



Third Quarter 2023 Earnings Presentation

OTCQX: OTCM

OTC Markets

November 9, 2023

Earnings Call Agenda

I. Strategic Overview

II. Financial Review:
Q3 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 third quarter 2023 earnings press release. 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

17%

vs 19% Q3 2022

Market Data
Licensing

41%

vs 35% Q3 2022

Corporate
Services

42%

vs 46% Q3 2022

OTC Markets

Gross Revenue
\$27.0M, ▲ 4%

Net Income
\$7.4M, ▲ 3%

Operating Margin
▼ 3 pct points

Our Strategic Initiatives for 2023



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



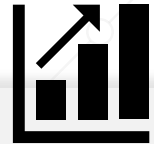
**Commercialize
Regulated
Market
Operator Role
&
Deliver Visible
Client Value**



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



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

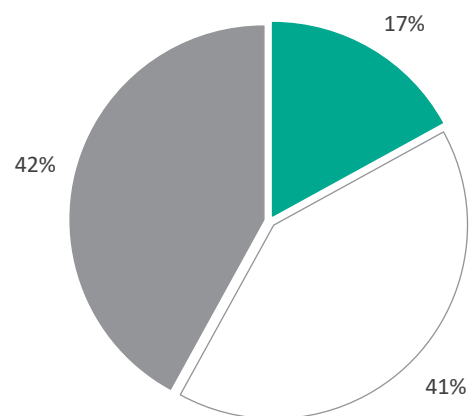
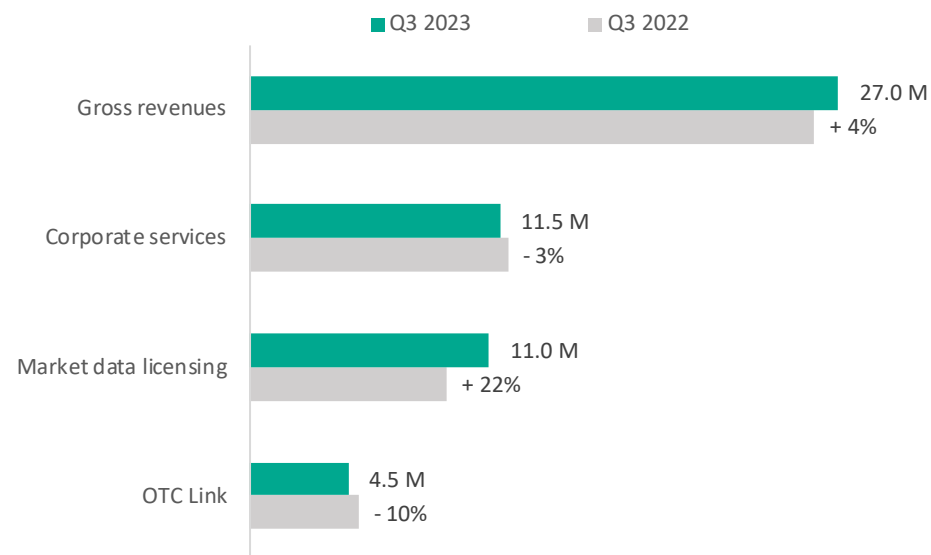


**Strong
Net Revenue
Growth
&
Sustainable
Long-term
Per Share
Earnings**

Financial Review

Q3 2023 Results

Q3 2023 Revenue



■ OTC Link □ Market data licensing ■ Corporate services

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

Corporate Services

- 3%

+ 1% OTCQX
- 6% OTCQB
- 5% DNS

Pro Users Revenue

+ 9%

BD License Revenues
+ 7%

ECN & NQB Revenue

- 12%

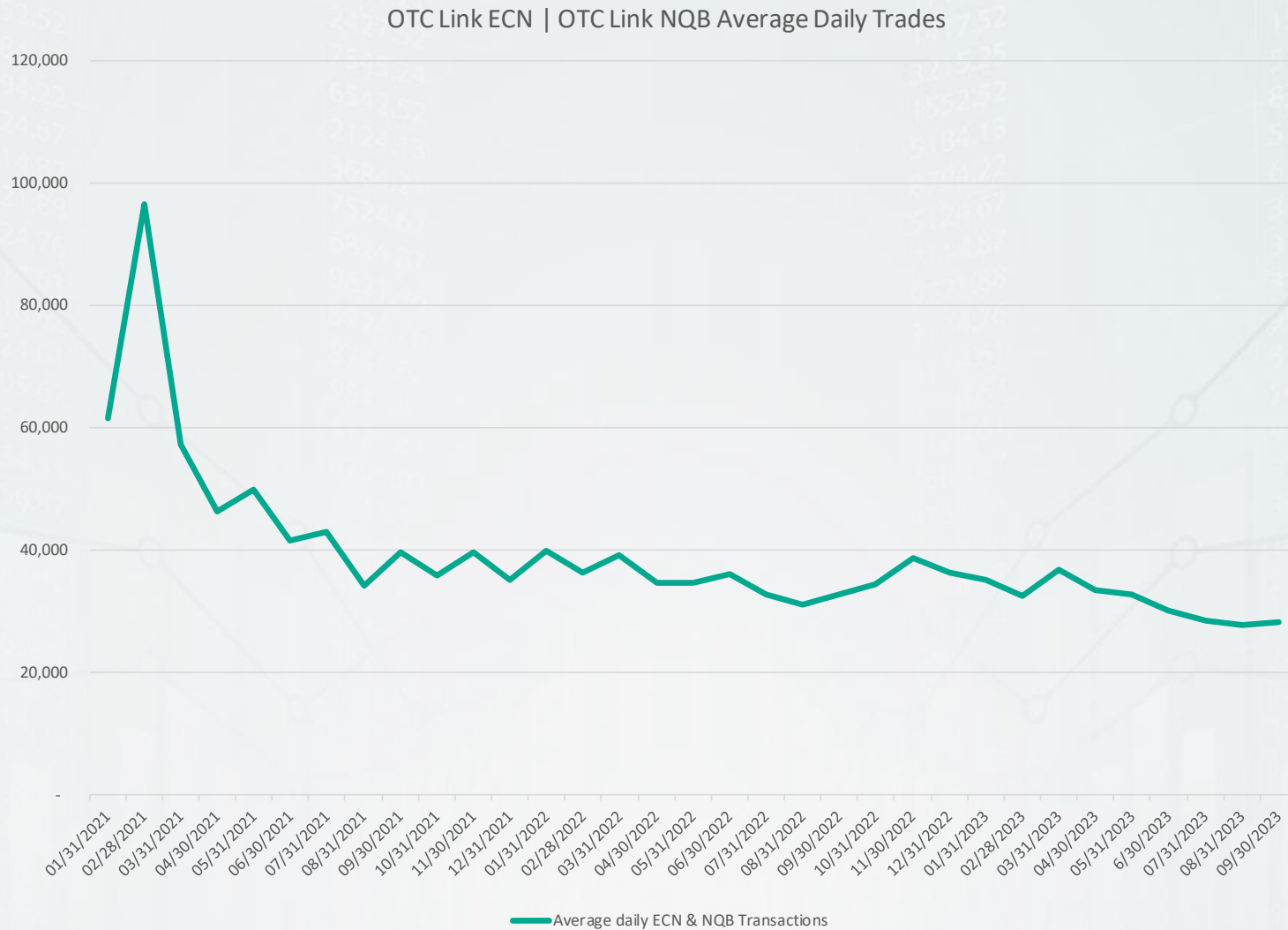
28k Avg Daily Trades
vs 32k PYQ

Non-Pro Users Revenue

- 24%

11,497 users
- 22% vs PYQ

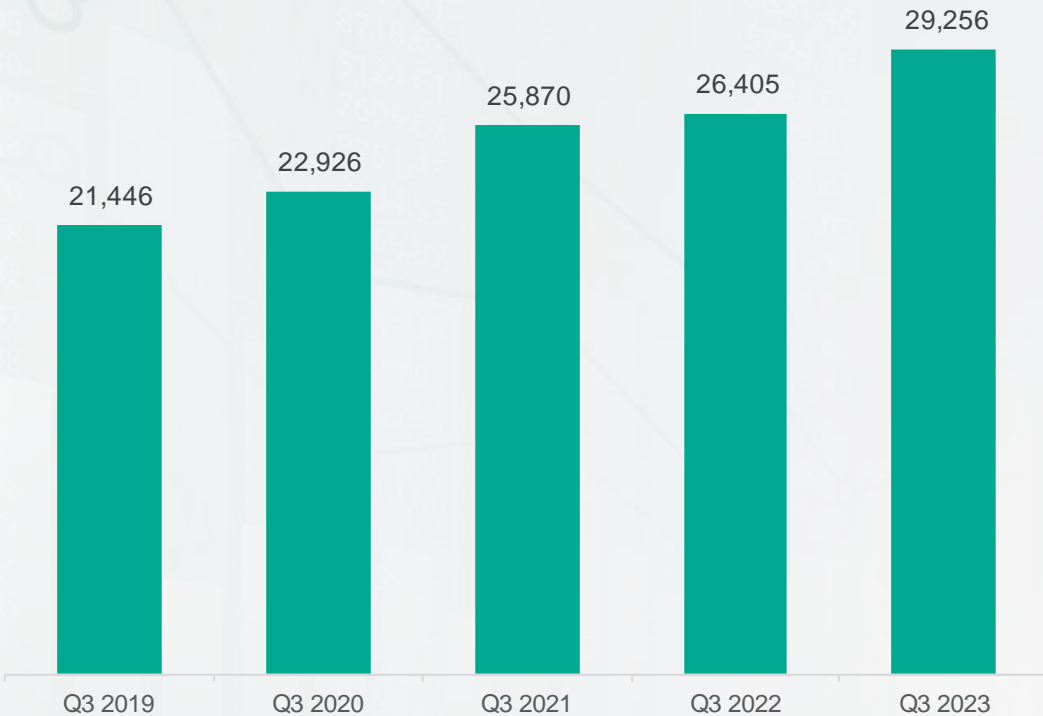
OTC Link ECN and OTC Link NQB Volume Trends



Market Data Licensing Subscribers

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

Professional Users



Non-Professional Users

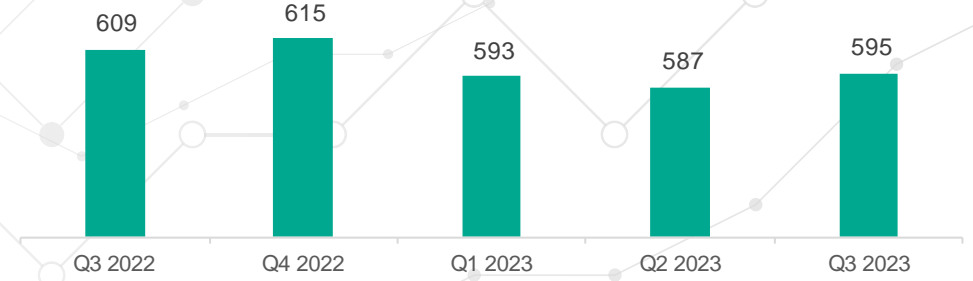


Corporate Services: Subscribers

OTC QX®



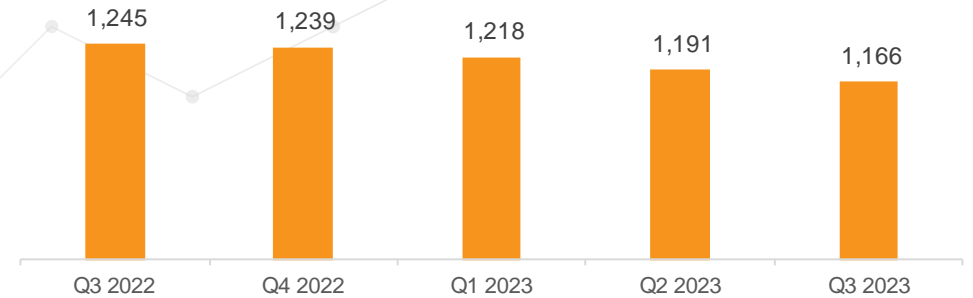
The Best Market
595 Companies
Down 2% YoY



OTC QB®



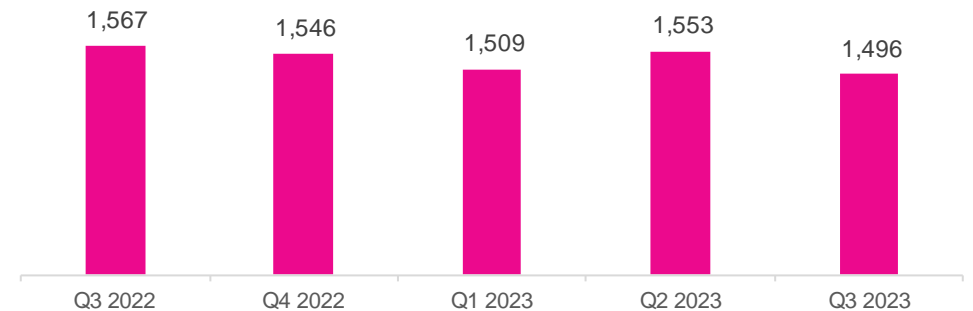
The Venture Market
1,166 Companies
Down 6% YoY



Pink

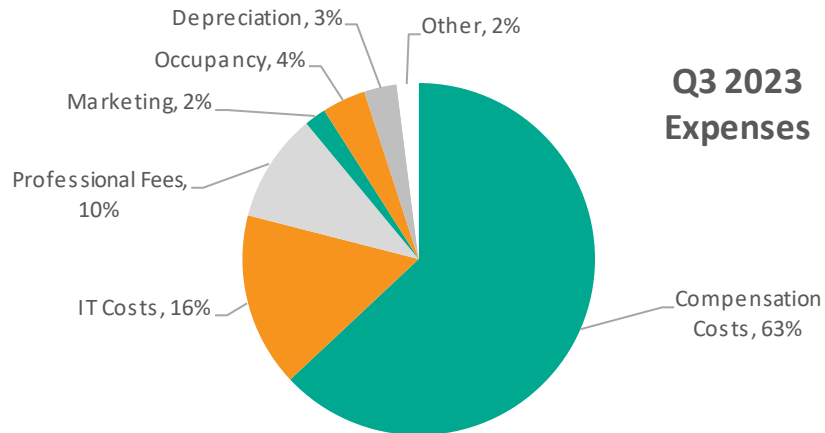
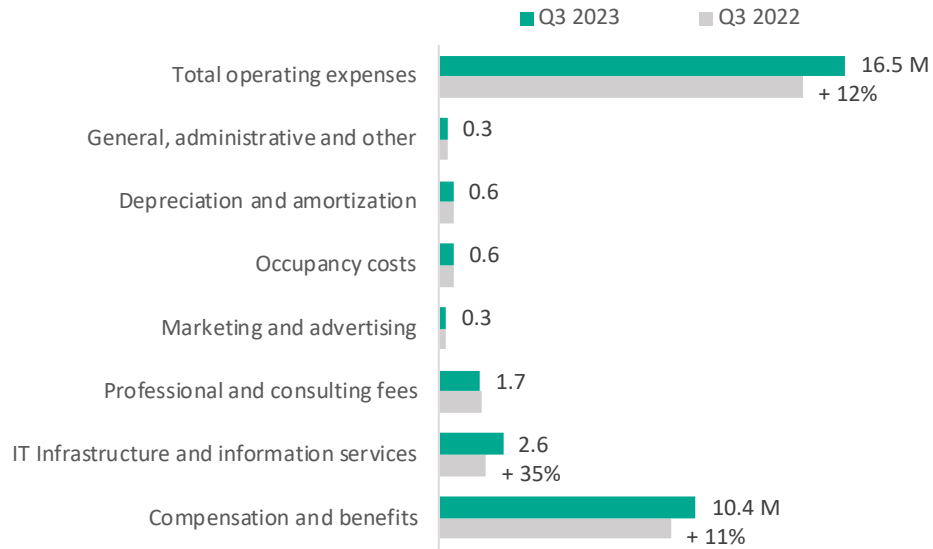


The Pink Market
1,496 Companies*
Down 5% YoY



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

Q3 2023 Expenses



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

OpEx (ex DEPR) as % of Gross Revenue

59%

vs 55% for the PYQ

IT and Info Services

+ 35%

Comp and IT & Info 79% of OpEx

Compensation as % of OpEx

63%

vs 64% for the PYQ

Headcount

132

Up 13 vs 119 PYQ

Q3 2023 Highlights

Gross Revenues

27.0M

+4%

Operating Expenses
16.5M +12%

Revenues less
transaction-based
expenses

25.1M

+5%

Operating Income

8.6M

- 5%

Operating Margin
32.7% vs 35.9% PYQ

Net Income

7.4M

+ 3%

Fully Diluted
GAAP EPS \$0.61

Effective Tax Rate

16.2%

vs 20.7% PYQ

Adjusted EBITDA

10.5M

\$0.87 per Diluted Share

Cash from Operations

7.9M

vs 9.2M PYQ

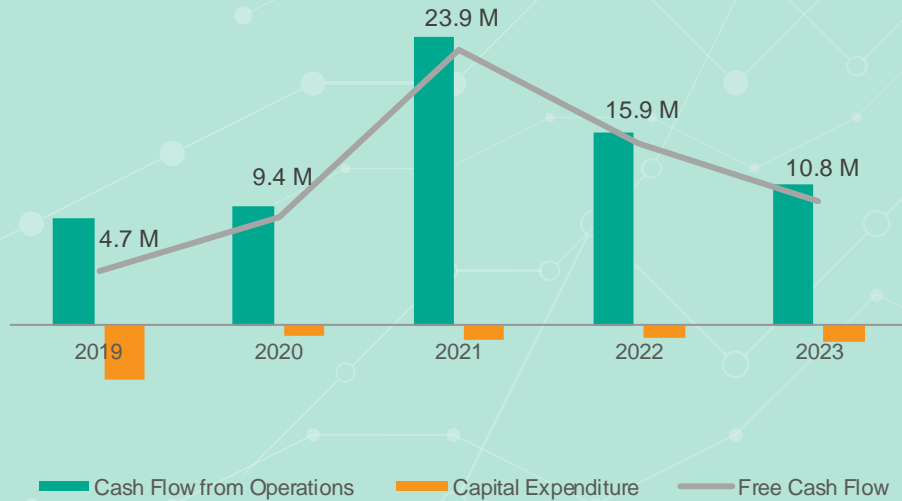
Cash Returned to
Shareholders

2.1M

unchanged to PYQ

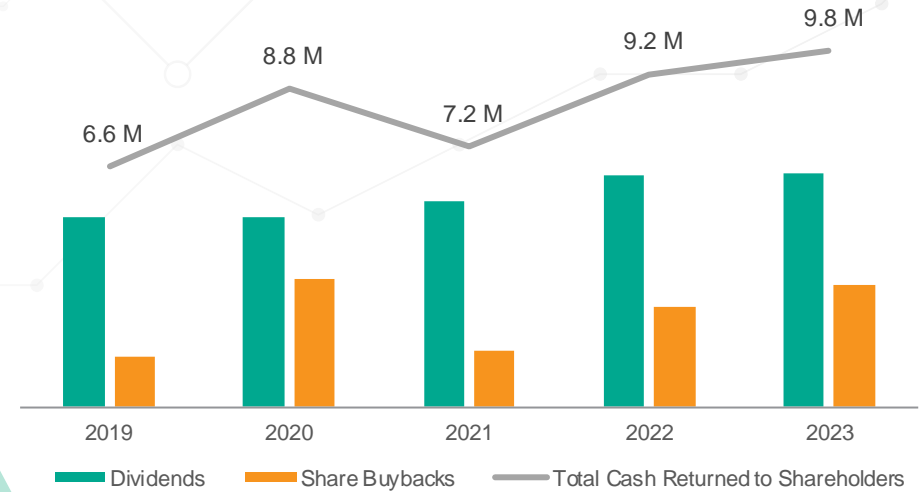
Cash Flows & Capital Allocation Strategy

Free Cash Flow*



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

Shareholder Returns



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

* YTD 2019 and 2022 Capital Expenditure excludes \$0.7 million \$11.6 million in cash paid for the acquisition of Qaravan® and Blue Sky Data Corp, respectively

Questions & Answers

Appendix

Balance Sheet Summary

(in thousands)	September 30, 2023	December 31, 2022	Net Change
Assets			
Cash and cash equivalents	\$ 35,168	\$ 37,368	\$ (2,200)
Short-term investments	\$ 2,201	\$ -	\$ 2,201
Accounts receivable, net of allowance for credit losses of \$489 and \$638	7,431	9,485	(2,054)
Other Current Assets	4,763	1,528	3,235
Total current assets	49,563	48,381	1,182
Property and equipment, net	8,745	8,637	108
Other Assets	33,182	32,600	582
Total Assets	\$ 91,490	\$ 89,618	\$ 1,872
Liabilities and stockholders' equity			
Current liabilities	\$ 34,510	\$ 45,848	\$ (11,338)
Other Liabilities	12,985	13,966	(981)
Total Liabilities	47,495	59,814	(12,319)
Total Stockholders' Equity	43,995	29,804	14,191
Total Liabilities and Stockholders' Equity	\$ 91,490	\$ 89,618	\$ 1,872

Income Statement Summary

(in thousands, except share and per share information)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% change	2023	2022	% change
OTC Link	\$ 4,532	\$ 5,027	(10)%	\$ 14,797	\$ 15,591	(5)%
Market data licensing	11,002	9,028	22 %	32,487	26,512	23 %
Corporate services	11,503	11,860	(3)%	35,006	35,751	(2)%
Gross revenues	27,037	25,915	4 %	82,290	77,854	6 %
Redistribution fees and rebates	(805)	(774)	4 %	(2,404)	(2,343)	3 %
Net revenues	26,232	25,141	4 %	79,886	75,511	6 %
Transaction-based expenses	(1,154)	(1,305)	(12)%	(4,194)	(4,178)	0 %
Revenues less transaction-based expenses	25,078	23,836	5 %	75,692	71,333	6 %
Operating expenses						
Compensation and benefits	10,436	9,431	11 %	33,007	28,699	15 %
IT Infrastructure and information services	2,592	1,917	35 %	8,013	5,769	39 %
Professional and consulting fees	1,678	1,690	(1)%	4,969	4,646	7 %
Marketing and advertising	292	294	(1)%	880	952	(8)%
Occupancy costs	599	584	3 %	1,769	1,776	0 %
Depreciation and amortization	572	556	3 %	1,844	1,492	24 %
General, administrative and other	336	327	3 %	1,406	1,056	33 %
Total operating expenses	16,505	14,799	12 %	51,888	44,390	17 %
Income from operations	8,573	9,037	(5)%	23,804	26,943	(12)%
Other income (expense)						
Interest income	233	1	n/m	532	2	n/m
Other income(expense), net	-	-	n/m	96	(10)	n/m
Income before provision for income taxes	8,806	9,038	(3)%	24,432	26,935	(9)%
Provision for income taxes	1,425	1,869	(24)%	3,772	4,750	(21)%
Net income	\$ 7,381	\$ 7,169	3 %	\$ 20,660	\$ 22,185	(7)%
Diluted earnings per share	\$ 0.61	\$ 0.60	2 %	\$ 1.70	\$ 1.83	(7)%
Adjusted diluted earnings per share	\$ 0.87	\$ 0.88	(1)%	\$ 2.48	\$ 2.61	(5)%
Diluted weighted average shares outstanding	11,865,856	11,866,903	0 %	11,860,384	11,886,407	0 %

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except share and per share information)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% change	2023	2022	% change
Net Income	\$ 7,381	\$ 7,169	3 %	\$ 20,660	\$ 22,185	(7)%
Excluding:						
Interest Income	(233)	(1)	n/m	(532)	(2)	n/m
Provision for income taxes	1,425	1,869	(24)%	3,772	4,750	(21)%
Depreciation and amortization	572	556	3 %	1,844	1,492	24 %
Stock-based compensation expense	1,397	1,066	31 %	4,365	3,240	35 %
Adjusted EBITDA	<u>\$ 10,542</u>	<u>\$ 10,659</u>	<u>(1)%</u>	<u>\$ 30,109</u>	<u>\$ 31,665</u>	<u>(5)%</u>
Adjusted diluted earnings per share	\$ 0.87	\$ 0.88	(1)%	\$ 2.48	\$ 2.61	(5)%

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

(in thousands)	Nine Months Ended September 30,				
	2023	2022	2021	2020	2019
Cash Flow from Operations	12,190	16,855	25,076	10,321	9,403
Capital Expenditure	(1,341)	(987)	(1,196)	(884)	(4,686)
Free Cash Flow	\$ 10,849	\$ 15,868	\$ 23,880	\$ 9,437	\$ 4,717
Dividends Paid	(6,437)	(6,403)	(5,651)	(5,247)	(5,236)
Share Buybacks	(3,379)	(2,776)	(1,522)	(3,520)	(1,390)
Other	(3,219)	(12,336)	(455)	(240)	(1,263)
Uses of free cash flow	(13,035)	(21,515)	(7,628)	(9,007)	(7,889)
Net change in cash	(2,186)	(5,647)	16,252	430	(3,172)

* YTD 2019 and 2022 Capital Expenditure excludes \$0.7 million and \$11.6 million in cash paid for the acquisition of Qaravan® and Blue Sky Data Corp, respectively