

FRMO Corp. Announces Results for Fiscal 2022 and Virtual Annual Meeting

WHITE PLAINS, N.Y. — August 12, 2022

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the fiscal year 2022, ended May 31, 2022.

Financial Highlights

FRMO’s book value as of May 31, 2022 was \$314.3 million (\$7.14 per share on a fully diluted basis), including \$132.9 million of non-controlling interests. This compares with book value at the prior fiscal year ended May 31, 2021 of \$298.9 million (\$6.78 per share), including \$121.0 million of non-controlling interests. Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$223.8 million as of May 31, 2022, and \$208.9 million as of May 31, 2021. Total liabilities were \$23.9 million as of May 31, 2022, and \$29.9 million as of May 31, 2021, 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, 2022 was \$2,945,877, or \$0.07 per share, compared to \$60,158,194, or \$1.37 per share, a year earlier.

For the three months ended May 31, 2022, the net (loss) income attributable to the Company was \$14,343,798 (\$0.33 per diluted share) compared to \$13,967,651 (\$0.32 per diluted share) in 2021.

Net income attributable to the Company excluding the effect of unrealized (loss) gain from equity securities net of taxes for the three months ended May 31, 2022 was \$4,014,188 (\$0.09 per diluted share) compared to \$5,217,832 (\$0.12 per diluted share) for the three months ended May 31, 2021.

For the fiscal year ended May 31, 2022, the figure was \$(1,621,363) ((\$0.04) per diluted share) compared to \$36,102,670 (\$0.82 per share) for the year ended May 31, 2021.

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 May 31, 2022. 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, 2022 and 2021, the Company held a 21.88% 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 78.12% and 77.98% in HKHA has been eliminated from results of operations for the periods ended May 31, 2022 and 2021.

Further details are available in the Company’s Consolidated Financial Statements for the fiscal year ended May 31, 2022. 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.

Annual Meeting

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host the 2022 Annual Meeting of Shareholders (“Meeting”) at 3:00 p.m. ET on Thursday, September 8, 2022, which will be held online via webcast only at www.virtualshareholdermeeting.com/FRMO2022

Admission to the Meeting is limited to stockholders who owned Common Stock as of the close of business on July 25, 2022, 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 7, 2022 (the day before the Meeting).

Condensed Consolidated Balance Sheets*(in thousands)*

	<u>May 31,</u> <u>2022</u>	<u>May 31,</u> <u>2021</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 33,289	\$ 34,971
Equity securities, at fair value	187,386	171,733
Other current assets	<u>3,083</u>	<u>2,148</u>
Total Current Assets	223,758	208,852
Investment in limited partnerships and other equity investments, at fair value	82,630	86,854
Investments in securities exchanges	4,815	4,815
Other assets	2,178	1,698
Investment in Horizon Kinetics LLC	14,702	16,366
Participation in Horizon Kinetics LLC revenue stream	<u>10,200</u>	<u>10,200</u>
Total Assets	<u>\$ 338,282</u>	<u>\$ 328,785</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 2,573	\$ 6,118
Other current liabilities	<u>212</u>	<u>2,249</u>
Total Current Liabilities	2,785	8,367
Deferred Tax Liability	20,470	20,774
Mortgage payable	<u>700</u>	<u>730</u>
Total Liabilities	<u>23,955</u>	<u>29,871</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	181,409	177,905
Noncontrolling interests	<u>132,919</u>	<u>121,009</u>
Total Stockholders' Equity	<u>314,327</u>	<u>298,914</u>
Total Liabilities and Stockholders' Equity	<u>\$ 338,282</u>	<u>\$ 328,785</u>

(Components may not sum to totals due to rounding)

Condensed Consolidated Statements of Income (Loss)

(amounts in thousands, except share data)

	Three Months Ended		Years Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
	(Unaudited)			
Revenue:				
Fees	\$ 873	\$ 1,354	\$ 4,678	\$ 3,723
Equity earnings from limited partnerships and limited liability companies	625	4,237	653	6,531
Unrealized gains (losses) from investments	3,502	2,483	(5,576)	44,818
Other	(536)	35	141	(726)
Total revenue before unrealized gains from equity securities	4,464	8,109	(104)	54,346
Unrealized gains from equity securities	41,175	34,201	13,978	96,223
Total Revenue	45,638	42,310	13,874	150,569
Total Expenses	250	298	1,380	1,350
Income from Operations before Provision for Income Taxes	45,388	42,012	12,493	149,219
Provision for (Benefit from) Income Taxes	257	2,999	(774)	19,890
Net Income	45,131	39,013	13,267	129,329
Less net income attributable to noncontrolling interests	30,787	25,046	10,321	69,171
Net Income Attributable to FRMO Corporation	\$ 14,344	\$ 13,967	\$ 2,946	\$ 60,158
Diluted Net Income per Common Share	\$ 0.33	\$ 0.32	\$ 0.07	\$ 1.37
Weighted Average Common Shares Outstanding				
Basic	44,017,781	44,032,781	44,016,014	44,020,233
Diluted	44,034,588	44,059,278	44,034,813	44,038,179

(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 May 31, 2022.

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.

Contact

Thérèse Byars

Corporate Secretary

Email: tbyars@frmocorp.com

Telephone: 646-495-7337

www.frmocorp.com

Information Regarding Non-GAAP Measures

Net income (loss) attributable to the Company excluding the effect of unrealized gains (loss) from equity securities is net income (loss) attributable to the Company exclusive of unrealized gains (loss) 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 gains (loss) from equity securities.

Management uses net income (loss) attributable to the Company excluding the effect of unrealized gains (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 (loss) from equity securities, which may vary significantly between periods. Net income (loss) attributable to the Company excluding the effect of unrealized gains (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 (loss) attributable to the Company excluding the effect of unrealized gains (loss) from equity securities to net income (loss) attributable to the Company for the periods indicated:

	<u>Three Months Ended</u> <u>May 31, 2022</u> (Unaudited)		<u>Three Months Ended</u> <u>May 31, 2021</u> (Unaudited)		<u>Years Ended</u> <u>May 31, 2022</u>		<u>Years Ended</u> <u>May 31, 2021</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	
(000's except per common share amounts and percentages)								
Net Income Attributable to the Company Excluding the Effect of Unrealized Gain from Equity Securities and Diluted Earnings per Common Share Reconciliation:								
Net income attributable to the Company	<u>\$ 14,344</u>	<u>\$ 0.33</u>	<u>\$ 13,967</u>	<u>\$ 0.32</u>	<u>\$ 2,946</u>	<u>\$ 0.07</u>	<u>\$ 60,158</u>	<u>\$ 1.37</u>
Unrealized gain from equity securities	41,175		34,201		13,978		96,223	
Unrealized gain from equity securities attributable to noncontrolling interests	<u>30,543</u>		<u>24,829</u>		<u>9,397</u>		<u>68,712</u>	
Unrealized gain from equity securities attributable to the Company	10,632		9,372		4,581		27,511	
Tax benefit on unrealized gain from equity securities attributable to the company	<u>(302)</u>		<u>(622)</u>		<u>(13)</u>		<u>(3,455)</u>	
Unrealized gain from equity securities attributable to the Company, net of taxes	<u>10,330</u>	<u>\$ 0.24</u>	<u>8,750</u>	<u>\$ 0.20</u>	<u>4,568</u>	<u>\$ 0.10</u>	<u>24,056</u>	<u>\$ 0.55</u>
Net income (loss) attributable to the Company excluding the effect of unrealized gain from equity securities	<u>\$ 4,014</u>	<u>\$ 0.09</u>	<u>\$ 5,217</u>	<u>\$ 0.12</u>	<u>\$ (1,622)</u>	<u>\$ (0.04)</u>	<u>\$ 36,102</u>	<u>\$ 0.82</u>
Weighted average diluted shares outstanding	<u>44,034,588</u>		<u>44,059,278</u>		<u>44,034,813</u>		<u>44,038,179</u>	

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