

FRMO Corp. Announces Fiscal 2022 First Quarter Results and Conference Call

WHITE PLAINS, N.Y. —October 14, 2021

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2022 first quarter ended August 31, 2021.

Financial Highlights

FRMO’s book value as of August 31, 2021 was \$293.5 million (\$6.67 per share on a fully diluted basis), including \$114.4 million of non-controlling interests. This compares with book value at the prior fiscal year ended May 31, 2021 of \$298.9 million (\$6.79 per share), including \$121.0 million of non-controlling interests. Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$202.1 million as of August 31, 2021, and \$208.9 million as of May 31, 2021. Total liabilities were \$29.6 million as of August 31, 2021, and \$29.9 million as of May 31, 2021, comprised primarily of securities sold, not yet purchased and deferred taxes.

FRMO’s net income attributable to the Company for the quarter ended August 31, 2021 rose to \$960,717, or \$0.02 per share, compared to \$182,241, or \$0.00 per share, a year earlier.

FRMO’s net income attributable to the Company excluding the effect of unrealized gain from equity securities net of taxes for the three months ended August 31, 2021 was \$1,303,002 (\$0.03 per diluted share) compared to \$2,229,447 (0.05 per diluted share) for the three months ended August 31, 2020.

Net income attributable to the Company excluding the effect of unrealized loss from equity securities net of taxes is a measure not based on GAAP and is defined and reconciled to the most directly comparable GAAP measures in “Information Regarding Non-GAAP Measures” at the end of this release.

Valuation of securities and cryptocurrencies are subject to change after August 31, 2021. The market value of several securities and cryptocurrencies might have changed substantially since that date. We look forward to finding new ways to expand our cryptocurrency mining operations.

As of August 31, 2021 and May 31, 2021, the Company held a 21.98% and 22.02% equity interest in Horizon Kinetics Hard Assets LLC (“HKHA”), a company formed by Horizon Kinetics LLC and certain officers, principal stockholders, and directors of FRMO Corp. (“the Company”). Due to the common control and ownership between HKHA and the Company’s principal stockholders and directors, HKHA has been consolidated within the Company’s financial statements. The noncontrolling interest of 78.02% and 77.98% in HKHA has been eliminated from results of operations for the periods ended August 31, 2021 and May 31, 2021.

Further details are available in the Company’s Consolidated Financial Statements for the quarter ended August 31, 2021. These statements have been filed on the OTC Markets Group Disclosure and News Services, which may be accessed at www.otcmarkets.com/stock/FRMO/filings. These documents are also available on the FRMO website at www.frmocorp.com.

Conference Call

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a conference call on Thursday, October 21, 2021 at 4:15 p.m. ET. *Only questions submitted to info@frmocorp.com before 1:00 p.m. on the day of the call will be considered.* The call can be accessed by dialing 800-367-2403 (domestic toll free), or +1-334-777-6978 (international toll) and entering the following Confirmation Code: 8000388. A replay will be available from 7:15 P.M. on the day of the teleconference until November 20, 2021. To listen to the archived call, dial 888-203-1112 (domestic toll free) or +1 719-457-0820 (international toll), and enter the Replay Passcode: 8000388.

Condensed Consolidated Balance Sheets

(in thousands)

	<u>August, 2021</u>	<u>May 31, 2021</u>
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 35,329	\$ 34,971
Equity securities, at fair value	164,893	171,733
Other current assets	1,845	2,148
Total Current Assets	<u>202,067</u>	<u>208,852</u>
Investment in limited partnerships and other equity investments, at fair value	89,372	86,854
Investments in securities exchanges	4,815	4,815
Other assets	1,747	1,698
Investment in Horizon Kinetics LLC	14,913	16,366
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u>\$ 323,114</u>	<u>\$ 328,785</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 4,173	\$ 6,118
Other current liabilities	3,389	2,249
Total Current Liabilities	<u>7,562</u>	<u>8,367</u>
Deferred Tax Liability	21,352	20,774
Mortgage payable	722	730
Total Liabilities	<u>29,636</u>	<u>29,871</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	179,056	177,905
Noncontrolling interests	114,421	121,009
Total Stockholders' Equity	<u>293,478</u>	<u>298,914</u>
Total Liabilities and Stockholders' Equity	<u>\$ 323,114</u>	<u>\$ 328,785</u>

(Components may not sum to totals due to rounding)

Condensed Consolidated Statements of Income

(amounts in thousands, except share data)

	Three Months Ended	
	August 31,	August 31,
	2021	2020
	(Unaudited)	
Revenue:		
Fees	\$ 1,117	\$ 438
Equity (loss) earnings from partnerships and limited liability companies	(963)	651
Unrealized gains from investments subject to fair value	2,542	2,903
Other	216	(1,362)
Total revenue before unrealized gains from equity securities	2,912	2,630
Unrealized losses from equity securities	(7,078)	(5,858)
Total Revenue	(4,166)	(3,228)
Total Expenses	308	414
Loss from Operations before Provision for Income Taxes	(4,475)	(3,642)
Provision for Income Taxes	1,819	630
Net Loss	(6,294)	(4,272)
Less net loss attributable to noncontrolling interests	(7,255)	(4,454)
Net Income Attributable to FRMO Corporation	\$ 961	\$ 182
Diluted Net Earnings per Common Share	\$ 0.02	\$ 0.00
Weighted Average Common Shares Outstanding		
Basic	44,012,781	44,032,781
Diluted	44,031,575	44,033,825

(Components may not sum to totals due to rounding)

About FRMO Corp.

FRMO Corp. invests in and receives revenues based upon consulting and advisory fee interests in the asset management sector.

FRMO had 44,012,781 shares of common stock outstanding as of August 31, 2021.

For more information, visit our website at www.frmocorp.com.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995 – With the exception of historical information, the matters discussed in this press release are forward-looking statements that involve a number of risks and uncertainties. Words like “believe,” “expect” and “anticipate” mean that these are our best estimates as of this writing, but that there can be no assurances that expected or anticipated results or events will actually take place, so our actual future results could differ significantly from those statements. Factors that could cause or contribute to such differences include, but are not limited to: our ability to maintain our competitive advantages, the general economics of the financial industry, our ability to finance growth, our ability to identify and close acquisitions on terms favorable to the Company, and a sustainable market.

Further information on our risk factors is contained in our quarterly and annual reports as filed on our website www.frmocorp.com and on www.otcmartets.com/stock/FRMO/filings.

Contact

Thérèse Byars

Corporate Secretary

Email: tbyars@frmocorp.com

Telephone: 646-495-7337

www.frmocorp.com

Information Regarding Non-GAAP Measures

Net income attributable to the Company excluding the effect of unrealized loss from equity securities is net income attributable to the Company exclusive of unrealized losses from equity securities, net of tax. Net income attributable to the Company is the GAAP measure most closely comparable to net income attributable to the Company excluding the effect of unrealized loss from equity securities.

Management uses net income attributable to the Company excluding the effect of unrealized loss from equity securities, along with other measures, to gauge the Company's performance and evaluate results, which can be skewed when including unrealized loss from equity securities, which may vary significantly between periods. Net income attributable to the Company excluding the effect of unrealized loss from equity securities is provided as supplemental information, and is not a substitute for net income attributable to the Company and does not reflect the Company's overall profitability.

The following table reconciles the net income attributable to the Company excluding the effect of unrealized loss from equity securities to net income attributable to the Company for the periods indicated:

	<u>Three Months Ended</u> <u>August 31, 2021</u>		<u>Three Months Ended</u> <u>August 31, 2020</u>	
	(Unaudited)		(Unaudited)	
	Amount	Diluted earnings per common share	Amount	Diluted earnings per common share
(000's except per common share amounts and percentages)				
Net Income Attributable to the Company Excluding the Effect of Unrealized Loss from Equity Securities and Diluted Earnings per Common Share Reconciliation:				
Net income attributable to the Company	<u>\$ 961</u>	<u>\$ 0.02</u>	<u>\$ 182</u>	<u>\$ 0.00</u>
Unrealized loss from equity securities	(7,078)		(5,858)	
Unrealized loss from equity securities attributable to noncontrolling interests	<u>(7,475)</u>		<u>(3,910)</u>	
Unrealized gain (loss) from equity securities attributable to the Company	397		(1,948)	
Tax on unrealized gain (loss) from equity securities attributable to the company	<u>(739)</u>		<u>(99)</u>	
Unrealized loss from equity securities attributable to the Company, net of taxes	<u>(342)</u>	<u>\$ (0.01)</u>	<u>(2,047)</u>	<u>\$ (0.05)</u>
Net income attributable to the Company excluding the effect of unrealized loss from equity securities	<u>\$ 1,303</u>	<u>\$ 0.03</u>	<u>\$ 2,229</u>	<u>\$ 0.05</u>
Weighted average diluted shares outstanding	<u>44,031,575</u>		<u>44,033,825</u>	