

FRMO Corp. Announces Results for Fiscal 2023 and Annual Meeting

WHITE PLAINS, N.Y. —August 15, 2023

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the fiscal year 2023 ended May 31, 2023.

Financial Highlights

FRMO’s total book value as of May 31, 2023 was \$284.1 million (\$6.45 per share on a fully diluted basis), including \$114.8 million of non-controlling interests. Book value for the same period, excluding the non-controlling interests was \$169.3 million (\$3.85 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 \$201.3 million as of May 31, 2023, and \$223.8 million as of May 31, 2022. Total liabilities were \$19.4 million as of May 31, 2023, and \$23.9 million as of May 31, 2022, comprised primarily of securities sold, not yet purchased and deferred taxes.

Annual net (loss) income attributable to the Company in the fiscal year ended May 31, 2023 was \$(12,603,972) (\$0.29) per diluted share) compared to \$2,945,877 (\$0.07 per diluted shares) in 2022.

For the three months ended May 31, 2023, FRMO’s net (loss) income attributable to the Company was \$(20,050,797) (\$0.46) per diluted share) compared to \$14,343,798 (\$0.33 per diluted share) a year earlier.

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, 2023 was \$(7,197,926) (\$0.16) per diluted share) compared to \$4,014,188 (\$0.09 per diluted share) for the three months ended May 31, 2022. For the year ended May 31, 2023 this figure was \$(6,382,222) (\$0.14) per diluted share) and \$(1,621,363) (\$0.04) per diluted share) in the previous year.

Net income (loss) 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 May 31, 2023. 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, 2023 and May 31, 2022, the Company held a 21.80% 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 78.20% and 78.12% in HKHA has been eliminated from results of operations for the periods ended May 31, 2023 and May 31, 2022.

Further details are available in the Company's Consolidated Financial Statements for the fiscal year ended May 31, 2023. 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 2023 Annual Meeting of Shareholders ("Meeting") on Thursday, September 7, 2023, at 3 p.m. Eastern Time, to be held at The Union League Club (The Mary Murray Room) at 38 East 37th Street and online via live webcast at: <https://www.virtualshareholdermeeting.com/FRMO2023>.

Admission to the FRMO in person Annual Meeting is limited to stockholders who owned Common Stock as of the close of business on July 24, 2023, the record date, or their duly appointed proxies, and one guest. **Proof of ownership of FRMO stock and valid government-issued photo identification must be presented to be admitted to the Annual Meeting.** Each guest must also present valid government-issued photo identification. If your shares are held in the name of a bank, broker, or other holder of record, you must bring a brokerage statement or other proof of ownership (or the equivalent proof of ownership as of the close of business on the record date of the stockholder who granted you the Proxy). If your shares are held in certificate form, ownership will be verified by consulting the list of Registered Shareholders as of the record date. Registration will begin at 2:00 p.m.

*No cameras, recording equipment, electronic devices, large bags, briefcases, or packages will be permitted in the Annual Meeting. **Dress code for the Union League Club is strictly enforced by the Club's staff. For men: Traditional business attire, jacket is required for all men and equally formal attire for women.***

Condensed Consolidated Balance Sheets*(in thousands)*

	<u>May 31,</u> <u>2023</u>	<u>May 31,</u> <u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 38,077	\$ 33,289
Equity securities, at fair value	159,729	187,386
Other current assets	3,539	3,083
Total Current Assets	<u>201,346</u>	<u>223,758</u>
Investment in limited partnerships and other equity investments, at fair value	70,656	82,630
Investments in securities exchanges	4,869	4,815
Other assets	1,815	2,177
Investment in Horizon Kinetics LLC	14,608	14,702
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u><u>\$ 303,494</u></u>	<u><u>\$ 338,282</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 2,353	\$ 2,573
Other current liabilities	354	212
Total Current Liabilities	<u>2,707</u>	<u>2,785</u>
Deferred Tax Liability	16,004	20,470
Mortgage payable	669	700
Total Liabilities	<u>19,379</u>	<u>23,955</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	169,283	181,409
Noncontrolling interests	114,832	132,919
Total Stockholders' Equity	<u>284,114</u>	<u>314,327</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 303,494</u></u>	<u><u>\$ 338,282</u></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, 2023	May 31, 2022	May 31, 2023	May 31, 2022
	(Unaudited)			
Revenue:				
Fees	\$ 737	\$ 873	\$ 3,222	\$ 4,678
Equity (losses) earnings from limited partnerships and limited liability companies	(685)	625	1,614	653
Unrealized (losses) gains from investments	(12,614)	3,502	(13,661)	(5,576)
Other	402	(536)	4,046	141
Total revenue before unrealized (losses) gains from equity securities	(12,159)	4,464	(4,779)	(104)
Unrealized (losses) gains from equity securities	(52,374)	41,175	(28,368)	13,978
Total Revenue	(64,533)	45,638	(33,147)	13,874
Total Expenses	343	250	1,837	1,380
(Loss) Income from Operations before (Benefit from) Provision for Income Taxes	(64,877)	45,388	(34,984)	12,493
(Benefit from) Provision for Income Taxes	(6,075)	257	(3,222)	(774)
Net (Loss) Income	(58,802)	45,131	(31,762)	13,267
Less net (loss) income attributable to noncontrolling interests	(38,751)	30,787	(19,158)	10,321
Net (Loss) Income Attributable to FRMO Corporation	\$ (20,051)	\$ 14,344	\$ (12,604)	\$ 2,946
Diluted Net (Loss) Income per Common Share	\$ (0.46)	\$ 0.33	\$ (0.29)	\$ 0.07
Weighted Average Common Shares Outstanding				
Basic	44,022,781	44,017,781	44,021,069	44,016,014
Diluted	44,022,781	44,034,588	44,021,069	44,034,813

(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 44,022,781 shares of common stock outstanding as of May 31, 2023.

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 May 31, 2023 (Unaudited)		Three Months Ended May 31, 2022 (Unaudited)		Years Ended May 31, 2023		Years Ended May 31, 2022	
	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 (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	<u>\$ (20,051)</u>	\$ (0.46)	<u>\$ 14,344</u>	\$ 0.33	<u>\$ (12,604)</u>	\$ (0.29)	<u>\$ 2,946</u>	\$ 0.07
Unrealized (loss) gain from equity securities	(52,374)		41,175		(28,368)		13,978	
Unrealized (loss) gain from equity securities attributable to noncontrolling interests	<u>(39,059)</u>		<u>30,543</u>		<u>(21,907)</u>		<u>9,397</u>	
Unrealized (loss) gain from equity securities attributable to the Company	(13,315)		10,632		(6,461)		4,580	
Tax benefit (provision) on unrealized (loss) gain from equity securities attributable to the company	<u>463</u>		<u>(302)</u>		<u>240</u>		<u>(13)</u>	
Unrealized (loss) gain from equity securities attributable to the Company, net of taxes	<u>(12,853)</u>	\$ (0.29)	<u>10,330</u>	\$ 0.24	<u>(6,222)</u>	\$ (0.14)	<u>4,567</u>	\$ 0.10
Net (loss) income attributable to the Company excluding the effect of unrealized (loss) gain from equity securities	<u><u>\$ (7,198)</u></u>	\$ (0.16)	<u><u>\$ 4,014</u></u>	\$ 0.09	<u><u>\$ (6,382)</u></u>	\$ (0.14)	<u><u>\$ (1,621)</u></u>	\$ (0.04)
Weighted average diluted shares outstanding	<u>44,022,781</u>		<u>44,034,588</u>		<u>44,021,069</u>		<u>44,034,813</u>	

(Components may not sum to totals due to rounding)