

## FRMO Corp. Announces Second Quarter Results and Conference Call

WHITE PLAINS, N.Y. — January 14, 2021

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2021 second quarter, ended November 30, 2020 (May fiscal year).

### Financial Highlights

FRMO’s book value as of November 30, 2020 was \$180.1 million (\$4.09 per share on a fully diluted basis), including \$51.6 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 \$111.9 million as of November 30, 2020, and \$104.8 million as of May 31, 2020. Total liabilities were \$15.0 million as of November 30, 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 three months ended November 30, 2020 was \$11,671,366, or \$0.27 per share, compared to \$(481,719), or \$(0.01) per share for the three months ended November 30, 2019.

FRMO’s net income (loss) attributable to the Company for the six months ended November 30, 2020 was \$11,853,607, or \$0.27 per share, compared to \$(700,580), or \$(0.02) per share for the six months ended November 30, 2019.

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 November 30, 2020 was \$7,795,670 (\$0.18 per diluted share) compared to \$(190,203) (\$0.00 per diluted share) for the three months ended November 30, 2019.

For the six months ended November 30, 2020, the figure was \$10,025,116 (0.23 per diluted share) compared to \$(236,087) ((0.01) per share) in 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.

Valuation of securities and cryptocurrencies are subject to change after November 30, 2020. The market value of several securities and cryptocurrencies might have changed substantially since that date. We look forward to finding new ways to expand our cryptocurrency mining operations.

As of November 30, 2020 and May 31, 2020, the Company held a 21.15% 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 78.85% and 80.77% in HKHA has been eliminated from results of operations for the periods ended November 30, 2020 and May 31, 2020.

Further details are available in the Company's Condensed Consolidated Financial Statements for the quarter ended November 30, 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](http://www.otcmarkets.com/stock/FRMO/filings). These documents are also available on the FRMO website at [www.frmocorp.com](http://www.frmocorp.com).

### **Conference Call**

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a conference call on Thursday, January 21, 2021 at 4:15 p.m. ET. *Only questions submitted to [info@frmocorp.com](mailto:info@frmocorp.com) before 1:00 p.m. on the day of the call will be considered.* The call can be accessed by dialing 800-367-2403- (domestic toll free), or +1 334-777-6978 (international toll) and entering the following conference ID: 6361035. A replay will be available from 7:15 p.m. on the day of the teleconference until February 20, 2021. 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 6361035.

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

	<b>November 30, 2020</b>	<b>May 31, 2020</b>
	<b>(Unaudited)</b>	
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 36,800	\$ 38,443
Equity securities, at fair value	73,496	63,836
Other current assets	1,607	2,536
Total Current Assets	<u>111,903</u>	<u>104,815</u>
Investment in limited partnerships and other equity investments, at fair value	54,829	40,898
Investments in securities exchanges	5,061	5,061
Other assets	1,824	1,807
Investment in Horizon Kinetics LLC	11,285	10,876
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
<b>Total Assets</b>	<u><u>\$ 195,102</u></u>	<u><u>\$ 173,657</u></u>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Securities sold, not yet purchased	\$ 4,715	\$ 4,136
Other current liabilities	308	185
Total Current Liabilities	<u>5,023</u>	<u>4,321</u>
Deferred Tax Liability	9,259	6,701
Mortgage payable	744	751
Total Liabilities	<u>15,026</u>	<u>11,773</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	128,436	114,993
Noncontrolling interests	51,640	46,891
Total Stockholders' Equity	<u>180,076</u>	<u>161,884</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$ 195,102</u></u>	<u><u>\$ 173,657</u></u>

**Condensed Consolidated Statements of Operations**

(amounts in thousands, except share data)

	Three Months Ended		Six Months Ended	
	November 30, 2020	November 30, 2019	November 30, 2020	November 30, 2019
	(Unaudited)		(Unaudited)	
<b>Revenue:</b>				
Consultancy and advisory fees	\$ 522	\$ 515	\$ 960	\$ 1,047
Equity (losse) earnings from partnerships and limited liability companies	(147)	(223)	505	1,093
Unrealized gains (losses) from investments recorded at fair value	10,436	(832)	13,340	(2,212)
Other	(342)	1,382	(1,706)	1,773
Total revenue before unrealized gains (losses) from equity securities	10,469	842	13,099	1,701
Unrealized gains (losses) from equity securities recorded at fair value	11,536	1,405	5,678	(3,442)
Total Revenue	22,005	2,247	18,777	(1,741)
<b>Total Expenses</b>	310	351	724	700
Income (Loss) from Operations	21,695	1,896	18,053	(2,441)
Provision for Income Taxes	3,462	830	4,092	2,063
<b>Net Income (Loss)</b>	18,233	1,066	13,961	(4,504)
Less net income (loss) attributable to noncontrolling interests	6,562	1,548	2,107	(3,803)
<b>Net Income (Loss) Attributable to FRMO Corporation</b>	\$ 11,671	\$ (482)	\$ 11,854	\$ (701)
Diluted Net Income (Loss) per Common Share	\$ 0.27	\$ (0.01)	\$ 0.27	\$ (0.02)
Weighted Average Common Shares Outstanding				
Basic	44,022,451	44,031,462	44,027,644	44,007,267
Diluted	44,022,451	44,031,462	44,031,319	44,007,267

**About FRMO Corp.**

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

FRMO had 44,012,781 shares of common stock outstanding as of November 30, 2020.

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).

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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:

	Three Months Ended November 30, 2020 (Unaudited)		Three Months Ended November 30, 2019 (Unaudited)		Six Months Ended November 30, 2020 (Unaudited)		Six Months Ended November 30, 2019 (Unaudited)	
	Amount	Diluted earnings per common share	Amount	Diluted earnings per common share	Amount	Diluted earnings per common share	Amount	Diluted earnings per common share
(000's except per common share amounts and percentages)								
<b>Net Income (Loss) Attributable to the Company Excluding the Effect of Unrealized Gain (Loss) from Equity Securities and Diluted Earnings per Common Share Reconciliation:</b>								
<b>Net income (loss) attributable to the Company</b>	<u>\$ 11,671</u>	<u>\$ 0.27</u>	<u>\$ (482)</u>	<u>\$ (0.01)</u>	<u>\$ 11,854</u>	<u>\$ 0.27</u>	<u>\$ (701)</u>	<u>\$ (0.02)</u>
Unrealized gain (loss) from equity securities	11,536		1,405		5,678		(3,442)	
Unrealized gain (loss) from equity securities attributable to noncontrolling interests	<u>6,558</u>		<u>1,546</u>		<u>2,648</u>		<u>(3,802)</u>	
Unrealized gain (loss) from equity securities attributable to the Company	4,978		(141)		3,030		360	
Tax benefit on unrealized gain (loss) from equity securities attributable to the company	<u>(1,102)</u>		<u>(150)</u>		<u>(1,201)</u>		<u>(825)</u>	
Unrealized (loss) from equity securities attributable to the Company, net of taxes	<u>3,876</u>	<u>\$ 0.09</u>	<u>(291)</u>	<u>\$ (0.01)</u>	<u>1,829</u>	<u>\$ 0.04</u>	<u>(465)</u>	<u>\$ (0.01)</u>
<b>Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities</b>	<u>\$ 7,795</u>	<u>\$ 0.18</u>	<u>\$ (191)</u>	<u>\$ 0.00</u>	<u>\$ 10,025</u>	<u>\$ 0.23</u>	<u>\$ (236)</u>	<u>\$ (0.01)</u>
Weighted average diluted shares outstanding	<u>44,022,451</u>		<u>44,031,462</u>		<u>44,031,319</u>		<u>44,007,267</u>	

(Earnings per share components may not sum to totals due to rounding)