



# Second Quarter 2023 Earnings Presentation

OTCQX: OTCM

OTC Markets

August 3, 2023

# Earnings Call Agenda

I. Strategic Overview

II. Financial Review:  
Q2 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 second 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

18%

vs 20% Q2 2022

Market Data  
Licensing

39%

vs 34% Q2 2022

Corporate  
Services

43%

vs 46% Q2 2022

OTC Markets

Gross Revenue  
\$27.2M, ▲ 5%

Net Income  
\$7.0M, ▼ 6%

Operating Margin  
▼ 5 pct points

# Our Strategic Initiatives for 2023



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



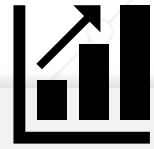
**Commercialize  
Regulated  
Market  
Operator Role  
&  
Deliver Visible  
Client Value**



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



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

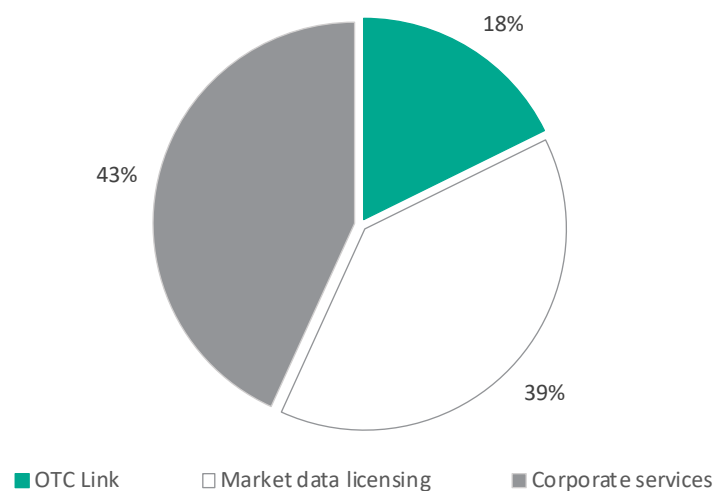
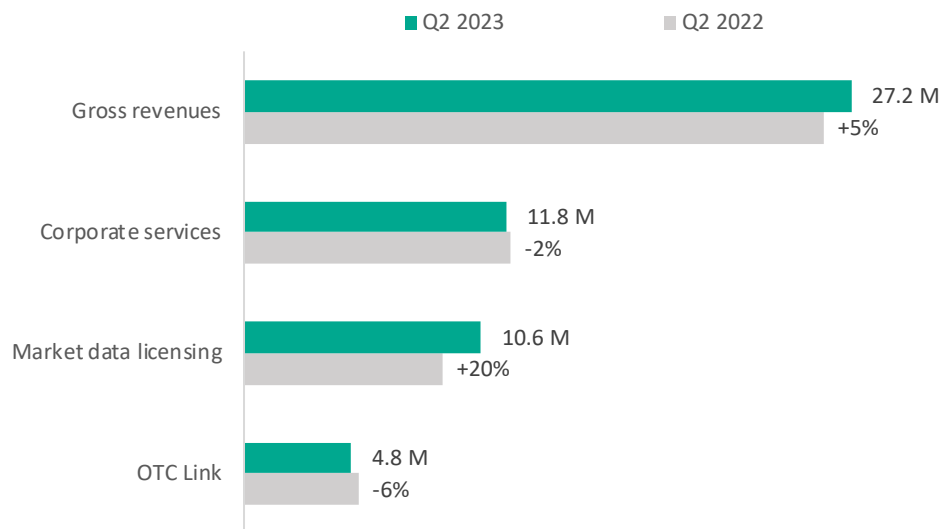


**Strong  
Net Revenue  
Growth  
&  
Sustainable  
Long-term  
Per Share  
Earnings**

# Financial Review

Q2 2023 Results

# Q2 2023 Revenue



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

## Corporate Services

**- 2%**

+ 5% OTCQX  
- 3% OTCQB  
- 7% DNS

## Pro Users Revenue

**+ 2%**

BD License Revenues  
**+ 4%**

## ECN & NQB Revenue

**- 4%**

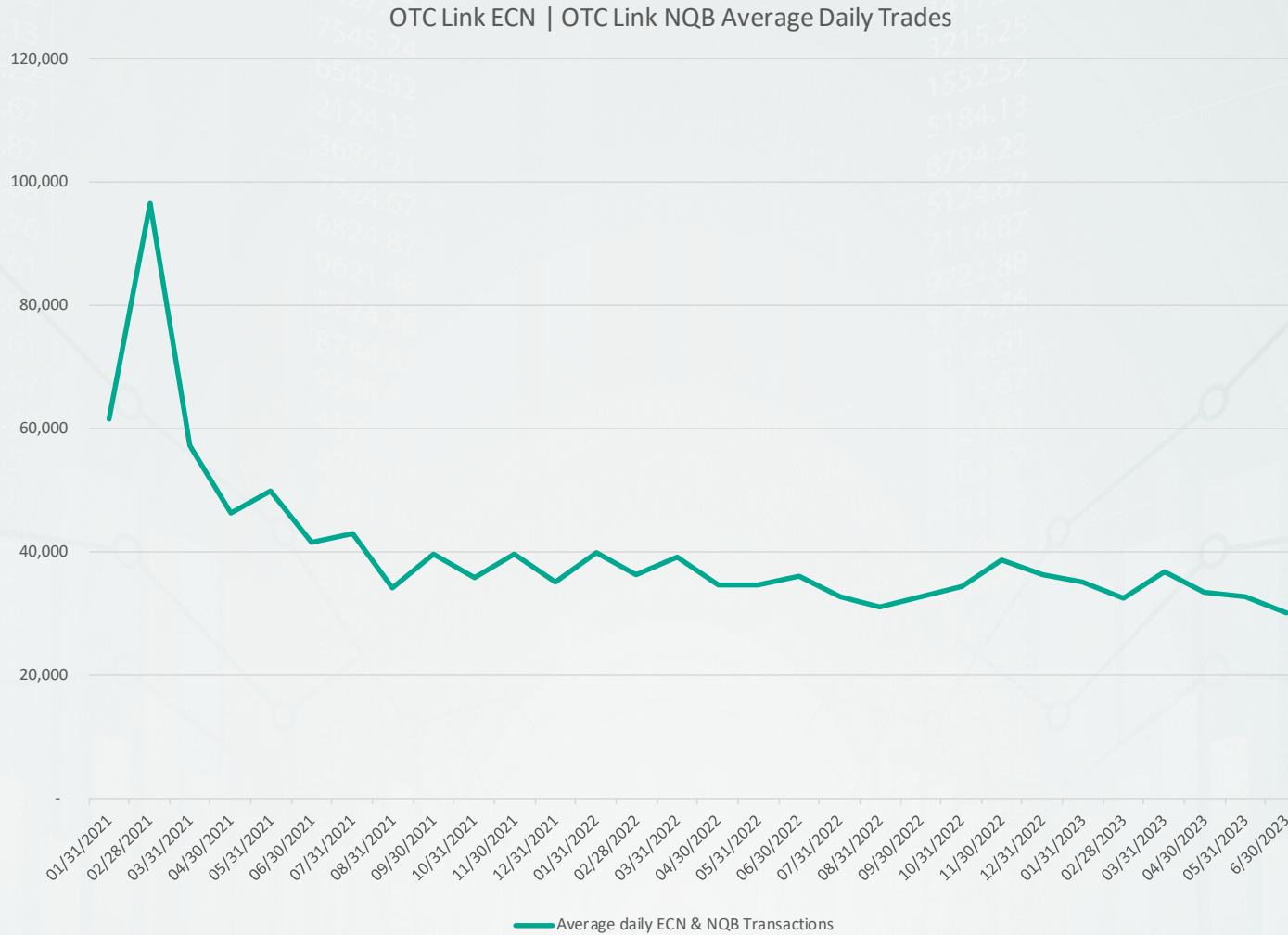
32k Avg Daily Trades  
vs 35k PYQ

## Non-Pro Users Revenue

**- 29%**

12,486 users  
- 26% vs PYQ

# OTC Link ECN and OTC Link NQB Volume Trends

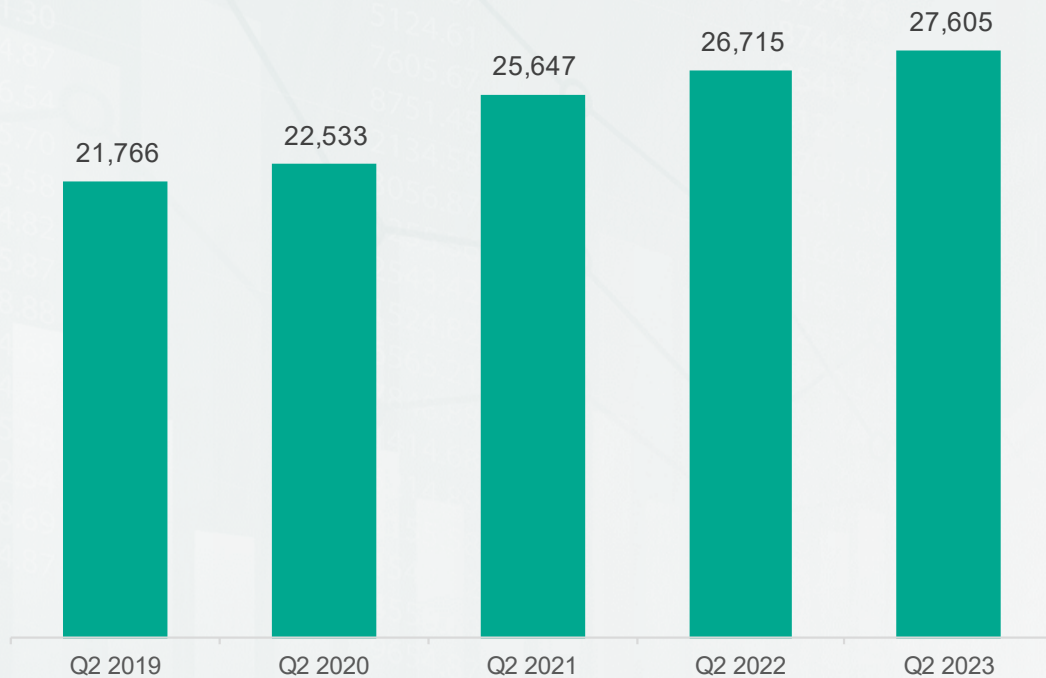




# Market Data Licensing Subscribers

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

## Professional Users



## Non-Professional Users

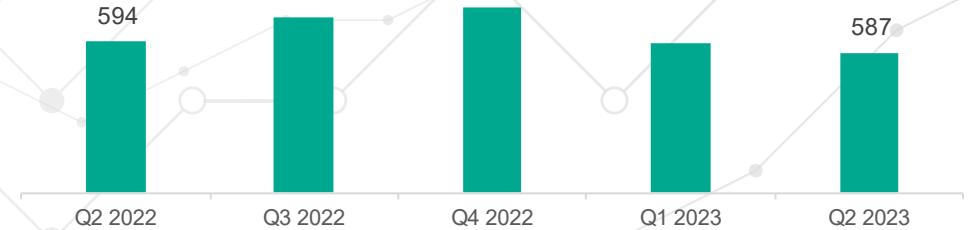


# Corporate Services: Subscribers

OTC QX<sup>®</sup>



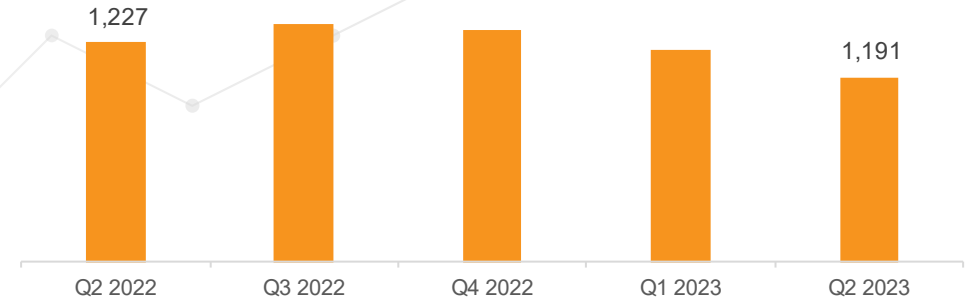
**The Best Market**  
587 Companies  
Down 1% YoY



OTC QB<sup>®</sup>



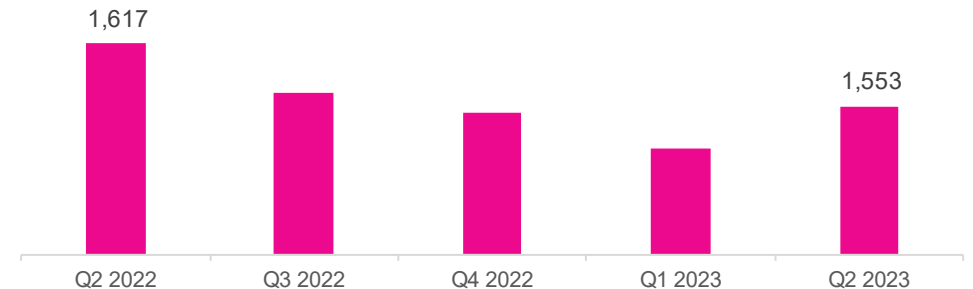
**The Venture Market**  
1,191 Companies  
Down 3% YoY



Pink

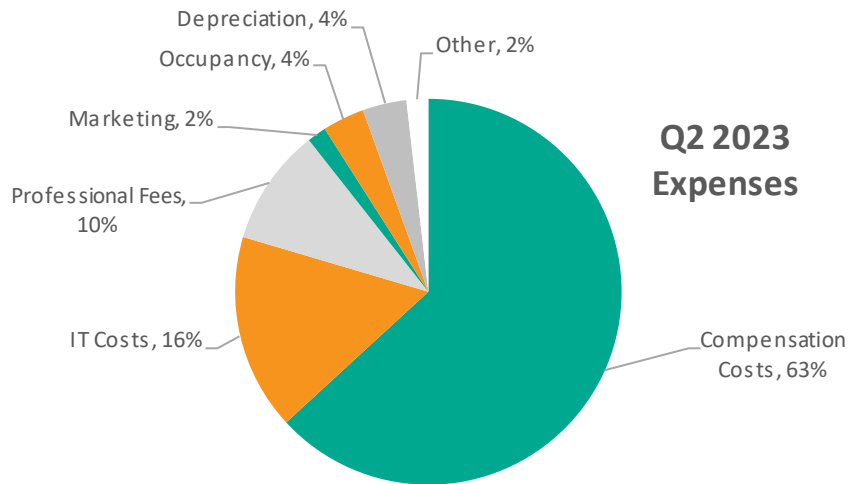
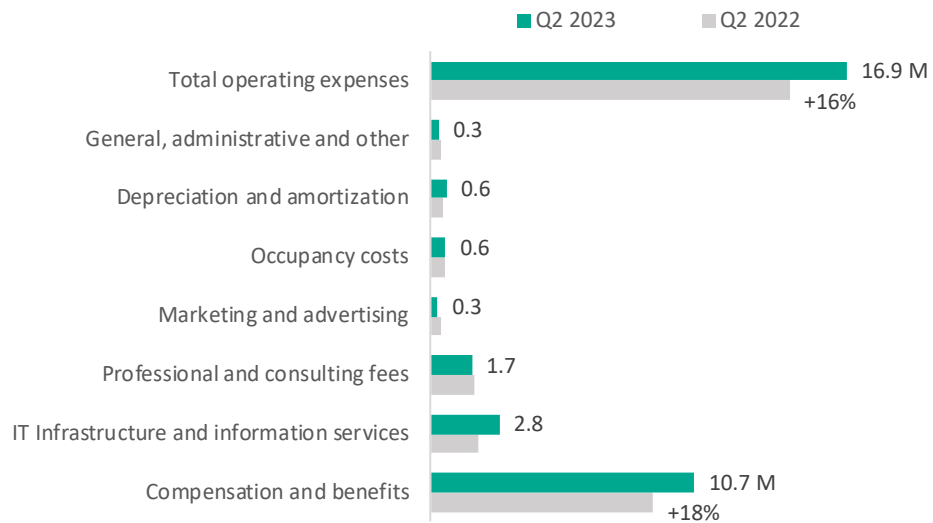


**The Pink Market**  
1,553 Companies\*  
Down 4% YoY



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

# Q2 2023 Expenses



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

OpEx (ex DEPR) as % of Gross Revenue

**60%**

vs 54% for the PYQ

IT and Info Services

**+ 46%**

Comp and IT & Info 80% of OpEx

Compensation as % of OpEx

**63%**

vs 62% for the PYQ

Headcount

**134**

Up 19 vs 115 PYQ

# Q2 2023 Highlights

Gross Revenues

**27.2M**

+5%

Operating Expenses  
16.9M +16%

Revenues less  
transaction-based  
expenses

**25.2M**

+6%

Effective Tax Rate

**18.7%**

vs 20.0% PYQ

Adjusted EBITDA

**10.4M**

\$0.86 per Diluted Share

Operating Income

**8.3M**

- 10%

Operating Margin  
31.4% vs 36.7% PYQ

Net Income

**7.0M**

- 6%

Fully Diluted  
GAAP EPS \$0.57

Cash from Operations

**4.7M**

vs 7.1M PYQ

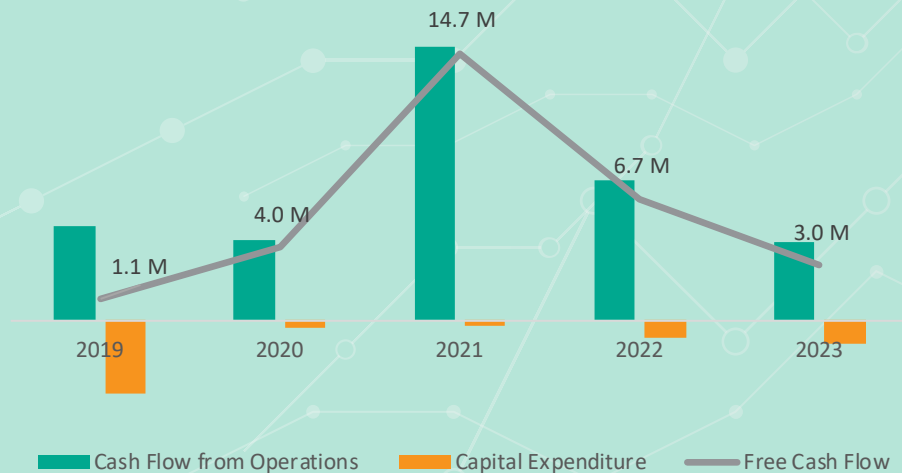
Cash Returned to  
Shareholders

**2.1M**

unchanged to PYQ

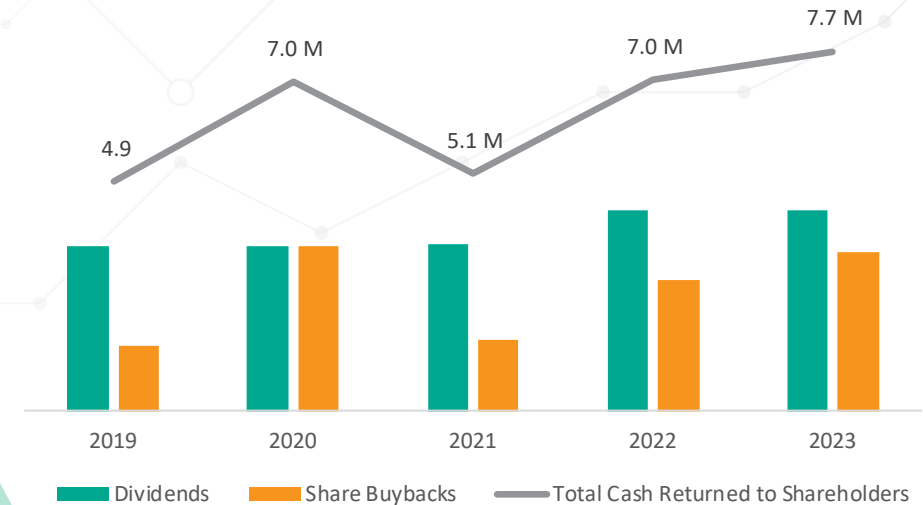
# Cash Flows & Capital Allocation Strategy

## 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)	June 30, 2023	December 31, 2022	Net Change
<b>Assets</b>			
Cash	\$ 31,865	\$ 37,368	\$ (5,503)
Accounts receivable, net of allowance for credit losses of \$503 and \$638	7,505	9,485	(1,980)
Other Current Assets	2,881	1,528	1,353
<b>Total current assets</b>	<b>42,251</b>	<b>48,381</b>	<b>(6,130)</b>
Property and equipment, net	8,492	8,637	(145)
Other Assets	33,952	32,600	1,352
<b>Total Assets</b>	<b>\$ 84,695</b>	<b>\$ 89,618</b>	<b>\$ (4,923)</b>
<b>Liabilities and stockholders' equity</b>			
Current liabilities	\$ 33,785	\$ 45,848	\$ (12,063)
Other Liabilities	13,349	13,966	(617)
<b>Total Liabilities</b>	<b>47,134</b>	<b>59,814</b>	<b>(12,680)</b>
<b>Total Stockholders' Equity</b>	<b>37,561</b>	<b>29,804</b>	<b>7,757</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 84,695</b>	<b>\$ 89,618</b>	<b>\$ (4,923)</b>



# Income Statement Summary

(in thousands, except share and per share information)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% change	2023	2022	% change
OTC Link	\$ 4,821	\$ 5,132	(6)%	\$ 10,265	\$ 10,564	(3)%
Market data licensing	10,643	8,901	20 %	21,485	17,484	23 %
Corporate services	11,763	11,957	(2)%	23,503	23,891	(2)%
<b>Gross revenues</b>	<b>27,227</b>	<b>25,990</b>	<b>5 %</b>	<b>55,253</b>	<b>51,939</b>	<b>6 %</b>
Redistribution fees and rebates	(803)	(781)	3 %	(1,599)	(1,569)	2 %
Net revenues	26,424	25,209	5 %	53,654	50,370	7 %
Transaction-based expenses	(1,255)	(1,358)	(8)%	(3,040)	(2,873)	6 %
<b>Revenues less transaction-based expenses</b>	<b>25,169</b>	<b>23,851</b>	<b>6 %</b>	<b>50,614</b>	<b>47,497</b>	<b>7 %</b>
<b>Operating expenses</b>						
Compensation and benefits	10,657	9,045	18 %	22,571	19,268	17 %
IT Infrastructure and information services	2,771	1,894	46 %	5,421	3,852	41 %
Professional and consulting fees	1,656	1,738	(5)%	3,291	2,956	11 %
Marketing and advertising	270	380	(29)%	588	658	(11)%
Occupancy costs	592	598	(1)%	1,170	1,192	(2)%
Depreciation and amortization	621	496	25 %	1,271	936	36 %
General, administrative and other	307	438	(30)%	1,084	729	49 %
<b>Total operating expenses</b>	<b>16,874</b>	<b>14,589</b>	<b>16 %</b>	<b>35,396</b>	<b>29,591</b>	<b>20 %</b>
<b>Income from operations</b>	<b>8,295</b>	<b>9,262</b>	<b>(10)%</b>	<b>15,218</b>	<b>17,906</b>	<b>(15)%</b>
<b>Other income</b>						
Interest income	158	-	n/m	299	-	n/m
Other income, net	103	(9)	n/m	109	(9)	n/m
<b>Income before provision for income taxes</b>	<b>8,556</b>	<b>9,253</b>	<b>(8)%</b>	<b>15,626</b>	<b>17,897</b>	<b>(13)%</b>
Provision for income taxes	1,596	1,851	(14)%	2,347	2,881	(19)%
<b>Net income</b>	<b>\$ 6,960</b>	<b>\$ 7,402</b>	<b>(6)%</b>	<b>\$ 13,279</b>	<b>\$ 15,016</b>	<b>(12)%</b>
Diluted earnings per share	\$ 0.57	\$ 0.61	(7)%	\$ 1.10	\$ 1.23	(11)%
Adjusted diluted earnings per share	\$ 0.86	\$ 0.88	(2)%	\$ 1.61	\$ 1.73	(7)%
Diluted weighted average shares outstanding	11,854,762	11,873,711	0 %	11,858,712	11,898,805	0 %

# Reconciliation of GAAP to Non-GAAP Results

(in thousands, except share and per share information)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% change	2023	2022	% change
<b>Net Income</b>	\$ 6,960	\$ 7,402	(6)%	\$ 13,279	\$ 15,016	(12)%
Excluding:						
Interest Income	(158)	-	n/m	(299)	-	n/m
Provision for income taxes	1,596	1,851	(14)%	2,347	2,881	(19)%
Depreciation and amortization	621	496	25 %	1,271	936	36 %
Stock-based compensation expense	1,393	980	42 %	2,968	2,175	36 %
<b>Adjusted EBITDA</b>	<u>\$ 10,412</u>	<u>\$ 10,729</u>	<u>(3)%</u>	<u>\$ 19,566</u>	<u>\$ 21,008</u>	<u>(7)%</u>
Adjusted diluted earnings per share	\$ 0.86	\$ 0.88	(2)%	\$ 1.61	\$ 1.73	(7)%

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

## Six Months Ended June 30,

(in thousands)	2023	2022	2021	2020	2019
Cash Flow from Operations	4,281	7,638	15,042	4,390	5,129
Capital Expenditure	(1,285)	(942)	(350)	(404)	(3,983)
<b>Free Cash Flow</b>	<b>\$ 2,996</b>	<b>\$ 6,696</b>	<b>\$ 14,692</b>	<b>\$ 3,986</b>	<b>\$ 1,146</b>
Dividends Paid	(4,290)	(4,268)	(3,531)	(3,497)	(3,489)
Share Buybacks	(3,379)	(2,776)	(1,522)	(3,520)	(1,390)
Other	(821)	(12,396)	(374)	(179)	(1,114)
<b>Uses of free cash flow</b>	<b>(8,490)</b>	<b>(19,440)</b>	<b>(5,427)</b>	<b>(7,196)</b>	<b>(5,993)</b>
Net change in cash	(5,494)	(12,744)	9,265	(3,210)	(4,847)

\* 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