

## FRMO Corp. Announces Results for Fiscal 2019

WHITE PLAINS, N.Y. — August 13, 2019

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the fiscal year 2019, which ended May 31, 2019.

### Financial Highlights

FRMO’s book value as of May 31, 2019 was \$174.9 million (\$3.98 per share on a fully diluted basis), including \$48.6 million of non-controlling interests. The figure from the prior fiscal year-end as of May 31, 2018 was \$146.9 million (\$3.34 per share), including \$27.6 million of non-controlling interests. Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$118.3 million as of May 31, 2019, and \$93.2 million as of May 31, 2018. Total liabilities were \$16.7 million as of May 31, 2019, compared to \$13.5 million as of May 31, 2018, primarily securities sold, not yet purchased and deferred taxes.

FRMO’s net income attributable to the Company for the fiscal year ended May 31, 2019 was \$4,709,662 (\$0.11 per share basic and diluted) compared to \$14,052,518 (\$0.32 per share) for the fiscal year ended May 31, 2018

For the fiscal year 2019, comprehensive income attributable to the Company was \$4,709,662 compared to \$14,835,607 in the prior year.

FRMO’s net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities net of taxes for the three months ended May 31, 2019 was \$3,398,500 (\$0.08 per diluted share) compared to \$(4,265,263) (\$0.10 per share) for the three months ended May 31, 2018. For the year ended May 31, 2019, the amount was \$9,027,157 (\$0.21 per share) compared to \$14,052,518 (\$0.32 per share) for the same period in the prior year. Net income (loss) attributable to the Company excluding the effect of unrealized gains (losses) from equity securities net of taxes is a measure not based on GAAP and is defined and reconciled to the most directly comparable GAAP measures in “Information Regarding Non-GAAP Measures” at the end of this release.

As of May 31, 2019 and May 31, 2018, the Company held a 15.49% and 12.92% equity interest in Horizon Kinetics Hard Assets LLC (“HKHA”), a company formed by Horizon Kinetics LLC and certain officers, principal stockholders and directors of FRMO Corp. (“the Company”). Due to the common control and ownership between HKHA and the Company’s principal stockholders and directors, HKHA has been consolidated within the Company’s financial statements. The noncontrolling interest of 84.51% and 87.08% in HKHA has been eliminated from results of operations for the periods ended May 31, 2019 and May 31, 2018.

Further details are available in the Company’s Consolidated Financial Statements for the fiscal year ended May 31, 2019. These statements have been filed on the OTC Markets Group Disclosure and News Services, which may be accessed at [www.otcmarkets.com/stock/FRMO/filings](http://www.otcmarkets.com/stock/FRMO/filings). These documents are also available on the FRMO website at [www.frmocorp.com](http://www.frmocorp.com).

### **Annual Meeting Information**

The Chairman, President, and Board of Directors of FRMO Corp. cordially invite shareholders to attend the Company's Annual Meeting of Shareholders at which the Chairman and President will review the Fiscal 2019 financial results and the outlook for the future. Board members will be available to answer questions.

Date:

Tuesday, September 10, 2019 at 3PM.

Location:

The Harvard Club of New York City

35 West 44th Street

New York, NY 10036

**Admission** to the FRMO Annual Meeting is limited to stockholders who owned Common Stock as of the close of business on July 26, 2019, the record date, or their duly appointed proxies, and one guest. *Proof of ownership of FRMO stock and valid government-issued photo identification must be presented in order to be admitted to the Annual Meeting.* Each guest must also present valid government-issued photo identification. If your shares are held in the name of a bank, broker, or other holder of record, you must bring a brokerage statement or other proof of ownership (or the equivalent proof of ownership as of the close of business on the record date of the stockholder who granted you the Proxy). If your shares are held in certificate form, ownership will be verified by consulting the list of Registered Shareholders as of the record date. Registration will begin at 2:00 p.m. *No cameras, recording equipment, electronic devices, large bags, briefcases, or packages will be permitted in the Annual Meeting. Dress code for the Harvard Club is business casual (no jeans, sneakers, or athletic wear permitted).*

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**Condensed Consolidated Balance Sheets***(in thousands)*

	<u>May 31,</u> <u>2019</u>	<u>May 31,</u> <u>2018</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 53,081	\$ 53,617
Equity securities, at fair value	63,565	38,522
Other current assets	1,639	1,095
Total Current Assets	118,285	93,234
Computer equipment, net of accumulated depreciation	95	76
Investment in limited partnerships and other equity investments, at fair value	47,513	41,407
Investments in securities exchanges	3,641	3,709
Other investments	452	189
Investment in Horizon Kinetics LLC	11,488	11,624
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
<b>Total Assets</b>	<u>\$ 191,674</u>	<u>\$ 160,439</u>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Securities sold, not yet purchased	\$ 8,133	\$ 5,495
Other current liabilities	161	193
Total Current Liabilities	8,294	5,688
Deferred Tax Liability	8,383	7,757
Total Liabilities	16,677	13,445
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	126,384	119,411
Noncontrolling interests	48,613	27,583
Total Stockholders' Equity	174,997	146,994
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 191,674</u>	<u>\$ 160,439</u>

## Condensed Consolidated Statements of Operations

(amounts in thousands, except share data)

	Three Months Ended		Year Ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(Unaudited)			
<b>Revenue:</b>				
Consultancy and advisory fees	\$ 522	\$ 511	\$ 2,027	\$ 3,257
Equity earnings from partnerships and limited liability companies	2,360	318	2,560	3,782
Unrealized gains (losses) from investments recorded at fair value	1,283	(6,508)	3,839	8,351
Equity earnings (loss) from investment in The Bermuda Stock Exchange	(5)	3	181	17
Other	869	643	4,233	1,006
Total revenue before unrealized gains (losses) from equity securities	5,028	(5,033)	12,840	16,413
Unrealized gains (losses) from equity securities recorded at fair value	(3,376)	-	6,725	-
Total Revenue	1,652	(5,033)	19,565	16,413
<b>Total Expenses</b>	345	198	1,332	808
Income (Loss) from Operations	1,307	(5,231)	18,233	15,605
Provision for (Benefit from) Income Taxes	661	(1,171)	1,026	1,382
<b>Net Income (Loss)</b>	646	(4,060)	17,207	14,223
Less net income (loss) attributable to noncontrolling interests	(955)	205	12,498	171
<b>Net Income (Loss) Attributable to FRMO Corporation</b>	<u>\$ 1,601</u>	<u>\$ (4,265)</u>	<u>\$ 4,709</u>	<u>\$ 14,052</u>
Diluted Net Income (Loss) per Common Share	\$ 0.04	\$ (0.10)	\$ 0.11	\$ 0.32
Weighted Average Common Shares Outstanding				
Basic	43,976,781	43,973,781	43,974,940	43,959,554
Diluted	44,015,088	43,973,781	44,016,535	44,007,828

### About FRMO Corp.

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

FRMO had 43,976,781 shares of common stock outstanding as of May 31, 2019.

For more information, visit our website at [www.frmocorp.com](http://www.frmocorp.com).

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

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

### Contact

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## Information Regarding Non-GAAP Measures

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

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

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

	Three Months Ended May 31, 2019 (Unaudited)		Three Months Ended May 31, 2018 (Unaudited)		Year Ended May 31, 2019		Year Ended May 31, 2018	
	Diluted earnings per common share	Amount	Diluted earnings per common share	Amount	Diluted earnings per common share	Amount	Diluted earnings per common share	Amount
(000's except per common share amounts and percentages)								
<b>Net Income Attributable to the Company Excluding the Effect of Unrealized Gain (Loss) from Equity Securities and Diluted Earnings per Common Share Reconciliation:</b>								
Net income (loss) attributable to the Company	\$ 1,601	\$ 0.04	\$ (4,265)	\$ (0.10)	\$ 4,709	\$ 0.11	\$ 14,053	\$ 0.32
Unrealized gain (loss) from equity securities	(3,376)		-		6,725		-	
Unrealized gain (loss) from equity securities attributable to noncontrolling interests	(1,319)		-		12,135		-	
Unrealized gain (loss) from equity securities attributable to the Company	(2,057)		-		(5,410)		-	
Tax benefit on unrealized gain (loss) from equity securities attributable to the company	260		-		1,092		-	
Unrealized (loss) from equity securities attributable to the Company, net of taxes	(1,797)	\$ (0.04)	-	\$ 0.00	(4,318)	\$ (0.10)	-	\$ 0.00
<b>Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities</b>	<b>\$ 3,398</b>	<b>\$ 0.08</b>	<b>\$ (4,265)</b>	<b>\$ (0.10)</b>	<b>\$ 9,027</b>	<b>\$ 0.21</b>	<b>\$ 14,053</b>	<b>\$ 0.32</b>
Weighted average diluted shares outstanding	44,015,088		43,973,781		44,016,535		44,007,828	