

FRMO Corp. Announces Results for Fiscal 2021 and Virtual Annual Meeting

WHITE PLAINS, N.Y. — August 13, 2021

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

Financial Highlights

FRMO’s book value as of May 31, 2021 was \$298.9 million (\$6.78 per share on a fully diluted basis), including \$121.0 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 \$208.9 million as of May 31, 2021, and \$104.8 million as of May 31, 2020. Total liabilities were \$29.9 million as of May 31, 2021, and \$11.8 million as of May 31, 2020, comprised primarily of securities sold, not yet purchased and deferred taxes.

Annual net income (loss) attributable to the Company in the fiscal year ended May 31, 2021 rose to \$60,158,194, or \$1.37 per share, compared to \$(14,564,472), or \$(0.33) per share, a year earlier.

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, 2021 was \$5,217,832 (\$0.12 per diluted share) compared to \$(7,811,802) ((\$0.18) per diluted share) for the three months ended May 31, 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 May 31, 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 May 31, 2021 and May 31, 2020, the Company held a 22.02% 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 77.98% and 80.77% in HKHA has been eliminated from results of operations for the periods ended May 31, 2021 and May 31, 2020.

Further details are available in the Company’s Consolidated Financial Statements for the year ended May 31, 2021. These statements have been filed on the OTC Markets Group Disclosure and News Services, which may be accessed at www.otcm Markets.com/stock/FRMO/filings. These documents are also available on the FRMO website at www.frmocorp.com.

Annual Meeting

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host the 2021 Annual Meeting of Shareholders (“Meeting”) at 3:00 p.m. ET on Thursday, September 9, 2021, which will be held online via webcast only at www.virtualshareholdermeeting.com/FRMO2021.

Admission to the FRMO virtual Annual Meeting is limited to stockholders who owned Common Stock as of the close of business on July 26, 2021, the record date, or their duly appointed proxies, or properly registered guests. Guests may register for the webcast by entering their first and last names and a valid email address. Only shareholders with valid control numbers will be able to vote and ask questions at the Annual Meeting. Shareholders and guests may submit questions in advance to info@frmocorp.com by 11:59 P.M. Eastern Time on Wednesday, September 8, 2021 (the day before the Annual Meeting).

Condensed Consolidated Balance Sheets

(in thousands)

	<u>May 31,</u> <u>2021</u>	<u>May 31,</u> <u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 34,971	\$ 38,443
Equity securities, at fair value	171,733	63,836
Other current assets	2,148	2,536
Total Current Assets	<u>208,852</u>	<u>104,815</u>
Investment in limited partnerships and other equity investments, at fair value	86,854	40,898
Investments in securities exchanges	4,815	5,061
Other assets	1,698	1,807
Investment in Horizon Kinetics LLC	16,366	10,876
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u>\$ 328,785</u>	<u>\$ 173,657</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 6,118	\$ 4,136
Other current liabilities	2,249	185
Total Current Liabilities	<u>8,367</u>	<u>4,321</u>
Deferred Tax Liability	20,774	6,701
Mortgage payable	730	751
Total Liabilities	<u>29,871</u>	<u>11,773</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	177,905	114,993
Noncontrolling interests	121,009	46,891
Total Stockholders' Equity	<u>298,914</u>	<u>161,884</u>
Total Liabilities and Stockholders' Equity	<u>\$ 328,785</u>	<u>\$ 173,657</u>

Condensed Consolidated Statements of Income (Loss)

(amounts in thousands, except share data)

	Three Months Ended		Years Ended	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
	(Unaudited)			
Revenue:				
Fees	\$ 1,354	\$ 567	\$ 3,723	\$ 2,264
Equity earnings from partnerships and limited liability companies	4,237	3,649	6,531	5,519
Unrealized gains (losses) from investments subject to fair value	2,483	(10,097)	44,818	(12,559)
Other	35	(3,706)	(726)	(1,926)
Total revenue before unrealized gains (losses) from equity securities	8,109	(9,587)	54,346	(6,702)
Unrealized gains (losses) from equity securities	34,201	(9,091)	96,223	(15,440)
Total Revenue	42,310	(18,678)	150,569	(22,142)
Total Expenses	298	323	1,350	1,337
Income (loss) from Operations before Provision for Income Taxes	42,012	(19,001)	149,219	(23,479)
Provision for (Benefit from) Income Taxes	2,999	(3,420)	19,890	(152)
Net Income (Loss)	39,013	(15,581)	129,329	(23,327)
Less net income (loss) attributable to noncontrolling interests	25,046	(6,249)	69,171	(8,763)
Net Income (Loss) Attributable to FRMO Corporation	<u>\$ 13,967</u>	<u>\$ (9,332)</u>	<u>\$ 60,158</u>	<u>\$ (14,564)</u>
Diluted Net Income (Loss) per Common Share	\$ 0.32	\$ (0.21)	\$ 1.37	\$ (0.33)
Weighted Average Common Shares Outstanding				
Basic	44,032,781	44,032,781	44,020,233	44,020,024
Diluted	44,059,278	44,032,781	44,038,179	44,020,024

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 May 31, 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:

	<u>Three Months Ended</u> <u>May 31, 2021</u> (Unaudited)		<u>Three Months Ended</u> <u>May 21, 2020</u> (Unaudited)		<u>Years Ended</u> <u>May 31, 2021</u>		<u>Years Ended</u> <u>May 31, 2020</u>	
	Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
(000's except per common share amounts and percentages)								
Net Income 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	\$ 13,967	\$ 0.32	\$ (9,332)	\$ (0.21)	\$ 60,158	\$ 1.37	\$ (14,564)	\$ (0.33)
Unrealized gain (loss) from equity securities	34,201		(9,091)		96,223		(15,440)	
Unrealized gain (loss) from equity securities attributable to noncontrolling interests	<u>24,829</u>		<u>(7,766)</u>		<u>68,712</u>		<u>(10,285)</u>	
Unrealized gain (loss) from equity securities attributable to the Company	9,372		(1,325)		27,511		(5,155)	
Tax benefit on unrealized gain (loss) from equity securities attributable to the company	<u>(622)</u>		<u>(194)</u>		<u>(3,455)</u>		<u>(205)</u>	
Unrealized gain (loss) from equity securities attributable to the Company, net of taxes	<u>8,750</u>	\$ 0.20	<u>(1,519)</u>	\$ (0.03)	<u>24,056</u>	\$ 0.55	<u>(5,360)</u>	\$ (0.12)
Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities	\$ 5,217	\$ 0.12	\$ (7,813)	\$ (0.18)	\$ 36,102	\$ 0.82	\$ (9,204)	\$ (0.21)
Weighted average diluted shares outstanding	<u>44,059,278</u>		<u>44,032,781</u>		<u>44,038,179</u>		<u>44,020,024</u>	

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