

FRMO Corp. Announces First Quarter 2020 Financial Results and Conference Call

WHITE PLAINS, N.Y. — October 15, 2019

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2020 first quarter, which ended August 31, 2019 (May fiscal year).

Financial Highlights

FRMO’s book value as of August 31, 2019 was \$172.5 million (\$3.92 per share on a fully diluted basis), including \$45.2 million of non-controlling interests. The figure from the prior fiscal year-end as of May 31, 2019 was \$175.0 million (\$3.98 per share), including \$48.6 million of non-controlling interests. Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$115.9 million as of August 31, 2019, and \$118.3 million as of May 31, 2019. Total liabilities were \$16.7 million as of August 31, 2019, unchanged from \$16.7 million as of May 31, 2019, comprised primarily of securities sold, not yet purchased and deferred taxes.

FRMO’s net (loss) income attributable to the Company for the three months ended August 31, 2019 was \$(218,862) ((-\$0.00) per share basic and diluted) compared to \$3,211,123 (\$0.07 per share) for the quarter ended August 31, 2018.

For the first quarter of 2020, comprehensive (loss) income attributable to the Company was \$(218,862) compared to \$3,211,123 in the prior year.

FRMO’s net (loss) income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities net of taxes for the three months ended August 31, 2019 was \$(45,884) ((-\$0.00) per diluted share) compared to \$3,215,997 (\$0.07 per share) for the three months ended August 31, 2018. Net (loss) income 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 August 31, 2019 and May 31, 2019, the Company held a 17.34% and 15.49% 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 82.66% and 84.51% in HKHA has been eliminated from results of operations for the periods ended August 31, 2019 and May 31, 2019.

Further details are available in the Company’s Condensed Consolidated Financial Statements for the quarter ended August 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. These documents are also available on the FRMO website at www.frmocorp.com.

Conference Call

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a conference call on Thursday, October 17, 2019 at 4:15 p.m. ET. *Only questions submitted to info@frmocorp.com before 1:00 p.m. on the day of the call will be considered.* The call can be accessed by dialing 800-353-6461 (domestic toll free) or +1 334-323-0501 (international toll) and entering the following conference ID: 6101786. A replay will be available from 7:15 p.m. on the day of the teleconference until Saturday, November 16, 2019. To listen to the archived call, dial 888-203-1112 (domestic toll free) or +1 719-457-0820 (international toll), and enter conference ID number 6101786.

Condensed Consolidated Balance Sheets

(in thousands)

	August 31, 2019	May 31, 2019
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 54,409	\$ 53,081
Equity securities, at fair value	60,313	63,565
Other current assets	1,168	1,639
Total Current Assets	<u>115,890</u>	<u>118,285</u>
Investment in limited partnerships and other equity investments, at fair value	46,674	47,513
Investments in securities exchanges	3,682	3,641
Other assets	569	547
Investment in Horizon Kinetics LLC	12,204	11,488
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u><u>\$ 189,219</u></u>	<u><u>\$ 191,674</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 7,674	\$ 8,133
Other current liabilities	<u>1,196</u>	<u>161</u>
Total Current Liabilities	<u>8,870</u>	<u>8,294</u>
Deferred Tax Liability	<u>7,816</u>	<u>8,383</u>
Total Liabilities	<u><u>16,686</u></u>	<u><u>16,677</u></u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	127,316	126,384
Noncontrolling interests	<u>45,217</u>	<u>48,613</u>
Total Stockholders' Equity	<u><u>172,533</u></u>	<u><u>174,997</u></u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 189,219</u></u>	<u><u>\$ 191,674</u></u>

Condensed Consolidated Statements of Operations

(amounts in thousands, except share data)

	Three Months Ended	
	August 31,	August 31,
	2019	2018
(Unaudited)		
Revenue:		
Consultancy and advisory fees	\$ 532	\$ 542
Equity earnings from partnerships and limited liability companies	1,316	713
Unrealized (losses) gains from investments recorded at fair value	(1,381)	3,517
Other	392	316
Total revenue before unrealized (losses) gains from equity securities	859	5,088
Unrealized (losses) gains from equity securities recorded at fair value	(4,847)	9,783
Total Revenue	(3,988)	14,871
Total Expenses	350	298
 (Loss) Income from Operations	(4,338)	14,573
Provision for Income Taxes	1,233	1,289
Net (Loss) Income	(5,571)	13,284
Less net (loss) income attributable to noncontrolling interests	(5,352)	10,073
Net (Loss) Income Attributable to FRMO Corporation	<u>\$ (219)</u>	<u>\$ 3,211</u>
 Diluted Net (Loss) Income per Common Share	\$ (0.00)	\$ 0.07
 Weighted Average Common Shares Outstanding		
Basic	43,983,335	43,973,781
Diluted	43,983,335	44,023,435

About FRMO Corp.

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

FRMO had 44,029,781 shares of common stock outstanding as of August 31, 2019.

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

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

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

Contact

Thérèse Byars
Corporate Secretary
Email: tbyars@frmocorp.com
Telephone: 646-495-7337
www.frmocorp.com

Information Regarding Non-GAAP Measures

Net (loss) income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities is net (loss) income attributable to the Company exclusive of unrealized gains or losses from equity securities, net of tax. Net (loss) income attributable to the Company is the GAAP measure most closely comparable to net (loss) 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 (losses) gains from equity securities, which may vary significantly between periods. Net (loss) 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 (loss) income attributable to the Company and do not reflect the Company's overall profitability.

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

	Three Months Ended August 31, 2019 (Unaudited)	Three Months Ended August 31, 2018 (Unaudited)
	Diluted earnings per common share	Diluted earnings per common share
	<u>Amount</u>	<u>Amount</u>
(000's except per common share amounts and percentages)		

Net (Loss) Income Attributable to the Company Excluding the Effect of Unrealized Gain (Loss) from Equity Securities and Diluted Earnings per Common Share Reconciliation:

Net (loss) income attributable to the Company	<u>\$ (219)</u>	<u>\$ (0.00)</u>	<u>\$ 3,211</u>	<u>\$ 0.07</u>
Unrealized (loss) gain from equity securities	(4,847)		9,783	
Unrealized (loss) gain from equity securities attributable to noncontrolling interests	(5,348)		10,071	
Unrealized gain (loss) from equity securities attributable to the Company	501		(288)	
Tax (provision)/benefit on unrealized gain (loss) from equity securities attributable to the company	(675)		283	
Unrealized (loss) from equity securities attributable to the Company, net of taxes	<u>(174)</u>	<u>\$ (0.00)</u>	<u>(5)</u>	<u>\$ 0.00</u>
Net (loss) income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities	<u>\$ (45)</u>	<u>\$ (0.00)</u>	<u>\$ 3,216</u>	<u>\$ 0.07</u>
Weighted average diluted shares outstanding	<u>43,983,335</u>		<u>44,023,435</u>	