

## FRMO Corp. Announces Fiscal 2023 Second Quarter Results and Conference Call

WHITE PLAINS, N.Y. —January 12, 2023

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2023 second quarter ended November 30, 2022 and the resignation of director Allan Kornfeld effective December 31, 2022.

### Financial Highlights

FRMO’s total book value as of November 30, 2022 was \$443.4million (\$10.07per share on a fully diluted basis), including \$219.4 million of non-controlling interests. Book value for the same period, excluding the non-controlling interests was \$224.1 million (\$5.09 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 \$341.0 million as of November 30, 2022, and \$223.8 million as of May 31, 2022. Total liabilities were \$34.1 million as of November 30, 2022, and \$23.9 million as of May 31, 2022, comprised primarily of securities sold, not yet purchased and deferred taxes.

For the three months ended November 30, 2022, FRMO’s net income attributable to the Company rose to \$34,869,175, or \$0.79 per share, compared to \$(350,323) or \$(0.01) per share, a year earlier.

For the six months ended November 30, 2022, the net income was \$42,347,847 (\$0.96 per diluted share) compared to \$610,394 (\$0.01 per diluted share) in 2021.

For the three months ended November 30, 2022, FRMO’s net income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities net of taxes was \$12,839,570 (\$0.29 per diluted share) compared to \$2,911,793 (\$0.07 per diluted share) for the three months ended November 30, 2021.

For the six months ended November 30, 2022, FRMO’s net income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities net of taxes was \$12,936,735 (\$0.29 per diluted share) compared to \$4,214,794 (\$0.10 per diluted share) for the six months ended November 30, 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 November 30, 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 November 30, 2022 and May 31, 2022, the Company held a 21.83% 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 78.17% and 78.12% in HKHA has been eliminated from results of operations for the periods ended November 30, 2022 and May 31, 2022.

Further details are available in the Company's Consolidated Financial Statements for the three months and six months ended November 30, 2022. These statements have been filed on the OTC Markets Group Disclosure and News Services, which may be accessed at [www.otcmartets.com/stock/FRMO/filings](http://www.otcmartets.com/stock/FRMO/filings). These documents are also available on the FRMO website at [www.frmocorp.com](http://www.frmocorp.com).

### **Recognition and Appreciation of Distinguished Service by Allan Kornfeld**

The FRMO Board of Directors formally acknowledges and extends its profound appreciation to Allan Kornfeld and thanks him for his judgement, wise counsel, and insight that have greatly contributed to the ongoing success of FRMO. Mr. Kornfeld's resignation was effective December 31, 2022.

### **Conference Call**

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a webinar on Tuesday, January 17, 2023 at 4:15 p.m. ET.

Please join us for the FRMO 2023 Second Quarter Conference Call on Jan 17, 2023 4:15 PM EST at:

<https://attendee.gotowebinar.com/register/2241268020166198622>

After registering, you will receive a confirmation email containing information about joining the webinar. Replay information will be available the following day on our website. *Only questions submitted to [info@frmocorp.com](mailto:info@frmocorp.com) before 1:00 p.m. on the day of the webinar will be considered.*

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**Condensed Consolidated Balance Sheets***(in thousands)*

	<u>November 30, 2022</u>	<u>May 31, 2022</u>
	<b>(Unaudited)</b>	
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 36,105	\$ 33,289
Equity securities, at fair value	302,092	187,386
Other current assets	<u>2,771</u>	<u>3,083</u>
Total Current Assets	340,969	223,758
Investment in limited partnerships and other equity investments, at fair value	104,960	82,630
Investments in securities exchanges	4,815	4,815
Other assets	2,021	2,177
Investment in Horizon Kinetics LLC	14,563	14,702
Participation in Horizon Kinetics LLC revenue stream	<u>10,200</u>	<u>10,200</u>
<b>Total Assets</b>	<u>\$ 477,528</u>	<u>\$ 338,282</u>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Securities sold, not yet purchased	\$ 1,751	\$ 2,573
Other current liabilities	<u>225</u>	<u>212</u>
Total Current Liabilities	1,976	2,785
Deferred Tax Liability	31,457	20,470
Mortgage payable	<u>684</u>	<u>700</u>
Total Liabilities	<u>34,117</u>	<u>23,955</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	224,063	181,409
Noncontrolling interests	<u>219,348</u>	<u>132,919</u>
Total Stockholders' Equity	<u>443,410</u>	<u>314,327</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 477,528</u>	<u>\$ 338,282</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		Six Months Ended	
	November 30, 2022	November 30, 2021	November 30, 2022	November 30, 2021
	(Unaudited)		(Unaudited)	
<b>Revenue:</b>				
Fees	\$ 796	\$ 1,192	\$ 1,557	\$ 2,309
Equity earnings (loss) from limited partnerships and limited liability companies	904	47	808	(916)
Unrealized gains from investments	19,937	1,810	21,424	4,352
Other	483	216	2,899	432
Total revenue before unrealized gains (losses) from equity securities	22,120	3,265	26,688	6,177
Unrealized gains (losses) from equity securities	84,759	(15,100)	114,430	(22,178)
Total Revenue	106,880	(11,834)	141,118	(16,001)
<b>Total Expenses</b>	707	391	1,172	699
Income (loss) from Operations before Provision for Income Taxes	106,173	(12,225)	139,946	(16,700)
Provision for Income Taxes	9,484	64	11,744	1,883
<b>Net Income (Loss)</b>	96,689	(12,289)	128,202	(18,583)
Less net income (loss) attributable to noncontrolling interests	61,820	(11,939)	85,854	(19,193)
<b>Net Income (Loss) Attributable to FRMO Corporation</b>	\$ 34,869	\$ (350)	\$ 42,348	\$ 610
Diluted Net Income (Loss) per Common Share	\$ 0.79	\$ (0.01)	\$ 0.96	\$ 0.01
Weighted Average Common Shares Outstanding				
Basic	44,020,968	44,015,748	44,019,366	44,014,256
Diluted	44,020,968	44,015,748	44,031,771	44,033,213

*(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 November 30, 2022.

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).

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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 November 30, 2022 (Unaudited)		Three Months Ended November 30, 2021 (Unaudited)		Six Months Ended November 30, 2022 (Unaudited)		Six Months Ended November 30, 2021 (Unaudited)	
	Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share	
	Amount	share	Amount	share	Amount	share	Amount	share
(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 income (loss) attributable to the Company</b>	<u>\$ 34,869</u>	<u>\$ 0.79</u>	<u>\$ (350)</u>	<u>\$ (0.01)</u>	<u>\$ 42,348</u>	<u>\$ 0.96</u>	<u>\$ 610</u>	<u>\$ 0.01</u>
Unrealized gain (loss) from equity securities	84,759		(15,100)		114,430		(22,178)	
Unrealized gain (loss) from equity securities attributable to noncontrolling interests	<u>61,571</u>		<u>(12,168)</u>		<u>83,732</u>		<u>(19,643)</u>	
Unrealized gain (loss) from equity securities attributable to the Company	23,188		(2,932)		30,698		(2,535)	
Tax benefit on unrealized gain (loss) from equity securities attributable to the company	<u>(1,158)</u>		<u>(330)</u>		<u>(1,287)</u>		<u>(1,069)</u>	
Unrealized gain (loss) from equity securities attributable to the Company, net of taxes	<u>22,030</u>	<u>\$ 0.50</u>	<u>(3,262)</u>	<u>\$ (0.07)</u>	<u>29,411</u>	<u>\$ 0.67</u>	<u>(3,604)</u>	<u>\$ (0.08)</u>
<b>Net income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities</b>	<u>\$ 12,839</u>	<u>\$ 0.29</u>	<u>\$ 2,912</u>	<u>\$ 0.07</u>	<u>\$ 12,937</u>	<u>\$ 0.29</u>	<u>\$ 4,214</u>	<u>\$ 0.10</u>
Weighted average diluted shares outstanding	<u>44,020,968</u>		<u>44,015,748</u>		<u>44,031,771</u>		<u>44,033,213</u>	

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