

FRMO Corp. Announces Fiscal 2024 Third Quarter Results and Conference Call

WHITE PLAINS, N.Y. —April 11, 2024

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2024 third quarter ended February 29, 2024.

Financial Highlights

FRMO’s total book value as of February 29, 2024 was \$357.8 million (\$8.13 per share on a fully diluted basis), including \$138.4 million of non-controlling interests. Excluding the non-controlling interests, book value was \$219.5 million (\$4.99 per share). This compares with total book value at the prior fiscal year end on May 31, 2023 of \$284.1 million (\$6.45 per share), including \$114.8 million of non-controlling interests. Excluding the non-controlling interests, book value was \$169.2 million (\$3.85 per share).

Current assets, comprised primarily of cash and equivalents, equity securities, and digital assets, amounted to \$241.8 million as of February 29, 2024, and \$201.3 million as of May 31, 2023. Total liabilities were \$30.7 million as of February 29, 2024, and \$19.4 million as of May 31, 2023, comprised primarily of securities sold, not yet purchased, and deferred taxes.

For the three months ended February 29, 2024, FRMO’s net income (loss) attributable to the Company was \$12,988,910 (\$0.30 per diluted share), compared to \$(34,901,022) (\$(0.79) per diluted share) a year earlier. Net income for the quarter is attributable to unrealized gains from digital assets held directly and indirectly, through the Company’s various investments in managed funds, offset by unrealized losses from equity securities. The equity security investment that accounts for the significant component of unrealized (losses) gains from equity securities is identified as Investment A in Note 4 of the Interim Condensed Consolidated Financial Statements under Investment Concentration.

For the nine months ended February 29, 2024, net income attributable to the Company was \$50,021,124 (\$1.14 per diluted share), compared to \$7,446,825 (\$0.17 per diluted share) for the nine months ended February 28, 2023.

Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities and digital assets net of taxes for the three months ended February 29, 2024 was \$14,653,283 (\$0.33 per diluted share) compared to \$(12,121,031) (\$(0.28) per diluted share) for the three months ended February 28, 2023. The nine-month figures, as of the same end dates, are \$36,480,505 (\$0.83 per diluted share) and \$815,704 (\$0.02 per diluted share), respectively.

Net income (loss) attributable to the Company excluding the effect of unrealized gain from equity securities and digital assets 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 digital assets are subject to change after February 29, 2024. The market value of several securities and digital assets might have changed substantially since that date. We look forward to finding new ways to expand our digital asset mining operations.

As of February 29, 2024 and May 31, 2023, the Company held a 21.79% equity interest in Horizon Kinetics Hard Assets LLC (“HKHA”), a company formed by Horizon Kinetics LLC (“Horizon”) and certain officers, principal

stockholders and directors of the Company. The Company also holds a 4.95% interest in Horizon and earns substantially all of its advisory fees from Horizon. 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 78.21% and 78.20% in HKHA has been eliminated from results of operations for the periods ended February 29, 2024 and May 31, 2023.

Further details are available in the Company's Consolidated Financial Statements for the quarter ended February 29, 2024. 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 Tuesday, April 16, 2024, at 4:15 p.m. Eastern Time. *Only questions submitted to info@frmocorp.com before 1:00 p.m. will be considered.* You may register for the conference call by clicking on the following link:

Please register for FRMO 3Q2024 Quarterly Conference Call on Apr 16, 2024 4:15 PM EDT at:

<https://attendee.gotowebinar.com/register/5235930884984742235>

After registering, you will receive a confirmation email containing information about joining the webinar.

An audio replay link will be available for 30 days from April 17 on the FRMO website (https://frmocorp.com/q_transcripts.html) until the summary transcript is posted.

Condensed Consolidated Balance Sheets*(in thousands)*

	February 29, 2024	May 31, 2023
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 38,823	\$ 38,077
Equity securities, at fair value	190,175	155,512
Digital assets, at fair value	9,822	4,217
Other current assets	3,018	3,539
Total Current Assets	<u>241,839</u>	<u>201,346</u>
Investment in limited partnerships and other equity investments, at fair value	114,475	70,656
Investments in securities exchanges	4,869	4,869
Other assets	1,808	1,815
Investment in Horizon Kinetics LLC	15,348	14,608
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u><u>\$ 388,539</u></u>	<u><u>\$ 303,494</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 1,164	\$ 2,353
Other current liabilities	1,154	354
Total Current Liabilities	<u>2,318</u>	<u>2,707</u>
Deferred Tax Liability	28,393	16,004
Mortgage payable	-	669
Total Liabilities	<u>30,711</u>	<u>19,379</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	219,474	169,283
Noncontrolling interests	138,355	114,832
Total Stockholders' Equity	<u>357,828</u>	<u>284,114</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 388,539</u></u>	<u><u>\$ 303,494</u></u>

(Components may not sum to totals due to rounding)

Condensed Consolidated Statements of Income (Loss)

(amounts in thousands, except share data)

	Three Months Ended		Nine Months Ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	(Unaudited)		(Unaudited)	
Revenue:				
Fees	\$ 622	\$ 928	\$ 2,005	\$ 2,484
Equity earnings from limited partnerships and limited liability companies	514	1,491	2,856	2,299
Unrealized gains (losses) from investments	16,264	(22,472)	41,525	(1,048)
Other	928	745	3,082	3,645
Total revenue before unrealized (losses) gains from equity securities and digital assets	18,328	(19,308)	49,469	7,380
Unrealized (losses) gains from equity securities	(12,350)	(91,326)	33,531	25,028
Unrealized gains (losses) from digital assets	3,702	902	5,271	(1,022)
Total Revenue	9,680	(109,732)	88,271	31,386
Total Expenses	461	321	1,223	1,494
Income (Loss) from Operations before Provision for Income Taxes	9,219	(110,053)	87,048	29,892
Provision for (Benefit from) Income Taxes	3,743	(8,891)	13,678	2,852
Net Income (Loss)	5,476	(101,162)	73,369	27,040
Less net income (loss) attributable to noncontrolling interests	(7,513)	(66,261)	23,348	19,593
Net Income Attributable (loss) to FRMO Corporation	\$ 12,989	\$ (34,901)	\$ 50,021	\$ 7,447
Diluted Net Income (Loss) per Common Share	\$ 0.30	\$ (0.79)	\$ 1.14	\$ 0.17
Weighted Average Common Shares Outstanding				
Basic	44,022,781	44,022,781	44,022,781	44,020,492
Diluted	44,025,624	44,022,781	44,026,234	44,032,153

(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 44,022,781 shares of common stock outstanding as of February 29, 2024.

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.

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Information Regarding Non-GAAP Measures

Net income (loss) attributable to the Company excluding the effect of unrealized (loss) gain from equity securities, digital assets, and diluted earnings per common share is net income attributable to the Company exclusive of unrealized gains (losses) from equity securities, digital assets, and diluted earnings per common share net of tax. Net income (loss) attributable to the Company is the GAAP measure most closely comparable to net income (loss) attributable to the Company excluding the effect of unrealized (loss) gain from equity securities and digital assets.

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

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

	Three Months Ended February 29, 2024 (Unaudited)		Three Months Ended February 28, 2023 (Unaudited)		Nine Months Ended February 29, 2024 (Unaudited)		Nine Months Ended February 28, 2023 (Unaudited)	
	Amount	Diluted earnings per common share	Amount	Diluted loss per common share	Amount	Diluted earnings per common share	Amount	Diluted earnings per common share
(000's except per common share amounts and percentages)								
Net Income (Loss) Attributable to the Company Excluding the Effect of Unrealized (Loss) Gain from Equity Securities and Digital Assets, and Diluted Earnings per Common Share Reconciliation:								
Net income (loss) attributable to the Company	\$ 12,989	\$ 0.30	\$ (34,901)	\$ (0.79)	\$ 50,021	\$ 1.14	\$ 7,447	\$ 0.17
Unrealized (loss) gain from equity securities and digital assets	(8,648)		(90,424)		38,802		24,006	
Unrealized (loss) gain from equity securities and digital assets attributable to noncontrolling interests	(7,852)		(66,580)		22,341		17,152	
Unrealized (loss) gain from equity securities and digital assets attributable to the Company	(795)		(23,844)		16,462		6,854	
Tax (benefit) expense on unrealized gain (loss) gain from equity securities and digital assets attributable to the company	(869)		1,065		(2,921)		(223)	
Unrealized (loss) gain from equity securities and digital assets attributable to the Company, net of taxes	(1,664)	\$ (0.04)	(22,780)	\$ (0.52)	13,541	\$ 0.31	6,631	\$ 0.15
Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities and digital assets	\$ 14,653	\$ 0.33	\$ (12,122)	\$ (0.28)	\$ 36,481	\$ 0.83	\$ 816	\$ 0.02
Weighted average diluted shares outstanding	44,025,624		44,022,781		44,026,234		44,032,153	

(Components may not sum to totals due to rounding)