

FRMO Corp. Announces Fiscal 2024 Second Quarter Results and Conference Call

WHITE PLAINS, N.Y. —January 11, 2024

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2024 second quarter ended November 30, 2023.

Financial Highlights

FRMO’s total book value as of November 30, 2023 was \$352.2 million (\$8.00 per share on a fully diluted basis), including \$145.8 million of non-controlling interests. Excluding the non-controlling interests, book value was \$206.4 million (\$4.69 per share). This compares with total book value at the prior fiscal year end on May 31, 2023 of \$284.1 million (\$6.45 per share), including \$114.8 million of non-controlling interests. Excluding the non-controlling interests, book value was \$169.2 million (\$3.85 per share).

Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$247.6 million as of November 30, 2023, and \$201.3 million as of May 31, 2023. Total liabilities were \$27.5 million as of November 30, 2023, and \$19.4 million as of May 31, 2023, comprised primarily of securities sold, not yet purchased, and deferred taxes.

For the three months ended November 30, 2023, FRMO’s net income attributable to the Company was \$4,702,229 (\$0.11 per diluted share), compared to \$34,869,175 (\$0.79 per diluted share) a year earlier. The equity security investment that accounts for the significant net income increase is identified as Investment A in Note 4 of the Interim Condensed Consolidated Financial Statements under Investment Concentration. The equity security investment that accounts for the significant component of unrealized (losses) gains from equity securities is identified as Investment A in Note 4 of the Interim Condensed Consolidated Financial Statements under Investment Concentration.

For the six months ended November 30, 2023, net income attributable to the Company was \$37,032,214 (\$0.84 per diluted share), compared to \$42,347,847 (\$0.96 per diluted share) for the six months ended November 30, 2023.

Net income attributable to the Company excluding the effect of unrealized gain from equity securities net of taxes for the three months ended November 30, 2023 was \$7,587,540 (\$0.17 per diluted share) compared to \$12,839,570 (\$0.29 per diluted share) for the three months ended November 30, 2022. The six-month figures, as of the same end dates, are \$21,827,222 (\$0.50 per diluted share) and \$12,936,735 (\$0.29 per diluted share), respectively.

Net income attributable to the Company excluding the effect of unrealized gain 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, 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 November 30, 2023 and May 31, 2023, the Company held a 21.80% equity interest in Horizon Kinetics Hard Assets LLC (“HKHA”), a company formed by Horizon Kinetics LLC (“Horizon”) and certain officers, principal

stockholders and directors of the Company. The Company also holds a 4.95% interest in Horizon and earns substantially all of its advisory fees from Horizon. 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% in HKHA has been eliminated from results of operations for the periods ended November 30, 2023 and May 31, 2023.

Further details are available in the Company's Consolidated Financial Statements for the fiscal year ended November 30, 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.

Conference Call

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a conference call on Tuesday, January 16, 2024, at 4:15 p.m. Eastern Time. *Only questions submitted to info@frmocorp.com before 1:00 p.m. will be considered.* You may register for the conference call by clicking on the following link:

Please register for FRMO 2Q2024 Quarterly Conference Call on Jan 16, 2024 4:15 PM EST at:

<https://attendee.gotowebinar.com/register/6532945585429041240>

After registering, you will receive a confirmation email containing information about joining the webinar. An audio replay link will be available for 30 days from January 17 on the FRMO website (https://frmocorp.com/q_transcripts.html) until the summary transcript is posted.

Condensed Consolidated Statements of Income

(amounts in thousands, except share data)

	Three Months Ended		Six Months Ended	
	November 30, 2023	November 30, 2022	November 30, 2023	November 30, 2022
	(Unaudited)		(Unaudited)	
Revenue:				
Fees	\$ 682	\$ 796	\$ 1,384	\$ 1,557
Equity earnings from limited partnerships and limited liability companies	1,574	904	2,343	808
Unrealized gains from investments	6,053	19,937	25,260	21,424
Other	801	483	2,154	2,899
Total revenue before unrealized (losses) gains from equity securities	9,110	22,120	31,140	26,688
Unrealized (losses) gains from equity securities	(19,645)	84,759	47,450	114,430
Total Revenue	(10,535)	106,880	78,590	141,118
Total Expenses	399	707	762	1,172
(Loss) Income from Operations before Provision for Income Taxes	(10,935)	106,173	77,828	139,946
Provision for Income Taxes	1,642	9,484	9,935	11,744
Net (Loss) Income	(12,576)	96,689	67,893	128,202
Less net (loss) income attributable to noncontrolling interests	(17,279)	61,820	30,861	85,854
Net Income Attributable to FRMO Corporation	\$ 4,702	\$ 34,869	\$ 37,032	\$ 42,348
Diluted Net Income per Common Share	\$ 0.11	\$ 0.79	\$ 0.84	\$ 0.96
Weighted Average Common Shares Outstanding				
Basic	44,022,781	44,020,968	44,022,781	44,019,366
Diluted	44,022,781	44,020,968	44,027,069	44,031,771

(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, 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 November 30, 2023 (Unaudited)		Three Months Ended November 30, 2022 (Unaudited)		Six Months Ended November 30, 2023 (Unaudited)		Six Months Ended November 30, 2022 (Unaudited)	
	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 Income Attributable to the Company Excluding the Effect of Unrealized (Loss) Gain from Equity Securities and Diluted Earnings per Common Share Reconciliation:								
Net income attributable to the Company	\$ 4,702	\$ 0.11	\$ 34,869	\$ 0.79	\$ 37,032	\$ 0.84	\$ 42,348	\$ 0.96
Unrealized (loss) gain from equity securities	(19,645)		84,759		47,450		114,430	
Unrealized (loss) gain from equity securities attributable to noncontrolling interests	(17,605)		61,571		30,193		83,732	
Unrealized (loss) gain from equity securities attributable to the Company	(2,040)		23,188		17,257		30,698	
Tax benefit on unrealized (loss) gain from equity securities attributable to the company	(844)		(1,158)		(2,052)		(1,287)	
Unrealized (loss) gain from equity securities attributable to the Company, net of taxes	(2,885)	\$ (0.07)	22,030	\$ 0.50	15,205	\$ 0.35	29,411	\$ 0.67
Net income attributable to the Company excluding the effect of unrealized (loss) gain from equity securities	\$ 7,587	\$ 0.17	\$ 12,839	\$ 0.29	\$ 21,827	\$ 0.50	\$ 12,937	\$ 0.29
Weighted average diluted shares outstanding	44,022,781		44,020,968		44,027,069		44,031,771	

(Components may not sum to totals due to rounding)