Thérèse Byars – Corporate Secretary

Good afternoon, everyone. This is Thérèse Byars speaking, and I'm the Corporate Secretary of FRMO Corp. Thank you for joining us on this call.

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Today's discussion will be led by Murray Stahl, Chairman and Chief Executive Officer. He will review key points related to the fiscal 2024 second quarter earnings.

And now, I'll turn the discussion over to Mr. Stahl.

Murray Stahl – Chairman & Chief Executive Officer

Thank you, Therese, and thanks, everybody, for joining us. I'll just go right into it. This quarter, I would argue, was a milestone quarter for us. The reason I say "milestone" is that you'll observe that our biggest position, TPL, was actually down, and you can see the line item of unrealized losses. Of course, that's on all of our realized losses, because we're consolidating HK Hard Assets; however, it was more than balanced by two other positions.

The first one is Winland, formerly known as Winland Electronics, which now we call Winland Holdings, and which is where we've been doing a lot of our cryptocurrency mining work. You might observe, if you line up all the quarterly financial statements, that we're gradually increasing our position in Winland. And as of quarter-end—I think you can look it up on the on the summary page on the website—I think we're up to 1,593,000 shares. And we subsequently bought more, so we own around 35% of Winland. More about that in a minute.

The other position is Bitcoin, through the various ways we express direct ownership in it, the most important of which is the Grayscale Bitcoin Trust (GBTC). This was the first quarter in which the crypto earnings actually outweighed Texas Pacific Land Corporation (TPL) and, incidentally, we increased our exposure to every one of our holdings. We might also remark that, despite all the investments—you can see how much money we spent—we increased, not decreased, our cash balance relative to fiscal year-end. So, our own shareholders' equity (not the consolidated shareholders' equity that consolidates our non-controlling interest in HK Hard Assets) now exceeds $206 million. There's a substantial investment here, with substantial liquidity, and little by little, we expand in crypto every quarter.

Why do we expand little by little when no one else seems to do that? I know it might be excruciating to watch, but it's necessary to do it that way. The reason it's necessary is because of two factors in the world of mining. One is that—no matter what point in the Bitcoin halving cycle you are in—with every passing day, you're always approaching yet another halving.

I would encourage you to look at the halving the following way. When the block reward is cut in half, if you want to get the same block reward for your mining activity, essentially, you must have twice as many mining machines. In practice, you have to have much more than that ecause the aggregate hash rate, meaning the number of machines you're competing with in the entire Bitcoin system, is ever-growing. Even if there weren't a halving, you'd have to increase your equipment, so that's the first problem. You must have at least twice as many machines to have the same number of coins.

Mathematically, it's the same as if the cost of mining just went up. By the way, that's one of the reasons that Bitcoin rises over time. So, the halving plays a very important role, and I would be ever cognizant of that. With the halving, if everything else was stable, which it never is, Bitcoin would be a predictable high-return security. Probably no security is as predictable or as high-returning as you're ever going to encounter.

The second factor is that if you need twice as many machines for the same number of Bitcoin, you have to be very, very cognizant of your usage of electric power. Your costs are rising. So, you must have machines that will be ever more economical in electric power usage. No one seems to believe me when I say this, but I'll repeat it. Over the last seven or eight years, the electric power usage *per transaction* is down 96%. It doesn't mean the electric power usage of the entire system is down at all; systemwide power usage is up. But the electric power usage per transaction is down 96%. That will probably continue. The reason that's relevant for going slow in terms of buying equipment is that when that happens, your equipment could become obsolete.

So, you'd like to be constantly growing the amount of crypto you have, which I think we've done, if you look at all the quarterly statements. And you'd like to be doing it in such a way that you're always positioned to buy the most up-to-date equipment, but buying small enough quantities of equipment so that you manage to use it completely and thoroughly during the cycle. We've been very careful buying equipment. You'll see in our cryptocurrency mining operations that we're now operating fully-depreciated equipment. How long we'll be operating that equipment is a question I don't know the answer to, but the goal was to get to the point where we can profitably operate fully depreciated equipment. Our policy is to depreciate new equipment over a two-year cycle and use it over a year, sometimes a year and a half. So, we're very conservative in our depreciation assumptions.

In Consensus Mining, I believe, we're up to 265 bitcoin. We also own, as of the most recent reckoning several days ago, 6,618 Litecoin. Litecoin, you might be aware, has basically the same monetary policy as Bitcoin. It started later, so at the moment, it has a modestly higher inflation rate, but it'll end up at the same point as Bitcoin. Litecoin is actually a lot more profitable to mine than Bitcoin. If Litecoin were ever to have the kind of use cases that Bitcoin is going to have, the

Litecoin aggregate hashrate would grow in relation to Bitcoin's aggregate hashrate, and you'd make a lot of money on that.

And also, as of several days ago, we own 38.9 Bitcoin Cash. Bitcoin Cash is an interesting animal, because it has the exact same monetary policy as Bitcoin itself. It's just that the Bitcoin Cash hashrate is maybe a half of 1% the size of the Bitcoin hashrate. Therefore, the market capitalization of Bitcoin Cash is something like one half of 1% of the Bitcoin market capitalization. And as I said, if there were ever a use case for a bigger block size, that one day there might be, you can make a lot of money in Bitcoin Cash. So, it's kind of interesting.

Going back to Litecoin, one of the reasons it is more profitable than Bitcoin, is because Litecoin engages in merged mining, meaning that, with the same mining rig, you can mine two coins: Litecoin and Dogecoin. This is both good and bad. Dogecoin has a very profligate monetary policy, so I personally don't find it all that interesting. However, we take our block reward entirely in Litecoin. The more expensive Dogecoin is, the more of your electric bill you can pay with Dogecoin. And, therefore, the less money it costs to mine Litecoin. Thus, , on that basis, the less valuable Litecoin is.

But, on a longer-term basis, since I would assert Dogecoin has a profligate monetary policy, Dogecoin is going to underperform Litecoin. Dogecoin might even go down in value if it gets diluted enough. To the degree Dogecoin underperforms Litecoin, Litecoin is worth more money. And just for that reason, you might make money off of it.

Anyway, we are in the process of buying some Bitmain Antminer L7 rigs, which is what mines Litecoin for Winland. Winland, before very many weeks are out, will be mining Litecoin as well as Bitcoin. I think we're the first of the publicly traded miners to mine material amounts of Litecoin. Winland is public. Consensus is going to be public. Hopefully, in the not-too-distant future, you'll be able to see their financial statements and you'll be impressed with the degree of liquidity maintained. And I hope you'll be impressed with the degree to which we consistently increase the crypto holdings, which is very different than what other companies do. We intend to increase our exposure in this field.

So, the crypto business is alive. It's healthy, and it's growing. We didn't know seven or eight years ago, when we started this venture, if crypto was a viable business or not. We just thought we knew enough about it to be able to make some reasonable assertions and make some money at it. That's what we ended up doing, and so far, it's working out well.

There are a couple of other things I'll point you to in the balance sheet that I personally find intriguing. You can see why we're a long-term investor if you look at our November 30th balance sheet and see a deferred tax liability of $25 million. The longer we hang onto what we have, the more money we're making off this, which is essentially an interest-free loan. So, you really want to be long-term investors. That's not a small amount of money, even for our now-expanded shareholders' equity.

I'll also point you to the liability side of the balance sheet, to the securities sold short line item. These are largely the dysfunctional path-dependent ETFs, the ones we keep selling short. And you'll observe, as of the most recent reckoning, $10.7 million in short-sale proceeds versus a market value of $1.3 million. So, it's a not-insignificant part of our cash generation, and we continue to do it, and we're likely to expand it when opportunities present themselves.

One other thing I'll point you to: investments in securities exchanges, where our biggest holding is Miami International Holdings, colloquially known as MIAX. It hasn't come public yet, but it might come public one day, and I would pay attention to that valuation. That's a current valuation as a private company. You could look at their website. You can see how well the company is doing, and I expect that to continue. So, we're very, very excited and pleased with what's going on at MIAX.

So, in summary, we have our crypto businesses. We have the exchange businesses. We have our own investments. And, last but not least, we have Horizon Kinetics. Horizon Kinetics is in the process of doing a reverse merger into a company known as Scott's Liquid Gold, which is publicly traded. When this deal closes there will be a publicly traded valuation on Horizon Kinetics—I guess, theoretically, there's one now. So, we won't need to guess or estimate the value of our investment in Horizon Kinetics. We'll be able to see it realized, so I would pay attention to that.

I'm expecting, but don't hold me to it, this deal to close sometime around the end of April. Let's say, with fortune, April 30th. And we maintain our proportionate interest in Horizon Kinetics. So, that's a lot of activity, a lot of publicly traded securities: Consensus Mining coming public, Horizon Kinetics coming public. A lot of interesting things going on. I could probably continue, but I've given you a little tour of what's happening. We're going to be very busy, so I think the best thing to do is invite whatever questions you have to fill in the gaps of what I didn't mention.

You could kick it off, Thérèse, and tell me what the questions are, and I'll be more than delighted to address them.

Thérèse Byars – Corporate Secretary

I'll be happy to, Murray.

Questioner 1

My impression is that most of the total FRMO assets on the balance sheet are valued using market prices. How much and what assets are not valued in that way? What is the best way for an investor to value FRMO? More specifically, given its assets, especially the increased attention to cryptocurrency, why should it be priced/traded for more than the net asset value?

Murray Stahl – Chairman & Chief Executive Officer

There are a lot of questions there. Everything we can take in market prices, we take. What's easier to talk about is what's not in market prices. What's not is our investment in MIAX. Our holding is recorded a little bit above cost. The reason it's a little bit—not greatly above—cost is that MIAX did some equity deals subsequent to our transaction, which is using that value, but it's not a market price. It's a negotiated price. There's that.

We also have on the books some holdings of Digital Currency Group at cost. These are the people who own Grayscale and, among other things, operate the Grayscale Bitcoin Trust (GBTC) that's now in the process of becoming an ETF. And that's at cost.

Last but certainly not least, is Horizon Kinetics, which you see on the balance sheet. It's not at cost; it's cost plus whatever accumulated earnings have been retained in the business. Horizon Kinetics has a pretty big dividend payout ratio. FRMO doesn't pay a dividend, but Horizon Kinetics pays, I think, a pretty robust dividend. We receive that dividend, so whatever's left over after the dividend gets put back in retained earnings, so you're not seeing a mark-to-market in that. However, you will see a market value indication in that if you figure out what the proportionate interest is in Scott's Liquid Gold.

So, to partially answer the question, to which I'll return in a second, why shouldn't it trade at its market value? Well, we don't really know what the appropriate valuation should be for MIAX. We don't know what the appropriate valuation should be for Digital Currency Group. We will know, but do not know at the moment, the appropriate valuation of Scott's Liquid Gold, which is really going to be Horizon Kinetics. The market will tell us that.

And right under the Horizon Kinetics notation on the balance sheet, you will see this revenue share item. So, we have a revenue share, we get a little bit less than 5% of the revenues of Horizon Kinetics. The question is, what is that worth? I guess it depends on what the revenue of Horizon Kinetics is—on how much it can grow or fail to grow. Reasonable minds may differ about what it's worth. We created it a number years ago, which I don't know how relevant it is, and it's never been changed with a public valuation. People have more insight into it. That might change as well, so I guess the trading price of FRMO, if you'd like, reflects what some people believe might be the valuation of all the entities I talked about.

And I left out one, which is Consensus Mining. It's not a big deal, but we still own it. It's not public yet. It will be public, and that'll have to have a valuation put on it.

And then you'll observe the real estate owned. That's on the books at cost. The question is, what's that worth? It might be worth, some would argue, more than what is shown on the balance sheet. So, the differential between those publicly traded entities that we can value and the ones we don't, is what people assume should be the value. Whether that's right or wrong, we're going to find out in the not-too-distant future. We'll have to see what happens. I hope I addressed everything. I think I covered all the main points.

Anyway, Scott's Liquid Gold's ticker, if you're interested, is SLGD. We do own Horizon Kinetics. You could look at the market capitalization of Scott's Liquid Gold, figure out what its market capitalization is going to be when the deal closes, and draw some conclusions on your own.

Questioner 2

Some of the commentary on the issue of non-controlling interest confuses me and seems a bit contradictory. Perhaps Murray could comment on his thoughts as to how best to value the companies, particularly with respect to the entity of about $4 per share without non-controlling and about $8 including non-controlling.

Murray Stahl – Chairman & Chief Executive Officer

I'm not 100% sure I understand the question. We take the shareholders' equity and divide by number of shares. That's your book value. I mentioned, in the prior question, a number of things that are not valued at market prices. So, the real question is: Are they worth more than their stated balance sheet value? Are the buildings and real estate worth more than their value? I think they are. Is MIAX worth more than its cost basis? I think it is. Is Horizon worth more than is stated here? I think it is. Is the revenue share worth more than is stated here? I think it is, and so on and so forth. Consensus Mining, we're going to figure out what happens.

So all I can tell you is, that's the differential. And I can't tell you what exactly the value should be, because everybody has to make up their own mind on that. All I can tell you is, judging from the market price relative to the book value, obviously, people think it's worth more, not less, than the carrying values. That's not an unreasonable position to take.

Thérèse Byars – Corporate Secretary

I wonder if part of the question relates to the fact that on the balance sheet, we have stockholders' equity attributable to the company and then the non-controlling interest. That might be confusing. What is the difference?

Murray Stahl – Chairman & Chief Executive Officer

What is the non-controlling interest? That's a good question. We control two LLCs. They're known as HK Hard Assets I and HK Hard Assets II. You can see in the footnotes how much of each we control. I think the differential in the case of HK Hard Assets I is like 78%. It doesn't belong to FRMO. Apart from FRMO, the largest holder of HK Hard Assets I is yours truly. I own a lot of it personally. So, that's the difference.

FRMO doesn't own it. We're just partners in that. So, you might say it's a fund. The market value of that fund is probably $160-something million. It's usually growing every month. Why is it growing every month? Because the various partners, myself included, are contributing more securities to it. Hopefully, the market value's going to grow as well. So, basically, the non-controlling interest happens to be these two funds. The market value of HK Hard Assets I is a lot bigger than the market value of HK Hard Assets II for the simple reason that, for HK Hard Assets I, we've been at it for about seven or eight years. HK Hard Assets II, we've been at it at, I don't know, a year and a half. So it's going to take a while to build up HK Hard Assets II the way we built up HK Hard Assets I. That's the non-controlling interest.

Now, maybe the question is, what if you merge a non-controlling interest into FRMO? Would it make a difference? No, it wouldn't make a difference at all, because you're still up in the same book value. We take those assets, and presumably, we take shares in it, there'll be more shares outstanding, FRMO has a bigger market capitalization. But HK Hard Assets I owns the same things that FRMO owns. Maybe the weightings are, in a rounding error, slightly different. They're not materially different. We just own more of the same stuff. I don't think that affects the valuation whatsoever, but as I said, reasonable minds may differ.

Questioner 3

I am a retail shareholder of FRMO Corp. In the latest financial report, can you tell in which bucket under "assets" in the balance sheet are the crypto digital currency assets reported?

And, in regard to the holdings of Winland and Consensus Mining, are they under "Investment in limited partnerships and other equity investments" at fair value?

Murray Stahl – Chairman & Chief Executive Officer

Yes, all that is in "Investments in limited partnerships and other equity investments." They are all lumped in there; public, private. It's all there. And digital mining assets are the machines and the real estate. The reason the real estate is under digital mining assets is that it's the property used for mining. That's why it counts as a digital mining asset.

Questioner 4

In the first quarter 2024 conference call, Murray Stahl stated that Bitcoin Cash was the most undervalued asset with the most upside on the balance sheet. With regard to FRMO's accumulation of Bitcoin Cash, is it more cost-effective to purchase the coins versus mining them? In addition, what is the ideal amount of Bitcoin Cash on the balance sheet in relation to Bitcoin?

Murray Stahl – Chairman & Chief Executive Officer

I don't know what the ideal amount is. I've never really thought about it that way, so I don't know if I can answer it. I still stand behind the idea that it's really undervalued, because it's got the same monetary policy. It just doesn't have a use case. By the way, Bitcoin itself doesn't really have a use case. It's in ETFs, but it doesn't really have a use case. One of the issues between Bitcoin and Bitcoin Cash—there really hasn't been an issue yet, but there might be one day—is Bitcoin Cash has a bigger block size to increase the transaction speed. Ordinarily, that wouldn't be an issue. Nobody who mined Bitcoin really cared that much about the block size. A lot of people were against making a bigger block size.

About seven years ago, in a hard fork from the Bitcoin blockchain, Bitcoin Cash came into existence. Most people, including ourselves, were not really enamored with Bitcoin Cash, because we didn't want a bigger block size. The theory was that if you made the block size too large, some big multi-national company would come in and do one high-speed transaction after another, and we'd be right back to centralization. So, the block size of Bitcoin is by design. Everyone likes it that way. It's small. You really can't fit a lot of stuff in it.

Now, enter the ETFs. Of course, years ago, people talked about Bitcoin ETFs. We just couldn't visualize the day we'd have one. Now we've got an ETF. Why is that relevant? Creating units of an ETF usually involves 25,000 shares, although in some ETFs, it'll be 50,000 shares. The difference between an ETF and a mutual fund is, you can only add money to an ETF in certain increments of shares. In other words, you can't add $2,500 to an ETF. If you want to add money, you can buy $2,500 worth in the open market, but you can't deposit $2,500 into it. You have to deposit it in set share amounts, which are known as units. The standard unit is 25,000 shares. However, there are other ETFs that have 50,000-share units. I forget what the unit amounts are in all the ETFs the SEC approved the other day. You could look it up.

So, if you're creating units in an ETF and must instantaneously buy Bitcoin, one would think that you want to post that transaction to the block and have it on the blockchain just for accounting purposes. So, now, if the block isn't big enough to accommodate that, because there are many smaller transactions that precede it, there's a solution within the context of Bitcoin. That solution is to pay a transaction fee. So, when that happens, Bitcoin mining gets a little more profitable than it otherwise would be, because people want priority for their particular transaction, whatever it may be, in terms of posting to the blockchain, by voluntarily paying a transaction fee. You don't have to pay a transaction fee if you don't want to. Voluntarily paying gives you priority in posting.

One would think that miners—to the degree they wish to earn the transaction fees over and above the block fees—might then find a use case for a bigger block size, which is the Bitcoin Cash currency, as opposed to a Bitcoin currency. It's the same thing. Put in another way, what if, for whatever reason—there are no plans to do this, by the way—someone decided to make a Bitcoin Cash ETF? Would that attract more mining activity? If it did attract more mining activity, the hashrate would be bigger, and the market value would be larger by virtue of what we know as the network effect, or Metcalfe's Law. So, there's a lot of upside.

The same equipment that you mine Bitcoin with, you can use to mine Bitcoin Cash. To change your equipment from mining Bitcoin to Bitcoin Cash, it's a switch. It takes at most 30 seconds, if it even takes 30 seconds, to switch one way, and another 30 seconds to switch the other way. Generally speaking, the profitability—measured in the fiat realm—is basically identical. So, what we've done over time in Consensus Mining, and even our mining, to the extent we do mining in FRMO, is that we have devoted some machines to mining Bitcoin Cash. While the price of Bitcoin

Cash is much lower than the price of Bitcoin, because there are many, many fewer people mining Bitcoin Cash, the number of coins you get per block is much greater.

If we had a handful of the machines set to mine Bitcoin Cash, relative to the machines that we have set to mine Bitcoin, we're going to accumulate Bitcoin Cash faster than we accumulate Bitcoin. There'll come a point in time when we will have, let's say, at Consensus Mining, as many if not more Bitcoin Cash coins as we have Bitcoin. By the way, I should tell you, I'm the only person who even believes it, so I'm more or less a minority of one. If you asked anybody else in the crypto realm, they are not a believer in this investment thesis, so I'm basically by myself. But I think it's going to have a use case one day, and it might be a very different use case than Bitcoin.

As a matter of fact, I believe there are a lot of different cryptocurrencies that are going to have use cases. It's just hard to imagine what they might be right now, but it's going to happen. We could speculate, but I'm not going to do it, because it's just speculation. I can dream up lots of use cases—I've written about some over the years, but they're only ideas. There can be a lot of possible use cases, so I think it's important to maintain Bitcoin Cash.

It doesn't involve a lot of expense. As a matter of fact, we already paid for the machines. We can always switch back, so we're going to continue doing that. Litecoin is the same. Maybe in the fullness of time, we'll actually do some other coins as well. Over the years, we have mined some Ethereum. Ethereum is not mined anymore. Now, it's a proof-of-stake system. We've mined some Ethereum Classic over the years. We still have it, so there are a lot of interesting things to be done. I hope that's enough on that question.

Questioner 5

I suspect you will comment on the 11 new U.S. Bitcoin spot ETFs. Given the expense differential, will Murray transition out of GBTC, and if so, into which of them?

Murray Stahl – Chairman & Chief Executive Officer

I have to be very careful how I answer the question, because I can't give you the kind of information that you're seeking. All I can say is, I am well aware of what the differential is, and there are a lot of options. The only restraining factor is taxes. We'd like, if possible, to not pay them. If we were to do something, which I'm not verifying whether we're doing or not doing, we would very much like to do it on a tax-free basis. Even though we have verbal opinions, we're not going to do anything unless we get a written opinion for an order. We don't have a written opinion yet. All that we have is a verbal opinion, so once we get a written opinion that we can do something on a tax-free basis, I will be able to give a much more lengthy and detailed answer to your question.

Questioner 6

What and how many coins were mined in the recent quarter? How many were sold, by coin?

Murray Stahl – Chairman & Chief Executive Officer

I don't have that at my fingertips. I will just tell you that we hold many more coins than we sell. In Consensus Mining, we basically haven't been selling any coins. Why? As a generalization, because we raised a lot of capital in our private offering, and we never spent the money, and interest rates are now 5%. The interest income is such that we're not even using income. We basically use the interest income to pay the electric bill, so I don't think we sell very many coins at all.

In Winland, we don't have such big cash balances, so we do sell coins. I don't have the figures in front of me, but basically, we grow our coins every quarter. We're not selling more coins than we mine. The goal is to mine more coins than we sell, and every quarter, we want to increase our number of coins. It's really, really important to grow our number of coins every quarter, and I don't think we've ever gone down in terms of number of coins, sequentially, in any quarter, in contradistinction with what a lot of other companies do.

I think we're always growing our coins, and I pay very close attention to that. I wish I had the figures in front of me. Those are other publicly traded corporations, and they'll have to speak for themselves, but it's very important that we keep increasing the number of coins we have. And if I have anything to do with it, we're going to keep increasing the number of coins.

Thérèse Byars – Corporate Secretary

We do list the crypto holdings on the FRMO website under Quarterly Conference Calls, so that information is available.

Murray Stahl – Chairman & Chief Executive Officer

Yeah, and people can see that we've grown the number of coins. If you look at that, you can see we've grown the coins. We're not selling coins. So, you can compare linearly, sequentially, quarter by quarter. You can see what's happening.

So, I'm going to look it up now, just for the heck of it. We held directly, in round numbers, 152 bitcoin as of November 30th. And we held, indirectly, another 24, rounding down. The quarter before, we held 149 directly. So, directly, we've increased by three coins during the quarter. Indirectly, we've got the same. It doesn't look accurate to me for the simple reason that I know Consensus increased the number of coins, and it should have gone up. Maybe you can check that figure.

Actually, I beg your pardon, we did increase. It's very small, but we have a small holding. So, as of November 30th, the number is—this is indirectly, it's Consensus and Winland—24.26. And held indirectly on August 31st, 24.17. So it did increase. As I said, we don't own a lot of Consensus yet. And Winland, we own a lot of it, but it's a very small company. It only has 65 coins, so we didn't mine that many coins for the quarter. It didn't grow by that much, but it's growing. It's very important to us.

Questioner 7

Without revealing anything that might reduce the competitiveness of Horizon Kinetics or FRMO, would management give a bit more information about FRMO's and associated subsidiaries' mining rig procurement process? I'm mainly asking this because FRMO is apparently required by manufacturers to pay in Bitcoin for this equipment, as told in the previous shareholder meeting. It is a bit surprising to me. For example, Bitmain, one of the largest Bitcoin mining rig manufacturers, shows payment options on their website, including USD wire transfer, and their payment terms on their support page do not refer to any such policy of only accepting Bitcoin.

Murray Stahl – Chairman & Chief Executive Officer

To begin with, for the last couple of purchases, we did not pay in Bitcoin. We paid in USD, and we didn't buy the equipment from Bitmain. We bought the equipment from wholesalers. Why did we buy the equipment from wholesalers? A lot of the publicly traded miners bought equipment, and unfortunately, they couldn't pay for it, so it's sitting in a warehouse. The tariff was already paid on it, so some wholesalers somewhere own this equipment. The intended recipient cannot pay or does not intend to pay or does not wish to pay, so we've done that. We've done that in USD.

Sometimes, we'll put an order in with the wholesaler, and we combine our order with that of other companies to make a really big order. That order really does go to Bitmain, but the idea is to make it a really big order so that all the participants in the agglomeration of the order can get the discount for volume. But then, we're paying the wholesaler. We're not paying Bitmain, so the wholesaler is responsible for delivering the equipment to us. One day, we'll have a graph to show how much money it costs in Bitcoin to buy the state-of-the-art machines. I wish we had a graph for this, maybe next time we can have a graph to show this.

When we started mining, let's say, seven or eight years ago, if we wanted to buy the then-state-of-the-art machine—which was the S9, if memory serves—even if we paid in dollars translated into Bitcoin, we had to spend roughly nine bitcoin, even though we might have paid in dollars. I think it was something like a 10 or 11 terahash machine. Today, what we want to buy is the S21 machine, which is a 200 terahash machine. It's got processing power probably 20x than what the S9 had, and one bitcoin can buy 10.75 of those machines. On the right day, maybe 11 machines.

What's happening is that the number of machines that you can buy priced in Bitcoin is ever-rising. So, it's probably my fault. I wanted to say that at some meeting, and I didn't express myself with the precision that I'm doing right now. People took it as if we're spending Bitcoin to buy machines. In the past, we've done that; it has happened. We've used Bitcoin to buy machines, but recently, we were using dollars.

What I wanted to express, albeit in a very inarticulate way, whether we're using dollars or Bitcoin, is the increased purchasing power of coins in relation to machines. That's a really important concept, because one day, when we have a lot of coins, we'll be able to grow our processing power if we had to, by just using Bitcoin from the Treasury. I wouldn't expect that to ever happen, but we would have that option. What I was trying to do was express the idea that you're not operating in the fiat world, you're in the Bitcoin world. Which is true. So, maybe I was trying to express it as if we can't do the accounting in dollars, but in Bitcoin. But, mentally, we really should be thinking in Bitcoin terms.

When people look at a quote for Bitcoin, and say Bitcoin is up or down, whatever it was for the day, they really shouldn't say that. What they really should say is, the U.S. dollar was down in relation to Bitcoin. That's actually what's happening. Bitcoin's price is not changing. The U.S. dollar is changing. The U.S. dollar is losing its purchasing power relative to Bitcoin, and you can see it if you had a graph of the machine prices expressed in Bitcoin.

If everybody thought of it that way, people would say, "My dollar is losing value, I don't want to have any dollars, I want to have Bitcoin." People would look at it that way. But they look at Bitcoin as if it were a stock. It is not a stock. It might be quoted as if it were a stock, but it's not a stock. It's just an alternative store of value, and it's gaining purchasing power in relation to the dollar, which is the same as saying the dollar is losing tremendous purchasing power relative to Bitcoin. That's why we're involved in it. It's a sociological revolution from that point of view, so I hope I've expressed myself more carefully this time and made my meaning clearer.

Questioner 8

Regarding the Horizon Kinetics and Scott's Liquid Gold merger, as far as you or anyone know, does the Scott's Liquid Gold announcement have any impact on FRMO?

Murray Stahl – Chairman & Chief Executive Officer

Yes, it does. I'm not the world's expert on generally accepted accounting principles. But I believe under generally accepted accounting principles, we're going to have to use the market value of Horizon, because we're going to change the name of Scott's Liquid Gold to Horizon Kinetics. We're going to have to use the market value, whatever that happens to be. If the market value is higher than the $15-odd-million we have it on the books for, we're going to have to use the higher value. I believe we're going to be required to do that. Time will tell if we really are required or not, so you're going to see it. And it's going to have an impact, maybe not small, on shareholders' equity, so I would pay attention to that.

Questioner 9

I own 11,000 shares of FRMO. What relative details can you share with FRMO shareholders about the decision to bring Horizon Kinetics public through a reverse merger? Why and why not? Should FRMO shareholders anticipate any material changes impacting the value of FRMO shares in connection with, or subsequent to, the merger? If yes, please elaborate.

Murray Stahl – Chairman & Chief Executive Officer

I'll just reiterate that you could calculate what the value is today. There's a way to do it. If you were to calculate it, my personal view is, I think we'd have to change the balance sheet value of Horizon Kinetics considerably. I don't know it for a fact, but that might provoke a discussion of the value of the revenue share, and we might have to change that as well. So, there's that part of it.

Why did we decide to do it? There are two kinds of shareholders at Horizon Kinetics. There are ones who are active in the business—you're talking to one right now. I'm not going anywhere, I'm not selling any shares. As far as I know, I'm in good health, and I like what I'm doing. I'm going to keep doing it. So, everything is fine. I'm not looking for any liquidity. I don't need any liquidity, thank goodness. But there are people who own shares that are not active in the business. They were just investors in the beginning, and they got to a certain age, and they may have some need of liquidity, so it's not fair to keep them locked up.

So, there are two options. Option number one is, we could have bought their shares, in which case, we would have a negotiated price. We're the insiders, and we're giving them a price, which from their point of view may or may not be fair. You can see that might be problematic. It might even be a conflict of interest if we were to quote a price. The other possibility is, the market will determine a price. If they want to sell, they can sell. If they don't want to sell, they don't have to sell. Maybe they even want to buy more. We're going to see what happens.

I'll reiterate. There is a dividend policy at Horizon Kinetics, and we're not going to change that policy, so with these Scott's Liquid Gold shares that will become Horizon Kinetics shares, you're getting a dividend, whatever it's going to be. That's a big difference from FRMO, and people can decide whether they like it or not. It was liquidity needs of people who are not active in the business, that's the best way of saying it. They get to a certain age, and I think it's only reasonable to provide liquidity options.

Thérèse Byars – Corporate Secretary

We received a question asking when the annual meeting transcript will be available on the FRMO website. The answer is that it has been posted since January 5th of this year. If you don't see it when you navigate to that page, please refresh your browser, and you should be able to see it.

Questioner 10

FRMO is clearly an amalgamation of various investments, funds, and fee streams. I was wondering if you have ever considered providing some more details that would allow investors to view the company as a sum-of-the-parts blend, particularly given Horizon will have a value in the public market in the not-too-distant future. I've seen several public alternatives managers go through this exercise, such as slides 54-56 in the Brookfield 2023 Investor Day Deck.

Murray Stahl – Chairman & Chief Executive Officer

It's going to happen. Our financial/accounting/legal staff are probably busily drawing up documents as we speak, and we're going to file an S-1 registration. There's going to be a lot of information in that document. And, quarterly, we're going to give detail on the revenue streams. So it's all coming, because there's not a lot to hide, frankly.

Questioner 11

In the interim consolidated financial statement, on page 7, it lists a different number of shares owned in Winland compared to page 8. What is the reason?

Murray Stahl – Chairman & Chief Executive Officer

You probably should ask the auditors. But I think the reason is, on one page, they state the number of shares owned at a date and time—in other words, that FRMO owned at a specific date. On the other page, they state the weighted average number of shares that were owned during the quarter. I believe that's the accounting convention. I don't know the exact amount, but I would say right now, we own, in round numbers, something like 1.6 million. That's about as close as I can get without adding it up. We have a 10b-5 program open for Winland, and we're in the market every day buying shares.

Questioner 11 (cont'd)

It was announced on December 26, 2023 that Horizon Kinetics is merging with Scott's Liquid Gold. Was there any consideration given to merging with FRMO, and what was the reason for selecting Scott's Liquid Gold as the public trading vehicle?

Murray Stahl – Chairman & Chief Executive Officer

Was there any consideration given to merge with FRMO? Not really. Why? Well, look at it from the point of view of the non-active shareholders. Even though FRMO has an interest in Horizon Kinetics, it owns many other things—many are securities. From the interest of other shareholders, there might have been dilution. As a matter of fact, there would have been dilution, and it might not have been so great, because people could argue it's just a security. It's not an ongoing business. An ongoing business trades at a multiple. A security is just worth its net asset value. So, from the point of view of somebody looking for liquidity, it might not have been the best possible outcome. We really didn't look at it that way.

Another reason is, FRMO is going in a somewhat different direction, but not radically different. If you look at how much we own in Winland on a quarter-by-quarter basis, you'll see that we're increasing our position size in Winland, which is an operating company. It's mining crypto, and it keeps increasing that business. If we keep doing what we're doing in FRMO, we clearly would be an operating company, and there would be no question of it being an investment company.

Somebody could say, if you're taking an operating company and mining crypto, and you're integrating that with an investment management company, is that going to help the multiple or is that going to hurt it? Reasonable minds may differ in that, so rather than making it an experiment, we left it alone. We didn't go in that direction. We're going to continue expanding the crypto mining business in a gradual but deliberate manner, which is, I think you'll see, different than what Horizon Kinetics is doing with the asset management business.

Questioner 12

What are the ballpark odds that all the related companies, such as FRMO, Winland, Consensus, Scott's Liquid Gold, and HM Tech, et cetera, will combine someday into one New York Stock Exchange or NASDAQ-traded stock?

Murray Stahl – Chairman & Chief Executive Officer

So, just to list the entities, if somebody were to urge us to do it, and if we said yes, the entities would be FRMO, Horizon Kinetics, Horizon Common, HM Tech (otherwise known as HashMaster), Consensus Mining, and Winland. I don't know what it is, but it seems like I'm missing something, but you get the idea. It would have a very big market capitalization just on a net asset value basis, but is that the best use of everything? Because there's going to be a lot of cash and marketable securities.

So, would it be valued like a holding company? Would we get an operating multiple on it? That's a critical question. Is it better to have the different parts growing their unique businesses and getting a multiple on earnings? Is that the best ultimate value realization for shareholders? Or is it just throwing everything in one pot, and having all this cash and marketable securities there, and maybe taking a chance that, instead, you can get the holding company discount?

In any event, whatever the answer to that question is, it's going to be harder to grow the cryptocurrency business in the context of something as enormous as that. So, we'd have to make a much more radical effort to give it prominence, and we don't want to make a radical effort, for the reasons I mentioned earlier: you have to go at a steady and deliberate pace. Because there's always the danger, every quarter, that your equipment's going to be obsolete. You can't commit a lot of money to equipment in any given quarter, because you really don't know what's going to happen.

To put it another way, that's not the philosophy of all the other companies that have tried to accelerate their expansion, so I leave it to you to see how that policy has worked out. I don't think it's worked out in the interest of shareholders. Just my personal opinion; I'm not trying to cast any aspersions on anyone. It's just that the pace of technological change is very rapid, and you have to be very mindful of it. We don't want to be in a position to force things in ways we ought not to—or otherwise would not—do. So, I hope that explains the logic.

Questioner 13

Could management give more detail on what would entice them to make dividend distributions to FRMO shareholders? On the point regarding Mr. Bregman's comments on stock dividends for investors to create a homemade custom dividend yield—as opposed to cash dividends from the company—and also relating to the gentleman's question on FRMO's valuation near the end of the previous meeting, I'd like to say that, one, I would like to retain as much relative percent interest as possible in the business of FRMO itself for as long as possible. And two, I would like for any gains received from any ownership of the business to be based on the economics of the underlying business rather than the vagaries of Mr. Market and whatever the market price and liquidity happens to be on offer in the market at any given time. As the gentleman in the previous meeting noted, the valuation of FRMO by Mr. Market does not always make perfect sense.

I'd like to repeat the Warren Buffett quote that "I never attempt to make money on the stock market. I buy on the assumption that they could close the market the next day and not reopen it for five years." From this perspective, I completely understand management's continued apparent deprioritizing of uplisting FRMO. It has nothing to do with the fundamental operation of the business. But the cash dividend, the economics of the business, or underlying owned businesses of FRMO can speak for themselves. And they could, in a way, reduce or eliminate the need for any kind of uplisting, rerating, or other form of greater recognition from marginal buyers in order to reward existing shareholders—in this case, rewarding existing shareholders for inching toward becoming ex-shareholders.

This would also allow existing shareholders who are not directors to continue opportunistically accumulating shares without having to compete with any newer segments of Mr. Market that any roadshow may gain the attention of. So, the question was, at the beginning, could you give a bit more detail on what would entice management to make dividend distributions to FRMO shareholders?

Murray Stahl – Chairman & Chief Executive Officer

I agree with all the sentiments in the question, so I'm completely in agreement with all that. We don't have any plans at FRMO to pay a dividend. As far as uplisting goes, we've just been so busy that we really haven't had time. We've been doing a lot of stuff, so frankly, we haven't had a lot of time to even think about it.

What we're mainly doing at FRMO is building the cryptocurrency business. Towards that end, to the extent we can generate cash, a lot of that is going to be deployed in growing the crypto business. I think we can get a lot more value for shareholders by reinvesting in the crypto business in a gradual sort of way than we'd get if we paid a dividend. So, we're going to continue what we're doing at more or less the same pace, and we'll see what happens.

So far, the crypto is getting to be pretty considerable, and we keep buying crypto-related assets. Eventually, it's all going to coalesce, and some day you are going to see regular operating earnings from it when the cryptocurrency business is something that's really much better understood by the public. Right now, I don't think it's very well understood by the public. Eventually, people will get it. In the meantime, we're just going to keep growing it. I hope that answers the question. We're not going to do things on the fringes. We're going to, more or less, maintain our policy.

Questioner 14

Horizon Kinetics recently posted the third quarter commentary, with a large section of the publication dedicated to the merits of croupier exchanges and their exposure to the derivatives market. How does management reconcile this with their thesis that the whole past 40 years of market dynamics has been an aberration, based in large part on rates falling to zero? In the commentaries' own graphics, derivative growth only seemed to start after the historically low rates that came after the 2000 dot-com bubble. What might a higher-for-longer risk-free rate do to various trading costs, behaviors, and capital allocation decisions that could negatively affect exchanges?

Murray Stahl – Chairman & Chief Executive Officer

Let me just take it in parts. Let me explain what the aberration was historically. In the 1980s, we started with some inflation and high interest rates. And then the miracles happened. The first miracle was the collapse of the Soviet Union towards the end of the decade. The significance was that the Soviet Union didn't have a lot in the way of technology, but it's a literal treasure chest of every conceivable natural resource you can imagine. Just about everything came on the global market, just about every commodity you can possibly think of. So, we had a miracle disinflation, which wouldn't have happened had it not collapsed. That was miracle number one.

Miracle number two, the People's Republic of China. China didn't have much in the way of natural resources, so they couldn't rival the Soviet Union. What they did—and do—have is people: 1.4 billion. They didn't have a lot of commodities to put on the global market, but they did put 1.4 billion people on the global market. Now there's a global labor arbitrage. So, you have all sorts of companies—maybe almost every company in the S&P 500—that moved production to China. I don't want to understate that at all. It was not just moving production to China and thereby getting higher profit margins that were unimaginable not that many years previously. But also, the next miracle, which involves the People's Republic of China, as well as other people.

Poland, Romania, the Soviet Union, China, Mongolia, et cetera, were previously areas denied to American business. All of a sudden, they were opened. So, the third miracle was that all these geographies that were previously closed were now opened. And there were a lot of other countries—while they weren't really, properly speaking, Iron Curtain nations—that were quasi-socialist nations, like many in South America, that also opened up their markets. So, three huge miracles over 40 years, more or less. That's the story of the markets for 40 years. We'll come to the croupiers in a minute, but those are the three miracles.

Those three miracles together were a once-in-a-millennium aberration. Now, let's add a fourth. I wouldn't call it a miracle, but I would call it an aberration. Sometime around the '90s, there were a handful of people on the Internet globally, and by 2023, there were 5.4, maybe 5.5 billion people on the Internet. It went from a handful to 5.5 billion, and that created business opportunities for the likes of Apple, Amazon, Facebook, Google, and Microsoft, and I can keep going, but you get the idea. So, now, we're at four miracles. You can't say the growth from almost nobody to 5.5 billion people on the Internet a quarter century later is going to continue, because there's only 8 billion people in the world. It can't continue. It has to be an aberration.

There was only one Soviet Union. It collapsed and dumped its commodities on the marketplace. They're not going to do it anymore. China offered 1.4 billion people. By the way, it's not just China; it's India, it's Malaysia, it's Thailand, it's Vietnam, it's the Philippines. I don't think it's an exaggeration to say that 3 billion people entered the global labor market. But it's a once-in-a-millennium event. Those are aberrations.

Now, to take one country, Chinese companies are rising to challenge the American companies. Forget about interest rates. The movie is starting to run in reverse. I don't know if it'll be successful or not, but China has something called the Kirin 9000 chip. Huawei, one of their private companies, makes a phone that looks to me—and I'm not an expert—to be very competitive with Apple. A week or two ago, they created a phone known as the P70, the upgrade of the Mate 60. It looks like it's even more competitive with Apple. A third of Apple's business is in China. Now, the Chinese company Huawei has it on allocation. What does that mean? They can't even satisfy demand. They keep cutting their prices, and they keep adding features to it. Apple is going to have to respond.

You can't expect China to be the low-cost, low-margin manufacturing hub of the planet forever, which it was for some number of decades. You have to anticipate that they're going to move into higher margin businesses and be in direct competition with all the major companies in the S&P 500.

How do you find the quantitative expression of that? All you need to do is look at the MSCI ACWI Index. In that index, I think the weighting of American stocks is something like 63%. These are round numbers, but they'll do. You can look them up and get the exact numbers. The weighting of Chinese stocks is something like 2.7%. There's not that much distance between the Chinese economy and the American economy. On a purchasing parity basis, which some would argue is the correct way to measure economies, the Chinese economy is larger than the American economy.

So, the aberrations now run the other way. That's going to correct. In my mind, there's no doubt about that whatsoever. If people keep behaving as if the last 40 years were not an aberration, which is essentially what everybody is saying is the case, what does that mean? That means that all these great technology companies are going to keep growing even though they more or less wired the world for the Internet. Does that mean that the Russians are going to keep dumping commodities on the marketplace? They're not going to keep dumping commodities on the marketplace. Those commodities will go to China. And whatever the problem was in sustaining Chinese growth, now they're getting the common values they need to really grow. China is moving into higher-margin businesses. There's no question about it whatsoever. None.

As just one example, the Chinese company BYD that makes electric cars, is now making more electric cars than Tesla. China Aviation only made one plane, but they made an airliner. From the look of it, it seems competitive with Boeing and Airbus. Why would we not expect China to do that? So, if the Chinese companies—as I assert they will—move into the high-margin businesses from the low-margin businesses, which they occupied for the last 30 or 40 years, then everyone's going to say the last 30 or 40 years was an aberration. And it's going to wreak havoc in the marketplace. That's the danger.

Now, enter cryptocurrency. The answer from the Western countries is not to have more engineers, invest more money in technology, et cetera. The answer, unfortunately, is to spend more money and maintain the standard of living. That means borrowing, and that's just unsustainable. So, the money is being debased. Cryptocurrency is the answer to the debasement. It's the answer to centralization. And it has the prospect of becoming the biggest asset class the world ever saw. Why? Because stocks themselves are an aberration. For most of history, the big markets were gold and money claims like letters of credit. Stock is a relatively new thing.

If you go to the library and get the *Wall Street Journal* from 1923—I'm not saying get a paper from ancient times, I'm saying get a newspaper from 1923—and see in the New York Stock Exchange how many stocks were preferred stocks and how many were common stocks, you would see that people weren't interested in common stocks. They were interested in preferred stocks, because they were interested in income-bearing securities. And that's what's going to happen in cryptocurrency. The next evolution in cryptocurrency is that it becomes interest-bearing. How will it become interest-bearing? There are, I think, roughly 689 different exchanges for cryptocurrency. They're really brokers, not exchanges, but they're called exchanges. And there are massive differentials in how the different cryptos trade.

A market is developing for what's called a flash loan. What's a flash loan? You borrow, let's say, Bitcoin for 10 minutes, literally 10 minutes. The idea is to sell that Bitcoin in the market that is most expensive of the 689 exchanges, and buy it back in the least-expensive market, thereby reaping a benefit and paying it back before the Bitcoin block actually gets written to the blockchain. You only get a handful of basis points, maybe nine basis points for a loan. But you can see, if you've got nine basis points every 10 minutes, how many 10-minute intervals are there in a day. You can see how lucrative that is.

What that means is that the market rate of Bitcoin in the flash loan market is likely to be much greater than the market rate of fiat that's set by a central bank. And then things will really get interesting, and that explains why so many people want to make a crypto ETF: to collect crypto to be able to lend it out in the flash loan market. That's really the name of the game. It's not to raise $10 billion and get 21 basis points.

So, we're living in aberrational times, and you might regard crypto as an aberration, but that's not the aberration. What happened over 40 years, *that's* the aberration. Crypto is a return to normalcy. For the bulk of history, there wasn't a central bank that told people what rate to lend money at. We think central banking is normal only because within our lifetimes, that's the way the world worked. For thousands of years of recorded history in most cultures all around the world, people figured out what the value of money was. They didn't need a central bank to tell them. So, what's really happening is, we're going back to normalcy. In a world of normalcy, hard assets—not financial assets—are true measures of wealth. We're going back to that. So, I hope that's enough of a lecture. I don't want to go on. I could go on a lot longer, but I just gave you a mini lecture on the subject, but I guess we'll call it "Comments on Aberration."

Questioner 15

What is management doing to make itself more dispensable to the company in as minimal a value-disturbing way possible? With the death of the great Charlie Munger, the Horizon Kinetics reverse merger, and the recent court decision on TPL, I think many FRMO shareholders are looking to the future and wondering how management's excellent leadership and direction will persist in some form beyond the lives of current management and even the lives of existing shareholders, who may plan to pass on their FRMO shares to their children in a similar way that Mr. Stahl has mentioned that being his own intent in the past.

Murray Stahl – Chairman & Chief Executive Officer

We're in the process of looking at people who are obviously younger than ourselves who might take over the reins when, unfortunately, we're either not around—or we are around, but not able to exercise our functions. That's what we're doing. We don't have anything to announce to you right now, but when we do, we'll certainly let you know. Nobody lives forever, and to the degree it makes you feel better, I feel great. I don't have anything wrong with me, at least not that I know of, and I'm not going anywhere. But you're right, we're going to have to plan for succession. We're in the process of doing that, and when we have something tangible to announce, we will certainly announce it. And when you have publicly traded securities, it's easier to attract some people than it is attracting people to a private company. So, that's what we're thinking about doing.

Questioner 16

Around 80% of the U.S. national debt is owned by the U.S. public. Is it conceivable that the Fed could raise interest rates to nearly Volcker-like levels if they wanted to? And effectively nullify, or greatly reduce, the payments it would have to make for the U.S. public portion of its debt by simply raising taxes on U.S. companies and individuals to compensate for their own interest payments to a large degree?

Murray Stahl – Chairman & Chief Executive Officer

I don't believe it's conceivable. I think that the interest rate problem is considerable, and I think it's coming to a head. The amount of interest expense in 36 months, or probably less, is going to be the biggest debt item. A lot of the bonds are owned by tax-exempt institutions. That doesn't help. If you want to tax people more, they would have the option of voting with their feet and not owning the bonds. So, I don't think that's going to get you anywhere. I think the interest problem is one of the great problems that is faced by nations periodically when they borrow too much money.

Usually, the solution is inflation. It's not a very good solution, but usually, that's the direction it goes. I think it's going to go that way as well, but today, we have the complexification of cryptocurrency. I personally think cryptocurrency is going to be a tremendous asset class. And people who wouldn't dream of owning cryptocurrency—who today are very safe and secure in the Treasury security—in the not-too-distant future, when they see the interest they can earn on crypto, will be investing in crypto. That's my personal belief, and we'll see if I'm right or wrong.

Questioner 17

Is there any effort being made to grow Winland's electronics and monitoring business? Growth in that segment appears largely unchanged since 2013 and limits the ability of Winland to accumulate Bitcoin and mining assets. I recall that Winland was initially bought by FRMO for its excess cash flow and high return on equity. Since the financials do not break out the electronics business assets from the mining assets, for the purposes of funding Winland's continued Bitcoin accumulation, I wonder how the return of assets on the electronics segment compares to, say, a high-yield savings account that could similarly fund the Bitcoin operations by liquidating the electronics business at this point, given the segment's stagnant growth over all these years.

Is this not dissimilar from how Consensus Mining and Seigniorage Corporation currently operates? Without growing the electronics side of the business, what really differentiates Winland from Consensus right now, beyond the former being publicly traded?

Murray Stahl – Chairman & Chief Executive Officer

True, the business of electronics isn't growing. But then again, to make it grow, you have to inject a lot of capital. The return on capital in the electronics business is not going to be as good as the return on capital in crypto. So, we're not dismantling the electronics business. It's fine. It's profitable. Just leave it alone, and it'll do whatever it's going to do.

In terms of the crypto business, FRMO has participated in many equity offerings in Winland, and we have more than enough capital in FRMO to provide for all of Winland's needs. The big difference between FRMO and Winland and Consensus is, in Winland, we've raised money in really small stages as needed. That money has largely come from FRMO. In Consensus, we did a private offering and raised a lot of money. We probably raised more money than we really needed at the time. So, at the moment, you could argue that we have excess capital. I don't think we have excess capital in Winland. I think we have adequate capital.

What do we want to do? Well, we want to grow it. And I think you get a pretty high return on capital, as you can see. What you have to do is look at what happened to Winland stock over the years since FRMO started investing in it. It's now a meaningful position. We can't guarantee it, but hope to grow it even more, and we'll see what happens. But you're right. They're basically both crypto mining businesses. And at the end of the day, they're following the same gradual policy of measured purchases of state-of-the-art equipment. That's what we're doing lately.

Questioner 18

What are management's thoughts on GBTC and other Bitcoin ETFs' lack of in-kind redemption options and allowing only the SEC's cash-only creation/redemption policies?

Murray Stahl – Chairman & Chief Executive Officer

I can't speak for them. I could see why they don't want in-kind redemptions, but at the end of the day, when you're an ETF, people don't have to leave money in the fund. Let's just say there are a lot of ways to do the equivalent of in-kind redemption if you really want to do it, and I'll just leave it at that, rather than state what the possibilities are. There are a lot of possibilities that are open, and time will tell what people are going to do, so I'm sure you'll see some interesting things in the next couple of months.

Questioner 19

Without revealing anything that may reduce Horizon's or FRMO's competitiveness, what is the process by which ideas are generated at Horizon Kinetics and FRMO? For example, how does an idea come to the attention of Mr. Stahl or Mr. Bregman? And how is it determined which, if any, Horizon products to incorporate that idea into? For example, deciding to use FRMO versus the Paradigm Fund versus the RENN Fund or some other vehicle to invest in an idea?

Murray Stahl – Chairman & Chief Executive Officer

Anybody can generate ideas, and rare though it may be, even I have an idea from time to time. And the portfolio manager in question is at liberty to incorporate an idea, assuming it falls within the scope of the charter of the fund that the person is managing. Some of the funds are more general, and you have a greater liberty of action in those funds. And then there's the corporations, like Winland or FRMO or Horizon Kinetics. So it's the corporate capitalists like Steve and myself that are the allocators, so we make the decisions.

Thérèse Byars – Corporate Secretary

That was our last question. Do you have any closing remarks?

Murray Stahl – Chairman & Chief Executive Officer

Only to say I enjoyed getting the questions. I enjoyed answering the questions. If there's anything that we didn't cover—or, in answering a question, if I was a little opaque and maybe I shouldn't have been opaque—or we just didn't get to cover something that you're interested in, please don't hesitate to contact us. We'll get you an answer. And of course, we're going to reprise this in about 90 days. Thanks so much for your support and for a lively discussion, and we're going to see you again real soon, so thanks so much, and I guess I'll sign off now.

Thérèse Byars – Corporate Secretary

This ends our conference call. You may now disconnect. Thank you for joining us.

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