

RESEARCH UPDATE
Dave Storms, CFA
Dave@stonegateinc.com

214-987-4121

Market Statistics in USD

Price	\$ 2.81
52 week Range	\$2.48 - \$3.26
Daily Vol (3-mo. average)	39,970
Market Cap (M)	\$ 39.8
Enterprise Value (M)	\$ 3.3
Shares Outstanding: (M)	14.3
Float (M)	11.6
Public Ownership	55.2%
Institutional Ownership	25.8%

Financial Summary in USD

Cash (M)	\$ 26.8
Cash/Share	\$ 1.74
Debt (M)	\$ -
Equity (M)	\$ 50.7
Equity/Share	\$ 3.58

FYE: Dec	2023	2024E	2025E
(in \$M)			
Rev	15.1	13.4	16.2
Chng %	-39.0%	-11.1%	21.3%
EPS	\$ 0.22	\$ 0.23	\$ 0.38


COMPANY DESCRIPTION

U.S. Global Investors is an innovative investment manager, specializing in thematic, specialized, and niche sectors. The firm was founded in 1968 and is based out of San Antonio, Texas. The Company has a long history of global investing and launching first-of-their-kind investment products including the first no-load gold fund. It is well known for its expertise in gold and precious metals, natural resources, airlines, emerging markets and cryptos. Frank Holmes is the CEO and CIO of U.S. Global Investors.

U.S GLOBAL INVESTORS, INC. (NASDAQ: GROW)
Company Updates

Well Positioned to Grow AUM: U.S. Global Investors offers 6 innovative and thematic no-load mutual funds and 3 specialized ETFs to the retail investment community. The Company is well positioned to benefit from the growing demand of the retail public. As of 1Q24, total AUM was \$1.8 billion.

History of Developing Innovative Products: For over 50 years, GROW has offered specialized investment products, including the U.S. Global Jets ETF (JETS). JETS is the only pure-play airline ETF available to investors, providing exposure to the global airline industry, including airline operators and manufacturers. JETS is a smart beta 2.0 product, meaning its model and strategy are a more advanced and tailored version of a traditional index fund, aimed to provide better risk-adjusted returns.

Scalable Business Model: The Company has a relatively fixed expense structure. As AUM grows, most of the incremental revenues flow to the bottom line. This is due to revenues increasing faster than expenses as AUM grows, despite the Company providing breakpoint discounts. A small and experienced team combined with strong operating margins presents GROW the ability to significantly scale the business and improve EPS.

Returning Capital: The Company has a history of increasing dividends and share repurchases. In 1Q24, the Company repurchased 198,213 shares at a net cost of approx. \$611,000, which is an increase of ~359% from 1Q23. The Company believes its stock is undervalued, and therefore buys back shares when the price is flat or down from the previous trading day.

Strong Balance Sheet: The Company has high cash reserves of approximately \$26.8 million and no debt as of September 2023, allowing it to invest in lucrative opportunities available in the market. In addition, the Company owns its own office building, with a book value of \$4.61 million, although recent appraisals indicate a higher valuation.

Impressive Liquidity Position: GROW ended fiscal 1Q24 with working capital of approximately \$37.7million, up by \$3.0 million or 8.8% from fiscal 1Q23. With approximately \$26.8 million in cash and \$54.1 million worth of total assets, the Company is in a strong position to meet obligations and grow. This has allowed GROW to continue its monthly dividend payment which is equal to an annualized 3.22% dividend yield.

Investment in HIVE Digital Technologies: The Company has an investment of warrants and convertible debentures valued at \$6.3 million in HIVE Digital Technologies Ltd. (NasdaqCM: HIVE), the first ever publicly traded cryptocurrency miner. HIVE uses 100% green energy to mine Bitcoin, realizing industry leading gross margins.

Valuable Oversight: CEO/CIO Frank Holmes owns approximately 18% of the Company. Under his leadership, the Company has grown to an AUM of \$1.8 billion. Additionally, the Company recently selected Grant Thornton LLP as its new independent auditor. Grant Thornton was selected after a rigorous review process and is a nationally recognized firm.

Valuation: We are using an EV/EBITDA multiple to value the Company. Using an EV/EBITDA multiple range of 4.0x to 6.0x, with a midpoint of 5.0x results in a valuation range of \$4.38 to \$5.28 respectively, with a midpoint of \$4.83.

Business Overview

U.S. Global Investors is an innovative investment manager, specializing in thematic, specialized, and niche sectors. The firm is based out of San Antonio, Texas. What makes this asset manager unique is the category of asset classes in its AUM, unlike traditional asset investments. The Firm is well known for its expertise in gold and precious metals, natural resources, airlines, emerging markets and cryptos. Its offering includes:

Currently, U.S. Global Investors offers six no-load mutual funds:

1. Global Luxury Goods Fund (USLUX)
2. Gold and Precious Metals Fund (USERX)
3. World Precious Minerals Fund (UNWPX)
4. Global Resources Fund (PSPFX)
5. Near-Term Tax-Free Fund (NEARX)
6. U.S. Government Securities Ultra-Short Bond Fund (UGSDX)

U.S. Global Investors offer three exchange-traded funds:

1. U.S. Global Jets ETF (NYSE: JETS)
2. U.S. Global GO GOLD and Precious Metal Miners ETF (NYSE: GOAU)
3. U.S. Global Sea to Sky Cargo ETF (NYSE: SEA)

During the third quarter FY23, the total AUM as of September 30, 2023, was \$1.8 billion, down by approximately \$835 million or 28% from the same quarter last year.

Exhibit 1: Investment in Mutual Funds & Corporate Investments

		September 30, 2023	
		Unrealized Gains	
		(Losses)	Fair Value
(dollars in thousands)			
Equity securities at fair value			
Equities - International	\$ 6,680	\$ (6,255)	\$ 425
Equities - Domestic	45	(45)	-
Mutual funds - Fixed income	11,097	(304)	10,793
Mutual funds - Global equity	929	(227)	702
Total equity securities at fair value	\$ 18,751	\$ (6,831)	\$ 11,920

		June 30, 2023	
		Unrealized Gains	
		(Losses)	Fair Value
(dollars in thousands)			
Equity securities at fair value			
Equities - International	\$ 6,679	\$ (5,901)	\$ 778
Equities - Domestic	45	(45)	-
Mutual funds - Fixed income	11,947	(305)	11,642
Mutual funds - Global equity	930	(145)	785
Total equity securities at fair value	\$ 19,601	\$ (6,396)	\$ 13,205

Source: Company Reports

Advisory Fees

The Company offers advisory services to exchange-traded ETFs as mentioned above. The Company receives management fees of 0.6% of the average net assets of U.S. based ETFs and has agreed to bear all the expenses of ETF except for (NYSE: SEA) of which the Company has agreed to contractually limit the expenses.

Advisory fees, the largest component of the Company's operating revenues, are derived from two sources, base fees and performance fees. The other fees include administrative services provided by the Company to the Funds.

The Company recorded advisory and administrative fees of approximately \$3.1 million in Q1 FY24 and \$4.4 million in Q1 FY23.

Exhibit 2: Operating Revenue Breakup

(dollars in thousands)	Three Months Ended September 30,	
	2023	2022
ETF advisory fees	\$ 2,709	\$ 3,913
USGIF advisory fees	506	610
USGIF performance fees paid	(112)	(146)
Total Advisory Fees	3,103	4,377
USGIF administrative services fees	30	35
Total Operating Revenue	\$ 3,133	\$ 4,412

Source: Company Reports

The other source of income for the Company (non-operating) is realized and unrealized gain/ losses based on sales of assets or mark-to-market investments respectively.

Exhibit 3: Investment/ Other Income Breakup

(dollars in thousands)	Three Months Ended September 30,	
	2023	2022
Net Investment Income (Loss)		
Realized losses on equity securities	\$ (818)	\$ -
Realized gains on debt securities	336	469
Unrealized losses on equity securities	(443)	(1,930)
Unrealized losses on embedded derivatives	(79)	-
Unrealized losses on cash equivalents	(1)	-
Dividend and interest income	582	418
Realized foreign currency losses	(90)	(417)
Total Net Investment Income (Loss)	\$ (513)	\$ (1,460)

Source: Company Reports

During Q1 2024, the Company booked an investment loss of \$0.5 mm vs a loss of \$1.5 mm from the previous year in the same quarter.

Operating Expenses

Total consolidated operating expenses increased \$91,000, or 3.2 percent, compared with the three months ended September 30, 2022. The increase in operating expenses was primarily attributable to a increase in employee compensation of \$99,000, or 8.4 percent.

Important Highlights

Company's Investment in HIVE

HIVE Digital Technologies Ltd. (NasdaqCM: HIVE) is the first publicly traded crypto miner, listed on the Toronto Venture Exchange in 2017. HIVE uses 100% green energy to mine both Bitcoin and Ethereum, with a committed ESG strategy since day one. The Company's January 2021 investment in HIVE includes \$15 million in 8% interest-bearing convertible notes, payable in quarterly installments with a final maturity in January 2026 and warrants to purchase 1 million common shares with a strike price of CAD\$15 per share. The convertible notes have a conversion price of \$11.70. As of the period ending September 30, 2023, the notes have been paid down and have a fair value of \$6.3 million, and the warrants have impacted the Company's non-realized mark-to-market volatility.

Due to the widespread selloff in digital currencies and assets toward the end of 2023, including Bitcoin and Ethereum, there has been significant volatility in the market price of HIVE, which has materially impacted the fair value of the Company's investment. However, with the recent approval (January 2024) of a selection of spot Bitcoin ETFs by the U.S. SEC, market sentiment in the digital asset space has risen, which should reflect positively on HIVE.

For FY2023, HIVE reported strong revenues of \$106.3 million and EBITDA of 82.9 million. HIVE mined over 3,258 Bitcoin with gross mining margins of 47.6%. Digital assets on the balance sheet were worth \$65.9 million.

Experienced Management with Vested Interest

Frank Holmes has been the Chief Executive Officer of U.S. Global Investors since 1989, when he bought a controlling interest of the Company. He became Chief Investment Officer in 1999. He oversaw the Company's penetration into the ETF industry with the launch of JETS. Mr. Holmes is well known in the gold industry, guiding the launch of the Company's second ETF, the U.S. Global GO GOLD and Precious Metal Miners ETF (NYSE: GOAU). Under his leadership, the Company has grown to an AUM of \$1.8 billion.

Share Purchase Program

The Company announced in February 2022 that it approved an increase to the limit of its annual share buyback program from \$2.75 million to \$5.0 million. During FY23, the Company bought back 412,257 89,287 class A shares using cash of \$1.2 million. This represents an approximately 362% increase from the number of shares that were repurchased in FY22 and a 165% increase in the amount of cash used.

The Company buys back stock when the stock is flat or down from the previous day's close. In the quarter end September of 2023, the Company repurchased 198,213 shares at a net cost of approximately \$611,000, which is an increase of ~359% from the same quarter in 2022.

The Company has also consistently paid a monthly dividend to shareholders since June 2007. GROW increased its dividends by over 200% in 2021 and currently pays a shareholder yield of 6.84%. While there is no guarantee that the Company will continue increasing dividends, its historically high dividend yield supports that the stock is undervalued.

GROW ETF Fund Outlook – Quant-Based, Smart Beta 2.0 Strategy Focus

JETS ended the first calendar quarter on a strong footing as the number of commercial air passengers continued to increase heading into the busy summer travel season. On June 16, the U.S. Transportation Security Administration (TSA) reported that it screened over 2.78 million people at airports, which is the most since 2019, before the pandemic. As investor sentiment improves, upside exists across the entire industry resulting in increased AUM.

GOAU, the firm's quant-based gold royalty and miner ETF, is poised to grow AUM due to the potential increase in gold prices as a hedge against inflation. This risk-off segment has become continuously important given the current uncertainty in the macro backdrop.

Exhibit 4: Product-wise Performance

Total Annualized Returns as of 06/30/2023:					
Fund	One-Year	Five-Year	Ten-Year	Since Inception	Expense Ratio
U.S. Global Jets ETF (JETS) NAV	30.09%	-5.34%	n/a	-1.29% (4/28/2015)	0.60%
U.S. Global Jets ETF (JETS) Market Price	29.82%	-5.33%	n/a	-1.29% (4/28/2015)	0.60%
S&P 500 Index	19.59%	12.31%	12.86%	n/a	n/a
Bloomberg World Airlines Index	18.52%	-22.16%	33.80%	10.86% (12/31/1999)	n/a

Source: Company Reports

Market Overview

At the end of 2023, there were approximately 240 ETF sponsors proving 3,366 ETFs of varying sizes and investment policies.

Success in the investment advisory business substantially depends on the Company's ability to market the funds and exhibit performance. The Company's operating revenues are highly correlated to the level of assets under management and fees associated with various investment products. While AUM is directly impacted by changes in the financial markets, it is also impacted by cash inflows or outflows due to shareholder activity. Performance fees on certain equity fund products may also impact revenues, either positively or negatively. Various products may have different fees, so changes in product mix may also affect revenues. For example, international equity products will generally have a higher fee than fixed income products, so changes in assets in those products will have a larger impact.

Risks

Market Risk – Covid-19 had adverse effects on the global economies that have led to adverse effects on the financial markets as well. This may reoccur and can hurt the AUM and revenues as well. Global factors like the Russia-Ukraine war have also negatively affected the global economies which could continue to impact market volatility leading to uncertainties, and hence, affecting the revenue of the Company.

Operational Risk – The flow of operations for the Company could be impacted because of the occurrence of any natural global pandemics and other unpredictable events that could adversely affect their operations. Loss of any key management personnel again poses a greater financial and operational risk. Leakage of sensitive information and higher insurance premiums to hedge those risks could lead to more financial losses.

Financial Risk – Some of the prominent risks in this area are: Poor investment performance could lead to a decline in revenues. The Company's clients can terminate their agreements with the Company on short notice, which may lead to unexpected declines in revenue and profitability. Difficult market conditions can adversely affect the Company by reducing the market value of the assets it manages or causing shareholders to make significant redemptions. Further, the Company has exposure to the cryptocurrency markets through its investments which are very volatile in nature.

Foreign Currency Risk – A portion of cash and certain corporate investments are held in foreign currencies. Adverse changes in foreign currency exchange rates would lower the value of those cash accounts and corporate investments. Certain assets under management also have exposure to foreign currency fluctuations in various markets, which could impact its valuation and thus the revenue received by the Company.

Regulatory Risk – The Company is subject to a variety of government regulations, foreign and domestic federal securities laws, any non-compliance with any of those laws could lead to penalties, and sanctions which could affect the Company's reputation and affect its revenue and earnings.

Governance Risk – One person substantially owning all the voting stock and controlling the outcome of all the matters requiring a vote of shareholders may influence the value of non-voting stocks. Franck Holmes, the CEO is the beneficial owner of 99% of Class C convertible common stock and controls the outcome of all issues requiring a shareholder vote.

Interest Rate Risk – Due to the Company's investments in debt securities carried at fair value, interest rate fluctuations represent a market risk factor affecting the Company's consolidated financial position. Debt securities may fluctuate in value due to changes in interest rates. Typically, investments subject to interest rate risk will decrease in value when interest rates rise and increase in value when interest rates decline. Fluctuations in interest rates could materially impact the Company's investments in debt securities carried at fair value included on the balance sheet and gains (losses) recognized in investment income.

INCOME STATEMENT

Because it's difficult to predict the stock market, AUM, or gains and losses for the Company's ETF products, we have based our FY2024 revenue estimates on the most recently reported AUM of \$1.8 billion. The company's advisory fees range from .60% to .65% for select products. We are modelling 65 basis points advisory fees in our revenue assumptions.

VALUATION SUMMARY

We believe the proper way to value GROW is through an EV/EBITDA multiple to account for its strong cash position and clean balance sheet. As can be seen below GROW is trading at 0.5x estimated EV/Forward EBITDA compared to the median of 9.1x. Given GROW's smaller market cap and less liquidity, we would apply a discount to comparable companies. Using an EV/EBITDA multiple ranges of 4x to 6x, with a midpoint of 5x results in a valuation range of \$4.38 to \$5.28 respectively, with a midpoint of \$4.83.

The Company is also undervalued using other metrics:

Enterprise Value to Forward Revenue: GROW is currently trading at 0.2x forward revenue versus the median for the comps of 3.1x, while also generating higher gross profit margins. Asset managers have also historically traded based on EV/Revenue. IF GROW were to trade at an EV/Forward Revenue range of 1.5x to 2.5x, with a midpoint of 2x, this would equate to a stock price range of \$4.15 to \$5.19 respectively, with a midpoint of \$4.67.

Price to Book: GROW is currently trading at 0.8x P/B whereas average comps are trading at 1.4x.

Comparative Analysis
U.S. Global Investors, Inc.
(all figures in \$USD M, except per share information)

Company Name	Symbol	Price (1)	EV	Mkt Cap	Asset	ROA	ROE	MC/Asset	P/B	EV/Rev (2, 3)			EV/EBITDA (2, 3)			P/E (2, 3)		
										2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
Asset Management Companies-ETF																		
Invesco	IVZ	\$ 17.39	13,526.0	\$ 7,930.1	\$ 2,085.2	2.68%	5.5%	3.8x	0.7x	2.4x	3.1x	3.0x	9.3x	9.6x	8.7x	12.0x	12.0x	10.2x
Wisdom Tree	WETF	\$ -	1,252.2	\$ 1,012.7	\$ 294.3	3.63%	12.1%	3.4x	0.0x	3.3x	3.6x	3.2x	16.2x	12.4x	10.6x	nm	nm	nm
Virtus Investment Partners	VRTS	\$ 235.85	1,736.0	\$ 1,672.5	\$ 2,868.8	3.32%	11.2%	0.6x	2.0x	1.7x	2.3x	2.1x	5.4x	6.9x	6.1x	12.0x	10.8x	9.3x
T Rowe Price group	TROW	\$ 109.50	23,024.9	\$ 24,416.4	\$ 5,898.2	12.92%	14.5%	4.1x	2.8x	3.6x	3.6x	3.5x	7.8x	9.3x	9.6x	16.2x	14.6x	15.0x
Average Median								3.0x	1.4x	2.8x	3.1x	3.0x	9.7x	9.5x	8.7x	13.4x	12.5x	11.5x
								3.6x	1.4x	2.9x	3.3x	3.1x	8.5x	9.4x	9.1x	12.0x	12.0x	10.2x
U.S. Global Investors	GROW	\$ 2.82	3.3	\$ 39.8	\$ 49.0	3.87%	5.9%	0.8x	0.8x	0.4x	0.2x	0.2x	1.0x	1.2x	0.5x	nm	13.3x	8.2x

(1) Previous day's closing price

(2) Estimates are from Capital IQ, except for GROW which are Stonegate estimates

Multiple	EV/EBITDA		
	4.0x	5.0x	6.0x
EBITDA CY 2024	\$ 6.35	\$ 6.35	\$ 6.35
EV	25.40	31.75	38.10
Net Debt	-36.48	-36.48	-36.48
Equity Value (in \$ million)	61.9	68.2	74.6
No of shares	14.1	14.1	14.1
Per Share Value	4.38	4.83	5.28

Multiple	EV/Revenue		
	1.5x	2.0x	2.5x
Revenue CY 2024	\$ 14.73	\$ 14.73	\$ 14.73
EV	22.10	29.47	36.83
Net Debt	-36.48	-36.48	-36.48
Equity Value (in \$ million)	58.6	65.9	73.3
No of shares	14.1	14.1	14.1
Per Share Value	4.15	4.67	5.19

BALANCE SHEET

U.S. Global Investors, Inc. Consolidated Balance Sheets (USD\$Ms) Fiscal Year: Jun													
ASSETS	FY 2020	FY2021	Q1 Sep-21	Q2 Dec-21	Q3 Mar-22	Q4 Jun-22	FY 2022	Q1 Sep-22	Q2 Dec-22	Q3 Mar-23	Q4 Jun-23	FY2023	Q1 Sep-23
Assets													
Cash & Cash Equivalents	1.9	14.4	19.8	23.2	26.8	22.3	22.3	23.3	23.4	24.9	25.4	25.4	26.8
Restricted Cash	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Investment in securities at fair Value	6.3	6.3	6.3	6.3	6.2	12.1	12.1	12.0	12.0	11.7	11.6	11.6	10.8
Accounts & other Receivables	1.0	2.5	2.6	2.2	2.1	1.8	1.8	1.6	1.4	1.3	1.2	1.2	1.1
Tax Receivable	-	2.1	0.9	0.1	0.1	0.4	0.4	0.1	0.3	0.1	0.6	0.6	0.4
Total assets held related to discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	0.3	0.4	0.3	0.5	0.5	0.4	0.4	0.3	0.6	0.6	0.5	0.5	0.3
Total Current Assets	10.5	26.8	30.8	33.3	36.7	38.0	38.0	38.2	38.7	39.6	40.4	40.4	40.5
Property & Equipment	1.5	1.4	1.4	1.5	1.4	1.4	1.4	1.3	1.3	1.2	1.1	1.1	1.1
Net Property & equipment	1.5	1.4	1.4	1.5	1.4	1.4	1.4	1.3	1.3	1.2	1.1	1.1	1.1
Investment in equity Security at fair value, non-current	5.1	11.9	8.6	9.2	6.3	2.2	2.2	2.2	1.3	1.5	1.6	1.6	1.1
Deferred Tax Asset, Long Term	-	-	-	-	-	0.9	0.9	1.4	1.6	1.7	1.9	1.9	2.3
Investments in available for sale debt securities at fair value	-	17.0	15.9	15.0	12.7	10.6	10.6	9.9	8.1	7.6	7.0	7.0	6.3
Investment in held to maturity debt Securities	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.8
Other Investments	1.3	3.5	3.5	3.6	4.2	4.0	4.0	2.6	2.6	2.8	2.4	2.4	1.6
Equity method Investments	0.2	0.5	0.5	0.5	-	-	-	-	-	-	-	-	-
Right of use Assets	0.1	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-
Financing lease, right of use assets	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other Assets, non-current	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other assets	6.8	34.1	29.7	29.4	24.4	19.0	19.0	17.4	15.0	14.9	14.2	14.2	12.4
Total Assets	18.8	62.3	61.9	64.2	62.5	58.4	58.4	57.0	55.0	55.7	55.7	55.7	54.1
LIABILITIES AND SHAREHOLDERS' EQUITY													
Current Liabilities													
Accounts Payable	0.0	0.1	-	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.1	-
Accrued Compensation & Related costs	0.4	1.6	2.1	1.6	1.7	1.9	1.9	1.9	0.7	0.8	1.2	1.2	1.2
Dividends Payable	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Lease Liability, Short-term	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other accrued expenses	1.0	1.3	1.5	1.4	2.0	1.8	1.8	1.1	1.4	1.4	1.3	1.3	1.3
Notes Payable Current	0.4	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities held related to discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes payable	-	1.9	0.2	0.1	0.7	-	-	0.2	-	0.1	-	-	-
Total Current Liabilities	2.0	5.2	4.1	3.4	4.8	4.1	4.1	3.6	2.5	2.8	2.9	2.9	2.8
Long Term Liabilities													
Lease Liability, Long-Term	0.0	2.8	1.7	1.7	0.5	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Deferred Tax Liability	-	-	-	-	-	-	-	-	0.1	0.0	0.5	0.5	0.5
Total Long Term Liabilities	0.0	2.8	1.7	1.7	0.5	0.1	0.1	0.1	0.1	0.0	0.5	0.5	0.6
Shareholders' Equity													
Common Stock (Class A)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Common Stock (Class B)	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible Common Stock (Class C)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Additional Paid in Capital	15.6	15.7	16.1	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4	16.4
Treasury Stock	(1.9)	(2.2)	(2.2)	(2.3)	(2.4)	(2.6)	(2.6)	(2.7)	(3.0)	(3.5)	(3.7)	(3.7)	(4.3)
Accumulated other Comprehensive income (loss), net of tax	(0.0)	6.6	6.0	5.4	4.8	3.6	3.6	3.1	1.9	1.7	1.3	1.3	1.1
Retained Earnings	2.6	33.8	35.9	39.1	38.0	36.3	36.3	36.1	36.6	37.9	37.7	37.7	37.1
Total Stockholders' Equity	16.8	54.3	56.1	59.0	57.2	54.2	54.2	53.3	52.4	52.9	52.2	52.2	50.7
Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and Shareholders' Equity	18.8	62.3	61.9	64.2	62.5	58.4	58.4	57.0	55.0	55.7	55.7	55.7	54.1
Liquidity													
Current Ratio	5.2x	5.2x	7.5x	9.7x	7.6x	9.2x	9.2x	10.6x	15.4x	14.3x	13.7x	13.7x	14.3x
Working Capital	8.53	21.64	26.72	29.86	31.84	33.90	33.90	34.64	36.23	36.86	37.44	37.44	37.68
Leverage													
Net Debt to Equity	-4.9%	-18.9%	-29.5%	-34.0%	-42.4%	-37.6%	-37.6%	-41.4%	-42.0%	-44.5%	-46.1%	-46.1%	-50.3%
Net Debt to Capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Capital Usage- Annualized													
A/R Turns	-	12.3x	13.6x	12.2x	10.3x	10.1x	11.4x	8.5x	8.1x	8.3x	8.7x	9.9x	9.3x
Days Sales Outstanding	-	29.6	26.9	30.0	35.4	36.3	32.0	43.1	45.1	43.7	41.9	36.8	39.1

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

U.S. Global Investors, Inc. Consolidated Statements of Income (in M\$, except per share amounts) Fiscal Year: Jun																		
	FY 2020	FY 2021	FY 2022	Q1 Sep-22	Q2 Dec-22	Q3 Mar-23	Q4 Jun-23	FY 2023	Q1 Sep-23	Q2 E Dec-23	Q3 E Mar-24	Q4 E Jun-24	FY 2024 E	Q1 E Sep-24	Q2 E Dec-24	Q3 E Mar-25	Q4 E Jun-25	FY 2025 E
Advisory Fees	4.3	21.4	24.5	4.4	3.7	3.6	3.3	14.9	3.1	3.2	3.4	3.6	13.3	3.7	3.9	4.1	4.3	16.1
Administrative Service Fees	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Total revenues	4.5	21.7	24.7	4.4	3.7	3.6	3.3	15.1	3.1	3.3	3.4	3.6	13.4	3.8	4.0	4.2	4.4	16.2
Operating expenses																		
Employee Compensation & Benefits	2.8	7.4	6.1	1.2	1.1	1.3	1.2	4.8	1.3	0.8	0.9	0.9	3.9	1.0	1.0	1.1	1.1	4.2
General & Admin	3.7	5.7	6.9	1.5	1.5	1.5	1.6	6.1	1.5	0.9	1.0	1.0	4.4	1.1	1.1	1.2	1.2	4.5
Advertising	0.2	0.2	0.4	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.3
Depreciation & Amortization	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1
Interest				0.0					0.0					-				
Total Operating Expenses	6.9	13.5	13.6	2.8	2.8	2.9	3.0	11.5	2.9	1.9	1.9	2.0	8.8	2.1	2.3	2.4	2.5	9.2
Operating Income (Loss)	(2.4)	8.2	11.1	1.6	0.9	0.7	0.3	3.5	0.2	1.4	1.5	1.5	4.6	1.6	1.7	1.8	1.9	7.0
Operating Margin %	-53.7%	37.7%	45.0%	35.9%	24.4%	20.1%	9.1%	23.4%	6.9%	43.1%	43.1%	43.1%	34.6%	43.1%	43.1%	43.1%	43.1%	43.1%
Investment Income (Loss)	(2.2)	28.3	(6.2)	(1.5)	0.1	1.2	0.5	0.3	(0.5)	-	-	-	(0.5)	-	-	-	-	-
Income (Loss) from equity investments	(0.1)	0.3	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on forgiveness of PPP loans	-	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.1	-	-	-	0.1	-	-	-	-	-
Income (Loss) before income tax	(4.6)	37.4	5.0	0.2	1.1	1.9	0.9	4.1	(0.2)	1.4	1.5	1.5	4.2	1.6	1.7	1.8	1.9	7.0
EBITMargin %	-103.6%	172.9%	20.1%	4.2%	29.1%	53.7%	26.1%	27.1%	-7.7%	43.1%	43.1%	43.1%	31.2%	43.1%	43.1%	43.1%	43.1%	43.1%
Income tax expense	(0.2)	5.5	1.1	0.1	0.2	0.3	0.3	0.9	(0.1)	0.3	0.3	0.3	0.9	0.4	0.4	0.4	0.4	1.5
Net income (loss)	(4.5)	32.0	3.8	0.1	0.9	1.6	0.5	3.1	(0.2)	1.1	1.1	1.2	3.3	1.3	1.3	1.4	1.5	5.5
Loss from continuing Operations	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss attributable to non-controlling	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss attributable to U.S.Global Investors, Inc.	(4.9)	32.0	3.8	0.1	0.9	1.6	0.5	3.1	(0.2)	1.1	1.1	1.2	3.3	1.3	1.3	1.4	1.5	5.5
Basic EPS (loss)	\$ (0.31)	\$ 2.12	\$ 0.25	\$ 0.01	\$ 0.06	\$ 0.11	\$ 0.04	\$ 0.22	\$ (0.01)	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.23	\$ 0.09	\$ 0.09	\$ 0.10	\$ 0.10	\$ 0.38
Diluted EPS (loss)	\$ (0.31)	\$ 2.12	\$ 0.25	\$ 0.01	\$ 0.06	\$ 0.11	\$ 0.04	\$ 0.22	\$ (0.01)	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.23	\$ 0.09	\$ 0.09	\$ 0.10	\$ 0.10	\$ 0.38
Basic shares outstanding	15.11	15.07	15.01	14.95	14.89	14.75	14.64	14.64	14.47	14.47	14.47	14.47	14.47	14.47	14.47	14.47	14.47	14.47
Diluted shares outstanding	15.11	15.07	15.01	14.95	14.89	14.75	14.64	14.64	14.47	14.47	14.47	14.47	14.47	14.47	14.47	14.47	14.47	14.47
Margin Analysis																		
Operating Margin	-53.7%	37.7%	45.0%	35.9%	24.4%	20.1%	9.1%	23.4%	6.9%	43.1%	43.1%	43.1%	34.6%	43.1%	43.1%	43.1%	43.1%	43.1%
Pre-Tax Margin	-103.6%	172.9%	20.1%	4.2%	29.1%	53.7%	26.1%	27.1%	-7.7%	43.1%	43.1%	43.1%	31.2%	43.1%	43.1%	43.1%	43.1%	43.1%
Net Income Margin	-99.7%	147.6%	15.5%	2.4%	23.3%	45.3%	16.1%	20.9%	-5.6%	33.6%	33.6%	33.6%	24.4%	33.6%	33.6%	33.6%	33.6%	33.6%
Tax Rate	3.8%	14.6%	23.1%	42.5%	20.0%	15.7%	38.4%	22.9%	27.0%	22.0%	22.0%	22.0%	21.7%	22.0%	22.0%	22.0%	22.0%	22.0%
Growth Rate Y/Y																		
Total Revenue		383.8%	14.1%	-32.3%	-43.3%	-41.3%	-39.2%	-39.0%	-29.0%	-12.7%	-5.7%	8.4%	-11.1%	20.3%	21.6%	21.6%	21.6%	21.3%
Selling, General and Administrative		55.7%	21.2%	-5.9%	-14.6%	-31.0%	16.1%	-11.4%	-0.2%	-39.6%	-35.2%	-38.5%	-28.5%	-29.7%	21.6%	21.6%	21.6%	4.0%
Depreciation		-3.0%	15.3%	27.1%	8.9%	0.0%	-1.6%	7.5%	0.0%	-52.0%	-49.6%	-46.2%	-36.9%	-44.4%	21.6%	21.6%	21.6%	-4.7%
Operating Income		-439.8%	36.1%	-44.7%	-69.1%	-71.0%	-89.2%	-68.3%	-86.4%	54.5%	101.8%	412.2%	31.6%	655.5%	21.6%	21.6%	21.6%	50.9%
Pre-Tax Income		-907.0%	-86.7%	-93.6%	-76.0%	-278.2%	-163.0%	-17.8%	-229.6%	29.2%	-24.3%	78.8%	2.5%	-774.0%	21.6%	21.6%	21.6%	67.4%
Net Income		-749.6%	-88.1%	-95.5%	-75.8%	-293.9%	-140.5%	-17.5%	-264.5%	25.9%	-29.9%	126.4%	4.0%	-819.8%	21.6%	21.6%	21.6%	66.7%
EPS		-784.2%	-88.0%	-95.5%	-75.6%	-297.3%	-141.6%	-15.4%	-270.0%	29.6%	-28.6%	129.1%	5.2%	-819.8%	21.6%	21.6%	21.6%	66.8%
Share Count- fully diluted		-0.3%	-0.4%	-0.5%	-0.9%	-1.8%	-2.5%	-2.5%	-3.2%	-2.8%	-1.9%	-1.2%	-1.2%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company Reports, Stonegate Capital Partners estimates

CASH FLOW STATEMENT

U.S. Global Investors, Inc. Consolidated Cashflow Statements (USD\$Ms) Fiscal Year: Jun																	
	FY2020	Q1 Sep-20	Q2 Dec-20	Q3 Mar-21	Q4 Jun-21	FY2021	Q1 Sep-21	Q2 Dec-21	Q3 Mar-22	Q4 Jun-22	FY 2022	Q1 Sep-22	Q2 Dec-22	Q3 Mar-23	Q3 Jun-23	FY 2023	Q1 Sep-23
Cash Flow from Operating Activities																	
Net Income	(4.8)	1.9	18.6	27.2	32.0	32.0	2.4	6.0	5.1	3.8	3.8	0.1	1.0	2.6	3.1	3.1	(0.2)
Depreciation, Amortization and accretion	0.2	0.0	0.1	(0.3)	0.4	0.4	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.0)
Net recognized loss on disposal of fixed assets	-	-	0.0	0.0	0.0	0.0	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	-
Net realized gains on securities	-	-	(15.0)	(15.5)	(17.7)	(17.7)	(2.4)	(3.0)	(3.5)	(4.0)	(4.0)	(0.5)	(0.9)	(1.3)	(1.2)	(1.2)	0.5
Unrealized losses on securities	-	-	(6.5)	(13.7)	(9.9)	(9.9)	2.8	2.5	7.0	11.9	11.9	1.9	2.8	2.5	2.5	2.5	0.5
Investment basis adjustment	(0.0)	-	-	0.0	0.0	0.0	-	-	-	0.0	0.0	-	-	(0.0)	(0.0)	(0.0)	-
Gain on Disposal of Galileo	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income from equity method investment	0.1	(0.0)	(0.5)	(0.4)	(0.3)	(0.3)	(0.0)	0.0	0.2	0.2	0.2	-	-	-	-	-	-
Net loss from discontinued operations, net of tax	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency transaction gain	0.2	-	-	-	-	-	-	-	(0.0)	(0.0)	(0.0)	-	-	-	-	-	-
Provision for deferred taxes	(0.1)	0.0	1.0	2.8	1.1	1.1	(0.9)	(0.7)	(1.8)	(2.9)	(2.9)	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)	(0.3)
Allowance for credit loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.0)
Stock bonuses	0.1	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation expense	-	-	-	-	0.0	0.0	0.4	0.7	0.7	0.7	0.7	-	-	-	-	-	-
PPP loan forgiveness	-	-	(0.4)	(0.4)	(0.4)	(0.4)	-	-	-	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities																	
Accounts and other receivables	(0.7)	(0.3)	(1.1)	(1.7)	(3.7)	(3.7)	1.4	2.3	2.4	2.5	2.5	0.5	0.4	0.8	0.4	0.4	0.3
Prepaid expenses and other assets	(0.1)	0.1	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)	0.1	(0.2)	(0.1)	(0.1)	(0.1)	0.2
Investment Securities	4.0	(1.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accrued expenses	0.7	0.1	4.5	4.1	3.4	3.4	(1.1)	(1.8)	(0.5)	(1.1)	(1.1)	(0.5)	(1.6)	(1.3)	(1.1)	(1.1)	(0.1)
Total adjustments	4.6	(1.0)	(18.0)	(25.3)	(27.2)	(27.2)	0.0	(0.5)	4.0	6.7	6.7	1.1	0.2	0.0	(0.2)	(0.2)	1.1
Net cash provided by operating activities	(0.2)	0.9	0.6	1.9	4.8	4.8	2.4	5.5	9.1	10.5	10.5	1.2	1.1	2.6	2.9	2.9	0.9
Cash Flow from Investing Activities																	
Purchase of property and equipment	-	-	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Purchase of equity securities at fair value, current	-	-	(0.1)	-	-	-	-	(0.1)	-	(6.0)	(6.0)	-	-	-	-	-	-
Purchase of equity securities at fair value, non-current	-	-	-	(6.0)	(6.0)	(6.0)	-	-	(0.1)	(0.1)	(0.1)	-	-	-	-	-	-
Purchase of other investments	(0.1)	(0.1)	(0.2)	(0.7)	(0.9)	(0.9)	-	(0.1)	(0.6)	(0.6)	(0.6)	(0.5)	(0.5)	(0.7)	(0.7)	(0.7)	-
Proceeds from sale of Galileo	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of held-to-maturity debt securities	-	-	(1.0)	(1.0)	(1.0)	(1.0)	-	-	-	-	-	-	-	-	-	-	-
Purchase of available-for-sale debt securities at fair value	-	-	-	(9.1)	(9.1)	(9.1)	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of equity method investment	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-	-	-	-	-	-
Proceeds on sale of equity securities at fair value, current	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.4	0.4	0.8
Proceeds on sale of equity securities at fair value, non-current	-	-	20.7	22.4	24.3	24.3	2.5	2.9	2.9	2.9	2.9	-	-	-	-	-	-
Proceeds from principal paydowns of available-for-sale debt securities at fair value	-	-	-	0.7	1.4	1.4	0.8	1.5	2.3	3.0	3.0	0.8	1.5	2.3	3.0	3.0	0.8
Proceeds from notes receivable	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Return of capital on other investments	0.0	0.0	0.0	-	-	-	-	-	-	0.0	0.0	0.0	0.0	-	-	-	-
Net cash provided by investing activities	0.8	(0.1)	19.3	6.2	8.7	8.7	3.2	3.9	4.3	(1.0)	(1.0)	0.3	1.0	1.9	2.7	2.7	1.5
Cash Flows from Financing Activities																	
Principal payments on financing lease	-	-	-	-	-	-	-	-	-	-	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Proceeds from loan	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.0
Repurchases of common stock	(0.1)	(0.0)	(0.1)	(0.2)	(0.3)	(0.3)	(0.1)	(0.1)	(0.2)	(0.5)	(0.5)	(0.1)	(0.4)	(0.9)	(1.2)	(1.2)	(0.6)
Dividends paid	(0.5)	(0.1)	(0.2)	(0.4)	(0.6)	(0.6)	(0.2)	(0.6)	(0.9)	(1.2)	(1.2)	(0.3)	(0.7)	(1.0)	(1.3)	(1.3)	(0.3)
Net cash used in financing activities	(0.1)	(0.1)	(0.3)	(0.6)	(0.9)	(0.9)	(0.3)	(0.7)	(1.1)	(1.6)	(1.6)	(0.5)	(1.0)	(1.9)	(2.5)	(2.5)	(0.9)
Net increase in cash, cash equivalents, and restricted cash	0.5	0.7	19.7	7.5	12.5	12.5	5.3	8.7	12.3	7.9	7.9	1.0	1.1	2.6	3.1	3.1	1.5
Beginning cash, cash equivalents, and restricted cash	2.5	3.0	3.0	3.0	3.0	3.0	15.4	15.4	15.4	15.4	15.4	23.3	23.3	23.3	23.3	23.3	26.4
Ending cash, cash equivalents, and restricted cash	3.0	3.6	22.6	10.5	15.4	15.4	20.8	24.2	27.8	23.3	23.3	24.3	24.4	25.9	26.4	26.4	27.9

Important disclosures and disclaimers

The following disclosures are related to Stonegate Capital Partners (SCP) research reports.

The information used for the creation of this report has been obtained from sources we considered to be reliable, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice and SCP does not undertake to advise you of any such changes. In preparing this research report, SCP analysts obtain information from a variety of sources, including but not limited to, the issuing Company, a variety of outside sources, public filings, the principals of SCP, and outside consultants. SCP and its analyst may engage outside contractors in the preparation of this report. The information contained in this report by the SCP analyst is believed to be factual, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. While SCP endeavors to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. Reproduction or redistribution of this report without the expressed written consent of SCP is prohibited. Additional information on any securities mentioned is available on request. SCP does not rate the securities covered in its research. SCP does not have, nor has previously had, a rating for any securities of the Company. SCP does not have a price target for any securities of the Company.

Recipients of this report who are not market professionals or institutional investors should seek the advice of their independent financial advisor before making any investment decision based on this report or for any necessary explanation of its contents. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This report is the independent work of SCP and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein.

SCP does not provide, nor has it received compensation for investment banking services on the securities covered in this report. SCP does not expect to receive compensation for investment banking services on the securities covered in this report. SCP has a non-exclusive Advisory Services agreement to provide research coverage, retail and institutional awareness, and overall Investor Relations support and for which it is compensated \$5,000 per month. SCP's equity affiliate, Stonegate Capital Markets (SCM) - member FINRA/SIPC - may seek to provide investment banking services on the securities covered in this report for which it could be compensated.

SCP Analysts are restricted from holding or trading securities in the issuers which they cover. Research Analyst and/or a member of the Analyst's household do not own shares of this security. Research Analyst, employees of SCP, and/or a member of the Analyst's household do not serve as an officer, director, or advisory board member of the Company. SCP and SCM do not make a market in any security, nor do they act as dealers in securities.

SCP Analysts are paid in part based on the overall profitability of SCP and SCM. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by SCP for services described above. No part of Analyst compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or article. This security is eligible for sale in one or more states. This security may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.

CONTACT INFORMATION

Investor Relations

Stonegate Capital Partners
500 Crescent Court
Dallas, Texas
Phone: 214-987-4121
www.stonegateinc.com