

FRMO Corp. Announces Fiscal 2022 Second Quarter Results and Conference Call

WHITE PLAINS, N.Y. — January 13, 2022

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2022 Second quarter ended November 30, 2021.

Financial Highlights

FRMO’s book value as of November 30, 2021 was \$281.7 million (\$6.40 per share on a fully diluted basis), including \$102.8 million of non-controlling interests. This compares with book value at the prior fiscal year ended May 31, 2021 of \$298.9 million (\$6.79 per share), including \$121.0 million of non-controlling interests. Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$186.6 million as of November 30, 2021, and \$208.9 million as of May 31, 2021. Total liabilities were \$27.7 million as of November 30, 2021, and \$29.9 million as of May 31, 2021, 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 November 30, 2021 was \$(350,323), or \$(0.01) per share, compared to \$11,671,366, or \$0.27 per share, a year earlier.

For the six months ended November 30, 2021, the net income was \$610,394 (\$0.01 per diluted share) compared to \$11,853,607 (\$0.27 per diluted share) in 2020.

FRMO’s net income attributable to the Company excluding the effect of unrealized gain from equity securities net of taxes for the three months ended November 30, 2021 was \$2,911,793 (\$0.07 per diluted share) compared to \$7,795,670 (\$0.18 per diluted share) for the three months ended November 30, 2020.

For the six months ended November 30, 2021, the figure was \$4,214,794 (\$0.10 per diluted share) compared to \$10,025,116 (\$0.23 per diluted share) in for the six months ended November 30, 2020.

Net income attributable to the Company excluding the effect of unrealized loss 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, 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 November 30, 2021 and May 31, 2021, the Company held a 21.95% and 22.02% 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 78.05% and 77.98% in HKHA has been eliminated from results of operations for the periods ended November 30, 2021 and May 31, 2021.

Further details are available in the Company’s Consolidated Financial Statements for the quarter ended November 30, 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.

Conference Call

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a conference call on Tuesday, January 18, 2022 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 888-394-8218 (domestic toll free), or +1-323-794-2588 (international toll) and entering the following Confirmation Code: 6605367. A replay will be available from 7:15 P.M. on the day of the teleconference until Thursday, February 17, `2022. To listen to the archived call, dial 888-203-1112 (domestic toll free) or +1 719-457-0820 (international toll), and enter the Replay Passcode: 6605367.

Condensed Consolidated Balance Sheets

(in thousands)

	November 30, 2021	May 31, 2021
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 34,153	\$ 34,971
Equity securities, at fair value	150,490	171,733
Other current assets	1,976	2,148
Total Current Assets	186,619	208,852
Investment in limited partnerships and other equity investments, at fair value	91,422	86,854
Investments in securities exchanges	4,815	4,815
Other assets	1,905	1,698
Investment in Horizon Kinetics LLC	14,464	16,366
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	\$ 309,425	\$ 328,785
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 3,698	\$ 6,118
Other current liabilities	2,196	2,249
Total Current Liabilities	5,894	8,367
Deferred Tax Liability	21,101	20,774
Mortgage payable	715	730
Total Liabilities	27,710	29,871
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	178,898	177,905
Noncontrolling interests	102,817	121,009
Total Stockholders' Equity	281,715	298,914
Total Liabilities and Stockholders' Equity	\$ 309,425	\$ 328,785

(Components may not sum to totals due to rounding)

Condensed Consolidated Statements of Income (Loss)

(amounts in thousands, except share data)

	Three Months Ended		Six Months Ended	
	November 30, 2021	November 30, 2020	November 30, 2021	November 30, 2020
	(Unaudited)		(Unaudited)	
Revenue:				
Fees	\$ 1,192	\$ 522	\$ 2,309	\$ 960
Equity earnings (losses) from partnerships and limited liability companies	47	(147)	(916)	505
Unrealized gains from investments subject to fair value	1,810	10,436	4,352	13,340
Other	216	(342)	432	(1,706)
Total revenue before unrealized (losses) gains from equity securities	3,265	10,469	6,177	13,099
Unrealized (losses) gains from equity securities	(15,100)	11,536	(22,178)	5,678
Total Revenue	(11,834)	22,005	(16,001)	18,777
Total Expenses	391	310	699	724
(Loss) income from Operations before Provision for Income Taxes	(12,225)	21,695	(16,700)	18,053
Provision for Income Taxes	64	3,462	1,883	4,092
Net (Loss) Income	(12,289)	18,233	(18,583)	13,961
Less net (loss) income attributable to noncontrolling interests	(11,939)	6,562	(19,193)	2,107
Net (Loss) Income Attributable to FRMO Corporation	\$ (350)	\$ 11,671	\$ 610	\$ 11,854
Diluted Net Income (Loss) Earnings per Common Share	\$ (0.01)	\$ 0.27	\$ 0.01	\$ 0.27
Weighted Average Common Shares Outstanding				
Basic	44,015,748	44,022,451	44,014,256	44,027,644
Diluted	44,015,748	44,022,451	44,033,213	44,031,319

(Components may not sum to totals due to rounding)

About FRMO Corp.

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

FRMO had 44,017,781 shares of common stock outstanding as of November 30, 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 attributable to the Company excluding the effect of unrealized loss from equity securities is net income attributable to the Company exclusive of unrealized losses from equity securities, net of tax. Net income attributable to the Company is the GAAP measure most closely comparable to net income attributable to the Company excluding the effect of unrealized loss from equity securities.

Management uses net income attributable to the Company excluding the effect of unrealized loss from equity securities, along with other measures, to gauge the Company's performance and evaluate results, which can be skewed when including unrealized loss from equity securities, which may vary significantly between periods. Net income attributable to the Company excluding the effect of unrealized loss from equity securities is provided as supplemental information, and is not a substitute for net income attributable to the Company and does not reflect the Company's overall profitability.

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

	Three Months Ended November 30, 2021 (Unaudited)		Three Months Ended November 30, 2020 (Unaudited)		Six Months Ended November 30, 2021 (Unaudited)		Six Months Ended November 30, 2020 (Unaudited)	
	Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share	
	Amount		Amount		Amount		Amount	
(000's except per common share amounts and percentages)								
Net (Loss) Income Attributable to the Company Excluding the Effect of Unrealized (Loss) Gain from Equity Securities and Diluted Earnings per Common Share Reconciliation:								
Net (loss) income attributable to the Company	\$ (350)	\$ (0.01)	\$ 11,671	\$ 0.27	\$ 610	\$ 0.01	\$ 11,854	\$ 0.27
Unrealized (loss) gain from equity securities	(15,100)		11,536		(22,178)		5,678	
Unrealized (loss) gain from equity securities attributable to noncontrolling interests	(12,168)		6,558		(19,643)		2,648	
Unrealized (loss) gain from equity securities attributable to the Company	(2,932)		4,978		(2,535)		3,030	
Tax benefit on unrealized (loss) gain from equity securities attributable to the company	(330)		(1,102)		(1,069)		(1,201)	
Unrealized (loss) gain from equity securities attributable to the Company, net of taxes	(3,262)	\$ (0.07)	3,876	\$ 0.09	(3,604)	\$ (0.08)	1,829	\$ 0.04
Net income (loss) attributable to the Company excluding the effect of unrealized (loss) gain from equity securities	\$ 2,912	\$ 0.07	\$ 7,795	\$ 0.18	\$ 4,214	\$ 0.10	\$ 10,025	\$ 0.23
Weighted average diluted shares outstanding	44,015,748		44,022,451		44,033,213		44,031,319	

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