

FRMO Corp. Announces Fiscal 2024 Results and Annual Meeting

WHITE PLAINS, N.Y. — August 15, 2024

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the fiscal year 2024 ended May 31, 2024.

Financial Highlights

FRMO’s total book value as of May 31, 2024 was \$403.3 million (\$9.16 per share on a fully diluted basis), including \$161.1 million of non-controlling interests. Excluding the non-controlling interests, book value was \$242.1 million (\$5.50 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, equity securities, and digital assets, amounted to \$276.1 million as of May 31, 2024, and \$201.3 million as of May 31, 2023. Total liabilities were \$35.9 million as of May 31, 2024, and \$19.4 million as of May 31, 2023, comprised primarily of securities sold, not yet purchased, and deferred taxes.

Annual net income (loss) attributable to the Company in the fiscal year ended May 31, 2024 was \$72,558,671 (\$1.65 per diluted share) compared to \$(12,603,972) (\$(0.29) per diluted share) in 2023.

For the three months ended May 31, 2024, FRMO’s net income (loss) attributable to the Company was \$22,537,547 (\$0.51 per diluted share), compared to \$(20,050,797) (\$(0.46) per diluted share) a year earlier. Net income for the quarter is attributable to unrealized gains identified as Investment A in Note 4 of the Consolidated Financial Statements under Investment Concentration included in unrealized gains from equity securities and unrealized gains from investments. Investment A is an equity security held directly and indirectly, through the Company’s various investments in managed funds

Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities and digital assets net of taxes for the three months ended May 31, 2024 was \$12,459,787 (\$0.28 per diluted share) compared to \$(7,197,926) (\$(0.16) per diluted share) for the same period in 2023. For the year ended May 31, 2024, this figure was \$48,940,292 (\$1.11 per diluted share) and \$(6,382,222) (\$(0.14) per diluted share) in the previous year.

Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities and digital assets 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 digital assets are subject to change after May 31, 2024. The market value of several securities and digital assets might have changed substantially since that date. We look forward to finding new ways to expand our digital asset mining operations.

As of May 31, 2024 and 2023, the Company held a 21.84% and 21.80% equity interest, respectively, 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 78.16% and 78.20% in HKHA has been eliminated from results of operations for the years ended May 31, 2024 and 2023.

Further details are available in the Company's Consolidated Financial Statements for the fiscal year ended May 31, 2024. These statements have been filed on the OTC Markets Group Disclosure and News Services, which may be accessed at www.otcm Markets.com/stock/FRMO/filings. These documents are also available on the FRMO website at www.frmocorp.com.

Annual Meeting

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host the 2024 Annual Meeting of Shareholders ("Meeting") on Thursday, September 5, 2024, at 2:30 p.m. Eastern Time, to be held at The Harvard Club of New York City, 35 West 44th Street, New York, NY 10036 (The West Room) and online via live webcast at <https://www.virtualshareholdermeeting.com/FRMO2024>.

For admission to the physical Annual Meeting, please save the QR code below on your device, or a paper copy will suffice. The Harvard Club has implemented a new security measure and requires that Annual Meeting attendees share the code with security upon entrance to the Club.



No cameras, recording equipment, electronic devices, large bags, briefcases, or packages will be permitted in the Annual Meeting. Dress code for the Harvard Club is business casual (no jeans, sneakers, or athletic wear permitted).

Condensed Consolidated Balance Sheets*(in thousands)*

	May 31, 2024	May 31, 2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 39,190	\$ 38,077
Equity securities, at fair value	221,682	155,512
Digital assets, at fair value	10,979	4,217
Other current assets	4,252	3,539
Total Current Assets	<u>276,102</u>	<u>201,346</u>
Investment in limited partnerships and other equity investments, at fair value	127,579	70,656
Investments in securities exchanges	6,463	4,869
Other assets	1,609	1,815
Investment in Horizon Kinetics LLC	17,205	14,608
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u>\$ 439,159</u>	<u>\$ 303,494</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 951	\$ 2,353
Other current liabilities	1,258	354
Total Current Liabilities	<u>2,209</u>	<u>2,707</u>
Deferred Tax Liability	33,668	16,004
Mortgage payable	-	669
Total Liabilities	<u>35,877</u>	<u>19,379</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	242,137	169,283
Noncontrolling interests	161,145	114,832
Total Stockholders' Equity	<u>403,282</u>	<u>284,114</u>
Total Liabilities and Stockholders' Equity	<u>\$ 439,159</u>	<u>\$ 303,494</u>

(Components may not sum to totals due to rounding)

Condensed Consolidated Statements of Income

(amounts in thousands, except share data)

	Three Months Ended		Years Ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
	(Unaudited)			
Revenue:				
Fees	\$ 709	\$ 737	\$ 2,715	\$ 3,222
Equity earnings (losses) from limited partnerships and limited liability companies	2,188	(685)	5,044	1,614
Unrealized gains (losses) from investments	12,410	(12,614)	53,935	(13,661)
Other	1,193	402	4,275	4,046
Total revenue before unrealized gains (losses) from equity securities and digital assets	16,500	(12,159)	65,969	(4,779)
Unrealized gains (losses) from equity securities	32,655	(52,947)	66,186	(27,918)
Unrealized gains (losses) from digital assets	1,001	573	6,272	(450)
Total Revenue	50,156	(64,533)	138,427	(33,147)
Total Expenses	332	343	1,556	1,837
Income (Loss) from Operations before Provision for (Benefit from) Income Taxes	49,824	(64,877)	136,871	(34,984)
Provision for (Benefit from) Income Taxes	4,742	(6,075)	18,420	(3,222)
Net Income (Loss)	45,082	(58,802)	118,451	(31,762)
Less net income (loss) attributable to noncontrolling interests	22,545	(38,751)	45,893	(19,158)
Net Income (Loss) Attributable to FRMO Corporation	\$ 22,538	\$ (20,051)	\$ 72,559	\$ (12,604)
Diluted Net Income (Loss) per Common Share	\$ 0.51	\$ (0.46)	\$ 1.65	\$ (0.29)
Weighted Average Common Shares Outstanding				
Basic	44,022,781	44,022,781	44,022,781	44,021,069
Diluted	44,027,031	44,022,781	44,026,529	44,021,069

(Components may not sum to totals due to rounding)

About FRMO Corp.

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

FRMO had 44,022,781 shares of common stock outstanding as of May 31, 2024.

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.otcmarkets.com/stock/FRMO/filings.

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Information Regarding Non-GAAP Measures

Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities, digital assets, and diluted earnings (loss) per common share is net income (loss) attributable to the Company exclusive of unrealized gains (losses) from equity securities, digital assets, and diluted earnings (loss) per common share 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 and digital assets.

Management uses net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities, digital assets, and diluted earnings (loss) per common share 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, digital assets, and diluted earnings per common share, which may vary significantly between periods. Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities, digital assets, and diluted earnings per common share is provided as supplemental information, and is not a substitute for net income (loss) attributable to the Company and does 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 May 31, 2024		Three Months Ended May 31, 2023		Years Ended May 31, 2024 (Unaudited)		Years Ended May 31, 2023 (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 (Loss) Attributable to the Company Excluding the Effect of Unrealized Gain (Loss) from Equity Securities and Digital Assets, and Diluted Earnings per Common Share Reconciliation:								
Net income (loss) attributable to the Company	<u>\$ 22,538</u>	\$ 0.51	<u>\$ (20,051)</u>	\$ (0.46)	<u>\$ 72,559</u>	\$ 1.65	<u>\$ (12,604)</u>	\$ (0.29)
Unrealized gain (loss) from equity securities and digital assets	33,656		(52,374)		72,458		(28,368)	
Unrealized gain (loss) from equity securities and digital assets attributable to noncontrolling interests	<u>22,191</u>		<u>(39,059)</u>		<u>44,532</u>		<u>(21,907)</u>	
Unrealized gain (loss) from equity securities and digital assets attributable to the Company	11,465		(13,315)		27,926		(6,461)	
Tax (provision) benefit on unrealized gain (loss) from equity securities and digital assets attributable to the company	<u>(1,387)</u>		<u>463</u>		<u>(4,308)</u>		<u>240</u>	
Unrealized gain (loss) from equity securities and digital assets attributable to the Company, net of taxes	<u>10,078</u>	\$ 0.23	<u>(12,853)</u>	\$ (0.29)	<u>23,618</u>	\$ 0.54	<u>(6,222)</u>	\$ (0.14)
Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities and digital assets	<u>\$ 12,460</u>	\$ 0.28	<u>\$ (7,198)</u>	\$ (0.16)	<u>\$ 48,940</u>	\$ 1.11	<u>\$ (6,382)</u>	\$ (0.14)
Weighted average diluted shares outstanding	<u>44,027,031</u>		<u>44,022,781</u>		<u>44,026,529</u>		<u>44,021,069</u>	

(Components may not sum to totals due to rounding)