

FRMO Corp. Announces Fiscal 2023 First Quarter Results and Conference Call

WHITE PLAINS, N.Y. —October 13, 2022

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2023 first quarter ended August 31, 2022.

Financial Highlights

FRMO’s total book value as of August 31, 2022 was \$345.9 million (\$7.86 per share on a fully diluted basis), including \$157.0 million of non-controlling interests. Book value for the same period, excluding the non-controlling interests was \$188.9 million (\$4.29 per share). This compares with total book value at the prior fiscal year end on May 31, 2022 of \$314.3 million (\$7.14 per share), including \$132.9 million of non-controlling interests. Book value for the same period, excluding the non-controlling interests was \$181.4 million (\$4.12 per share). Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$255.4 million as of August 31, 2022, and \$223.8 million as of May 31, 2022. Total liabilities were \$25.3 million as of August 31, 2022, and \$23.9 million as of May 31, 2022, comprised primarily of securities sold, not yet purchased and deferred taxes.

FRMO’s net income attributable to the Company for the quarter ended August 31, 2022 rose to \$7,478,672, or \$0.17 per share, compared to \$960,717, or \$0.02 per share, a year earlier.

FRMO’s net income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities net of taxes for the three months ended August 31, 2022 was \$97,166 (\$0.00 per diluted share) compared to \$1,303,002 (\$0.03 per diluted share) for the three months ended August 31, 2021.

Net income attributable to the Company excluding the effect of unrealized gain (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 August 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 August 31, 2022 and May 31, 2022, the Company held a 21.85% and 21.88% 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 78.15% and 78.12% in HKHA has been eliminated from results of operations for the periods ended August 31, 2022 and May 31, 2022.

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

Conference Call

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a conference call on Tuesday, October 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 877-502-9276 (domestic toll free), or +1-313-209-4906 (international toll) and entering the following Confirmation Code: 9128763. A replay will be available from 7:15 P.M. on the day of the teleconference until November 18, 2022. To listen to the archived call, use the following link:

https://event.webcasts.com/starthere.jsp?ei=1576797&tp_key=8dfa0cc6b2

The replay passcode is 9128763.

Condensed Consolidated Balance Sheets

(in thousands)

	August 31, 2022	May 31, 2022
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 36,022	\$ 33,289
Equity securities, at fair value	217,031	187,386
Other current assets	2,384	3,083
Total Current Assets	255,437	223,758
Investment in limited partnerships and other equity investments, at fair value	84,836	82,630
Investments in securities exchanges	4,815	4,815
Other assets	2,076	2,177
Investment in Horizon Kinetics LLC	13,898	14,702
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	\$ 371,262	\$ 338,282
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 2,068	\$ 2,573
Other current liabilities	183	212
Total Current Liabilities	2,251	2,785
Deferred Tax Liability	22,374	20,470
Mortgage payable	692	700
Total Liabilities	25,318	23,955
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	188,916	181,409
Noncontrolling interests	157,028	132,919
Total Stockholders' Equity	345,944	314,327
Total Liabilities and Stockholders' Equity	\$ 371,262	\$ 338,282

(Components may not sum to totals due to rounding)

Condensed Consolidated Statements of Income (Loss)

(amounts in thousands, except share data)

	Three Months Ended	
	August 31,	August 31,
	2022	2021
	(Unaudited)	
Revenue:		
Fees	\$ 760	\$ 1,117
Equity losses from limited partnerships and limited liability companies	(97)	(963)
Unrealized gains from investments	1,487	2,542
Other	2,418	216
Total revenue before unrealized gains (losses) from equity securities	4,568	2,912
Unrealized gains (losses) from equity securities	29,671	(7,078)
Total Revenue	34,238	(4,166)
Total Expenses	466	308
Income (loss) from Operations before Provision for Income Taxes	33,773	(4,475)
Provision for Income Taxes	2,260	1,819
Net Income (Loss)	31,513	(6,294)
Less net income (loss) attributable to noncontrolling interests	24,034	(7,255)
Net Income Attributable to FRMO Corporation	<u>\$ 7,479</u>	<u>\$ 961</u>
Diluted Net Income per Common Share	\$ 0.17	\$ 0.02
Weighted Average Common Shares Outstanding		
Basic	44,017,781	44,012,781
Diluted	44,029,921	44,031,575

(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 August 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.

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Information Regarding Non-GAAP Measures

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

	Three Months Ended		Three Months Ended	
	August 31, 2022		August 31, 2021	
	(Unaudited)		(Unaudited)	
	Amount	Diluted earnings per common share	Amount	Diluted earnings per common share
(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 attributable to the Company	\$ 7,479	\$ 0.17	\$ 961	\$ 0.02
Unrealized gain (loss) from equity securities	29,671		(7,078)	
Unrealized gain (loss) from equity securities attributable to noncontrolling interests	22,160		(7,475)	
Unrealized gain from equity securities attributable to the Company	7,511		397	
Tax benefit on unrealized gain (loss) from equity securities attributable to the company	(129)		(739)	
Unrealized gain (loss) from equity securities attributable to the Company, net of taxes	7,382	\$ 0.17	(342)	\$ (0.01)
Net income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities	\$ 97	\$ 0.00	\$ 1,303	\$ 0.03
Weighted average diluted shares outstanding	44,029,921		44,031,575	

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