

FRMO Corp. Announces Third Quarter Results and Conference Call

WHITE PLAINS, N.Y. — April 14, 2021

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2021 third quarter, ended February 28, 2021 (May fiscal year).

Financial Highlights

FRMO’s book value as of February 28, 2021 was \$257.9 million (\$5.86 per share on a fully diluted basis), including \$94.5 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 \$173.1 million as of February 28, 2021, and \$104.8 million as of May 31, 2020. Total liabilities were \$28.9 million as of February 28, 2021, 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 February 28, 2021 was \$34,336,936, or \$0.78 per share, compared to \$(4,532,007), or \$(0.10) per share for the three months ended February 29, 2020.

FRMO’s net income (loss) attributable to the Company for the nine months ended February 28, 2021 was \$46,190,543, or \$1.05 per share, compared to \$(5,232,587), or \$(0.12) per share for the nine months ended February 29, 2020.

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 February 28, 2021 was \$20,859,722 (\$0.47 per diluted share) compared to \$(1,156,465) ((\$0.03) per diluted share) for the three months ended February 29, 2020.

For the nine months ended February 28, 2021, the figure was \$30,884,839 (0.70 per diluted share) compared to \$(1,392,553) ((0.03) per share) for the nine months ended February 29, 2020.

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 February 28, 2021. 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 February 28, 2021 and May 31, 2020, the Company held a 21.83% 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 78.17% and 80.77% in HKHA has been eliminated from results of operations for the periods ended February 28, 2021 and May 31, 2020.

Further details are available in the Company's Condensed Consolidated Financial Statements for the quarter ended February 28, 2021. 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, April 22, 2021 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 800-363-2106 (domestic toll free), or +1 334-323-0505 (international toll) and entering the following conference ID: 7275594. A replay will be available from 7:15 p.m. on the day of the teleconference until May 22, 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 7275594.

Condensed Consolidated Balance Sheets
(in thousands)

	February 28, 2021	May 31, 2020
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 36,738	\$ 38,443
Equity securities, at fair value	134,970	63,836
Other current assets	1,394	2,536
Total Current Assets	<u>173,102</u>	<u>104,815</u>
Investment in limited partnerships and other equity investments, at fair value	83,685	40,898
Investments in securities exchanges	5,061	5,061
Other assets	1,769	1,807
Investment in Horizon Kinetics LLC	12,965	10,876
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u>\$ 286,782</u>	<u>\$ 173,657</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 6,231	\$ 4,136
Other current liabilities	3,888	185
Total Current Liabilities	<u>10,119</u>	<u>4,321</u>
Deferred Tax Liability	18,041	6,701
Mortgage payable	737	751
Total Liabilities	<u>28,897</u>	<u>11,773</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	163,392	114,993
Noncontrolling interests	94,493	46,891
Total Stockholders' Equity	<u>257,885</u>	<u>161,884</u>
Total Liabilities and Stockholders' Equity	<u>\$ 286,782</u>	<u>\$ 173,657</u>

Condensed Consolidated Statements of Operations

(amounts in thousands, except share data)

	Three Months Ended		Nine Months Ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	(Unaudited)		(Unaudited)	
Revenue:				
Consultancy and advisory fees	\$ 1,409	\$ 650	\$ 2,369	\$ 1,697
Equity earnings from partnerships and limited liability companies	1,789	777	2,294	1,870
Unrealized gains (losses) from investments recorded at fair value	28,995	(249)	42,334	(2,462)
Other	944	5	(760)	1,780
Total revenue before unrealized gains (losses) from equity securities	33,137	1,183	46,237	2,885
Unrealized gains (losses) from equity securities recorded at fair value	56,344	(2,907)	62,022	(6,349)
Total Revenue	89,481	(1,724)	108,259	(3,464)
Total Expenses	328	314	1,052	1,014
Income (Loss) from Operations	89,153	(2,038)	107,207	(4,478)
Provision for Income Taxes	12,799	1,204	16,892	3,267
Net Income (Loss)	76,354	(3,242)	90,315	(7,745)
Less net income (loss) attributable to noncontrolling interests	42,017	1,290	44,125	(2,513)
Net Income (Loss) Attributable to FRMO Corporation	\$ 34,337	\$ (4,532)	\$ 46,190	\$ (5,232)
Diluted Net Income (Loss) per Common Share	\$ 0.78	\$ (0.10)	\$ 1.05	\$ (0.12)
Weighted Average Common Shares Outstanding				
Basic	44,032,781	44,032,781	44,022,744	44,015,741
Diluted	44,055,150	44,032,781	44,038,347	44,015,741

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 February 28, 2021.

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:

	Three Months Ended February 28, 2021 (Unaudited)		Three Months Ended February 29, 2020 (Unaudited)		Nine Months Ended February 28, 2021 (Unaudited)		Nine Months Ended February 29, 2020 (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)								
Net Income (Loss) Attributable to the Company Excluding the Effect of Unrealized Gain (Loss) from Equity Securities and Diluted Earnings per Common Share Reconciliation:								
Net income (loss) attributable to the Company	\$ 34,337	\$ 0.78	\$ (4,532)	\$ (0.10)	\$ 46,190	\$ 1.05	\$ (5,232)	\$ (0.12)
Unrealized gain (loss) from equity securities	56,344		(2,907)		62,022		(6,349)	
Unrealized gain (loss) from equity securities attributable to noncontrolling interests	41,235		1,283		43,884		(2,519)	
Unrealized gain (loss) from equity securities attributable to the Company	15,109		(4,190)		18,138		(3,830)	
Tax benefit (expense) on unrealized gain (loss) from equity securities attributable to the company	(1,632)		814		(2,833)		(11)	
Unrealized gain (loss) from equity securities attributable to the Company, net of taxes	13,477	\$ 0.31	(3,376)	\$ (0.08)	15,305	\$ 0.35	(3,841)	\$ (0.09)
Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities	\$ 20,860	\$ 0.47	\$ (1,156)	\$ (0.03)	\$ 30,885	\$ 0.70	\$ (1,391)	\$ (0.03)
Weighted average diluted shares outstanding	44,055,150		44,032,781		44,038,347		44,015,741	

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