

FRMO Corp. Announces First Quarter 2019 Financial Results and Conference Call

WHITE PLAINS, N.Y. — October 12, 2018

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2019 first quarter, which ended August 31, 2018 (May Fiscal Year).

Financial Highlights

FRMO’s 2019 book value as of August 31, 2018 was \$162.5 million (\$3.69 per share on a fully diluted basis), including \$39.4 million of non-controlling interests. The figure from the prior fiscal year-end as of May 31, 2018 was \$146.9 million (\$3.34 per share), including \$27.6 million of non-controlling interests. Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$107.0 million as of August 31, 2018, and \$93.2 million as of May 31, 2018. Total liabilities were \$15.7 million as of August 31, 2018, compared to \$13.5 million as of May 31, 2018, the majority of each being deferred taxes.

FRMO’s 2019 net income attributable to the Company for the three months ended August 31, 2018 was \$3,211,123 (\$0.07 per share basic and diluted) compared to \$2,187,439 (\$0.05 per share basic and diluted) for the quarter ended August 31, 2017. Income from operations was \$14,573,509 for the first quarter of fiscal 2019, compared to \$3,215,483 for the same period in the prior year. Comprehensive income attributable to the Company for the same periods was \$3,211,123 up from \$1,987,494.

FRMO’s 2019 net income attributable to the Company excluding the effect of unrealized gains net of taxes for the three months ended August 31, 2018 was \$3,215,997 (\$0.07 per diluted share) compared to \$2,187,439 (\$0.05 per diluted share) for the three months ended August 31, 2017. Net income attributable to the Company excluding the effect of unrealized gains 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” below.

As of August 31, 2018 and May 31, 2018, investments in limited partnerships and limited liability companies are valued using data inputs from June 30, 2018 and March 31, 2018, respectively, the dates of the most current available information.

Further details are available in the Quarterly Report of the Company’s Consolidated Financial Statements for the quarter ended August 31, 2018. 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 16, 2018 at 4:15 p.m. ET. *Only questions submitted to info@frmocorp.com before 1:00 p.m. on the day of the call will be considered.* The call can be accessed by dialing 1-877-260-1479 (domestic toll free) or 334-323-0522 (international toll) and entering the following conference ID: 6149821. A replay will be available from 7:15 p.m. on the day of the teleconference until Thursday, November 15, 2018. To listen to the archived call, dial 1-888-203-1112 (domestic toll free) or 719-457-0820 (international toll), and enter conference ID number 6149821.

Condensed Consolidated Balance Sheets
(in thousands)

	August 31, 2018	May 31, 2017
	<u>(unaudited)</u>	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 53,370	\$ 53,617
Equity securities, at fair value	52,620	38,522
Other current assets	1,031	1,095
Total Current Assets	<u>107,021</u>	<u>93,234</u>
Computer equipment, net of accumulated depreciation	77	76
Investment in South LaSalle Partners, LP	6,571	6,262
Investment in Winland Holdings Corporation, Inc.	654	773
Investments in managed funds	38,144	34,372
Investment in The Bermuda Stock Exchange	2,784	2,721
Investments in other stock exchanges	739	988
Investment in Digital Currency Group Inc.	76	76
Investment in cryptocurrency mining entities	119	113
Investment in Horizon Kinetics LLC	11,784	11,624
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u><u>\$ 178,169</u></u>	<u><u>\$ 160,439</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 6,586	\$ 5,495
Other current liabilities	629	193
Total Current Liabilities	<u>7,215</u>	<u>5,688</u>
Deferred Tax Liability	<u>8,480</u>	<u>7,757</u>
Total Liabilities	15,695	13,445
Stockholders' Equity	<u>162,474</u>	<u>146,994</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 178,169</u></u>	<u><u>\$ 160,439</u></u>

Condensed Consolidated Statements of Operations

(amounts in thousands, except share data)

	Three Months Ended	
	August 31,	August 31,
	2018	2017
	(Unaudited)	
Revenue:		
Consultancy and advisory fees	\$ 540	\$ 438
Equity earnings from partnerships and limited liability companies	713	1,049
Unrealized gains from investments subject to fair value valuation	3,518	1,764
Equity earnings from investment in The Bermuda Stock Exchange	63	12
Other	254	137
Total revenue before unrealized gains from equity securities	5,088	3,400
Unrealized gains from equity securities	9,783	-
Total Revenue	14,871	3,400
Total Expenses	298	185
Income from Operations	14,573	3,215
Provision for Income Taxes	1,289	1,041
Net Income	13,284	2,174
Less net income (loss) attributable to noncontrolling interests	10,073	(13)
Net Income Attributable to FRMO Corporation	<u>\$ 3,211</u>	<u>\$ 2,187</u>
Diluted Net Income per Common Share	\$ 0.07	\$ 0.05
Weighted Average Common Shares Outstanding		
Basic	43,973,781	43,953,155
Diluted	44,023,435	43,996,620

About FRMO Corp.

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

FRMO had 43,973,781 shares of common stock outstanding as of August 31, 2018.

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 or 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 gains 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 are provided as supplemental information, and are not a substitute for net income attributable to the Company and do 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:

	<u>Three Months Ended</u> <u>August 31, 2018</u> <u>(Unaudited)</u>		<u>Three Months Ended</u> <u>August 31, 2017</u> <u>(Unaudited)</u>	
	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 (Loss) from Equity Securities and Diluted Earnings per Common Share Reconciliation:				
Net income attributable to the Company	<u>\$ 3,211</u>	<u>\$ 0.07</u>	<u>\$ 2,187</u>	<u>\$ 0.05</u>
Unrealized gains from equity securities	9,783		-	
Unrealized gains from equity securities attributable to noncontrolling interests	<u>10,071</u>		<u>-</u>	
Unrealized gain (loss) from equity securities attributable to the Company	(288)		-	
Tax benefit on unrealized gain (loss) from equity securities attributable to the company	<u>283</u>		<u>-</u>	
Unrealized gain (loss) from equity securities attributable to the Company, net of taxes	<u>(5)</u>	\$ -	<u>-</u>	\$ -
Net income attributable to the Company excluding the effect of unrealized gain (loss) from equity securities	<u><u>\$ 3,216</u></u>	<u><u>\$ 0.07</u></u>	<u><u>\$ 2,187</u></u>	<u><u>\$ 0.05</u></u>
Weighted average diluted shares outstanding	<u><u>44,023,435</u></u>		<u><u>43,996,620</u></u>	