Thérèse Byars – Corporate Secretary

Welcome to the FRMO 2025 Annual Meeting of Shareholders. My name is Thérèse Byars and I'm the Corporate Secretary of the company. We're hosting our third hybrid annual meeting that is both in person and virtual. This combination allows us to reach a greater number of shareholders.

I'd like to take this opportunity to thank our colleague, Cherise Martin, for organizing the logistics of hosting the meeting at this venue.

Now, for a bit of housekeeping. Please note that this meeting is being recorded. However, no one attending the meeting in person, via the webcast, or by telephone is permitted to use any device to record the meeting. There will be a replay available on the FRMO website, and later, a summary transcript.

As is our custom, we will conduct the business portion of our meeting first, after which Mr. Stahl and Mr. Bregman will answer questions. Though we might not be able to answer all of them, we will do our best to provide a response to as many as possible, and we will try to address unanswered questions in the summary transcript. Only validated stockholders may ask questions today in the designated fields on the web portal, and we have received several in advance.

The FRMO Annual and Quarterly Reports, as well as the 2025 Letter to Shareholders, can be viewed on our website at frmocorp.com. These items can also be viewed on the FRMO listing on the OTC Markets website by clicking on the "Disclosure" tab.

It is now shortly after 2:30 p.m., and this meeting is officially called to order. It is my pleasure to introduce FRMO's seven directors, all of whom are candidates for re-election. They are Steven Bregman, Peter Doyle, Lawrence J. Goldstein, J.P. Hirschson, Alice C. Brennan, Rimmy Malhotra, and Melinda Newman. Also present at this virtual meeting from our auditors—Baker Tilly US, LLP—are John Basile and Patrick Warch. They will be available to respond to appropriate questions during the question-and-answer session after the formal meeting.

We now proceed to the report on the tabulation of the proxies for the two proposals. The Proxy Committee, appointed by the FRMO Board of Directors, is here this afternoon to represent those shareholders who gave their proxies to the committee. The Board of Directors fixed July 14, 2025 as the record date for determining stockholders entitled to vote at this meeting. An affidavit has been delivered attesting to the fact that the Notice of the Meeting, the Proxy Statement, and the Proxy Card were mailed on or around July 29, 2025.

The stockholder list shows that, as of the record date, there were 44,220,781 shares of common stock outstanding and entitled to vote at this meeting. The Inspectors of Election report that proxies were received from FRMO shareholders holding approximately 31,201,674 shares of common stock, or 70.87% of the voting power on the record date. Therefore, this meeting is properly organized with a quorum present, and we may proceed.

There are two items of business for this meeting. The first is the election of the seven directors who are nominated in accordance with the company's governing documents. The second is the proposal to ratify the appointment of Baker Tilly US, LLP as the independent registered public accounting firm of the company for the fiscal year ending May 31, 2026. The Board recommends a vote "for" on both items.

It is now 2:36 p.m. on September 10, 2025, and the polls are still open. Stockholders who have not yet voted or wish to change their vote may do so by clicking on the "voting" button on the web portal and following the instructions there. If you have already submitted your proxy, you do not need to vote again, unless you wish to change your vote. I'll just wait a moment to give people a chance to vote.

Now that everyone has had the opportunity to vote, I declare the polls for the 2025 FRMO Corp. Annual Meeting of Shareholders closed at 2:37 p.m. on September 10, 2025. Based on the preliminary report of the Inspectors of Election, all seven nominees have been duly elected to the Board, with all nominees receiving 99.9% or 100% of the votes cast and 70.83% of the shares outstanding.

The proposal to ratify the appointment of Baker Tilly US, LLP as an independent registered public accounting firm of the company for the fiscal year ending May 31, 2026 has been approved, with approximately 99.9% of the votes cast and 70.64% of the shares outstanding.

There being no further business to come before this meeting, the formal part of this FRMO Corp. 2025 Annual Meeting of Shareholders is now adjourned.

The next item on our agenda is the Chief Executive's Report to the Shareholders. Joining me here are Murray Stahl, Chief Executive Officer, and Steven Bregman, President and Chief Financial Officer. Mr. Stahl will review key points related to the 2025 results. When he has finished his remarks, he and Mr. Bregman will answer questions. At that time, we will begin with the questions we received in advance of today's meeting. We will then alternate between questions entered on the web portal and those attending the meeting in person. We will answer as many as time allows, but only those that are germane to the meeting will be addressed. As noted earlier, we will endeavor to address unanswered questions in the summary transcript that will be posted on the company's website.

And with that, I'll turn the meeting over to FRMO's Chief Executive Officer, Mr. Murray Stahl.

Murray Stahl – Chief Executive Officer

Thank you, Thérèse, and thanks, everybody, for joining us. Before I start, I always forget to ask, do you want to say anything first, Steve?

Steven Bregman – President & Chief Financial Officer

No, I don't.

Murray Stahl – Chief Executive Officer

Just thought I'd ask.

I'm going to expound a little bit on what you might not have yet seen in the shareholder letter. You could look at FRMO at the moment via its works in progress. The first is the cryptocurrency business, and it really is a business. Nine years ago, we weren't involved in cryptocurrency. The cryptocurrencies, you can see from our financial statement, generated a decent amount of wealth. Some of our cryptocurrency operations are our own mining operations. The rest, and maybe now it's a larger part, is included in two publicly traded companies.

One is Winland Holdings Corporation (WELX), of which we currently own about 43%, as of this meeting. And there's Consensus Mining, which started trading, I guess, five weeks ago. Does that sound right? About five weeks ago, subsequent to the annual report date, once it started trading, FRMO purchased shares in Consensus Mining. In terms of cryptocurrency mining operations, the real key variable is sustainability.

There's something in Bitcoin and some of the other cryptocurrencies known as a halving. What that basically means is, every four years—in the case of Bitcoin, in about 940-odd days from now—the number of coins you get for validating a block is going to be cut in half. So, assuming Bitcoin were at the same price, you'd have to contend with your revenue going down by 50% in four-year intervals.

Of course, Bitcoin could also go down in value. So, you have to plan in advance for those contingencies. In order to be able to withstand the possible negative currents, you have to find ways to make your equipment durable. There's a lot of technological risk in mining cryptocurrencies, but you never know when the ASIC chips are going to improve by a quantum amount. So, we've adopted a gradualist approach in cryptocurrency mining, and I think it's served us very well.

To use Consensus Mining as an example, roughly four-and-a-half years ago, when we started the company in its current incarnation as a corporation, we had roughly 114 bitcoin. It was a mining partnership before that, and we raised capital, and we made it into a corporation. Today, we have 340 bitcoin, so we've—in round numbers—just about tripled our bitcoin.

We also have some Litecoin holdings. This is one of the minor coins that we've managed. If you were to look at the balance sheet, which is on the website, when we started, we had more plant and equipment, more mining equipment, in those days than we have today. What happened? We were able to use our equipment much more effectively. How we did it, I'll cover in a minute.

Another thing that is going on is, we figured out ways to make the equipment more durable. There's actually equipment that we're using today that's fully depreciated. We're very proud that we're able to do that. We're going to do more of that in the future.

The third thing that's really important—before we get to how we went about doing it—is the enterprise in terms of replacing equipment, because ultimately, all equipment eventually wears out. Nothing is forever. So, we can generate enough cash to replace anything that becomes obsolete or wears out. I think we're the only Bitcoin mining company that has been able to achieve that. That's the salient problem in mining.

There are other Bitcoin mining companies that are constantly raising capital. We don't really want to do that. In the case of Winland, it started with essentially no capital. Rather than raising a lot of capital, FRMO is effectively funding Winland's growth, and we didn't do a grandiose offering. What we did is—and you can see a news release of it—we did very small transactions, where FRMO would purchase equipment for the benefit of Winland and we would get shares in exchange for that. We also bought some shares in the open market, and that's how we got to 43%.

One of the interesting discoveries that we made—and it's very important what we're able to do—is that we became involved in something that's now referred to as scrypt mining. We call it merge-mining. Essentially, you're able to mine several coins with the same electric current. You can't do it with Bitcoin, but you can do it with other coins. We managed to mine other coins, sell those coins, and use the proceeds from that sale to buy more bitcoin. We do mine Bitcoin directly, but you can say, in that sense, we're mining Bitcoin indirectly.

There's an example of the return on capital in the shareholder letter. I won't bore you with it, but I call your attention to the return on capital for the quarter. When you figure out how much money we have invested in mining equipment, how much bitcoin we mined for the quarter that we kept in relation to the value of the equipment, I calculated the return on capital for the 90-day period to be in excess of 19%. You can read the shareholder letter and check my arithmetic to see if it's right. So, that took a lot of research and development over a prolonged period. It's all well and good to scale up, but you've got to scale gradually. We're going to develop this into a bigger enterprise than it is right now and we're going to use the same gradualistic approach.

Let's keep our focus on the word "gradualistic," because we did the same in our second effort, the securities exchange space. You might ask: What do the exchanges have to do with cryptocurrency? They actually have the same characteristics inasmuch as exchanges inherently have very high returns on invested capital. Why do they have high returns on invested capital? Because marginal increases in revenue don't require very much in marginal increases in capital input. They require some, but not a lot, so virtually every exchange you're likely to encounter has a very high return.

So, some years ago, we acquired a major stake in the Bermuda Stock Exchange. We also acquired a major stake in the Minneapolis Grain Exchange, and we began gradually acquiring shares of a startup exchange at the time known as Miami International Holdings, Inc., or MIAX for short. The

idea was to bring these exchanges together. Their licenses had a lot of value. They need technology, and technology has a lot of value, but an exchange needs licenses.

I just want to explain how well-managed MIAX is, and highlight the triumph they were able to achieve. MIAX just came public a few weeks ago. As you can read from the prospectus, MIAX got its first license on its own 12 years ago. So, if you think about it, MIAX is now a major exchange. If you want to compare them to the New York Stock Exchange, it took the New York Stock Exchange 230 years to do that. It took the London Stock Exchange 430 years. And it took the Amsterdam Stock Exchange 450 years to accomplish it. It's a triumph, a true triumph.

MIAX is just an extraordinarily well-managed company, and it has played a strategic role at Horizon Kinetics Holding Corporation (HKHC) in that the bulk of our MIAX shares were held in one of the funds we created, known as South LaSalle, which over the years ended up having an extraordinarily high return. I have a lot of confidence in the future of MIAX, and time will tell how it does, but I would keep my eyes on that fabulous company. So, that's the second thing.

The third is Horizon itself. One of the problems of being an asset manager like Horizon is, in the last 20 years, we had to contend with the rise—and the ultimate dominance—of the indexation strategy. If you're an active manager, the indexation strategy, from the point of view of profitability, is highly problematic, because somebody could acquire a diversified portfolio like the S&P 500 for one basis point. It leads to compression in asset management fees, and it's affected every manager. The role of FRMO is not merely to be a passive investor in HKHC. FRMO helped fund and develop some of the answers to indexation that you see in Horizon Kinetics.

I mentioned the South LaSalle Fund. There is an ETF; now we can add actively managed ETFs, which is a new thing in the world of asset management. First, we have the Horizon Kinetics Inflation Beneficiaries ETF (INFL). It has $1.2 billion in assets under management. We also started the Horizon Kinetics Blockchain Development ETF (BCDF). That's heavily invested in exchanges, but has some what might be thought of as conventional blockchain investments, too. It has $19 million in assets under management. FRMO is a holder, as it is an inflation ETF.

In May, we started something called the Horizon Kinetics Japan Owner Operator ETF (JAPN), and that's had a quicker launch. It also has $19 million in assets under management.

We developed, for FRMO's purposes, a fund—really made up from our own capital—that you can read about in the financial statements, called Horizon Kinetics Hard Assets I, with a very successful return. We wanted to duplicate its success, so we started a second version of it, called Horizon Kinetics Hard Assets II, whose name we changed to the Clemenceau Fund. We recently began accepting outside money in June, I believe. So, it's new, and that has about $9 million of assets under management.

In any event, we've got a lot of other projects in development, and you'll be hearing about them. So, we're not a mere passive investor in Horizon. We're active in product development. The world

of indexation is becoming ever more concentrated, and there's a great need for new investment products. So, that's the third strategy.

And the fourth project is what we would refer to as inflation hedges. I realize when I use the word "inflation," people use that word as the synonym for the Consumer Price Index. But when we use the word inflation, we mean localized inflation. It's very possible to have—in the absence of generalized inflation as measured by the CPI—localized inflation, meaning that one commodity or one very narrow segment of the economy is experiencing price increases. I have an example in the shareholder letter, but I'll give you another example.

Think about the price of gold. How much has the price of gold increased in the last year? It's a very significant quantity. The prior 20 years, not so much. So, what happened to the price of gold? We certainly don't have a vast increase in the CPI. We do have an example of localized inflation. If you were to look at an index of gold mining companies and how they had performed relative to an index or an ETF that just held gold, the gold mining companies, for 20 years, had a return that wasn't far from 0%. The price of gold increased 8% a year, historically. Lately, it's been much more.

Basically, two things happened. First, if you've ever been to a gold mine, you'll know the mining is an extremely capital-intensive effort. And, by the way, it's also pretty dangerous. You can get seriously injured trying to mine gold. But the companies weren't getting a high return on capital. Logically, they're taking more risk, they're investing more capital—they should get a much higher return on capital than anyone who operates the index or anyone who naively just buys an ounce of gold. But it was the reverse. The reward should, in some sense, be commensurate with the risk one is assuming.

So, of the two simple things happened in the gold industry, number one was the companies became disinclined to commit new capital. Eventually, the oversupply would mend itself in due course, which it did. I'll get to the origin of the oversupply in a second.

The second thing that happened was the rise of environmentalism. Mining usually requires smelting. The mining companies had no alternative other than to pledge to reduce CO_2 emissions by 2% to 3% per annum. Well, there's no way you can increase production and reduce CO_2 emissions by 2% to 3% per annum. So, demand goes up a little bit, and if production doesn't go up a lot, that's all you need for localized inflation, and you see what happened.

So, we didn't buy gold mining companies. We bought gold *royalty* companies. Why did we buy gold royalty companies? Because the gold royalty company only makes an investment once; it ultimately recovers its capital. Once it recovers its capital, its return on capital thereafter is nearly astronomical. Examples are Wheaton Precious Metals Corp. (WPM) and Franco-Nevada Corp. (FNV).

About a year ago, I used to get questions—and they were ironic sorts of questions—about Franco-Nevada. FNV had an issue about a year ago that was affecting the stock price performance. They

were developing a royalty investment Panama. And Panama decided they weren't going to permit the gold mine in question to proceed. That was considered a big problem, but in reality, it was not a bad thing. It was actually a good thing, because Panama is not the only nation doing that.

Nations, generally speaking, decided for environmental and other reasons that they'd rather leave the gold in the ground. If you leave the gold in the ground, then the gold mining enterprises would rather invest less capital. It was a signal that the price of gold was going to go up, and indeed, that happened. The return has been extraordinarily robust. In our opinion, similar things of that type are going to happen in iron ore, natural gas, and others.

You will have observed the excitement around the data center movement, which is really called the artificial intelligence movement—but a better name would be the data center movement. It requires an unbelievable amount of electric power. The electric power must be produced somehow, and the most likely modality, in our opinion, is going to be with natural gas. Because of data centers, at some point, the same is going to happen in natural gas and fossil fuel royalties as has happened recently in gold.

To give you an idea of how robust the returns are in companies that are involved in data centers, you only have to look at Oracle Corp. (ORCL), which is an investor in the Stargate Project. The stock is up, believe it or not, over 40% today, or it was the last time I looked. Another company known as IREN Limited (IREN), which you've probably never heard of, its stock is up 20-some-odd percent in the last 48 hours. IREN is building a stage-one smallish 75-megawatt data center in Childress, Texas. You've probably never heard of Childress, Texas. It is in the north of Texas. That, in due course, is going to become 750 megawatts. Project number one, which should be ready around December, is 50 megawatts.

A much bigger project is being built in Sweetwater, Texas, in Nolan County. You've probably never heard of Sweetwater or Nolan County. It's about 100 miles due east of the Texas Pacific Land property, and you would have heard of that company. When it's all finished, that's going to be a 2.2-gigawatt project; phase one, if memory serves, is 1.6 gigawatts, which is a lot of electric power. It should be energized in April. It's just one of many projects that are in different stages of operation.

These are the four strategies. We have some other things in development, which you'll hear about in due course, but we're pretty excited about what has happened, even in just the last couple of months. Everything is happening with MIAX, with crypto, and the other projects. So, Steve, maybe I'll give you a chance to opine, if you wish to opine.

Steven Bregman – President & Chief Financial Officer

We, of course, always endeavor to not misrepresent ourselves. As a matter of speaking, I don't understand why people who are educated, experienced, professional, and know better misrepresent themselves in a way to enhance their image or performance, when it will ultimately be seen by somebody and noticed, and to no good result. Anyway, I should point out that in our Proxy

Statement, beginning on page 6, there is at least one error as to the age of some of these directors. I can only attest to my own, because I don't keep close track of anyone else's age, but unless someone thinks we are trying to mislead with a sense of greater youthful vigor than might exist inside the board, I mention that. I cannot imagine this is anything other than a clerical oversight, but it will be corrected.

Murray Stahl – Chief Executive Officer

Who are you referring to?

Steven Bregman – President & Chief Financial Officer

Myself.

Murray Stahl – Chief Executive Officer

Oh.

(Laughter from audience).

And what is the nature of the error?

Steven Bregman – President & Chief Financial Officer

The error appears to make me younger than I am, and I don't wish to misrepresent that.

Murray Stahl – Chief Executive Officer

By how much?

Steven Bregman – President & Chief Financial Officer

Oh, a good number of years. (Laughs).

Murray Stahl – Chief Executive Officer

Okay, with that, that's probably a good place to start with questions. So, how are we going to do this?

Thérèse Byars – Corporate Secretary

If you'd like, we could start with one of the questions we received in advance. And then we could take one from the audience, if there are any. And then we can go to those online and alternate that way.

Murray Stahl – Chief Executive Officer

Okay.

Questioner 1

In the Top 5 Holdings document, HKHC is not listed. Is there a reason?

Murray Stahl – Chief Executive Officer

There's no reason for not listing it. I guess we should have listed it. Historically, we didn't list it, because people like to calculate the value of the top holdings, and Horizon Kinetics wasn't publicly traded. The value was the balance sheet value, and we still use the balance sheet value, but now it is publicly traded. So, I guess it's a force of habit; no other reason. In the future, let's list it as a top holding, and we'll tell you how many shares we have. We own a little less than 5%. You know where we're trading and how many shares are outstanding, so you can do the calculation. In the future, we will do it for you.

Steven Bregman – President & Chief Financial Officer

Although there's a subtlety here, which would not escape anyone in this room. But just as a general housekeeping item, that number alone, obviously—which is an equity interest in Horizon Kinetics—would be misrepresentative of our economic ownership of HKHC. That's because it excludes the revenue share. So, if we put the number of shares of Horizon Kinetics held by FRMO Corp. on this sheet of paper next year and didn't include a footnote to say, "Don't forget about the revenue share," that could be misinterpreted by the less knowledgeable. The two go together.

Murray Stahl – Chief Executive Officer

Let's take a question from the audience, if we could.

Steven Bregman – President & Chief Financial Officer

Who has a question?

Questioner 2

Thanks for your time today. My name is Charles Wong. We actually met last year at the RENN Fund meeting, and I just wanted to ask you, since you talked about crypto mining, you used the analogy of the gold miners and the gold royalty, and you invested in gold royalty. But this time, you're investing on the mining side when it comes to Bitcoin. So, what do you see the edge that you had versus competitors in the marketplace? And then, what do you see the competitors doing wrong in this space?

Murray Stahl – Chief Executive Officer

So, I'll just repeat it. What do we see as our edge, and what do we see the competitors doing wrong? I'll do the second part first. The competitors aren't doing anything wrong. They're just doing something different. There's nothing wrong, per se, with buying the Bitmain Antminer S21 mining rig right now. I'm going to be off by a few days, but let's say there's roughly 940-odd days to the halving.

You would calculate thusly. At the current Bitcoin price—because we don't know what the future Bitcoin price is going to be—the amount of money I make per mining day is X. Right now, for an S21, it would be about $7.50, in round numbers. You'd multiply that by 940-odd days, and you'd say, that's going to be my return. An S21 costs $6,000, so therefore, you can calculate the rate of return. I believe that math is wrong. It's not that *they're* wrong—they're using the accepted methodology. However, I don't believe the methodology is correct.

The reason I don't believe the methodology is correct is because, if the halving were exactly 940 days from now, at the current what's called difficulty rating—or hashrate—you won't be able to make any money from that equipment. You have to make your money back before 940 days have elapsed, but the new devices will not be introduced on the 939th day. They will be introduced some indeterminate number of days prior to that.

What is the indeterminate number of days? It might be 700 days. So, if my supposition is correct, and it's introduced 700 or so days prior to that, you can't say 940 x $7.50 is my numerator. That's false. Now, we don't know if it's false or not. I'm presuming it's false, and historically, it has been false. And I think it's too big a risk to take.

So, we went a completely different way, and we decided we're going to merge-mine, or scrypt-mine, Litecoin and Dogecoin. Dogecoin has a lot of disadvantages to Bitcoin. One is, the halving actually makes Bitcoin go up, for reasons we can get into if you want. There's no halving in Dogecoin. There's also a much greater issuance rate. Theoretically, there's a limit, but not a finite limit. There is a remounting and integral limit.

Sorry for using math. It's like approaching a certain finite number, but you never actually get there, whereas with Bitcoin, you have 21 million units. The monetary policy of Dogecoin is inferior to Bitcoin's, so you probably don't want to hold Dogecoin for very long, although someone could make an argument for that. I've heard people make an argument for that, and they might even be right. I'm not doing that.

In any event, if it's going to be merged mined with another coin, and if Litecoin's going to be such a coin, well, somebody has to get a rate of return for mining it, because mining is the process of valuation. By the way, "mining" itself is a very poor terminology. The analogy is supposed to be to gold mining. It's very different than gold mining, but in any event, we call it mining. We're really validating transactions. If you're getting a higher return on capital in Dogecoin, you don't

have to worry about your device obsolescence, because Dogecoin has no halving. You can thereby expand your equipment's life, perhaps greatly, and we decided to try it on a very low level and then scale up gradually. There are other merge-mining opportunities. It's not limited to Dogecoin, and we're studying many other opportunities. We might embark on some of those, so it's a process of R&D.

There are thousands upon thousands of coins. I cannot pretend that we know even what the bulk of them do. Some of them are very creative. So, given the size of the universe, how can we possibly—without having studied the universe—commit tremendous amounts of capital? And possibly commit ourselves to something that might be—and probably will be—technologically obsolete long before 940 days have elapsed? I don't know if that's a fulsome enough answer.

Questioner 2 (cont'd)

So, when you think about this merge-mining, because when I look at all the public miners, they're not looking at that at all. And I do agree with you that their calculation is incorrect. When you look at Dogecoin, though, and when you're merge mining it, do you see that calculation you're computing to be pretty consistent on the return on capital?

Murray Stahl – Chief Executive Officer

Yes, it's pretty consistent, and I'll give you a much more fulsome answer. The first thing you might want to look at, if you want to study this question in more detail, is the network hashrates. Dogecoin and Litecoin are merge-mined, so the network hashrates are the same. And the network hashrate has been rising. I'm doing this from memory, so I may be off a little bit, but I think the network hashrate of the last year was up over 40%. So, more people are discovering it. That might be wrong, but that's what I recollect. So, we have that going on.

Here's another way you could have asked the question, so I'll ask myself the question, and then I'll answer it for you: Why are you telling us all this? This is recorded. Everyone's going to get a transcript. They can copy you and compete with you. My answer, if you posed that question to me, would be, "We should only be so lucky." Now, let's say, just for the sake of argument, everybody in this room said, "Oh, merge-mining!"—which I also refer to as scrypt-mining—"This is the greatest thing. We've got to do scrypt-mining." So everyone goes out, raises capital. You're going to buy all these devices to emulate us. Well, what is the mathematical consequence of you doing that?

The hashrate of a Dogecoin/Litecoin system is going to rise exponentially. What does that mean? When the Dogecoin/Litecoin hashrate rises, it's more difficult to mine. We're going to get a lower market share. It is the same as saying we're going to get fewer coins for each block cycle, which is every two-and-a-half minutes. That would dramatically increase the value.

Here is an example, perhaps absurd, but instructive nevertheless: If enough people emulated us with a view to really retain the Litecoin—because Litecoin has the same monetary policy as

Bitcoin—then if the hashrate went so far as to be equal to Bitcoin, the Litecoin would have the same value as Bitcoin.

Consensus Mining has, in round numbers, 12,000 Litecoin. If everybody emulated us, and the hashrate were comparable to Bitcoin's, then we can presume, perhaps wrongly, that the Litecoin value will be comparable to the Bitcoin value. If the 12,000 coins were comparable to the Bitcoin price (and by that time we'd have more coins), you can multiply the current price of Bitcoin by 12,000-plus and see what that would do to the price of Consensus Mining, Winland, and thereby, FRMO. I don't know if it's going to work that way, but we're being very open about what we're doing, and there's a certain self-interest in being open about that. I hope you can appreciate it.

Questioner 3

Can you give more background on the reason for a new board Chairman? Is there anything shareholders should read into this decision?

Murray Stahl – Chief Executive Officer

Yes, what you should read into it, is that when you're on the board of a publicly traded company, there's something called over boarding. You're not supposed to be on more than two boards of publicly traded companies, excluding your own company. I'm on the board of two New York Stock Exchange-listed companies. Those are Texas Pacific Land Corporation (TPL) and MIAX. So, I would invite a negative vote if I were to remain on the board of FRMO. I'm just being honest. I'm still the CEO. Nothing's really changed, but that's the way it works.

Questioner 4

Tell us more about MIAX, and specifically, what percentage of it do you own? There was a cover story in *Barron's* about Citadel's Ken Griffin, and I'm embarrassed that I didn't know this, but in the last 10 years, his net worth went from $6 billion to $48 billion, making him the 35th-richest person in the world. He's tremendously ambitious and claims to do 25% of all trades in the U.S. And he recently relocated his whole operations and himself from Chicago to Miami. Is there some way that this might be good for MIAX?

Murray Stahl – Chief Executive Officer

I'll just tell you something about MIAX. And that Citadel is going to use the best exchanges around. I'm very confident that MIAX has an edge over a lot of people. MIAX's Minneapolis Grain Exchange is being rebranded as MIAX Futures, and you can do a lot of interesting things with futures. In about a month, MIAX is opening up a trading floor in Miami. It's going to be the first trading floor—an actual trading floor with people on it—to be opened in, I think, about a half-century. Citadel is a great company, and its reputation precedes it. I don't want to take anything away from Citadel. Citadel is electronic. By the way, I can't resist saying this, even though it's not a direct answer to your question. We'll come back to your question in a second.

I spent decades trying to convince people to be long-term investors and not trade, and here I am owning exchanges. I never convinced one person. No one's ever been convinced, ever. So, at some point, I said, "You know what, I've got to get into the exchange business, because people are going to trade." Anyway, back to MIAX.

If you're trading electronically, you're dealing with companies with enormous computer resources. If you're going to compete in that space, it is your obligation to invest a lot of money in the hardware. Not everybody's willing to make that investment. In the old days, the investment was just having people on the floor, and it didn't require that sort of infrastructural investment. The exchange made the infrastructural investment. There are a lot of people that have more than a certain nostalgia for the old days. I do not know, but I suspect in-person trading is going to have a renaissance. We'll find out in short order if that proposition is true or false.

I think MIAX is doing just great stuff. If you want to follow MIAX, the key to an exchange is volume. They announce their volume, so you can look at it. You can go on the website, look at the volume and see how big it is. You can also look at the market share. I think the absolute amount of volume might be, as a metric, more important than the market share, but all the statistics are there. It's incredibly robust, as far as I can see.

Thérèse Byars – Corporate Secretary

We have a couple of questions asking about when the 2025 Shareholder Letter will be ready and posted on the website. I can answer that. It's in the works, but it has to get reviewed.

Steven Bregman – President & Chief Financial Officer

Well, "in the works" means it was delivered on time. It was actually written, and now it's just being processed in whatever manner you process it to place it on our webpage.

Murray Stahl – Chief Executive Officer

Yeah, basically, when you write a letter, you might think that—other than grammatical errors or typos—it shouldn't take very long to go on the website. But in the modern day, it has to be reviewed by a battery of lawyers. And it takes a certain amount of time to be reviewed thusly, and that's where it is. But it's coming. It's written. It's finished.

Steven Bregman – President & Chief Financial Officer

There's a very popular, often-used expression at Horizon Kinetics, which is, "Send it to Compliance."

(Audience laughter).

Murray Stahl – Chief Executive Officer

Anyway, it'll be released in due course.

Questioner 5

Why did you take HK public via the Scott's Liquid Gold entity instead of rolling it into FRMO? I just want to understand the deeper strategy logic through your perspective. It just seems more rational to me that you should have rolled HK into FRMO, but perhaps I'm missing something.

Murray Stahl – Chief Executive Officer

You're not missing anything. It's just that FRMO is not the same thing as Horizon Kinetics. FRMO is not a registered investment advisor. We don't want to be a registered investment advisor. There are certain scenarios where we might end up being a registered investment advisor, but it's not in the game plan. FRMO is interested in deeper cryptocurrency investing than Horizon is. And I think those should be kept separate.

In the Horizon business, I don't think there's any need for raising capital. In certain circumstances, one might need to invest a lot of capital in cryptocurrency mining. I don't foresee any such eventuality, but it's possible. So, it's not a good idea to put them together. We don't know what technological changes are going to happen to the industry. We think we're very conversant of what's happening, but at the end of the day, you never know. So, you don't want to put Horizon in a situation where it might have to raise capital for a division that's not central to its mission, and FRMO hasn't done that. We've made strenuous efforts not to do that—and have no plans to do it—because, as I said, you never know. So, we don't want to put Horizon in that position, theoretically.

Steven Bregman – President & Chief Financial Officer

There's perhaps another aspect to it, which is that to subsume FRMO Corp. into Horizon Kinetics is to lose its distinctiveness, and to actually complicate the valuation of Horizon Kinetics. You could invite the question, "Why do you make Horizon Kinetics, then, more complicated? Why don't you break things out, so we understand them?"

A small example is, there is a company we became interested in recently—a publicly traded company—to put into client portfolios. There was a microcap water company in Texas, which is very interesting. It's very nice to own, except it was recently acquired by a utility company. So, it's still in there. But, basically, its value has been diluted to the degree that it's not something I'd want to own, because its characteristics and its future return are really overwhelmed by the regulated utility company. It would be the same thing.

Murray Stahl – Chief Executive Officer

Anybody in the audience wants to go? There's a question somewhere, but I don't know where it is. Okay, there we go.

Questioner 6

Hello, could you give us a little bit of your thoughts on a different aspect of the crypto business in terms of hosting your equipment or owning your own facility, just around how you look at that? There's obviously costs of having your own facility. There's a cost that you're charged when you host equipment. What are the pros and cons to that? Is that something you think about?

Murray Stahl – Chief Executive Officer

The question, for those who didn't hear it, is thoughts around hosting our own equipment versus going somewhere else. We've done both. It just so happens that in Horizon, we own roughly half of a company known as HashMaster. We're actually hosting our own equipment. And, I'll get this wrong, but in round numbers, FRMO owns 7% of HashMaster and Horizon owns roughly half. I don't remember exactly. Maybe it's 49% or 48%.

In any event, there are pros and cons with hosting. The approach we took to hosting is, we did it not so much to host—but rather because, for much of our history, the equipment would break down. One of the problems with Bitcoin mining equipment, as opposed to other coins, is that the equipment from any vendor is not that well made. For example, if you bought 1,000 Bitcoin mining rigs, at least 7% of them—my own figure is higher—will not last for their depreciable life. It's not because they become obsolete; it's that they'll break down. There are a lot of smaller breakdowns happening that require repair. So, the reason we invested in HashMaster was because we found the need to frequently repair our equipment.

Now, there are other repair facilities. The trouble with it is, until recently, those repair facilities were in China. So, we had to ship our equipment to China, and they had to ship it back. During that process, we're not mining. The life of the equipment is finite. That was a real problem, so we felt we could enhance our return on the equipment, or return on capital, by doing our own repairs. That helped a lot. The problem is, the repair business can be very, very cyclical. There are always rigs that need repair, but when people anticipate a new equipment changeover, they won't repair the equipment. So, we'd end up with a warehouse full of devices that require repair, but nobody's interested in actually repairing them.

We did some experiments with basically cannibalizing the equipment and making serviceable equipment out of devices that are not serviceable. And we learned a lot. If I had to do it over again, I would do the exact same thing, because we weren't doing it so much to earn a return. We had to learn about the mining business at the most granular level. There's even a business to be had in extracting precious metals that are contained in the old mining rigs, the non-serviceable equipment. They're in trace amounts, but there's a business. So, we've learned a lot, and we still own it, and we'll see what happens to that business.

But we found—all over the country—places that would host for us where the electricity rate was so low, we decided to take it. In certain utility jurisdictions, right now, we're buying up power from the grid. There are two ways to buy power: on the grid and off the grid. We're buying power on the grid.

One way is to buy ultra-cheap power and have a take-or-pay agreement, meaning we might be buying power for a really low price, but we're required to buy a certain amount of power, whether we need it or not. That might be dangerous, because you're signing on to a pretty big liability. So, we decided not to go that route, and we went the route of off-peak mining.

One of the ways we found to reduce our power cost is, if you agree to limit yourself to off-peak hours—off-peak hours are Saturday and Sunday and all the hours of the day that are not normal business hours, meaning seven to five—you can get absurdly low electricity prices. The negative is, you're not using your equipment 24/7. That can be an advantage, too, because the equipment runs hot, and you can extend the life of the equipment if you turn it off for a certain period.

It's very much like a generator. If you've got an electric generator, you really should turn it off at some point during the day. The generator lasts a lot longer. So, it was part of the learning process, and we found some hosting companies willing to accommodate us in off-peak mining, and the off-peak prices in their jurisdiction were appealingly low. So, it made sense for us to use somebody else's facility rather than build our own or buy an existing facility. That's our experience in brief, if it's helpful to you.

Questioner 7

When will a dividend be initiated, and when will the stock listing be raised to Nasdaq?

Murray Stahl – Chief Executive Officer

We have no plans to pay a dividend yet. That might change one day, but for the moment, we're not planning to pay a dividend. I was going to take the liberty of slightly changing the nature of the question. Instead of saying, "When will FRMO be listed on Nasdaq," what they really mean is "the first level of Nasdaq." So, again, I'm going to take the liberty of changing the question slightly: "Why is it not yet listed on Nasdaq?"

The answer is, there are only so many hours in a day, and we just haven't gotten around to it. It'll happen in due course. We are doing many things. To give you an idea, in the last 14-15 months, we brought Horizon Kinetics public. We got Consensus Mining to trade OTC. The OTC market doesn't have listings; they just have trading venues. So, it trades there. We participated in the MIAX offering. There're just a lot of things to do, and we only have so many hours in a day, and we didn't have time to do it, but we'll get to it in due course.

Questioner 8

Regarding data centers, TPL has all the ingredients to be home for many substantial ones. Trillions of dollars are going into data centers in our country, yet, as far as we're able to see, our huge TPL investment hasn't received one cent of it. Logically, data centers should provide more revenues and profits than their present businesses.

Murray Stahl – Chief Executive Officer

That's a statement. That's not a question.

Steven Bregman – President & Chief Financial Officer

That's an indictment, not a question.

Murray Stahl – Chief Executive Officer

It's not an indictment.

Questioner 8 (cont'd)

The question is: Why isn't TPL building data centers or having them built on their land?

Murray Stahl – Chief Executive Officer

Two points to that. First of all, I'm not the investor relations department at TPL, so I'm not going to speak for them. TPL is well able to speak for itself, so let me just make a general statement about data centers without referring specifically to TPL. Many of the data centers that exist in the U.S. are technologically obsolete already due to the new Grace Blackwell chip and the chips that'll come out in about 18 months from NVIDIA, the Vera Rubin chip.

The difference between data centers, of which there are many in this country—I think there are 5,400— is I don't think most of them will be able to draw the requisite power to be at scale. Because we're talking about the western U.S., you know how you know who the pioneers were? They're the people with the arrows in their backs. So, you've got to wait, and you have to consider that speed is not of the essence. Just as we took our time with crypto, in the world of data centers, you get a much higher return if you take your time. There are lots of opportunities, and the land isn't going anywhere.

Questioner 9

Given the MIAX IPO, how does management waive a trade-off between realizing gains to redeploy capital elsewhere, versus holding the stake as a long-term strategic investment?

Murray Stahl – Chief Executive Officer

With regard to MIAX, my desire would be to hold it as a long-term strategic investment, because even though the other exchanges also do great jobs—I'm not saying anything negative about the other exchanges, and we own a lot of the exchanges—it's just a superlative company. It's come a long way in a very brief period, and there are a lot of wonderful things in the process of happening. I see no reason to sell it and redeploy it in something else. It has a very high return on invested capital, as anyone can see by looking at the financial statements. And it's not easy to find something that's going to have a superior rate of return.

Questioner 10

This a request for clarification. I was reading the HKHC Second Quarter Commentary, and I want to say I was really impressed. It was—as usual—very eloquent, articulate, persuasive, brilliant. So, why spoil it with a sneaky trick, which is immediately apparent to anybody who knows the financial markets? You were comparing gold, for example, to these indexes. And it's true the Vanguard S&P 500 ETF (VOO) began in the year 2000, along with a slew of other indexes. So, 25 years, that's enough time. But since I'm a student of history, and anybody should know this, go back to 1980. Measure gold from $800 an ounce before it fell 75% to $200 precisely in 2000.

And of course, you're measuring the stock market indexes from the top of the total bubble, when in fact, the SPDR came public in 1990, as everyone knows. I totally buy the premise that indexation is a problem. I am completely persuaded by JAPN, and I'm putting my clients into it. I love the idea of exchanges, but you kind of tried to sneak a fast one by us. And I wish you would rewrite the whole thing, going from 1980 or 1990, and see what the numbers come out.

Murray Stahl – Chief Executive Officer

What is the question? That's a statement. What is the question?

Questioner 10 (cont'd)

Would you be willing to consider showing us the same data going back to 1980 for gold and 1990 for the SPDR?

Murray Stahl – Chief Executive Officer

We'd be delighted to show you the same data. I hope you didn't misunderstand. We weren't trying to tell you that gold is a better investment than the S&P or even that the S&P is in some way problematic. That's not the point. The point really is that gold, as an industry, is going through some changes. Just like it went through changes in the 20th Century, one of the changes it's going through is, it's extraordinarily difficult to open a gold mine.

In the last 25 years, maybe because of that, maybe some other reasons, the price of gold has been unusually robust. That's what it says. We're not saying gold is a good investment because it had a great return for 25 years. What we're actually saying is—and those are the numbers—in light of

its history, it's unusually robust. It's just so easy for an investor to buy a gold ETF and hang onto it. The issue really is, if you don't have to do a lot of work, and gold can go down, but it doesn't go bankrupt. It wasn't not answering a question; it's posing a question. At least for the last 24 years, why has the price of gold been so robust—and lately it's been even more so—in relation to its characteristics? Not necessarily as a gold mining company, which is a different kind of investment, but just owning gold or owning a gold ETF, if you'd like. Why should the ETF business in gold be so robust? It's not designed to prove anything or lead anybody in a certain direction. It's just posing a question. Reasonable minds may differ as to what the answer is.

The answer, which I think I addressed in an earlier meeting, but just to recapitulate: In the 1980s—and to a large extent the 1990s—gold clearly was not robust. We addressed that in a *Compendium*. Why wasn't it robust? There were two things going on in gold. The first was the slow death of the Soviet Union. What could the Soviet Union do to save itself? It couldn't do much. It could try to raise hard currency.

And the best asset it had—say what you will about it—was all manner of natural resources. One of those was gold and the other was silver. They were selling it probably more aggressively than they would have, and probably mined it more aggressively than they would have, had it just been a business. So, it was communism—we really can't properly account for the cost, and they were just selling it.

As bad as that was, from the point of view of gold and silver, let's turn our attention to South Africa. South Africa's demise—or near-demise—towards the end of the apartheid regime, ended not that long before the Soviet communism. They almost died together. And the apartheid regime, although you could argue they were businesses, and maybe they were doing things that are logical from a business point of view, they wanted to maintain the regime. So, the production was very robust, relative to what it would have been, had it been merely a business.

In the aftermath of the death of those two regimes, the nations were in quasi-chaos, and there was still an incentive to sell gold maybe much more aggressively than you would have thought a business would do. But at some point, that ends. In the 21st Century, it's not that the modern Russia doesn't have its problems, but whatever its problems are, they're not going to solve them by the aggressive sale of gold on the world markets.

Similarly, like every nation, South Africa has its problems. Its problems are not going to be solved by the aggressive sale of gold on the world markets. So, you really can't compare the '80s and '90s to the most recent quarter century. That's all we were saying.

Looked at another way, gold was $32 an ounce or $35 an ounce. It's now 100 times greater, and it was like a bucking bronco ride. The reason people don't believe in gold is because, first, it shot up like a rocket ship. It was very difficult to buy when it was going vertical. Then it spent 20 years going from $800 down to $200. It went vertical again into 2011, then got cut in half by 2015. So, it was like riding a bucking bronco. But had Buffett, who always hated gold, had his billions in cash, in gold instead, Berkshire Hathaway would be a lot richer now.

What I'm saying is that gold really wasn't the proper monetary asset for the bulk of the 20th Century until we get to 1971, when the U.S. goes off the gold standard. Now, it's a tradeable asset. It wasn't really before, because the price was fixed. The trouble was, even though it became a tradeable asset, it wasn't completely subject to market mechanisms. The reason it wasn't completely subject to the market mechanisms is because a lot of the world's biggest suppliers of gold really weren't interested in the market mechanisms. The Soviet Union is a pretty good example. They were interested in something else.

So, if you're looking at historical gold prices from 1973 to 2000—or even somewhat beyond—I'm not sure how much that means, but I think that from the beginning of the nearly-quarter century that has elapsed since, it means more in that you don't have a major empire trading or selling gold with a non-economic objective. If some gold-mining companies are better-managed than others, what's happening in the last 25 years is, every company seems to be interested in dramatically improving its return on invested capital, including the Russian companies. That's going to have some consequences for gold. That's all we were saying.

Questioner 10 (cont'd)

One last point is that VanEck, I think, in its commentary, pointed out that when Trump won the second election, he froze, I believe, the Russian assets that were in Treasuries. This was like a warning shot to not only Russia but all non-aligned nations, that if you invest in U.S. Treasuries, it might not be safe. So, they furiously began accumulating gold, and this might have had an effect recently as well.

Murray Stahl – Chief Executive Officer

That's a fair point, that if you're a foreign nation and you accumulate a large balance of Treasuries, and you have a dispute with the U.S., it's not the first time that happened. It's possible that your assets can be seized. You would imagine other nations would be mindful of that and be more reluctant, maybe very reluctant, to hold U.S. Treasuries. But that's a different discussion. You certainly weren't referring to that. Maybe from their point of view, gold is a better investment, but that's not what we were trying to allude to.

Questioner 11

Earlier, you spoke about gold royalty and streaming companies. How do you view those that also have a project generation arm?

Murray Stahl – Chief Executive Officer

I would not be too enthusiastic if the royalty companies were to develop significant mining operations on their own. We've historically preferred the royalty companies. We'd like to remain as pure as possible as royalty companies. We, generally speaking, don't favor the inflation hedges

that require enormous capital investments. Now, if some royalty company opened a very small mine, and it was a small amount of capital and really didn't change the return dynamics, maybe we can overlook it. But generally speaking, we're going to stick to our historical strategy.

Questioner 12

I believe, on a previous call, Murray mentioned that Litecoin trades $11 billion worth in a 24-hour period. Could he share the source of this number? I could only get to, at most, $1 billion. Or did I misunderstand what he was saying? It was in the context of the amount of Litecoin traded in a 24-hour period compared to Bitcoin.

Murray Stahl – Chief Executive Officer

Okay, I'm doing it right now, so just bear with me for one moment. The question is: What's the source of this Litecoin trading? There's a website called bitinfocharts.com. The trading expressed in dollars in the last 24 hours—I'm literally looking at it—Litecoin activity, which means coins sent on the Litecoin blockchain, is the way they define it. I'm going to read it: $13,030,000,000. So, bitinfocharts.com, that's the source. I've been tracking it, and I invite you to read it if you care to.

Questioner 13

We've heard management extol the superiority of MIAX's technology in past calls. So that we can get a better understanding of how MIAX plans to compete with the other exchanges like CME and Intercontinental, could management explain how this superior technology will meaningfully compete with the liquidity advantage of the larger exchanges? If some new type of derivative were to be invented by MIAX, what stops other exchanges from quickly trading similar derivatives on their own platforms, which would be more attractive from a liquidity point of view?

Murray Stahl – Chief Executive Officer

First of all, I don't want to be the investor relations department of MIAX. I'm going to resist that, so I'll just make some general statements about the way an exchange works. I'm not necessarily referring to MIAX, and hopefully you'll accept that as a good-faith answer to your question.

The first thing is, when you talk about technology, what you really mean is software. As you can imagine, if you were setting up an exchange-based software system, you'd be dealing with, and writing, millions and millions of lines of code. If you have brand-new software, you've made all the changes that need to be made to respond to whatever the market wants.

One of the reasons that exchanges are reluctant to respond to the market demands is, although you might not think changing one line of code is a big deal—you're changing one or two lines of code—you can't be sure exactly what's going to happen if you change one or two lines of code. You have millions and millions of lines of code. It's unbelievably expensive.

Some years ago, the ASX—the Australian Stock Exchange—tried to bring online a new system, and it didn't fare very well. It was an enormously expensive project to fix. You expect everything to be done right, but it frequently doesn't get done right, and it's very expensive. Even when it's done right, it's very time-consuming. So, exchanges are, generally speaking, reluctant to make major modifications to their software. You need a really good team to be able to do it, and there aren't that many people who know how, so that's a general statement about exchanges.

Another thing is about competing products. In terms of derivative products like futures, a monopoly or quasi-monopoly usually develops. The first person to market is going to own the market. It's very hard to take away volume from another exchange. As a general proposition, whatever the exchange is, the reason exchange number one has most of the volume is because that's where the liquidity is.

There's rarely a reason to go to another exchange, unless it's a different product. That's one of the great things about exchanges. Once you develop a trading market for a given commodity in the future, you tend to keep it. That's why the CME has been doing the same thing since 1854. There are new products, but I don't believe they've lost any products.

The Minneapolis Grain Exchange was founded in the 19th Century, and it had the franchise for hard, red spring wheat. But with all the competition, and Minneapolis Grain Exchange not having a lot of technology, it held its own against everybody, including the Chicago Mercantile Exchange. So, you'd be surprised. The Winnipeg Grain Exchange has the quasi-monopoly on canola futures and they've held their own against everything. I can give you lots of other examples. It's not easy to take share away from another exchange once they've established their market. That durability of your business franchise, that's one of the reasons you want to own all the exchanges.

Questioner 14

FRMO traded as high as $16 a share in 2007. Ten years later, in 2017, its high was $12; in 2021, it reached $15 a share. Now, four years later, it is trading at $9 a share, all of that after exceptional picks including TPL and Bitcoin, both of which have appreciated approximately 100 times. FRMO's financial position is excellent. Performance is great, and profits are substantial. The question, which is somewhat omitted in most of the past annual meetings, is: Why have the shares done so poorly?

In the past, shareholders have asked about the lack of visibility FRMO has in the market. The response has always been that either you or the staff have been too busy to focus on creating more exposure, or the recognition that you will do so. It's a fair question after almost 20 years to ask if you are satisfied with the stock's performance and if you think shareholders should be satisfied. Perhaps a special dividend is in order. It's also a fair question to ask you to commit to a more aggressive program of exposing the market to the extraordinary performance and prospects of our company.

Murray Stahl – Chief Executive Officer

Okay, I'm not sure what the question is, so I'll do my best to address it.

Steven Bregman – President & Chief Financial Officer

They did this again. It's not a question. It's an indictment.

(Audience laughter).

Murray Stahl – Chief Executive Officer

It's a statement. It's a statement.

Steven Bregman – President & Chief Financial Officer

I'll accept a statement.

Murray Stahl – Chief Executive Officer

Don't take it that way. I don't take it that way. It's a statement. Anyway, in the last year, we brought Consensus public. Horizon Kinetics itself is trading. MIAX is now public, so there are a lot of valuation points. There's been a fair amount of activity to bring visibility, but what we still lack—and we're going to achieve it—is, if you really want a big multiple of net asset value, you have to be an operating company. I think we've addressed that in prior meetings. We need to be an operating company. So, you can do all the promotional meetings you want, but you need to be an operating company.

In an operating company, people will make a forecast about revenue growth. In an investment company, you're only as good as your last investment. So, we might have been brilliant, but that doesn't prove we *will* be brilliant, so we need to have an operating business. We're developing it, and we're just about there. Once we're there—I can't say, but I presume—there'll be a different cast and character to our financial statements, and we'll see what that does. I'm going to leave it there.

Questioner 15

Other than moving toward acquiring a controlling interest in Winland Holdings, is there any other ongoing activity specifically directed at FRMO becoming an operational company?

Murray Stahl – Chief Executive Officer

All I can tell you is, we're doing things that I think you're going to find interesting, and at the appropriate point, we're going to make an announcement. But for now, we're going to keep it to ourselves, if you don't mind.

Questioner 16

Regarding data center development in the Permian, what are management's thoughts on: 1) the risk of earthquakes to data centers and equipment in the Permian due to fracking? And 2) the risk of greatly decreased water sales revenue to data centers posed by the development of closed-loop water cooling systems such as those being piloted by Microsoft in Arizona and Wisconsin that would require only a small fraction of continual water supply compared to traditional water cooling systems?

Murray Stahl – Chief Executive Officer

The first is the earthquake issue. I am not a geomorphologist, so I disqualify myself to start with. However, there are earthquakes, but not from fracking. I just want people to understand you don't have an earthquake from fracking. You have an earthquake that can be 2 or 3 on the Richter scale.

Before I answer the question, I have to tell you the Richter scale is semi-logarithmic. That means that the 3 is disproportionately higher on the Richter scale than a 2; 4 is still disproportionately higher; 5 is disproportionately higher. A serious earthquake on the Richter scale is something like 7. So, a 2 or 3, that's a tremor, but you don't want a tremor. The reason you get a tremor is not because of fracking, it's because of the disposal of produced water.

If you allow the pressure of produced water being injected into the subsurface to rise above a certain point, you'll get slippage between plates, because the water can be a lubricant, and you'll get a tremor. The solution to the problem is, don't inject water below a certain depth. Even if you stay within the depth limitations, don't come against the pressure limitations. No one's doing that right now, and there are guidelines to that, so it's not happening. You don't have to worry about earthquakes.

Now, the closed-loop system. The water usage with data centers has virtually nothing to do with the data centers themselves. Yes, there is some water used for the cooling of the data center, and in a closed-loop system, what's being done is, the same water is being circulated. There are two ways to cool a data center with water, and water is not the main problem.

The first way is the open-loop system, where basically the water goes through a pipe, and it goes into something called a cooling tower. Ambient air is injected in the cooling tower, and the hot water mixes with the air. When the water mixes with the air, there's a certain amount of evaporation, and the air absorbs the heat, and then the water goes right back into the pipe.

The closed-loop system basically doesn't use a cooling tower. They would say, "Ah-ha, we're not going to have any evaporation." What they don't tell you is, if you do that, you're going to run

hotter than what you would run in an open-loop system. If you run hot—remember, there's metal all over the place and there's a lot of power coursing through the data center—you can get static electric charges, which will destroy your equipment.

By the way, most data centers are run what they call "dark." That means the lights aren't even on. Normally, in a data center, there are very few people, and usually even no people, in it. However, having said that, if you walk through a data center, and you're wearing glasses like I'm wearing right now, what you would see after about 60 seconds is, your glasses would become wet, like you're in the rain.

Why would your glasses be wet? Because everywhere in the data center, there are little spray nodules that are putting out fine mists of water 24/7, because you want to have very high humidity to prevent static electric charges. The data center is using water anyway, so a closed-loop system doesn't stop that. However, I don't want to dwell on that. I don't want to give you the impression that in the data center world, the primary use of water comes from the data center itself. The primary use of water comes from generation of electric power.

If you generate electric power, you're generating it via a turbine. What does that mean? That means, you're first boiling water. Whether you use natural gas, nuclear, or even coal, people make a big deal of those modalities. But from the point of view of water, the modality is irrelevant. You're boiling water. They're all called thermal power. Nuclear, coal, and natural gas are thermal power.

And when you're boiling water, you convert the water into steam. It's steam that drives the turbine, so you want to keep using that water, which is now water vapor, so you must condense it somehow. It's the process of condensation where you get evaporation. Most of the water that is lost is lost in the power plants that supply the data centers, not the data centers themselves.

So, when someone is interviewed in the media and these things are carefully edited, and they say, "We have a closed-loop system. In a closed-loop system, we don't have any evaporation," they don't tell you that there's a fine mist being sprayed 24/7 throughout the data center, and that's using a lot more water than the evaporation that would come from the cooling center. But I don't want to give you the idea that that's the main variable. The main variable is the evaporation you're going to get in a thermal power plant.

To give you an idea, a one-plus gigawatt, maybe two-gigawatt, nuclear power plant, will draw—believe it or not—550,000 gallons of water a minute. So, you're using a lot of water. Not all that water is going to be evaporated. Some is going to be returned to the body of water from whence it came. However, it's being returned heated, which means in that natural body of water, you're getting a thermal plume. A thermal plume is not beneficial for any form of aquatic life, be it a plant or a living creature. So, that's the issue in water.

Steven Bregman – President & Chief Financial Officer

Have you ever had occasion to drive by a nuclear power plant and see those large concrete towers and huge, fluffy thick clouds, white clouds coming out of the top? That's not radioactivity. That's steam.

Murray Stahl – Chief Executive Officer

Anyway, in brief, without going into great detail, those are the basics of the water problem. The water problem is just starting and that's why I said there's this incredible misunderstanding. Just like in the case of cryptocurrency mining, we want to go gradually, because we really had to thoroughly understand the technology. In the case of thermal power generation for the purposes of data centers, if you're too quick, you're going to do yourself a great disservice. So, you really need to study what's happening in great detail, and that requires time.

Steven Bregman – President & Chief Financial Officer

I have a question, and I ask it in ignorance. I've tried this line of thought once in a while, but I don't know if I'm correct, and you can correct me. People ask, "Why aren't there any announcements about data centers in West Texas and the Delaware Basin?" One of my first thoughts is, no one asked that question of a real estate developer that's collecting lots quietly and surreptitiously through different agents over a period of years to get a big footprint so they can build a large development.

They don't want anybody to know, because everybody knows what would happen as soon as the owner of some decrepit six-floor walkup finds out about that. They're going to hold out for every dollar they can. I just have to presume—it's just reasoning, it's not based on experience—that a billion-dollar-plus development that might be in the planning process with a 30-year ground lease is not going to be trumpeting their pending activities in interviews with the *Wall Street Journal*. Why would they?

Murray Stahl – Chief Executive Officer

That's true. But to be fair to the people posing the question, that's not really their question. Their question is, "Come on, when is it going to happen?" That's really their question, not that somebody's very cleverly trying to accumulate lots like a real estate developer would. I just told you during this meeting that, two days ago, IREN was talking about its data center construction to be energized, at least partially, in April 2026. They were talking about it two days ago, and those people who follow IREN, in their infinite wisdom, decided that the stock needed to go up 20-some-odd percent, whatever that number happens to be, because of that announcement.

They just happened to reach a point where information had to be disclosed. When you sign a material agreement, you have four days in which to announce it to the public, either if it's in your earnings, in which case you'll put it in your earnings release, and if it's not, you'll do a Form 8-K. They were required to do it, and they did. You said West Texas. I just said that the particular project is in Sweetwater, and that's 100 miles east of Midland on I-20, in Nolan County. So, it's

there. Until I mentioned it just now, nobody had heard of Sweetwater. Why would you? You don't go there. No one's heard of Nolan County.

Now, I'll tell you something that you should have heard that you also haven't heard. I tried this as an experiment. During my last trip to Texas several weeks ago, it just so happened I was standing in front of the new under-construction, the Goldman Sachs World Headquarters in Dallas. I was literally standing in front of it. So, Goldman Sachs is leaving New York City and moving its entire business to Dallas. I'm sure they'll leave a remnant in New York, but the company is moving. They're not the only one. Charles Schwab already left. You would think that should be a page-one story. You can be 100% sure that Goldman Sachs is going to be using a data center, and whatever data center they're using in New York, they'll be using one in Texas. So, it's only one of many.

Texas is doing its best to attract business from other states. Why is it doing this, and why, in my humble opinion, will it be successful? Because most corporations are domiciled in Delaware. The Delaware courts over the last years, from the point of view of corporations—rightly or wrongly—in their various litigations, they've gotten outcomes that they consider to be very bizarre. So, the state of Texas is offering itself as a venue for domicile.

If you're domiciled there and if you're in litigation, then litigation will be done at that location. We're experiencing a tremendous shift—maybe it's a once-in-a-century shift—of the focus of not merely the legal center of gravity, not even merely the business center of gravity, but the financial center of gravity. The financial center of gravity of the U.S. since the founding of this country is New York City. And in February, the Texas Stock Exchange is going to start trading. We're investing in the Texas Stock Exchange.

Questioner 16 (cont'd)

Is that private?

Murray Stahl – Chief Executive Officer

That's private.

So, that's another thing. I mentioned Schwab. I mentioned Goldman Sachs, so you can say that's the financial center of gravity. I mentioned the court system. You may not be aware that Oracle's stock is up 40-plus percent today. Oracle has already relocated from California to Texas. They're not the only company. I can give you a list of all the firms that have relocated. Oracle is probably going to be the 15th-largest company in the S&P 500 by the close of the market today. I think the market capitalization of Oracle, by the end of the day, is going to be bigger than Mastercard.

You would think that would be cause for reflection. These aren't obscure examples. I'm not talking about a small company. Oracle is as big as they come. It's relocated to Texas, and that requires some degree of reflection. It's not the only case, and it's certainly not the last case. If you go to these places, you'll see the enormous amount of construction, both commercial and residential.

The character is changing, and it's changing in remarkable ways. It's also part of the danger, from the point of view of politics, by shifting the political center of gravity. Because, as you know, Congressional apportionment is based on population. Anyway, enough said on that subject.

Questioner 17

Three questions, not related. But very quickly, first, Steve and Murray, thank you for all the time, the education, and the investment performance. We're all wealthier and wiser from everything you've done over—at least that I've followed—the last decade. But here are the three questions. First, given that natural gas is the modality that you see powering a data center drive, what could make that go wrong? I don't see coal. I don't see oil. Nuclear, I'm not sure about. But why wouldn't natural gas be the modality that drives the data center drive and that hits some of the royalty companies? That's question one.

Question two, you've written so eloquently on indexation over the decade, and it's all happened. Bill Miller used to always say the stock market tells you what the economy is going to be, not the reverse. But now that indexation is so high, does that mean the equity markets are no longer a good predictor of what the economy is going to do going forward? Or is there a tipping point that you think, when it gets to indexation, that the markets are no longer forecasting capably?

And the third. Given your last comment, when is Horizon moving to Texas or Florida, and is Mamdani, the communist in my view, winning the mayoral race going to be the tipping point?

Murray Stahl – Chief Executive Officer

I'll do the last first. I have no idea who's going to win the mayoral race. We don't have any plans to move to Texas, so we're staying here, at least for the time being. So, there's that.

Let's go to the natural gas question, then we'll do indexation. With regard to natural gas, the question can be interpreted as, "Why not nuclear?" Here's the answer, and you can look it up. In various *Compendia*, I quote these statistics. Nuclear power uses five times the amount of water of a similar-sized natural-gas-fired generator will use. Why does nuclear use more water? It's very simple. Let's compare nuclear, and let's put coal in the same mix, and then we'll do gas. Let's do coal first.

So, you put the coal in the furnace, and you generate the power. We're in the process of generating power and you want to bring the generator down for maintenance, because all generators have to be maintained at some point. The problem is, you can't turn it off because the coal is still burning. All you can do is not put more coal into the furnace and wait until that supply is exhausted, and it'll gradually cool down. So, there's a period when you're not merely just using water to cool the generator itself, but the generator cannot be worked on, and you're not generating any power. You're not making any money. It's just very inefficient.

Nuclear, same thing. You can push in the fuel rods and slow down the reactor or the reaction, but the reactor is hot. It's radioactive. You're still using water. So, that's a problem.

With natural gas, there's a shut-off valve. You shut the valve off, and there's no more gas flowing into the furnace. The flames will be extinguished within seconds and it'll cool down much more rapidly. It's inherently more efficient. That's why natural gas is going to be used. There are other reasons, which I won't bore you with, but that's the simplest way I can express it. So, natural gas is the winner, unless the world doesn't want to have data centers.

I'll give you a little bit more on natural gas, maybe more than you wanted to know. The data centers are not merely being built in the U.S. They're being built everywhere in the world, and the world doesn't necessarily have good supplies of natural gas. If you want to transport natural gas, you have to transport it as liquified natural gas, which means you have to reduce the temperature, and that requires yet more electric power. So, it shows you what the problem is.

If you really want to understand the problem with the well-meaning environmentalists, look at Canada. I'm not trying to criticize environmentalism. I think it's great, but it has to be done in a scientifically consistent manner. Canada has a lot of regulations against using natural resources, but the most natural-resource-rich province is Alberta, which pays a very high national transfer tax, what they call the equalization tax.

If the federal government wants to get more taxation out of Alberta—out of the resources—and at the same time reduce the exploitation of those resources while the resources are still there, the cash flow is going to go down. So, it's a problem. If you were to key in right now on your handheld device, "Alberta seceding from Canada," you'll see a lot of material on that subject. And if you were willing to key in, "Saskatchewan secession from Canada," you'll see even more. This could really happen.

I'm just trying to explain; I'm not making any predictions about what's going to happen in Canada. I'm just saying that this is something that's really, really important. It's just not being discussed. I'm not making a forecast, but if you go to Alberta, Canada right now, literally as we speak, there are town hall meetings all over the province of Alberta, and all over the province of Saskatchewan about this issue. I'm telling you, they are packed wall-to-wall with people. This is a live issue, so it could change the geopolitical nature of the world, because Alberta is not the only place where stuff like this is happening. I can go on for a long time about that, but I'm going to stop myself and go to the next part of your question, which is the indexation question.

The problem with indexation is not that a lot of money went into indexation, it's that the fees went down. I mean, it's a problem for me, but I'm just one person, and that's fine. You could argue that indexation might distort certain valuations, but I can't give you empirical proof. I can give you a logical proof, but it's not empirical, so we can debate that all day long. Here's what we can't debate, because it's subjective. There are lots of companies, and the ruler of the index is the S&P 500. The S&P 500 has certain composition rules that we can look up. We know what they are. They're not open to dispute. Among those rules, there are a lot that affect the economy.

The index originally was an abstraction, not a product. You either beat or don't beat the S&P, and that's the measurement, and that's fine. Once the index became a product, you're now changing the economic reality of the world. People aren't focusing on how the index changes the economic reality. It's supposed to be the measurement tool, like in physics, so it should not be changing the reality.

One of the construction rules of the S&P 500 is that in order to be qualified for inclusion in the S&P, you have to be seasoned. What does that mean? That means you have to be trading for over a year. Even if you are trading for over a year, there are other rules, which I won't bore you with, to even come before the committee.

Over the last quarter-century, we have in America a very robust venture capital business, and we have an even more robust private equity business. As you'll observe, there are tremendous quantities of money raised in private equities. University endowments have enormous allocations to private equity. But there are almost no IPOs, almost no liquidations. Why? Because the pre-eminent buyer of equities is the index. And the index has very little room for the IPO.

Let's take an example. We're all talking about artificial intelligence. Well, you could have used different terminology. You could have said, "Hey, what about ChatGPT?" ChatGPT is owned by a company called OpenAI. And OpenAI is building the Stargate Project. OpenAI has a market capitalization of over $400 billion. How do we know that? Because there's a website called Forge Global, where qualified investors can trade shares, if they wish to, of OpenAI. Who knows what the market capitalization of OpenAI would be if it did an IPO? But how can OpenAI easily do an IPO when the biggest pool of invested capital is the index and OpenAI wouldn't be eligible for index inclusion?

So, it'll come public, as will many, many other companies. For example, Starlink or SpaceX, Elon Musk's companies, will eventually come public. I think SpaceX owns Starlink, but they can come public separately. There're lots of companies that you can see on the Forge Global website. They will come public, but under the S&P inclusion rules, they can't be in the S&P.

So, there's going to be another index, and we know what that index is going to be. That index is going to be the Bloomberg 500 Index. It has a different inclusion rule, which is, the top 500 companies in market cap, they're in. When a company does an IPO, there's—I think—a three or four-day lag before they put it in operationally, but it's going in. So, there's this enormous backlog of venture capital/private equity money that is going to come public, and now there's this alternative index that's being launched, so there will be two indexes with two different methodologies.

Why doesn't the S&P 500 shift its methodology? It's one thing for the Bloomberg 500 to adopt this methodology. There's hardly any money indexed to the Bloomberg 500. So, if you want to buy OpenAI for that amount of capital, which is indexed to Bloomberg 500, it would be doable if OpenAI were public. There are trillions of dollars indexed to the S&P 500. Even though you would

market-capitalization-weight-float adjust OpenAI, the possibility exists that you wouldn't have enough shares. Or alternatively, you may have enough shares, but individual investors would front run the S&P.

What might happen is, in the not-too-distant future, which might be a couple of months away, you might not be able to operate the S&P as it's currently operating. The fact that we have a deficiency, the IPO market only very recently was reinvigorated. We had a 25-year hiatus in the IPO market. I wouldn't say the IPO market is robust right now. It's just more robust than it's been in a very long time. By historical standards, it's not very robust.

So, you can see once you make a mechanical strategy a product as opposed to a benchmark, you have changed the reality, and there are certain consequences. The consequence we had in the last 25 years, we didn't see it, because it had consequences for companies that aspire to be publicly traded but are not yet publicly traded—and maybe in the current environment, can't be publicly traded. Now, there's going to be a competitive index.

How will the world run if there are two indexes? Are there going to be two benchmarks, and which benchmark is better? Will people choose the new benchmark, in which case, you're not indexing anymore? We're at that point in history where the indexation market might actually bifurcate, and if there are two indexes, perhaps some enterprising person will create a third index. There'll be three indexes, and why not four? And so on and so forth. You can see what the problem is likely to be, and this is not going to happen in the distant future. This is about to happen right now.

Questioner 18

How does the RENN Fund fit into the FRMO strategy, if any? And what is the primary strategy of the company as it enters the final fiscal quarter, which has passed, given that the market value of HKHC and CMSC are now known, as they are public companies? Is the primary strategy incremental share acquisition of the existing stock portfolio, such as buying more TPL, or is it to transform FRMO into an operating company? If it is the latter, why is it taking so long to complete the stated desire by management to acquire a controlling interest in Winland?

Murray Stahl – Chief Executive Officer

There are a lot of questions there. Let's do the RENN Fund first. What are you going to do with the RENN Fund? You're going to find out in due course, so I'm not going to tell you. We have plans for the RENN Fund, and when we're ready to do something with it, we'll let you know. It wouldn't be smart to tell you what we're going to do with it now, but we have thoughts about it.

With regard to why it is taking so long at Winland, it's not taking long. Earlier, we were talking about deliberately wanting to go slow. We could get to over 50% or 60% of Winland very quickly, but to what end? We only wanted to raise capital if we were going to use it for equipment purposes. Winland didn't need any cash, other than for equipment purchases. So, why raise a lot of cash just to make Winland a consolidated company in the FRMO framework of companies, when we were

in the process of doing our research to figure out what is a better mining strategy than the existing strategies?

Or, phrased alternatively, how can we extend the life of the equipment and avoid the great write-downs that happen with great periodicity in the mining companies when they find their equipment is no longer functional, or it doesn't earn the return on capital which they thought it would earn? So, we go slow, which means we're deliberate and we're doing a lot of research and we don't feel we're under a time constraint. We want to do it right. So, I think that's enough.

Questioner 19

Could management give some clarity on what is planned for FRMO once current management is no longer able or willing to run the business? Currently, much of the company appears to rely on the intellectual capital of Mr. Stahl and Mr. Bregman. Given that FRMO presently plans to become an operating company within the mostly commoditized business of Bitcoin mining via Winland, I am worried that there is little in terms of business model differentiation around FRMO other than investment minds of current management.

Murray Stahl – Chief Executive Officer

Let's just say, in the question of succession, we have people in mind. But because we're not going anywhere yet, we're not going to divulge any names, but we're not unaware of the problem.

Questioner 20

Could management explain what would change about FRMO once it acquires 51% of Winland? In the fiscal year 2025 Second Quarter call, management mentioned that Winland is doing something that's very, very different than what the other miners are doing. Is Winland doing something that management believes could not be replicated by other companies, or would at least not be hindered by copying by the competition? If it is a trade secret that shouldn't be and need not be disclosed, how would shareholders at least see the effects of this differentiation?

Murray Stahl – Chief Executive Officer

A lot of questions here, I'll sum it up. Basically, everything in the world of crypto isn't, but should be open source. Unlike any other business, it was designed to not have any secrets. In this specific case, what Winland, FRMO, and Consensus Mining are doing, in terms of crypto mining, it'd be a lot better for us, we should only be so lucky, if people tried to emulate us. We might have attracted a couple of emulators recently, but they're not at a very large scale.

It would be really great if we attracted emulators, and as a shareholder, you would be delighted, which is why we talk about it. But as I said, we're doing our research, and we're just trying to make it better and better. So, we're not in a rush to consolidate things. If we were consolidated, you would get a detailed set of Winland financials. And the exercise that I have in the shareholder

letter, where I use Consensus Mining as an example and crudely calculate the return on capital for a quarter—it goes so well, and it's not a hypothetical, it's an actual example. But it's just an example. You'll be able to see a financial statement that has those return characteristics fully audited and checked by others. And I think it'll carry a lot of weight.

Questioner 21

Going back to Oracle, and we've referenced it from the OpenAI angle and various angles, I'm curious to hear your thoughts on why OpenAI or really market forces would let Oracle capture so much of the economic value in an exercise where I think it's really a cost of capital. Building a data center, running a data center is not something that Oracle has been traditionally known for. It's roots have been software, and I know it does more and more hardware, but there are a lot of players that could have partnered there. My thesis is that Larry Ellison, in particular, has a set of political relationships in Silicon Valley that allowed him to capture this value. And I'm curious to hear if I'm misguided, or if you have a variant view on why this happened.

Murray Stahl – Chief Executive Officer

The way I address the question is: We're at the inception stages. In the inception stages, if somebody's willing to be the first with a large amount of capital, then you get a lot better deal for being the first. A lot of people think the first-mover advantage is key. I don't believe that in this form of technology, but it's a minority view, the first-mover advantage is key. If the first-mover advantage is key, then because this is a capital-intensive investment, you've got to attract a big investor. We don't have a lot of history, so to attract a big investor, to move very rapidly, you're likely to offer an unusually good set of terms. That company is the beneficiary of an unusually good set of terms.

My personal predilection would be, don't be so quick to attract a large amount of capital. Because the return on capital you're likely to get once you've figured everything out and thought through the entire equation is likely to be much higher than the terms that some well-endowed institution or corporation will let you have. So, think it through very carefully and then act. But speed to market is usually something that everybody wants, and we have the luxury of not having to compete that way. We didn't have to do that in crypto. We don't have to do it in anything. We can take our time, so we don't need to worry about things of that sort. That was one of the reasons for accumulating capital, to give us the liberty of action. If you don't have the capital, you don't have liberty of action. I hope that addresses it.

Questioner 22

At a meeting maybe two years ago— it might have been a RENN Group meeting—you mentioned that years ago, you invested in a hedge fund whose strategy was to go to small companies that had a lot of debt, and they were carefully selected by this hedge fund and said to them, "Listen, we love your business, we just don't like your balance sheet. Would you be willing to issue a huge amount of shares, and we could take a stake, and the discount will go away, whether you can

survive or not?" And it was a marvelously successful strategy that you obviously admired. Have you thought about doing anything like that yourself?

Murray Stahl – Chief Executive Officer

There was a fund called Joseph Littlejohn & Levy, and that's what they did. They found—in simplistic terms—good business, bad balance sheet, and they would approach the company, and they wouldn't own one share of stock. They'd say, "Look, we will provide equity financing to pay off the bulk of the debt to take you out of possible bankruptcy risk, but if we are to do that, we're only going to do it under these terms. We're not going to force you. So, we're offering you these terms, and it's on a take-it-or-leave-it basis. You either take it, in which case, this is how many board seats we're going to get, this is how the company is going to be run, et cetera. And if you don't want it, it's fine with us. We're going to go away and you won't need to concern yourself with that. We're never going to be hostile."

What they did is, they actually took this business, and they put it in the form of a common stock, which I actually owned, and the name of the common stock, at the moment, escapes me. It'll come to me. It wasn't Paloma. If I was thinking about it, it would come to me, but I'm thinking about other things right now, so it's not coming to me. But what I'm thinking about is, they found a bankrupt shipping company that was called McLean Industries, but they changed the name. I can't remember at the moment what the name was, but that was one of the greatest stocks of all time. They made so much money that they decided to retire and do other things.

I personally was outraged, because if you're so great, I want you to keep doing it. But I had to be reasonable, and you can't stop them from retiring. They were entitled to enjoy their wealth. No one's ever replicated that strategy. I didn't do it. The reason I didn't try to replicate that strategy is, you need to have enough money on call so that you can approach a company and say with certainty, I can put X amount of money into your company if you would agree to a set of terms. For both the history of FRMO and Horizon, we just didn't have access to that amount of capital to do that, so that's why I didn't do it.

Questioner 22 (cont'd)

But doesn't that depend on the size of the target? I mean, you have a lot of cash in Renn Fund. If you find a miniscule enough target, maybe it wouldn't even be public, then maybe it would be operational or doable.

Murray Stahl – Chief Executive Officer

Yes, if we found a miniscule target, we could do it. I just didn't find a miniscule target that I wanted to do it with. We wouldn't do it with a private company. We could definitely do it with a public company. We just didn't find one we felt like doing it with. One day, maybe we will, and that could be a strategy. Now my memory is coming back. I think the name of this company started

with "L," but I can't remember anything more than that. When I'm by myself, it'll come to me instantaneously, but now I'm thinking about other things, so it's not coming to me.

Questioner 23

Cryptocurrency treasury fund companies are trading at significant premiums to their net asset values. Is there anything FRMO can do now to position itself to benefit if those structures begin to unravel and create distress in the sector?

Murray Stahl – Chief Executive Officer

What can we do in relation to cryptocurrency treasury companies? The good answer is, we did it. The whole idea of a cryptocurrency treasury company is that the amount of cryptocurrency—usually it's Bitcoin—that is owned per share is increasing. The idea is, you could buy an ETF owning Bitcoin, let's say, and the number of coins per share in the fullness of time will gradually diminish. Why will it gradually diminish? Because Bitcoin, unlike a stock portfolio or bond portfolio, has no income. To pay the fees, even if they're small, the fund has to sell a certain amount of coins.

In a treasury company, there are expenses and there are taxes. But even the treasury companies, of which there are many, claim that even net of the expenses—such as they are—and the taxes, the number of coins per share will rise over time, thereby setting up an arbitrage with a Bitcoin ETF. Meaning, if the number of coins per share of a theoretical Bitcoin treasury company were to rise at the rate prognosticated, if you went long that treasury company's shares and you simultaneously sold short a Bitcoin ETF in a dollar-neutral amount, that rate of return or differential will be your market-neutral rate of return.

There are a lot of people who believe that treasury companies can indeed provide that. They may or may not. I don't have a view on that point. I will tell you that Consensus Mining is not a theoretical abstraction. Consensus Mining did it. And Winland did it, too. So, we are cryptocurrency treasury companies, both are. I think we're the best, but of course, I'm biased.

Questioner 24

Are the lights on throughout your main office? The reason I ask is, I've been a citizen of New York and Florida. I've been in office buildings in Miami and West Palm over the last two winters, and I don't see what I see out here in all the buildings, most of them with no lights. So, I'm wondering what the heck is happening here. I've been scrutinizing the glass, and I see very few buildings that have lights on.

Murray Stahl – Chief Executive Officer

There are two reasons for that. First the minor reason, then the major reason. The minor reason is that many companies are adopting new switches, where if you're not in the room, like a conference room, the lights go off.

Questioner 24 (cont'd)

Well, there's a lot of emptiness. That's my point.

Murray Stahl – Chief Executive Officer

The second reason is, the vacancy rate in the average building—some buildings are much more—is in excess of 25%. There's nobody there and that's true of most cities. The vacancy rate is very high, and that's a problem for a lot of office buildings.

Questioner 24 (cont'd)

By the way, all the offices that I've visited in Florida were New Yorkers who moved their business down there. And a lot of hedge funds, too. They take old buildings, and some of them are putting up their own skyscrapers. So, what's happening here, well, the subject that you mentioned is Mamdani.

Murray Stahl – Chief Executive Officer

I didn't mention his name and I think the record will show that I made no mention of that gentleman's name.

Questioner 24 (cont'd)

You have an office on Park Avenue South. What do you think the place might look like in four years?

Murray Stahl – Chief Executive Officer

Well, we intend to move from that building to another building in another area of Manhattan. That's what we intend to do. Manhattan is still Manhattan, and as far as the mayoral election goes, I make no predictions. I'm not a political analyst. I don't know what the election results are going to be, obviously. I don't believe it's going to have a meaningful impact on the city or the nation or anything else.

Questioner 24 (cont'd)

One more thing, the guy that was the chairman of the Manhattan Institute moved down to Florida. He's got an $8 billion hedge fund, and I see all the guys who were bigger than him are down there, so I don't know that Mamdani is the impetus, but I suspect it would be if they were still here.

Murray Stahl – Chief Executive Officer

Earlier in this meeting, I talked about the center of gravity: financial, political, and technological. For example, in my most recent trip to Texas, one day I was walking past the University of Texas Medical Center, not the University of Texas in its entirety, just the medical center. And in my mind, at the time, I was comparing it to New York hospitals—Cornell or NYU—which are big institutions. They looked like a village hut in relation to the University of Texas Medical Center.

You can't imagine how big it is, it's beyond your ability to comprehend. And the amount of construction that was going on—new construction in various stages, of course—is unbelievable. So, I will say again, the political, the financial, the technological—and even to a large extent, the educational—center of gravity of the country is shifting. It's not shifting to Florida, not because of anything Florida did. It's geography.

Because of the geography of Florida, there's only so much land you can build on, so you can only do so much with Florida. Texas has a lot more land. You can do a lot more, and there's a great deal of activity. The same is true of Canada. Alberta is the Texas of Canada. I wouldn't say Alberta is the center of gravity educationally, and I wouldn't say the center of gravity politically yet, but economically, Alberta's paying the bills. So, the center of gravity has already shifted financially or economically. It's already shifted.

So, if you take that and extend that globally, the centers of gravity are shifting in radical and maybe not-so-predictable ways. I don't think the average person is observing that and is very mindful of it, but you can see it in a lot of different indexes. I was thinking about writing about it, and I didn't. Maybe I should, but there are a lot of objective ways and some quasi-objective ways of measuring that. But when you put all that data on paper and you look at it, it's really quite astonishing, and it doesn't look anything at all like you would think by just reflecting on the past. It's a radical departure from the past.

Okay, I'm told we've used up our time, so it remains to me to say, thank you so much for attending. I'm glad we were able to do this. Of course, we're going to have the quarterly meeting, which we'll do in about 90 days. In the interim, I know what'll happen. You'll leave the meeting, and you'll think of a question, but you neglected to ask. Don't hesitate to contact us and we'll try to get you an answer.

So, thank you again. And, for a couple of minutes until we do whatever we've got to do next, I'll be hanging around. So, thanks again for coming, and I'm going to turn this microphone off.