

FRMO Corp. Announces Second Quarter 2020 Financial Results and Conference Call

WHITE PLAINS, N.Y. — January 14, 2020

FRMO Corp. (the “Company” or “FRMO”) (OTC Pink: FRMO) today reported its financial results for the 2020 second quarter, which ended November 30, 2019 (May fiscal year).

Financial Highlights

FRMO’s book value as of November 30, 2019 was \$175.8 million (\$3.99 per share on a fully diluted basis), including \$48.2 million of non-controlling interests. The figure from the prior fiscal year-end as of May 31, 2019 was \$175.0 million (\$3.98 per share), including \$48.6 million of non-controlling interests. Current assets, comprised primarily of cash and equivalents and equity securities, amounted to \$118.9 million as of November 30, 2019, and \$118.3 million as of May 31, 2019. Total liabilities were \$17.9 million as of November 30, 2019, and \$16.7 million as of May 31, 2019, comprised primarily of securities sold, not yet purchased and deferred taxes.

FRMO’s net (loss) income attributable to the Company for the three months ended November 30, 2019 was \$(481,718) ((\$0.01) per share basic and diluted) compared to \$583,997 (\$0.01 per share) for the quarter ended November 30, 2018.

FRMO’s net (loss) income attributable to the Company for the six months ended November 30, 2019 was \$(700,580) ((\$0.02) per share basic and diluted) compared to \$3,795,120 (\$0.09 per share) for the six months ended November 30, 2018.

FRMO’s net (loss) income attributable to the Company excluding the effect of unrealized (loss) gain from equity securities net of taxes for the three months ended November 30, 2019 was \$(190,203) ((\$0.00) per diluted share) compared to \$1,824,760 (\$0.04 per diluted share) for the three months ended November 30, 2018. For the six months ended November 30, 2019, it was \$(236,088) ((0.01) per diluted share) compared to \$5,040,756 (\$0.11 per share) for the same period in the previous year. Net (loss) income attributable to the Company excluding the effect of unrealized (losses) gains 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.

As of November 30, 2019 and May 31, 2019, the Company held an 18.64% and 15.49% 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 81.36% and 84.51% in HKHA has been eliminated from results of operations for the periods ended November 30, 2019 and May 31, 2019.

Further details are available in the Company’s Condensed Consolidated Financial Statements for the quarter ended November 30, 2019. 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.

Conference Call

Murray Stahl, Chairman and CEO, and Steven Bregman, President and CFO, will host a conference call on Thursday, January 23, 2020 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 877-628-4685 (domestic toll free) or +1 334-323-0507 (international toll) and entering the following conference ID: 5894204. A replay will be available from 7:15 p.m. on the day of the teleconference until Saturday, February 22, 2020. To listen to the archived call, dial 888-203-1112 (domestic toll free) or +1 719-457-0820 (international toll), and enter conference ID number5894204.

Condensed Consolidated Balance Sheets

(in thousands)

	November 30, 2019	May 31, 2019
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 53,573	\$ 53,081
Equity securities, at fair value	63,834	63,565
Other current assets	1,528	1,639
Total Current Assets	<u>118,935</u>	<u>118,285</u>
Investment in limited partnerships and other equity investments, at fair value	45,948	47,513
Investments in securities exchanges	5,061	3,641
Other assets	1,730	547
Investment in Horizon Kinetics LLC	11,839	11,488
Participation in Horizon Kinetics LLC revenue stream	10,200	10,200
Total Assets	<u><u>\$ 193,713</u></u>	<u><u>\$ 191,674</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Securities sold, not yet purchased	\$ 7,773	\$ 8,133
Other current liabilities	313	161
Total Current Liabilities	<u>8,086</u>	<u>8,294</u>
Deferred Tax Liability	9,006	8,383
Mortgage payable	773	-
Total Liabilities	<u>17,865</u>	<u>16,677</u>
Stockholders' Equity:		
Stockholders' Equity Attributable to the Company	127,690	126,384
Noncontrolling interests	48,158	48,613
Total Stockholders' Equity	<u>175,848</u>	<u>174,997</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 193,713</u></u>	<u><u>\$ 191,674</u></u>

Condensed Consolidated Statements of Operations

(amounts in thousands, except share data)

	Three Months Ended		Six Months Ended	
	November 30, 2019	November 30, 2018	November 30, 2019	November 30, 2018
	(Unaudited)		(Unaudited)	
Revenue:				
Consultancy and advisory fees	\$ 515	\$ 500	\$ 1,047	\$ 1,042
Equity earnings (loss) from partnerships and limited liability companies	(223)	950	1,093	1,663
Unrealized gains (losses) from investments recorded at fair value	(832)	1,697	(2,212)	5,214
Other	1,382	(21)	1,773	296
Total revenue before unrealized gains (losses) from equity securities	842	3,126	1,701	8,215
Unrealized gains (losses) from equity securities recorded at fair value	1,405	7,546	(3,442)	17,329
Total Revenue	2,247	10,672	(1,741)	25,544
Total Expenses	351	406	700	705
Income (Loss) from Operations	1,896	10,266	(2,441)	24,839
Provision for Income Taxes	830	330	2,063	1,619
Net Income (Loss)	1,066	9,936	(4,504)	23,220
Less net income (loss) attributable to noncontrolling interests	1,548	9,352	(3,803)	19,425
Net Income (Loss) Attributable to FRMO Corporation	\$ (482)	\$ 584	\$ (701)	\$ 3,795
Diluted Net Income (Loss) per Common Share	\$ (0.01)	\$ 0.01	\$ (0.02)	\$ 0.09
Weighted Average Common Shares Outstanding				
Basic	44,031,462	43,973,781	44,007,267	43,973,781
Diluted	44,031,462	44,021,101	44,007,267	44,022,432

About FRMO Corp.

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

FRMO had 44,032,781 shares of common stock outstanding as of November 30, 2019.

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.

Contact

Thérèse Byars
Corporate Secretary
Email: tbyars@frmocorp.com
Telephone: 646-495-7337
www.frmocorp.com

Information Regarding Non-GAAP Measures

Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities is net income (loss) attributable to the Company exclusive of unrealized gains or losses from equity securities, 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.

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 (losses) from equity securities, which may vary significantly between periods. Net income (loss) 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 (loss) attributable to the Company and do 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 November 30, 2019 (Unaudited)		Three Months Ended November 30, 2019 (Unaudited)		Six Months Ended November 30, 2019 (Unaudited)		Six Months Ended November 30, 2019 (Unaudited)	
	Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share		Diluted earnings per common share	
	Amount		Amount		Amount		Amount	
(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 (loss) attributable to the Company	\$ (482)	\$ (0.01)	\$ 584	\$ 0.01	\$ (701)	\$ (0.02)	\$ 3,795	\$ 0.09
Unrealized gain (loss) from equity securities	1,405		7,546		(3,442)		17,329	
Unrealized gain (loss) from equity securities attributable to noncontrolling interests	1,546		9,352		(3,802)		19,422	
Unrealized gain (loss) from equity securities attributable to the Company	(141)		(1,806)		360		(2,093)	
Tax benefit on unrealized gain (loss) from equity securities attributable to the company	(150)		565		(825)		848	
Unrealized (loss) from equity securities attributable to the Company, net of taxes	(291)	\$ (0.01)	(1,241)	\$ (0.03)	(465)	\$ (0.01)	(1,245)	\$ (0.03)
Net income (loss) attributable to the Company excluding the effect of unrealized gain (loss) from equity securities	\$ (191)	\$ (0.00)	\$ 1,825	\$ 0.04	\$ (236)	\$ (0.01)	\$ 5,040	\$ 0.11
Weighted average diluted shares outstanding	44,031,462		44,021,101		44,007,267		44,022,432	

(Percent components may not sum to totals due to rounding)