

FRMO Corp. Announces First Quarter Results, Conference Call, and Continued Cryptocurrency Mining Activities

WHITE PLAINS, N.Y. — October 15, 2020

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2021 first quarter, ended August 31, 2020 (May fiscal year).

Financial Highlights

FRMO’s book value as of August 31, 2020 was \$160.6 million (\$3.65 per share on a fully diluted basis), including \$44.4 million of non-controlling interests. This compares with book value at the prior fiscal year ended May 31, 2020 of \$161.9 million (\$3.68 per share), including \$46.9 million of non-controlling interests. Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$100.3 million as of August 31, 2020, and \$104.8 million as of May 31, 2020. Total liabilities were \$12.5 million as of August 31, 2020, and \$11.8 million as of May 31, 2020, comprised primarily of securities sold, not yet purchased and deferred taxes.

FRMO’s net income (loss) attributable to the Company for the quarter ended August 31, 2020 was \$182,241, or \$0.00 per share, compared to \$(218,862), or \$(0.00) per share for the quarter ended August 31, 2019.

For the first quarter of fiscal 2021, comprehensive income (loss) attributable to the Company was \$182,241 compared to \$(218,862) 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 August 31, 2020 was \$2,229,447 (\$0.05 per diluted share) compared to \$(45,884) (\$(0.00) per diluted share) for the three months ended August 31, 2019. 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 August 31, 2020 and May 31, 2020, the Company held a 20.33% and 19.23% 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 79.67% and 80.77% in HKHA has been eliminated from results of operations for the periods ended August 31, 2020 and May 31, 2020.

Further details are available in the Company’s Condensed Consolidated Financial Statements for the quarter ended August 31, 2020. 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.

Cryptocurrency Mining

FRMO continues to build its inventory of cryptocurrency mining equipment, with a purchase of 90 Bitmain S19 95 TH/S bitcoin miners expected to be put into service this month. In the aggregate, these newly acquired miners will produce an operating hashrate of 8.55 petahash per second (PH/S) and will operate with an energy efficiency of $34.5 \pm 5\%$ joules per terahash (J/TH). This is in addition to FRMO's pre-existing bitcoin operating hashrate of approximately 13 PH/S, now bringing the Company's total bitcoin operating hashrate to 21.55 PH/S.

Conference Call

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a conference call on Tuesday, October 20, 2020 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: 1236365. A replay will be available from 7:15 p.m. on the day of the teleconference until November 19, 2020. 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 1236365.

Condensed Consolidated Balance Sheets
(in thousands)

	August 31, 2020	May 31, 2020
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 36,328	\$ 38,443
Equity securities, at fair value	62,254	63,836
Other current assets	<u>1,672</u>	<u>2,536</u>
Total Current Assets	100,254	104,815
Investment in limited partnerships and other equity investments, at fair value	43,886	40,898
Investments in securities exchanges	5,061	5,061
Other assets	2,343	1,807
Investment in Horizon Kinetics LLC	11,414	10,876
Participation in Horizon Kinetics LLC revenue stream	<u>10,200</u>	<u>10,200</u>
Total Assets	<u><u>\$ 173,158</u></u>	<u><u>\$ 173,657</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 5,345	\$ 4,136
Other current liabilities	<u>234</u>	<u>185</u>
Total Current Liabilities	5,579	4,321
Deferred Tax Liability	6,208	6,701
Mortgage payable	<u>752</u>	<u>751</u>
Total Liabilities	<u>12,539</u>	<u>11,773</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	116,216	114,993
Noncontrolling interests	<u>44,403</u>	<u>46,891</u>
Total Stockholders' Equity	<u>160,619</u>	<u>161,884</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 173,158</u></u>	<u><u>\$ 173,657</u></u>

Condensed Consolidated Statements of Operations

(amounts in thousands, except share data)

	Three Months Ended	
	August 31, 2020	August 31, 2019
	(Unaudited)	
Revenue:		
Consultancy and advisory fees	\$ 438	\$ 532
Equity earnings from partnerships and limited liability companies	651	1,316
Unrealized gains (losses) from investments recorded at fair value	2,903	(1,381)
Other	(1,362)	392
Total revenue before unrealized losses from equity securities	2,630	859
Unrealized losses from equity securities recorded at fair value	(5,858)	(4,847)
Total Revenue	(3,228)	(3,988)
Total Expenses	414	350
Loss from Operations	(3,642)	(4,338)
Provision for Income Taxes	630	1,233
Net Loss	(4,272)	(5,571)
Less net loss attributable to noncontrolling interests	(4,454)	(5,352)
Net Income (Loss) Attributable to FRMO Corporation	\$ 182	\$ (219)
Diluted Net Income (Loss) per Common Share	\$ 0.00	\$ (0.00)
Weighted Average Common Shares Outstanding		
Basic	44,032,781	43,983,335
Diluted	44,033,825	43,983,335

About FRMO Corp.

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

FRMO had 44,032,781 shares of common stock outstanding as of August 31, 2020.

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

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

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

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Information Regarding Non-GAAP Measures

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

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

	<u>Three Months Ended</u> <u>August 31, 2020</u>		<u>Three Months Ended</u> <u>August 31, 2019</u>	
	(Unaudited)		(Unaudited)	
	Amount	Diluted earnings per common share	Amount	Diluted earnings per common share
(000's except per common share amounts and percentages)				
Net Income (Loss) Attributable to the Company Excluding the Effect of Unrealized Loss from Equity Securities and Diluted Earnings per Common Share Reconciliation:				
Net income (loss) attributable to the Company	<u>\$ 182</u>	<u>\$ 0.00</u>	<u>\$ (219)</u>	<u>\$ 0.01</u>
Unrealized loss from equity securities	(5,858)		(4,847)	
Unrealized loss from equity securities attributable to noncontrolling interests	<u>(3,910)</u>		<u>(5,348)</u>	
Unrealized (loss) gain from equity securities attributable to the Company	(1,948)		501	
Tax benefit on unrealized (loss) gain from equity securities attributable to the company	<u>(99)</u>		<u>(675)</u>	
Unrealized loss from equity securities attributable to the Company, net of taxes	<u>(2,047)</u>	<u>\$ (0.05)</u>	<u>(174)</u>	<u>\$ (0.00)</u>
Net income (loss) attributable to the Company excluding the effect of unrealized loss from equity securities	<u>\$ 2,229</u>	<u>\$ 0.05</u>	<u>\$ (45)</u>	<u>\$ (0.00)</u>
Weighted average diluted shares outstanding	<u>44,033,825</u>		<u>43,983,335</u>	