

FRMO Corp. Announces Fiscal 2025 First Quarter Results and Conference Call

WHITE PLAINS, N.Y. —October 15, 2024

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2025 first quarter ended August 31, 2024.

Financial Highlights

FRMO’s total book value as of August 31, 2024 was \$503.1 million (\$11.43 per share on a fully diluted basis), including \$226.6 million of non-controlling interests. Excluding the non-controlling interests, book value was \$276.6 million (\$6.28 per share). This compares with total book value at the prior fiscal year end on May 31, 2024 of \$403.3 million (\$9.16 per share), including \$161.1 million of non-controlling interests. Excluding the non-controlling interests, book value was \$242.1 million (\$5.50 per share).

Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$366.0 million as of August 31, 2024, and \$276.1 million as of May 31, 2024. Total liabilities were \$45.2 million as of August 31, 2024, and \$35.9 million as of May 31, 2024, comprised primarily of securities sold, not yet purchased, and deferred taxes.

FRMO’s net income attributable to the Company for the quarter ended August 31, 2024 rose to \$34,486,751 (\$0.78 per diluted share) compared to \$32,329,985 (\$0.73 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.

Net income attributable to the Company excluding the effect of unrealized gain from equity securities and digital assets net of taxes for the three months ended August 31, 2024 was \$11,579,966 (\$0.26 per diluted share) compared to \$14,239,683 (\$0.32 per diluted share) for the three months ended August 31, 2023.

Net income attributable to the Company excluding the effect of unrealized gain 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 August 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 assets mining operations.

The interim condensed consolidated financial statements include the accounts of FRMO Corporation and its controlled subsidiaries (collectively referred to as the “Company”). As of August 31, 2024 and May 31, 2024, the Company held a 21.86% and 21.84% 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 (see Note 4 – Investments, Investments under the Equity Method of Accounting). 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 78.14% and 78.16% in HKHA has been eliminated from results of operations for the periods ended August 31, 2024 and May 31, 2024.

Further details are available in the Company's Consolidated Financial Statements for the three months ended August 31, 2024. 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, October 22, 2024, at 4:15 p.m. Eastern Time. *Only questions submitted to info@frmocorp.com before 1:00 p.m. on the day of the call will be considered.* You may register for the conference call by clicking on the following link:

<https://register.gotowebinar.com/register/3564518183719162720>

An audio replay link will be available for 30 days from October 23 through November 22, 2024 on the FRMO website (https://frmocorp.com/q_transcripts.html) until the summary transcript is posted.

Condensed Consolidated Balance Sheets*(in thousands)*

	August 31, 2024	May 31, 2024
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 42,472	\$ 39,190
Equity securities, at fair value	310,345	221,682
Digital assets, at fair value	9,588	10,979
Other current assets	3,642	4,252
Total Current Assets	<u>366,047</u>	<u>276,102</u>
Investment in limited partnerships and other equity investments, at fair value	146,109	127,579
Investments in securities exchanges	6,509	6,463
Other assets	1,541	1,609
Investment in Horizon Kinetics LLC	17,936	17,205
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u>\$ 548,342</u>	<u>\$ 439,159</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 991	\$ 951
Other current liabilities	1,874	1,258
Total Current Liabilities	<u>2,865</u>	<u>2,209</u>
Deferred Tax Liability	42,330	33,668
Total Liabilities	<u>45,195</u>	<u>35,877</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	276,568	242,137
Noncontrolling interests	226,579	161,145
Total Stockholders' Equity	<u>503,146</u>	<u>403,282</u>
Total Liabilities and Stockholders' Equity	<u>\$ 548,342</u>	<u>\$ 439,159</u>

(Components may not sum to totals due to rounding)

Condensed Consolidated Statements of Income

(amounts in thousands, except share data)

	Three Months Ended	
	August 31,	August 31,
	2024	2023
	(Unaudited)	
Revenue:		
Fees	\$ 737	\$ 701
Equity earnings from limited partnerships and limited liability companies	2,556	769
Unrealized gains from investments	16,399	19,207
Other	4,457	1,353
Total revenue before unrealized gains (losses) from equity securities and digital assets	24,150	22,030
Unrealized gains from equity securities	88,435	67,312
Unrealized losses from digital assets	(1,422)	(216)
Total Revenue	111,162	89,125
Total Expenses	418	362
Income from Operations before Provision for (Benefit from) Income Taxes	110,744	88,763
Provision for Income Taxes	10,489	8,294
Net Income	100,255	80,469
Less net income attributable to noncontrolling interests	65,769	48,139
Net Income Attributable to FRMO Corporation	\$ 34,487	\$ 32,330
Diluted Net Income per Common Share	\$ 0.78	\$ 0.73
Weighted Average Common Shares Outstanding		
Basic	44,022,781	44,022,781
Diluted	44,027,112	44,030,469

(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 August 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.otcm Markets.com/stock/FRMO/filings.

Contact

Thérèse Byars

Corporate Secretary

Email: tbyars@frmocorp.com

Telephone: 646-495-7337

www.frmocorp.com

Information Regarding Non-GAAP Measures

Net income attributable to the Company excluding the effect of unrealized gain from equity securities and digital assets is net income attributable to the Company exclusive of unrealized gains from equity securities and digital assets, 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 from equity securities and digital assets.

Management uses net income attributable to the Company excluding the effect of unrealized gain from equity securities and digital assets, along with other measures, to gauge the Company's performance and evaluate results, which can be skewed when including unrealized gain from equity securities and digital assets, which may vary significantly between periods. Net income attributable to the Company excluding the effect of unrealized gain 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 from equity securities and digital assets to net income attributable to the Company for the periods indicated:

	<u>Three Months Ended</u> <u>August 31, 2024</u>		<u>Three Months Ended</u> <u>August 31, 2023</u>	
	(Unaudited)		(Unaudited)	
	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 Gain from Equity Securities and Digital Assets, and Diluted Earnings per Common Share Reconciliation:				
Net income attributable to the Company	<u>\$ 34,487</u>	<u>\$ 0.78</u>	<u>\$ 32,330</u>	<u>\$ 0.73</u>
Unrealized gain from equity securities and digital assets	87,013		67,095	
Unrealized gain from equity securities and digital assets attributable to noncontrolling interests	<u>62,929</u>		<u>47,797</u>	
Unrealized gain from equity securities and digital assets attributable to the Company	24,084		19,298	
Tax provision on unrealized gain from equity securities and digital assets attributable to the company	<u>(1,177)</u>		<u>(1,208)</u>	
Unrealized gain from equity securities and digital assets attributable to the Company, net of taxes	<u>22,907</u>	<u>\$ 0.52</u>	<u>18,090</u>	<u>\$ 0.41</u>
Net income attributable to the Company excluding the effect of unrealized gain from equity securities and digital assets	<u>\$ 11,580</u>	<u>\$ 0.26</u>	<u>\$ 14,240</u>	<u>\$ 0.32</u>
Weighted average diluted shares outstanding	<u>44,027,112</u>		<u>44,030,469</u>	

(Components may not sum to totals due to rounding)