Options segment revenue (\$1,124.3M in FY2025) scales approximately linearly with industry volume × MIAX share × RPC. [\[OF\]](#) 10-K FY2025

Second-order effects: Higher volumes improve exchange economics by spreading fixed costs (technology, regulatory compliance, connectivity infrastructure) over more contracts. Each incremental contract flows through at near-100% incremental margin beyond the liquidity rebate.

Magnitude: If industry volume grows at 8–12% CAGR (conservative given the 15%+ CAGR of the last 5 years), MIAX's options segment revenue (at constant share and RPC) would grow \$90–135M per year.

Timeline: Ongoing — this trend has been in place since 2019 and shows no signs of reversal.

Falsification test: If total US multi-listed options volume declines below 35M contracts/day for two consecutive quarters, the secular growth thesis is falsified.

2. Equities Segment Reaching Escape Velocity

External trigger: MIAX Pearl Equities grew 58% YoY to \$161M revenue with 11.3% operating margin (up from ~1% in FY2024). Market share is ~3.1% and rising. [\[OF\]](#) 10-K FY2025

Financial line impact: Equities segment operating income grew from \$0.9M to \$18.2M — a \$17.3M incremental contribution. If market share reaches 5% (management's target range), revenue could approach \$250M+ at current industry equity volume levels. [\[OF\]](#) 10-K FY2025, [\[TR\]](#) Q4 2025

Second-order effects: A larger equities presence increases MIAX's attractiveness to broker-dealers who prefer single-provider connectivity for both options and equities.

Magnitude: At 5% equity market share: ~\$250M revenue, ~\$28–35M operating income (at current margin), incremental \$10–17M over FY2025.

Timeline: 2–4 years to reach 5% share based on current trajectory.

Falsification test: If MIAX Pearl Equities market share declines below 2.5% for two consecutive quarters, the growth thesis is falsified.

3. Market Data Monetization

External trigger: Exchanges globally are shifting toward higher-margin data licensing revenue. MIAX's Bloomberg terminal product launch and MIAX Data Services expansion are early moves in this direction. [\[TR\]](#) Q4 2025

Financial line impact: Market data revenue is ~100% gross margin (no liquidity rebate) and recurring. Each \$10M in incremental data revenue flows directly to operating income.

Second-order effects: Data revenue diversifies away from volume-dependent transaction fees, reducing earnings cyclicality.

Magnitude: \$10–30M incremental annual data revenue over 5 years (**Assumption:** based on Cboe's data revenue trajectory as a comparator; [△ \[ANALYTICAL JUDGMENT\]](#)).

Timeline: 3–7 years to meaningfully scale data revenue.

Falsification test: If data + access fee revenue as a % of net revenue declines below 20% (from ~25% currently estimated), the monetization thesis is failing.

Cyclical Tailwinds (1–3 Year Horizon)

1. Product Proliferation — Short-Dated Options

External trigger: MIAX's launch of Monday/Wednesday short-dated options expirations adds new trading opportunities on existing infrastructure. [\[TR\]](#) Q4 2025

Financial line impact: Incremental contracts × net RPC × trading days. Estimated at \$5–15M incremental annual net revenue at near-100% incremental margin. [\[ANALYTICAL JUDGMENT\]](#) — based on industry ODTE volume data]

Magnitude: Low single-digit % revenue contribution but high-margin.

Timeline: Revenue contribution expected in FY2026.

Falsification test: If short-dated options volume on MIAX exchanges does not exceed 500K contracts/day within 12 months of launch, the product is underperforming.

2. SBC Normalization Post-IPO

External trigger: IPO-year SBC was \$57.6M (catch-up vesting). Q4 run-rate suggests ~\$10M/quarter = ~\$40M annualized, a 30% reduction. [\[Q\]](#) get_financials (derived from Q3 vs. full-year SBC)

Financial line impact: If SBC normalizes to \$40M in FY2026, Economic EBITDA recovers to ~\$210M+ (Adj EBITDA of \$250M+ at current growth trajectory minus \$40M SBC), representing a 33% improvement over FY2025's \$158.6M.

Magnitude: \$50M+ Economic EBITDA improvement from SBC normalization alone.

Timeline: FY2026.

Falsification test: If FY2026 SBC exceeds \$50M, the normalization thesis is failing.

Risks

1. Regulatory Risk: SEC Market Structure Changes

External trigger → financial line impact: The SEC has proposed various market structure reforms (including amendments to Reg NMS, order routing transparency requirements, and potential changes to exchange fee structures). Any reform that reduces exchange pricing power or redirects order flow away from lit exchanges toward dark pools/ATS would directly reduce MIAX's transaction revenue and market share.

Second-order effects: Regulatory uncertainty itself is a drag — market participants may delay technology investments and new exchange integrations pending clarity on market structure rules.

Magnitude: A 10% reduction in per-contract net revenue (from fee cap or rebate restrictions) would reduce net revenue by ~\$40M. A 2-percentage-point market share loss from order flow diversion would reduce net revenue by ~\$60M.

Timeline: SEC rulemaking process typically takes 2–5 years from proposal to implementation.

Falsification test: If the SEC finalizes Reg NMS amendments that cap exchange fees below MIAX's current maker-taker spread, the risk has materialized.

Behavioural response: MIAX would adjust fee schedules to remain competitive, potentially compressing margins. Competitors (Cboe, Nasdaq) would face the same constraints, preserving relative positioning but reducing industry profitability. Counter-response: market makers may shift volume to lower-fee venues, amplifying MIAX's share loss if its technology advantage is insufficient to retain flow.

2. Competitive Risk: Cboe's Dominance in Proprietary Products

External trigger → financial line impact: Cboe's SPX and VIX franchise generates proprietary product revenue that MIAX cannot access. Cboe's ODTE SPX product has driven enormous volume growth for Cboe specifically. MIAX's MIAXdx sale to Robinhood/SIG effectively conceded the proprietary index product market to Cboe.

Second-order effects: Cboe's proprietary product revenue provides a higher-margin base that subsidizes competitive pricing on multi-listed options, allowing Cboe to price aggressively where it competes with MIAX.

Magnitude: Cboe's proprietary product revenue is estimated at >\$500M annually ([△ \[SOURCE: TRAINING DATA — not verified against retrieved documents\]](#)). This gives Cboe a ~\$500M revenue base that MIAX cannot access, enabling Cboe to cross-subsidize competitive pricing on multi-listed options.

Timeline: Ongoing — this is a structural competitive asymmetry, not a temporary condition.

Falsification test: If MIAX's options market share increases above 16% (from current ~14.3%) despite Cboe's proprietary product advantage, the competitive threat is manageable.

Behavioural response: MIAX has responded by launching differentiated products (short-dated options, Bloomberg data products) rather than directly competing with Cboe's SPX. Counter-response: Cboe may extend its proprietary product advantage by launching additional exclusive products, further widening the revenue gap.

Stress case (top-3 risk):

Scenario	FY2026E Adj EBITDA (\$M)	FY2027E Adj EBITDA (\$M)
Base	\$245	\$275
Stressed (2pp share loss)	\$185	\$200

3. Execution Risk: International Expansion (TISE/Bermuda)

External trigger → financial line impact: MIAX acquired TISE for ~\$56.5M and is developing MIAX Bermuda. The International segment lost \$5.1M in FY2025 (vs. -\$1.8M in FY2024). If these ventures fail to reach profitability, they represent a permanent cash drain.

Second-order effects: Management attention diverted from the core US exchange business. International regulatory complexity (multiple jurisdictions).

Magnitude: Annual cash burn of \$5–10M from international operations. TISE purchase price of \$56.5M is at risk of impairment if the business does not reach profitability.

Timeline: 3–5 years to assess whether TISE and Bermuda reach breakeven.

Falsification test: If the International segment operating loss exceeds -\$10M in FY2026, the trajectory is worsening.

4. Capital Allocation Risk: SBC Dilution

External trigger → financial line impact: MIAX's share count grew from ~70M (IPO) to 85.5M (FY2025 end) — a 22% increase in less than 6 months. If SBC-driven dilution continues at this rate, economic value per share erodes even as aggregate metrics improve.

Second-order effects: High SBC signals that MIAX is relying on equity compensation to retain employees in a competitive talent market (exchange technologists are in demand). Reducing SBC could trigger attrition.

Magnitude: 22% dilution in year 1. If annual dilution normalizes to 3–5% (typical for tech/exchange companies), per-share value creation requires Adj EBITDA growth to exceed dilution.

Timeline: Ongoing — monitor share count quarterly.

Falsification test: If fully diluted share count exceeds 95M by FY2026 end (another 11% dilution), the SBC dilution thesis has materialized.

5. Undiscussed Risk: Concentration of Revenue in US Multi-Listed Options

[△ \[ANALYTICAL JUDGMENT — this risk was identified by Claude based on business model reasoning, not drawn from retrieved documents\]](#)

MIAX derives ~82% of its revenue from the Options segment, which is entirely US multi-listed options. This concentration means MIAX's financial performance is essentially a single bet on US options industry volume. While industry volume has grown secularly, any structural change that reduces options trading (e.g., a financial transaction tax on derivatives, a major market-structure shock that shifts options trading to bilateral OTC channels, or a prolonged period of low volatility) would disproportionately impact MIAX relative to diversified competitors like Cboe (which has data analytics, futures, FX businesses) or Nasdaq (which has listing services, index licensing, market technology).

Trigger: If the US enacts a financial transaction tax on options trades (even at \$0.01/contract), the industry volume impact could be -10% to -30% based on academic estimates of elasticity. [△ \[SOURCE: TRAINING DATA — not verified against retrieved documents\]](#)

Financial impact mechanism: A -20% volume decline at constant share and RPC would reduce Options segment revenue by ~\$225M and net revenue by ~\$70M.

Indirect evidence: The S-1 Risk Factors section acknowledges "dependence on trading volume levels" as a risk, but does not specifically discuss the financial transaction tax risk or the concentration of revenue in a single asset class. [\[OF\] S-1](#)

Probability range: 10–20% over a 5-year horizon (dependent on US political landscape).

Directional FCF impact: At -20% volume, FCF would decline by ~\$70M (from ~\$145M to ~\$75M) given the high operating leverage of the exchange model.

Risk Quantification Table

Risk	P(risk)	Annual FCF Impact if Materialised (\$M)	Expected Annual FCF Drag (\$M)
SEC market structure changes (fee caps)	15%	-\$40	-\$6.0
Cboe competitive pricing aggression	20%	-\$60	-\$12.0

International expansion losses persist	40%	-\$10	-\$4.0
SBC dilution exceeds 5%/year	30%	-\$15 (per-share impact on FCF/share)	-\$4.5
Financial transaction tax on derivatives	10%	-\$70	-\$7.0

Aggregate risk-adjusted FCF drag: ~\$33.5M per year. Against FY2025 FCF of \$145.0M, this represents a 23% haircut.

Stress Case for Top 3 Risks:

Risk	Base Adj EBITDA FY2026E (\$M)	Stressed FY2026E (\$M)	Base Adj EBITDA FY2027E (\$M)	Stressed FY2027E (\$M)
Cboe competitive pricing (2pp share loss)	\$245	\$185	\$275	\$200
SEC fee caps (-10% RPC)	\$245	\$205	\$275	\$235
Financial transaction tax (-20% volume)	\$245	\$170	\$275	\$195

> **Investor Implication:** MIAX faces a manageable but concentrated risk profile — the dominant risk is the dependence on US options industry volume, which is effectively a single-factor bet. The three structural tailwinds (secular options growth, equities scaling, data monetization) are powerful but all share the same enabling condition: healthy US equity market volumes. The aggregate risk-adjusted FCF drag of ~\$34M/year (23% of FCF) is the price of the exchange model's operating leverage — what amplifies gains on the upside amplifies losses on the downside.

	D]	D]	D]	D]	D]	D]	D]	D]
Equities	△ [NOT RETRIEVE D]	△ [NOT RETRIEVE D]	△ [NOT RETRIEVE D]	△ [NOT RETRIEVE D]	△ [NOT RETRIEVE D]	△ [NOT RETRIEVE D]	△ [NOT RETRIEVE D]	△ [NOT RETRIEVE D]

Note: The Q4 earnings slides show segment KPIs by quarter in chart form, but the specific dollar values per segment per quarter were not extracted as numbers from the slide images. Only annual segment totals are available from the 10-K.

Quarterly P&L Summary (Available Quarters)

Metric	Q3 2025 (9-month cumulative)	FY2025 Full Year	Q4 2025 (derived)
Revenue (\$M)	\$339.8	\$1,364.1	△ Cannot derive — Q3 data is 9-month cumulative, not single quarter
Gross Profit (\$M)	\$109.5	\$430.5	△ Cannot derive
Operating Income (\$M)	-\$0.3	\$92.0	△ Cannot derive
Net Income (\$M)	-\$102.1	-\$70.0	△ Cannot derive
SBC (\$M)	\$48.0	\$57.6	~\$9.6 (derived)
D&A (\$M)	\$21.3	\$29.4	~\$8.1 (derived)
OCF (\$M)	\$120.8	\$167.8	~\$47.0 (derived)

Important note on Q3 data: The get_financials Q3 2025 data shows Q3 as a 9-month year-to-date figure, NOT a single-quarter figure. This is typical for the first quarterly filing of a newly public company. Revenue of \$339.8M for "Q3 2025" likely represents the July–September 2025 quarter only (the 10-K shows FY2025 total of \$1,364.1M). △ [VERIFY — the Q3 10-Q filing convention for a mid-year IPO may report 9-month or partial-year figures differently. The \$339.8M figure is used as the 9-month Q3 value per the get_financials extraction, which may include pre-IPO months.]

Operational KPIs — Quarterly Trend

KPI	Q3 2025	Q4 2025	Source
Industry Options Volume (M contracts/day)	~50 (estimated)	53.6	Q3: △ [NOT RETRIEVED]; Q4: [TR] Q4 Transcript
MIAX Combined Options Market Share	~14%	~14.3%	[TR] Q3, Q4 Transcripts
MIAX Pearl Equities Market Share	~2.8%	~3.1%	[TR] Q3, Q4 Transcripts

Employee Count	△ [NOT RETRIEVED]	~628	[OF] 10-K FY2025
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Balance Sheet Snapshot

Item (\$M)	Q3 2025 (Sep 30)	FY2025 (Dec 31)
Cash & Equivalents	\$401.5	\$433.6
Total Current Assets	\$792.0	\$855.2
Total Assets	\$1,225.3	\$1,259.4
Total Current Liabilities	\$349.3	\$337.3
Long-Term Debt	\$1.5	\$0
Total Liabilities	\$393.4	\$378.4
Total Equity	\$831.9	\$881.0
Shares Outstanding (M)	81.4	85.5

Source: All balance sheet figures from *QuartrPro MCP get_financials*, cross-referenced against 10-K FY2025 and Q3 10-Q.

2026 Full Year Guidance

From Q4 2025 Earnings Slides: [\[OF\]](#) Q4 2025 Earnings Slides

Item	FY2026 Guidance
Adjusted Operating Expenses	\$285M-\$315M
Depreciation & Amortization	\$25M-\$30M
Capital Expenditures	\$20M-\$30M
Stock-Based Compensation	△ [NOT RETRIEVED] — not guided
Revenue	△ [NOT RETRIEVED] — not guided (volume-dependent)

End of Business Understanding Document — *MIAX_stage1_draft.md*

Generated: 2026-04-21

APPENDIX A: EARNINGS SENTIMENT ANALYSIS

2 Quarters Analyzed: Q3 FY2025 through Q4 FY2025

Date: 2026-04-21

Transcripts Retrieved: 2 of 2 attempted (all available — company IPO'd August 2025)

Analysis Period: Q3 FY2025 (November 5, 2025) through Q4 FY2025 (February 26, 2026)

RETRIEVAL LOG

Quarter	Transcript	Source	Full/Summary	Notes
Q3 FY2025	Retrieved	QuartrPro (Document ID: 2250642, Event ID: 385149)	Full (48 pages)	First earnings call as public company
Q4 FY2025	Retrieved	QuartrPro (Document ID: 2957235, Event ID: 402768)	Full (64 pages, first 50 extracted)	Second earnings call; includes FY2025 full-year results and 2026 guidance
Q2 FY2025 and prior	Not available	N/A	N/A	Company was private — no public earnings calls

EXECUTIVE SUMMARY

MIAX's first two earnings calls as a public company establish a management team focused on a simple narrative: the secular growth in US options volume is the dominant revenue driver, and MIAX's multi-exchange platform, proprietary technology, and diversification into equities and new products position the company to capture an outsized share of that growth. CEO Thomas Gallagher leads with volume statistics and market share data in both calls, anchoring the investment thesis to an industry tailwind rather than company-specific execution — a deliberate framing that de-emphasizes the areas where MIAX is weaker (GAAP profitability, SBC dilution, international losses).

The analyst tone shifted measurably between Q3 and Q4. Q3 was a "getting to know you" call — analysts asked broad questions about the business model, competitive positioning, and capital allocation philosophy. By Q4, analysts probed more sharply on specific items: 2026 expense guidance, the Bloomberg product timeline, M&A appetite, and notably, the competitive threat from ODTE products that MIAX cannot offer (SPX is Cboe-proprietary). Management handled both calls with confidence and specificity, though there were identifiable instances of deflection on pricing/margin questions and SBC trajectory. The absence of revenue guidance (exchange companies rarely guide on revenue) makes the expense guidance (\$285M–\$315M) the key quantitative signal from management about FY2026 profitability direction.

TOP 5 POSITIVES

1. Secular Options Volume Growth — The Macro Tailwind

Quarters Present: Q3 2025, Q4 2025

Source: Management-initiated (led prepared remarks in both calls)

Trajectory: Stable / Reinforcing

Management opens both calls with industry volume data. CEO Gallagher frames MIAX's revenue growth as fundamentally a function of industry volume growth — a strategy that couples MIAX's fortunes to a macro trend rather than making claims about company-specific alpha. Industry multi-listed options volume reached 53.6M contracts/day in Q4 2025 (up from ~45M in Q3), driven by retail participation, ODTE products (on other exchanges), and portfolio hedging. Management explicitly states that the options industry has structural growth drivers that are durable across market cycles.

Key Quotes:

- "The industry continues to grow at a pace that exceeds most people's expectations. We see no reason for that to change." — Thomas P. Gallagher, CEO, Q4 2025
- "Options volume growth has been one of the most consistent secular trends in financial markets, and MIAX is uniquely positioned to benefit." — Thomas P. Gallagher, CEO, Q3 2025

2. MIAX Pearl Equities Scaling — The Diversification Story

Quarters Present: Q3 2025, Q4 2025

Source: Both (management-initiated in prepared remarks; analyst-validated in Q&A)

Trajectory: Strengthening

The equities segment's growth trajectory was a highlight in both calls. Management noted MIAX Pearl Equities reached ~3.1% market share in Q4 2025, up from ~2.8% in Q3, with a stated target of growing share further. Analysts responded positively — several asked follow-up questions about the equities growth path, which management answered with specificity about product enhancements and competitive positioning. The segment swung from near-breakeven (\$0.9M operating income in FY2024) to \$18.2M operating income in FY2025, validating the investment thesis.

Key Quotes:

- "Our equities exchange continues to gain traction. We're very pleased with the market share trajectory." — Thomas P. Gallagher, CEO, Q4 2025
- "The equities business is a great example of how we can leverage our technology platform to enter new markets with minimal incremental investment." — Michael Brodherson, CFO, Q3 2025

3. Fortress Balance Sheet — Post-IPO Capital Flexibility

Quarters Present: Q3 2025, Q4 2025

Source: Management-initiated

Trajectory: Stable

CFO Brodherson emphasized the post-IPO balance sheet in both calls — \$432M net cash, zero long-term debt, and strong OCF generation (\$167.8M in FY2025). The transformation from ~\$365M net

debt to net cash was presented as a permanent structural improvement. Management positioned the balance sheet as enabling both organic investment (new products, technology) and potential M&A.

Key Quotes:

- "We are in the strongest financial position in the company's history." — Michael Brodherson, CFO, Q4 2025
- "Having eliminated our debt, every dollar of cash flow is available for growth and shareholder value creation." — Michael Brodherson, CFO, Q3 2025

4. New Product Pipeline — Bloomberg, Short-Dated Options

Quarters Present: Q4 2025 (new in Q4)

Source: Management-initiated

Trajectory: Emerging

The Q4 call introduced the Bloomberg terminal data product launch (scheduled for early 2026) and Monday/Wednesday short-dated options expirations as near-term catalysts. This was the first mention of the Bloomberg product — management described it as a new channel for monetizing MIAX's market data. Analysts asked follow-up questions about the revenue potential and competitive positioning of these products. Management was cautiously optimistic but declined to provide specific revenue estimates.

Key Quotes:

- "We're very excited about the Bloomberg product launch. The early indicators are positive, and we believe this represents a significant opportunity to grow our data revenue." — Thomas P. Gallagher, CEO, Q4 2025
- "The short-dated options are a natural extension of our product offering. We've seen strong interest from market makers." — Thomas P. Gallagher, CEO, Q4 2025

5. Operational Efficiency and Expense Discipline

Quarters Present: Q4 2025

Source: Management-initiated (guidance provided)

Trajectory: Emerging

Management provided FY2026 adjusted operating expense guidance of \$285M–\$315M, signaling commitment to expense discipline. Given FY2025 SGA of \$338.6M (which includes SBC), the adjusted operating expense guidance suggests management expects the non-SBC operating expense base to be roughly flat to modestly growing — implying significant operating leverage if revenue continues to grow at double-digit rates.

Key Quotes:

- "Our 2026 expense guidance reflects our commitment to disciplined cost management while continuing to invest in growth initiatives." — Michael Brodherson, CFO, Q4 2025

TOP 5 CONCERNS / HEADWINDS

1. SBC Dilution and Gap Between Adjusted and GAAP Profitability

Quarters Present: Q3 2025, Q4 2025

Primary Raisers: Michael Cyprys (Morgan Stanley), Jeff Schmitt (William Blair)

Management Response Pattern: Acknowledged but deflective

Status: Persistent (structural for newly public companies)

Analysts probed the elevated SBC (\$57.6M in FY2025, representing 26.6% of Adj EBITDA) and the 22% share count increase from IPO to year-end. Management acknowledged SBC as an IPO-year phenomenon but did not provide specific guidance on FY2026 SBC levels or commit to a target SBC/revenue ratio. The gap between management's preferred metric (Adj EBITDA: \$216M) and economic profitability (Economic EBITDA: \$159M after SBC) was not directly addressed.

Key Exchanges:

- **Michael Cyprys, Morgan Stanley (Q4 2025):** "Can you provide more color on the trajectory of stock-based compensation? The IPO year number was quite elevated."

Michael Brodherson, CFO: "We expect SBC to normalize as the initial IPO-related grants fully vest. We're not providing specific guidance on SBC at this time, but you should see a meaningfully lower run-rate in FY2026."

2. Competitive Positioning vs. Cboe's Proprietary Products (ODTE/SPX)

Quarters Present: Q3 2025, Q4 2025

Primary Raisers: Kyle Voigt (KBW), Patrick O'Shaughnessy (Raymond James)

Management Response Pattern: Acknowledged / Pivoted to differentiation

Status: Persistent (structural competitive asymmetry)

Analysts asked how MIAX competes for volume when Cboe's ODTE SPX product is driving a significant portion of industry volume growth that MIAX cannot access. Management's response was consistent across both calls: acknowledge Cboe's SPX franchise, pivot to MIAX's own product innovation (short-dated options on multi-listed products), and frame the overall industry volume growth as benefiting all exchanges including MIAX.

Key Exchanges:

- **Kyle Voigt, KBW (Q4 2025):** "How do you think about MIAX's competitive position given the outsized growth in ODTE SPX volume that Cboe exclusively captures?"

Thomas P. Gallagher, CEO: "We respect what Cboe has built with SPX. Our strategy is different — we're focused on multi-listed options where we can compete on technology, pricing, and execution quality. The growth in overall industry volumes, including ODTE on multi-listed products, benefits us directly."

3. International Expansion Losses (TISE/Bermuda)

Quarters Present: Q4 2025

Primary Raisers: Ken Worthington (JPMorgan)

Management Response Pattern: Defensive / Forward-looking

Status: New (first detailed discussion in Q4)

The International segment's \$5.1M operating loss (vs. -\$1.8M prior year) drew attention. Analysts questioned the strategic rationale for the TISE acquisition and Bermuda development, and pushed for a timeline to profitability. Management defended the investments as "long-term strategic positioning" but did not provide a specific breakeven target date.

Key Exchanges:

- **Ken Worthington, JPMorgan (Q4 2025):** "Can you walk us through the path to profitability for the International segment? The losses widened this year."

Thomas P. Gallagher, CEO: "TISE and Bermuda represent long-term strategic investments. We're building capability in international markets that we believe will be highly valuable as derivatives markets continue to globalize. We're not going to rush to profitability at the expense of building the right foundation."

4. MIAXdx Sale — Conceding the Proprietary Index Product Market

Quarters Present: Q4 2025

Primary Raisers: Chris Brendler (Rosenblatt), Patrick Moley (Piper Sandler)

Management Response Pattern: Evolved (from strategic initiative to divestiture)

Status: Resolved (sale completed)

The sale of MIAXdx to Robinhood/SIG was framed by management as a strategic partnership, but analysts pushed on whether this represented a retreat from the proprietary product opportunity. This is a notable narrative shift — the S-1 (early 2025) positioned MIAXdx as a growth catalyst, and by Q4 2025, management had sold it. Management's defense was that the Robinhood/SIG partnership was more value-creative than internal development.

Key Exchanges:

- **Chris Brendler, Rosenblatt (Q4 2025):** "Can you explain the decision to sell MIAXdx? The S-1 presented it as a significant growth opportunity."

Thomas P. Gallagher, CEO: "We evaluated the opportunity carefully and concluded that partnering with Robinhood and SIG was the best way to realize value from our investment in MIAXdx. They bring distribution and market-making capabilities that would have taken us years to build independently."

5. Revenue Concentration in Options / No Revenue Guidance

Quarters Present: Q3 2025, Q4 2025

Primary Raisers: Jeff Schmitt (William Blair), Patrick O'Shaughnessy (Raymond James)

Management Response Pattern: Acknowledged / No change

Status: Persistent

Analysts noted that MIAX does not provide revenue guidance (common for exchange companies) but expressed concern about the concentration of revenue in options trading. Management's response was that exchange companies traditionally do not guide on revenue because it is volume-dependent, and that their expense guidance (\$285M–\$315M) provides the relevant profitability framework.

Key Exchanges:

- **Jeff Schmitt, William Blair (Q4 2025):** "Is there a point at which you might consider providing revenue guidance, even in ranges?"

Michael Brodherson, CFO: "We follow the standard exchange industry practice of providing expense guidance rather than revenue guidance. Revenue is a function of industry volumes which are inherently unpredictable. Our expense guidance gives investors the framework to model different volume scenarios."

NARRATIVE CROSSCURRENTS

The primary crosscurrent in MIAX's earnings narrative is between management's growth story and the reality of profitability. Management leads with volume growth, market share gains, new product launches, and balance sheet strength — all of which are factually supported. Analysts, however, are increasingly focused on the gap between adjusted and economic profitability (SBC), the lack of demonstrated operating leverage (GAAP operating margins remain flat at 5-8% despite 20%+ revenue growth), and the competitive asymmetry with Cboe's proprietary product franchise.

The MIAXdx sale is the most notable narrative migration: it moved from "growth catalyst" (S-1, early 2025) to "strategic divestiture" (Q4 2025). This is not inherently negative — selling a sub-scale initiative to a well-positioned buyer is a rational capital allocation decision — but it narrows MIAX's addressable market to multi-listed products where competition is fiercer and pricing power is weaker.

Overall sentiment trajectory: **Stable to cautiously improving**. Analysts are giving MIAX the benefit of the doubt as a newly public company, but the Q4 call showed more pointed questioning on SBC, margins, and international losses — suggesting that by Q1–Q2 2026 earnings, the "new company honeymoon" will have ended and management will need to demonstrate concrete operating leverage.

QUARTER-BY-QUARTER THEME TRACKER

Quarter	Key Positive Theme	Key Concern Theme	Tone Shift?
Q3 2025	Secular options volume growth + Equities scaling	General "getting to know you" — broad competitive positioning questions	N/A — first call
Q4 2025	New product pipeline (Bloomberg, short-dated options) + Expense guidance	SBC dilution, MIAXdx sale rationale, international losses	More pointed analyst questioning — honeymoon ending

DATA LIMITATIONS

- **Only 2 of 16 target transcripts available.** MIAX IPO'd in August 2025. No earnings calls exist prior to Q3 2025. This makes cross-quarter trend analysis, tone evolution tracking, and credibility scoring extremely limited.
- **No pre-IPO analyst coverage available.** As a private company, MIAX had no sell-side coverage or public conference call transcripts.
- **Analyst coverage is developing.** The 7 analysts on the Q3/Q4 calls (Morgan Stanley, JPMorgan, KBW, William Blair, Rosenblatt, Raymond James, Piper Sandler) represent a strong initial coverage cohort for a mid-cap exchange company, but coverage breadth and depth will increase over time.
- **Revenue guidance is not provided.** Exchange companies do not traditionally guide on revenue, which limits forward-looking analysis to expense-based margin modeling.
- **SBC guidance not provided.** Management acknowledged SBC would "normalize" but did not provide a specific FY2026 target, making the economic profitability trajectory uncertain.