

## FRMO Corp. Announces Third Quarter 2020 Financial Results and Conference Call

WHITE PLAINS, N.Y. — April 13, 2020

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2020 third quarter, which ended February 29, 2020 (May fiscal year).

### Financial Highlights

FRMO’s book value as of February 29, 2020 was \$175.4 million (\$3.98 per share on a fully diluted basis), including \$51.6 million of non-controlling interests. The figure from the prior fiscal year-end as of May 31, 2019 was \$175.0 million (\$3.98 per share), including \$48.6 million of non-controlling interests. Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$120.0 million as of February 29, 2020, and \$118.3 million as of May 31, 2019. Total liabilities were \$19.9 million as of February 29, 2020, and \$16.7 million as of May 31, 2019, comprised primarily of securities sold, not yet purchased and deferred taxes.

FRMO’s net (loss) income attributable to the Company for the three months ended February 29, 2020 was \$(4,532,007) ((\$0.10) per share basic and diluted) compared to \$686,989 (\$0.02 per share) for the quarter ended February 28, 2019.

FRMO’s net (loss) income attributable to the Company for the nine months ended February 29, 2020 was \$(5,232,587) ((\$0.12) per share basic and diluted) compared to \$3,108,131 (\$0.07 per share) for the nine months ended February 28, 2019.

FRMO’s net (loss) income attributable to the Company excluding the effect of unrealized (loss) gain from equity securities net of taxes for the three months ended February 29, 2020 was \$(1,156,465) ((\$0.03) per diluted share) compared to \$587,901 (\$0.01 per diluted share) for the three months ended February 28, 2019. For the nine months ended February 29, 2020, it was \$(1,392,553) ((0.03) per diluted share) compared to \$5,628,657 (\$0.13 per share) for the same period in the previous year. Net (loss) income attributable to the Company excluding the effect of unrealized (losses) gains 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.

As of February 29, 2020 and May 31, 2019, the Company held an 18.86% and 15.49% 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 81.14% and 84.51% in HKHA has been eliminated from results of operations for the periods ended February 29, 2020 and May 31, 2019.

Further details are available in the Company’s Interim Condensed Consolidated Financial Statements for the quarter ended February 29, 2020. 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](http://www.otcmarkets.com/stock/FRMO/filings). These documents are also available on the FRMO website at [www.frmocorp.com](http://www.frmocorp.com).

## Conference Call

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a conference call on Thursday, April 23, 2020 at 4:15 p.m. ET. *Only questions submitted to [info@frmocorp.com](mailto:info@frmocorp.com) before 1:00 p.m. on the day of the call will be considered.* The call can be accessed by dialing 800-263-0877 (domestic toll free), or +1 323-794-2094 (international toll) and entering the following conference ID: 2844813. A replay will be available from 7:15 p.m. on the day of the teleconference until. To listen to the archived call, dial 888-203-1112 (domestic toll free) or +1 719-457-0820 (international toll), and enter conference ID number 2844813.

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### Condensed Consolidated Balance Sheets

(in thousands)

	February 29, 2020 (Unaudited)	May 31, 2019
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 51,116	\$ 53,081
Equity securities, at fair value	67,907	63,565
Other current assets	934	1,639
Total Current Assets	119,957	118,285
Investment in limited partnerships and other equity investments, at fair value	46,260	47,513
Investments in securities exchanges	5,061	3,641
Other assets	1,858	547
Investment in Horizon Kinetics LLC	11,988	11,488
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
<b>Total Assets</b>	<b>\$ 195,324</b>	<b>\$ 191,674</b>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Securities sold, not yet purchased	\$ 9,825	\$ 8,133
Other current liabilities	1,560	161
Total Current Liabilities	11,385	8,294
Deferred Tax Liability	7,742	8,383
Mortgage payable	766	-
Total Liabilities	19,893	16,677
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	123,782	126,384
Noncontrolling interests	51,649	48,613
Total Stockholders' Equity	175,431	174,997
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 195,324</b>	<b>\$ 191,674</b>

## Condensed Consolidated Statements of Operations

(amounts in thousands, except share data)

	Three Months Ended		Nine Months Ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
	(Unaudited)		(Unaudited)	
<b>Revenue:</b>				
Consultancy and advisory fees	\$ 650	\$ 462	\$ 1,697	\$ 1,505
Equity earnings (loss) from partnerships and limited liability companies	777	(1,463)	1,870	200
Unrealized (losses) gains from investments recorded at fair value	(249)	(2,658)	(2,462)	2,556
Other	5	3,256	1,780	3,551
Total revenue before unrealized gains (losses) from equity securities	1,183	(403)	2,885	7,812
Unrealized (losses) gains from equity securities recorded at fair value	(2,907)	(7,228)	(6,349)	10,101
Total Revenue	(1,724)	(7,631)	(3,464)	17,913
<b>Total Expenses</b>	314	282	1,014	987
(Loss) Income from Operations	(2,038)	(7,913)	(4,478)	16,926
Provision for (Benefit from) Income Taxes	1,204	(1,254)	3,267	365
<b>Net (Loss) Income</b>	(3,242)	(6,659)	(7,745)	16,561
Less net income (loss) attributable to noncontrolling interests	1,290	(5,972)	(2,512)	13,453
<b>Net (Loss) Income Attributable to FRMO Corporation</b>	\$ (4,532)	\$ (687)	\$ (5,233)	\$ 3,108
Diluted Net Income (Loss) per Common Share	\$ (0.10)	\$ (0.02)	\$ (0.12)	\$ 0.07
Weighted Average Common Shares Outstanding				
Basic	44,032,781	43,975,414	44,015,741	43,974,319
Diluted	44,032,781	43,975,414	44,015,741	43,974,319

### About FRMO Corp.

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

FRMO had 44,032,781 shares of common stock outstanding as of February 29, 2020.

For more information, visit our website at [www.frmocorp.com](http://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](http://www.frmocorp.com) and on [www.otcmartets.com/stock/FRMO/filings](http://www.otcmartets.com/stock/FRMO/filings).

### Contact

Thérèse Byars  
Corporate Secretary  
Email: [tbyars@frmocorp.com](mailto:tbyars@frmocorp.com)  
Telephone: 646-495-7337  
[www.frmocorp.com](http://www.frmocorp.com)

## Information Regarding Non-GAAP Measures

Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities is net income (loss) attributable to the Company exclusive of unrealized gains or losses 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 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 gains (losses) from equity securities, which may vary significantly between periods. Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities are provided as supplemental information, and are not a substitute for net income (loss) attributable to the Company and do not reflect the Company's overall profitability.

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

	Three Months Ended February 29, 2020 (Unaudited)		Three Months Ended February 28, 2019 (Unaudited)		Nine Months Ended February 29, 2020 (Unaudited)		Nine Months Ended February 28, 2019 (Unaudited)	
	Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share	
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
(000's except per common share amounts and percentages)								
<b>Net Income Attributable to the Company Excluding the Effect of Unrealized Gain (Loss) from Equity Securities and Diluted Earnings per Common Share Reconciliation:</b>								
<b>Net (loss) income attributable to the Company</b>	<b>\$ (4,532)</b>	<b>\$ (0.10)</b>	<b>\$ (687)</b>	<b>\$ (0.02)</b>	<b>\$ (5,233)</b>	<b>\$ (0.12)</b>	<b>\$ 3,108</b>	<b>\$ 0.07</b>
Unrealized (loss) gain from equity securities	(2,907)		(7,228)		(6,349)		10,101	
Unrealized gain (loss) from equity securities attributable to noncontrolling interests	1,283		(5,969)		(2,519)		13,454	
Unrealized (loss) gain from equity securities attributable to the Company	(4,190)		(1,259)		(3,830)		(3,353)	
Tax benefit on unrealized gain (loss) from equity securities attributable to the company	814		(16)		(11)		832	
Unrealized (loss) from equity securities attributable to the Company, net of taxes	(3,376)	\$ (0.08)	(1,275)	\$ (0.03)	(3,841)	\$ (0.09)	(2,521)	\$ (0.06)
<b>Net (loss) income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities</b>	<b>\$ (1,156)</b>	<b>\$ (0.03)</b>	<b>\$ 588</b>	<b>\$ 0.01</b>	<b>\$ (1,392)</b>	<b>\$ (0.03)</b>	<b>\$ 5,629</b>	<b>\$ 0.13</b>
Weighted average diluted shares outstanding	44,032,781		43,975,414		44,015,741		43,974,319	

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