



First Quarter 2023 Earnings Presentation

OTCQX: OTCM

OTC Markets

May 10, 2023

Earnings Call Agenda

I. Strategic Overview

II. Financial Review:
Q1 2023 Results

III. Q&A



Cromwell Coulson
President,
Chief Executive Officer



Antonia Georgieva
Chief Financial Officer



Dan Zinn
General Counsel &
Chief of Staff

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This conference call and presentation materials may contain forward-looking statements about the Company's future plans, expectations, and objectives concerning, but not limited to, the Company's expected financial results for 2023. Words such as may, will, expect, intend, anticipate, plan, believe, could, estimate, and variations of these words and similar expressions are intended to identify as forward-looking statements. These forward-looking statements are not historical facts and are subject to risks and uncertainties that could cause the actual results to differ materially from those predicted in these forward-looking statements. These risks and uncertainties could include, but are not limited to, the risk factors described in the Risk Factors section of the Company's Annual Report for the year ended December 31, 2022. The Company does not intend and undertakes no obligation to update its forward-looking statements to reflect future events or circumstances.

In addition to disclosing results prepared in accordance with GAAP, the Company also discloses certain non-GAAP results of operations, including adjusted EBITDA and adjusted diluted earnings per share that either exclude or include amounts that are described in the reconciliation table of GAAP to non-GAAP information provided at the end of our first quarter 2023 earnings press release. The Company also uses adjusted operating margin. The Non-GAAP financial measures do not replace and are not superior to the presentation of GAAP financial results but are provided to improve overall understanding of the Company's current financial performance. Management believes that this non-GAAP information is useful to both management and investors regarding certain additional financial and business trends related to the operating results. Management uses this non-GAAP information, along with GAAP information, in evaluating its historical operating performance.

Financial Trends and Highlights

OTC Link

19%

vs 21% Q1 2022

Market Data
Licensing

39%

vs 33% Q1 2022

Corporate
Services

42%

vs 46% Q1 2022

OTC Markets

Gross Revenue
\$28.0M, ▲ 8%

Net Income
\$6.3M, ▼ 17%

Operating Margin
▼ 9 pct points

Our Strategic Initiatives for 2023



**One Team on
One Platform
to
Build the Value
of One Share**



**Commercialize
Regulated
Market
Operator Role
&
Deliver Visible
Client Value**



**Prioritize
Client-facing
Application
Development
&
Improving our
Data**



**Improve OTC
Link
Functionality
&
Reduce
Operational
Exposure and
Risk**

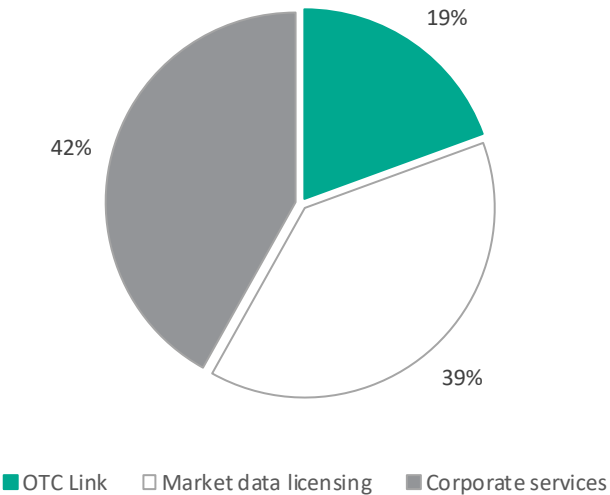
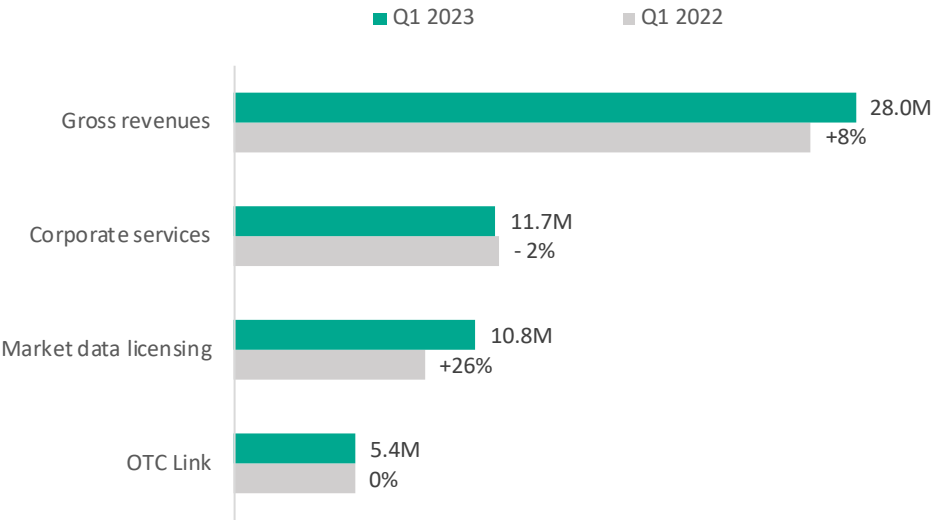


**Strong
Net Revenue
Growth
&
Sustainable
Long-term
Per Share
Earnings**

Financial Review

Q1 2023 Results

Q1 2023 Revenue



Individual amounts may not sum up to the total amounts due to rounding

Corporate Services

- 2%

+ 4% OTCQX
+ 1% OTCQB
- 12% DNS

Pro Users Revenue

+ 1%

BD License Revenues
+ 4%

ECN & NQB Revenue

+ 12%

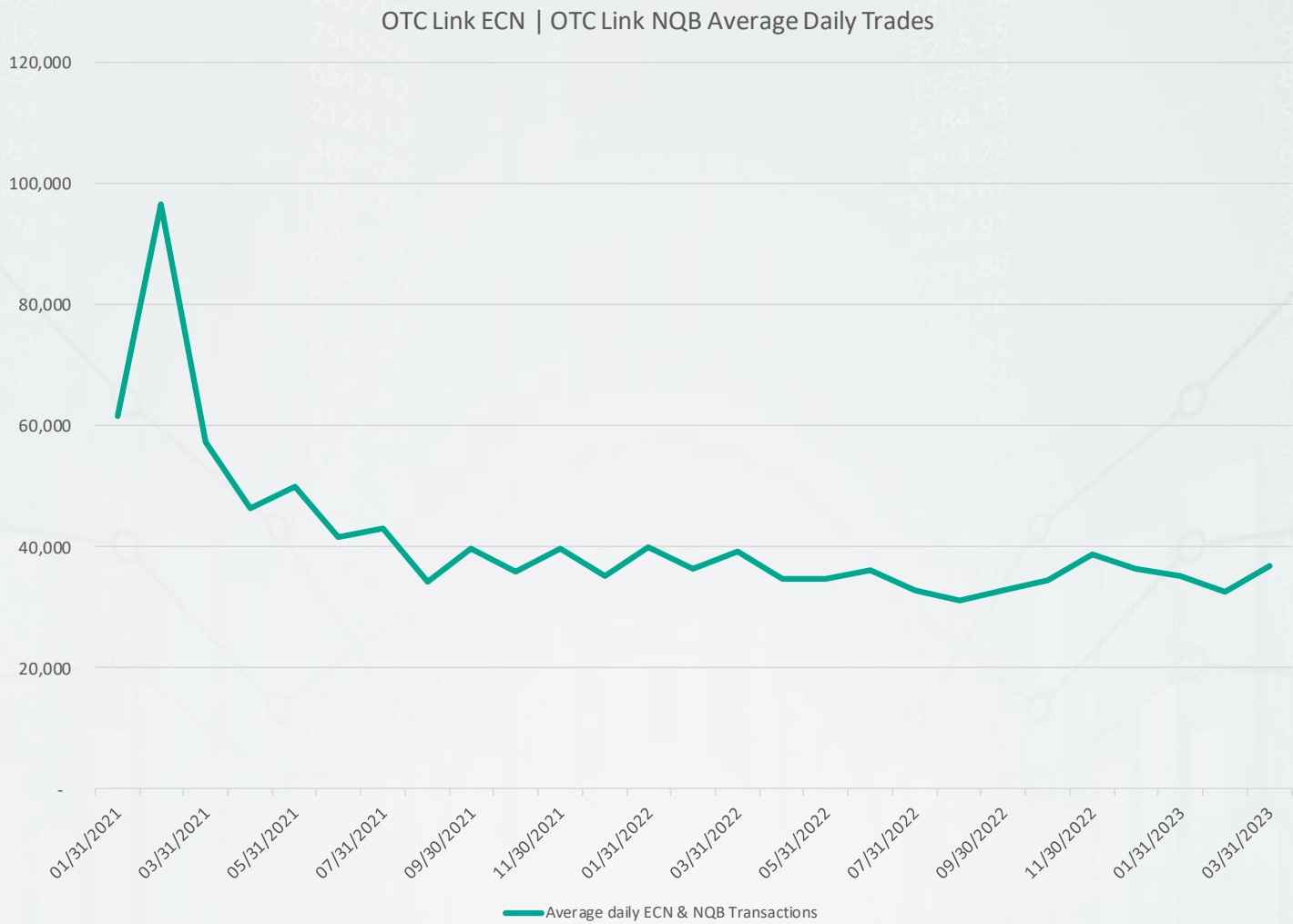
35k Avg Daily Trades
vs 39k PYQ

Non-Pro Users Revenue

- 31%

13,353 users
- 30% vs PYQ

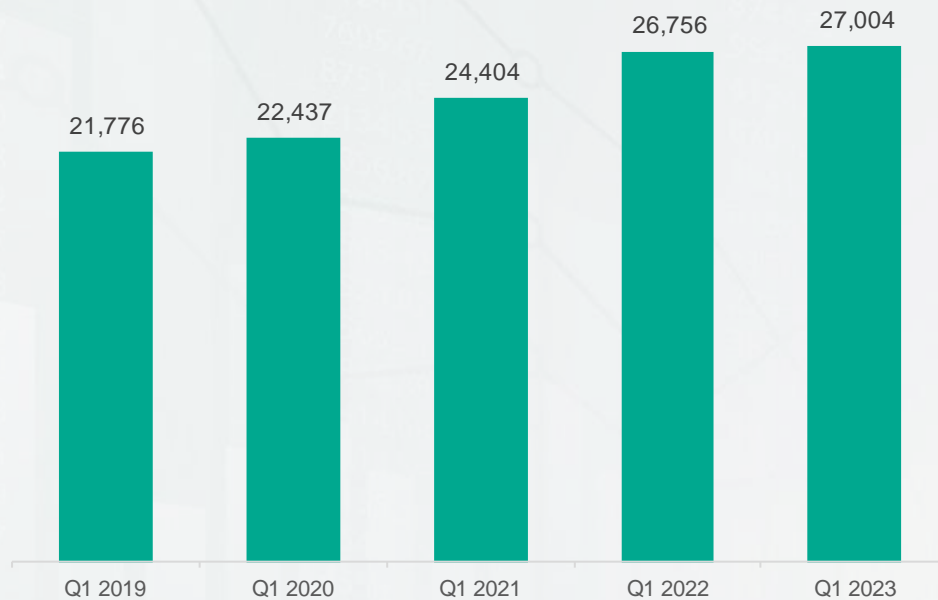
OTC Link ECN and OTC Link NQB Volume Trends



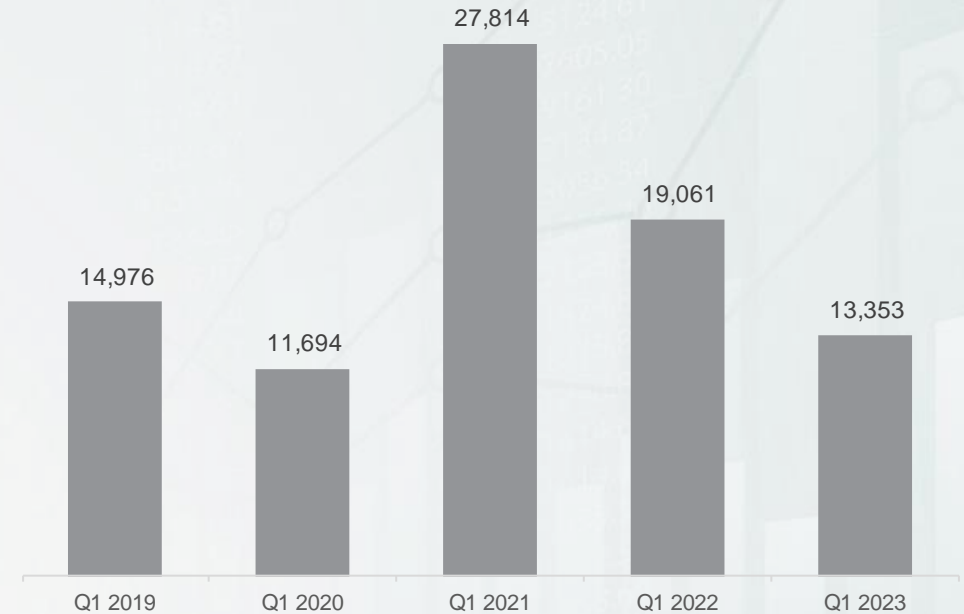
Market Data Licensing Subscribers

5-year Historical Trend in Pro and Non-pro Users

Professional Users



Non-Professional Users



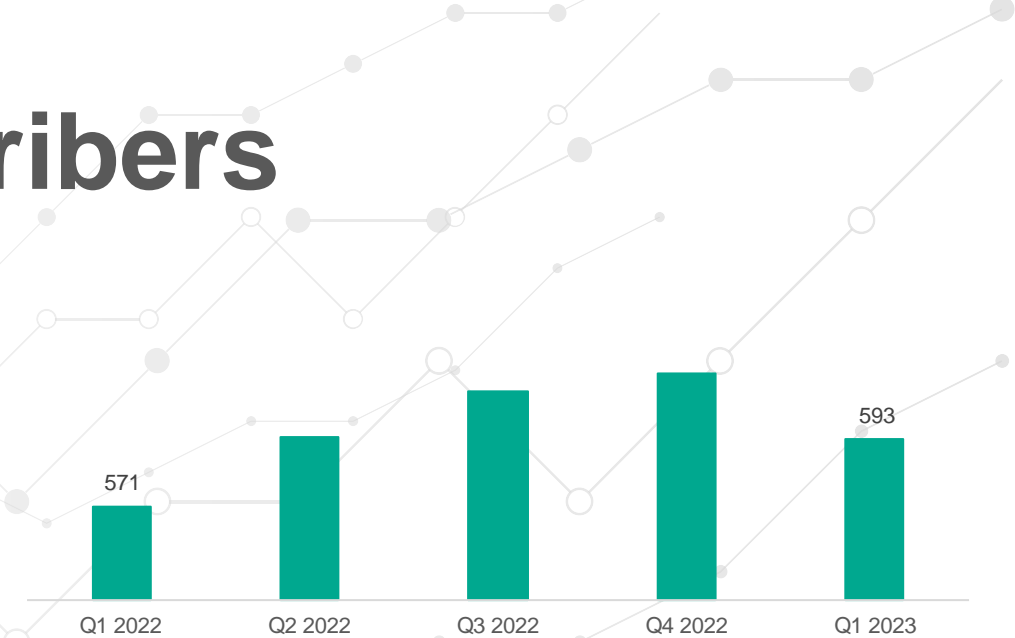
Corporate Services: Subscribers

OTC QX®

95% 2023 Renewal Rate vs.
96% for 2022



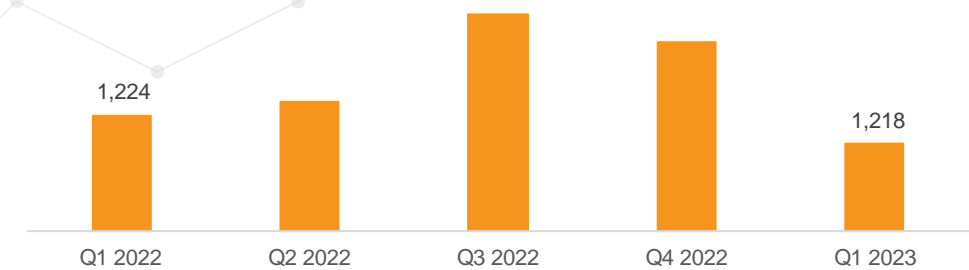
The Best Market
593 Companies
Up 4% YoY



OTC QB®



The Venture Market
1,218 Companies
Down <1% YoY



Pink

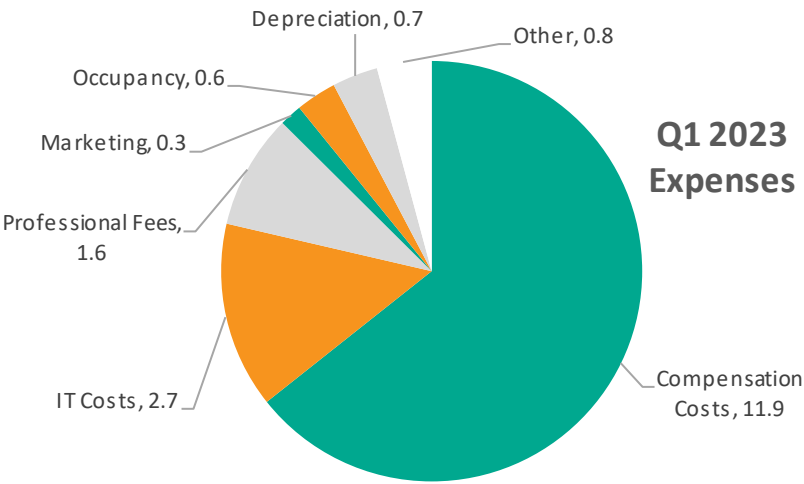
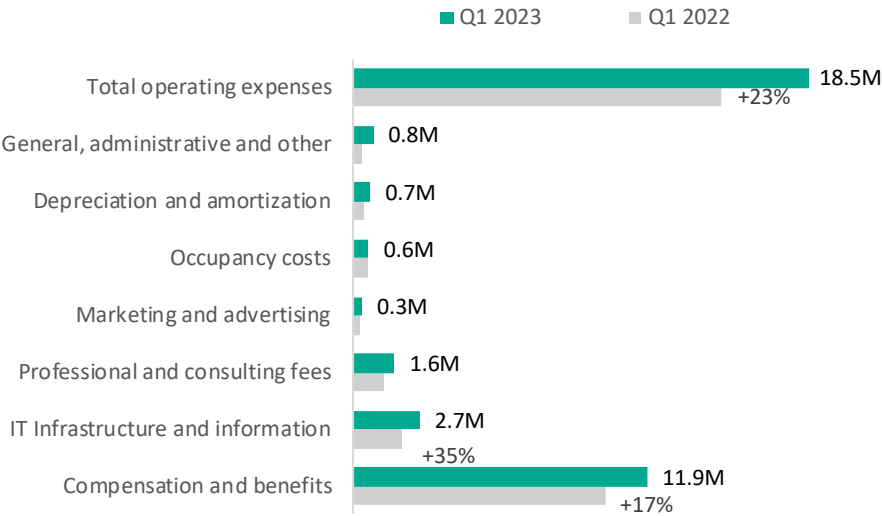


The Pink Market
1,509 Companies*
Down 5% YoY



* Note: Number of companies subscribing to our services at period end

Q1 2023 Expenses



Individual amounts may not sum up to the total amounts due to rounding

OpEx (ex DEPR) as
% of Gross Revenue

64%

vs 56%
for the PYQ

Operating Margin

25.4%
~29% ex one-time
of ~\$900k

vs 34.4%
for the PYQ

Compensation as %
of OpEx

64%

vs 68%
for the PYQ

Headcount

132

Up 20 vs 112 PYQ

Q1 2023 Highlights

Gross Revenues

28.0M

+8%

Operating Expenses
18.5M +23%

Revenues less
transaction-based
expenses

25.4M

+8%

Effective Tax Rate

10.6%

vs 11.9% PYQ

Adjusted EBITDA

9.2M

\$0.75 per Diluted Share

Operating Income

6.9M

- 20%

Operating Margin
- 9 pct points

Net Income

6.3M

- 17%

Fully Diluted
GAAP EPS \$0.52

Cash Used in
Operations

416k

vs Cash Provided 502k
PYQ

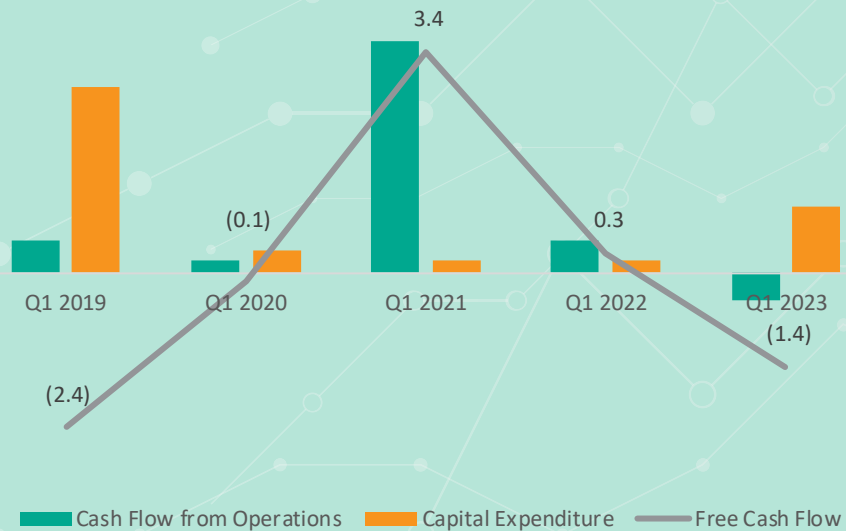
Cash Returned to
Shareholders

5.5M

+ 13% vs PYQ

Cash Flows & Capital Allocation Strategy

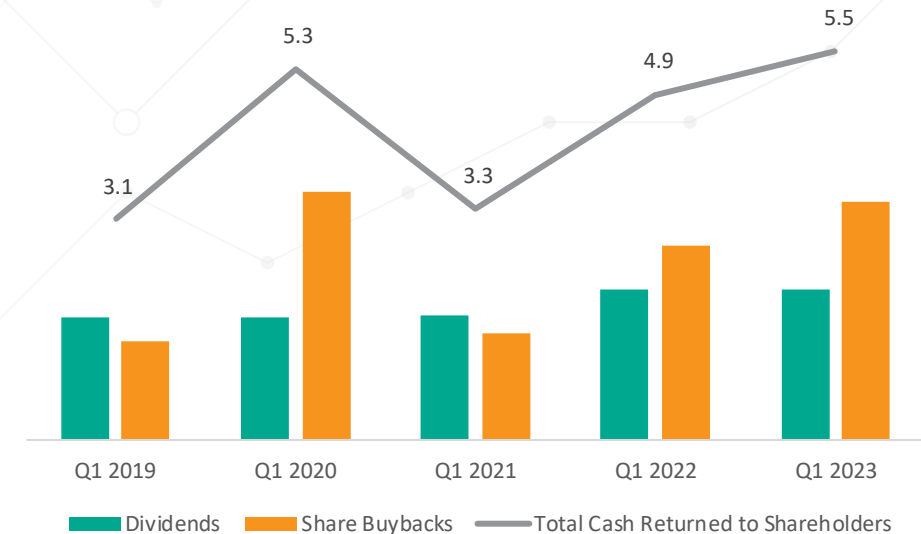
Free Cash Flow*



Invest in our people and platform to deliver long term sustainable growth in earnings and free cash flow per share

* Q1 2019 Capital Expenditure excludes \$0.7 million in cash paid for the acquisition of Qaravan®

Shareholder Returns



Grow shareholder returns and utilize buybacks to reduce the dilutive impact of our equity compensation program

Questions & Answers

Appendix

Balance Sheet Summary

(in thousands)	March 31, 2023	December 31, 2022	Net Change
Assets			
Cash and cash equivalents	\$ 29,884	\$ 37,368	\$ (7,484)
Accounts receivable, net of allowance for credit losses of \$812 and \$638	9,284	9,485	(201)
Other current assets	2,082	1,528	554
Total current assets	41,250	48,381	(7,131)
Property and equipment, net	8,717	8,637	80
Other assets	33,275	32,600	675
Total Assets	\$ 83,242	\$ 89,618	\$ (6,376)
Liabilities and stockholders' equity			
Current liabilities	\$ 37,914	\$ 45,848	\$ (7,934)
Other liabilities	13,670	13,966	(296)
Total Liabilities	51,584	59,814	(8,230)
Total Stockholders' Equity	31,658	29,804	1,854
Total Liabilities and Stockholders' Equity	\$ 83,242	\$ 89,618	\$ (6,376)

Income Statement Summary

(in thousands, except share and per share information)	Three Months Ended March 31,		% change
	2023	2022	
OTC Link	\$ 5,445	\$ 5,433	0%
Market data licensing	10,842	8,583	26%
Corporate services	11,740	11,933	-2%
Gross revenues	28,027	25,949	8%
Redistribution fees and rebates	(796)	(788)	1%
Net revenues	27,231	25,161	8%
Transaction-based expenses	(1,785)	(1,515)	18%
Revenues less transaction-based expenses	25,446	23,646	8%
Operating expenses			
Compensation and benefits	11,914	10,223	17%
IT Infrastructure and information services	2,651	1,958	35%
Professional and consulting fees	1,635	1,217	34%
Marketing and advertising	318	278	14%
Occupancy costs	579	595	-3%
Depreciation and amortization	650	440	48%
General, administrative and other	776	291	167%
Total operating expenses	18,523	15,002	23%
Income from operations	6,923	8,644	-20%
Other income			
Interest income	141	-	
Other income, net	6	-	
Income before provision for income taxes	7,070	8,644	-18%
Provision for income taxes	751	1,030	-27%
Net Income	\$ 6,319	\$ 7,614	-17%
Earnings per share			
Basic	\$ 0.53	\$ 0.64	-17%
Diluted	\$ 0.52	\$ 0.62	-16%
Basic weighted average shares outstanding	11,642,968	11,599,997	0%
Diluted weighted average shares outstanding	11,866,646	11,926,344	-1%

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except share and per share information)	Three Months Ended March 31,		
	2023	2022	% change
Net Income	\$ 6,319	\$ 7,614	-17%
Excluding:			
Interest Income	(141)	-	-
Provision for income taxes	751	1,030	-27%
Depreciation and amortization	650	440	48%
Stock-based compensation expense	1,574	1,195	32%
Adjusted EBITDA	<u>\$ 9,153</u>	<u>\$ 10,279</u>	-11%
Adjusted diluted earnings per share	\$ 0.75	\$ 0.84	-11%

Note: We use non-GAAP financial measures of operating performance. Non-GAAP measures do not replace and are not superior to the presentation of our GAAP financial results, but are provided to improve overall understanding of the Company's current financial performance.

Cash Flow Summary

	Three Months Ended March 31,				
(in thousands)	2023	2022	2021	2020	2019
Cash Flow from Operations	(416)	502	3,566	200	481
Capital Expenditure	(1,025)	(194)	(180)	(344)	(2,861)
Free Cash Flow	\$ (1,441)	\$ 308	\$ 3,386	\$ (144)	\$ (2,380)
Dividends Paid	(2,145)	(2,133)	(1,765)	(1,748)	(1,743)
Share Buybacks	(3,379)	(2,776)	(1,522)	(3,520)	(1,390)
Other	(515)	(454)	(320)	(151)	(928)
Uses of free cash flow	(6,039)	(5,363)	(3,607)	(5,419)	(4,061)
Net change in cash, cash equivalents, and restricted cash	(7,480)	(5,055)	(221)	(5,563)	(6,441)