

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **December 31, 2022**

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File Number **0-13928**

U.S. GLOBAL INVESTORS, INC.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

74-1598370
(IRS Employer Identification No.)

7900 Callaghan Road
San Antonio, Texas
(Address of principal executive offices)

78229
(Zip Code)

(210) 308-1234
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--|--------------------------|--|
| Class A common stock, \$0.025 par value per share | GROW | NASDAQ Capital Market |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

On June 1, 2023, there were 13,866,999 shares of Registrant's class A nonvoting common stock issued and 12,518,583 shares of Registrant's class A nonvoting common stock issued and outstanding; no shares of Registrant's class B nonvoting common shares outstanding; and 2,068,549 shares of Registrant's class C voting common stock issued and outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS

| <i>(dollars in thousands)</i> | December 31, 2022 | June 30, 2022 |
|---|--------------------------|----------------------|
| | (unaudited) | |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 23,416 | \$ 22,314 |
| Restricted cash | 1,000 | 1,000 |
| Investments in equity securities at fair value, current | 11,991 | 12,138 |
| Accounts and other receivables | 1,438 | 1,796 |
| Tax receivable | 294 | 384 |
| Prepaid expenses | 601 | 400 |
| Total Current Assets | 38,740 | 38,032 |
| Net Property and Equipment | 1,259 | 1,370 |
| Other Assets | | |
| Deferred tax asset | 1,609 | 872 |
| Investments in equity securities at fair value, non-current | 1,273 | 2,162 |
| Investments in available-for-sale debt securities at fair value | 8,127 | 10,625 |
| Investments in held-to-maturity debt securities | 1,000 | 1,000 |
| Other investments | 2,633 | 3,992 |
| Financing lease, right of use assets | 79 | 93 |
| Other assets, non-current | 231 | 216 |
| Total Other Assets | 14,952 | 18,960 |
| Total Assets | \$ 54,951 | \$ 58,362 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities | | |
| Accounts payable | \$ 83 | \$ 73 |
| Accrued compensation and related costs | 702 | 1,864 |
| Dividends payable | 335 | 337 |
| Financing lease liability, short-term | 28 | 27 |
| Other accrued expenses | 1,366 | 1,831 |
| Total Current Liabilities | 2,514 | 4,132 |
| Long-Term Liabilities | | |
| Deferred tax liability | 5 | - |
| Financing lease liability, long-term | 52 | 66 |
| Total Long-Term Liabilities | 57 | 66 |
| Total Liabilities | 2,571 | 4,198 |
| Commitments and Contingencies (Note 12) | | |
| Shareholders' Equity | | |
| Common stock (class A) - \$0.025 par value; nonvoting; 28,000,000 shares authorized; 13,866,999 shares issued at December 31, 2022, and June 30, 2022; 12,770,459 and 12,888,950 shares outstanding at December 31, 2022, and June 30, 2022, respectively | 347 | 347 |
| Common stock (class B) - \$0.025 par value; nonvoting; 4,500,000 shares authorized; no shares issued | - | - |
| Convertible common stock (class C) - \$0.025 par value; voting; 3,500,000 shares authorized; 2,068,549 shares issued and outstanding at December 31, 2022, and June 30, 2022 | 52 | 52 |
| Additional paid-in-capital | 16,441 | 16,438 |
| Treasury stock, class A shares at cost; 1,096,540 shares and 978,049 shares at December 31, 2022, and June 30, 2022, respectively | (2,958) | (2,599) |
| Accumulated other comprehensive income, net of tax | 1,890 | 3,624 |
| Retained earnings | 36,608 | 36,302 |
| Total Shareholders' Equity | 52,380 | 54,164 |
| Total Liabilities and Shareholders' Equity | \$ 54,951 | \$ 58,362 |

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

| | Six Months Ended | | Three Months Ended | |
|---|-------------------------|-----------------|---------------------------|-----------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| <i>(dollars in thousands, except per share data)</i> | | | | |
| Operating Revenues | | | | |
| Advisory fees | \$ 8,072 | \$ 12,995 | \$ 3,695 | \$ 6,525 |
| Administrative services fees | 68 | 100 | 33 | 49 |
| | <u>8,140</u> | <u>13,095</u> | <u>3,728</u> | <u>6,574</u> |
| Operating Expenses | | | | |
| Employee compensation and benefits | 2,305 | 3,654 | 1,130 | 1,730 |
| General and administrative | 3,012 | 3,364 | 1,508 | 1,766 |
| Advertising | 206 | 167 | 120 | 83 |
| Depreciation | 122 | 104 | 61 | 56 |
| Interest | 2 | - | 1 | - |
| | <u>5,647</u> | <u>7,289</u> | <u>2,820</u> | <u>3,635</u> |
| Operating Income | <u>2,493</u> | <u>5,806</u> | <u>908</u> | <u>2,939</u> |
| Other Income (Loss) | | | | |
| Investment income (loss) | (1,344) | 1,545 | 116 | 1,579 |
| Loss from equity method investments | - | (33) | - | (48) |
| Other income | 123 | 115 | 62 | 59 |
| | <u>(1,221)</u> | <u>1,627</u> | <u>178</u> | <u>1,590</u> |
| Income Before Income Taxes | <u>1,272</u> | <u>7,433</u> | <u>1,086</u> | <u>4,529</u> |
| Provision for Income Taxes | | | | |
| Tax expense | 296 | 1,453 | 217 | 939 |
| Net Income | <u>\$ 976</u> | <u>\$ 5,980</u> | <u>\$ 869</u> | <u>\$ 3,590</u> |
| Basic Net Income per share | <u>\$ 0.07</u> | <u>\$ 0.40</u> | <u>\$ 0.06</u> | <u>\$ 0.24</u> |
| Diluted Net Income per share | <u>\$ 0.07</u> | <u>\$ 0.40</u> | <u>\$ 0.06</u> | <u>\$ 0.24</u> |
| Basic weighted average number of common shares outstanding | 14,919,317 | 15,025,953 | 14,889,946 | 15,021,792 |
| Diluted weighted average number of common shares outstanding | 14,919,693 | 15,027,007 | 14,890,031 | 15,022,814 |

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

| <i>(dollars in thousands)</i> | Six Months Ended December 31, | | Three Months Ended December 31, | |
|--|----------------------------------|-----------------|------------------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net Income | \$ 976 | \$ 5,980 | \$ 869 | \$ 3,590 |
| Other Comprehensive Loss: | | | | |
| Unrealized losses on available-for-sale securities arising during period, net of tax | (1,019) | (287) | (904) | (140) |
| Less: reclassification adjustment for gains included in net income, net of tax | (715) | (925) | (344) | (449) |
| Net change from available-for-sale securities | (1,734) | (1,212) | (1,248) | (589) |
| Foreign currency translation adjustment | - | (10) | - | 2 |
| Other Comprehensive Loss | (1,734) | (1,222) | (1,248) | (587) |
| Total Comprehensive Income (Loss) | <u>\$ (758)</u> | <u>\$ 4,758</u> | <u>\$ (379)</u> | <u>\$ 3,003</u> |

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

| | Common Stock (class A) | | Convertible Common Stock (class C) | | Additional Paid-in Capital | Treasury Stock | | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total |
|--|---------------------------|---------------|---------------------------------------|--------------|----------------------------------|------------------|-------------------|--|----------------------|------------------|
| | Shares | Par Value | Shares | Par Value | | Shares | Cost | | | |
| <i>(dollars in thousands, except share data)</i> | | | | | | | | | | |
| Balance at June 30, 2022 | 13,866,999 | \$ 347 | 2,068,549 | \$ 52 | \$ 16,438 | 978,049 | \$ (2,599) | \$ 3,624 | \$ 36,302 | \$ 54,164 |
| Repurchases of shares of Common Stock (class A) | - | - | - | - | - | 39,965 | (133) | - | - | (133) |
| Issuance of stock under ESPP of shares of Common Stock (class A) | - | - | - | - | 3 | (3,983) | 10 | - | - | 13 |
| Share-based compensation, adjustment for forfeitures, net of tax | - | - | - | - | (1) | - | - | - | - | (1) |
| Dividends declared | - | - | - | - | - | - | - | - | (335) | (335) |
| Other comprehensive loss, net of tax | - | - | - | - | - | - | - | (486) | - | (486) |
| Net income | - | - | - | - | - | - | - | - | 107 | 107 |
| Balance at September 30, 2022 | 13,866,999 | \$ 347 | 2,068,549 | \$ 52 | \$ 16,440 | 1,014,031 | \$ (2,722) | \$ 3,138 | \$ 36,074 | \$ 53,329 |
| Repurchases of shares of Common Stock (class A) | - | - | - | - | - | 87,407 | (249) | - | - | (249) |
| Issuance of stock under ESPP of shares of Common Stock (class A) | - | - | - | - | 1 | (4,898) | 13 | - | - | 14 |
| Dividends declared | - | - | - | - | - | - | - | - | (335) | (335) |
| Other comprehensive loss, net of tax | - | - | - | - | - | - | - | (1,248) | - | (1,248) |
| Net income | - | - | - | - | - | - | - | - | 869 | 869 |
| Balance at December 31, 2022 | <u>13,866,999</u> | <u>\$ 347</u> | <u>2,068,549</u> | <u>\$ 52</u> | <u>\$ 16,441</u> | <u>1,096,540</u> | <u>\$ (2,958)</u> | <u>\$ 1,890</u> | <u>\$ 36,608</u> | <u>\$ 52,380</u> |
| | Common Stock (class A) | | Convertible Common Stock (class C) | | Additional Paid-in Capital | Treasury Stock | | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total |
| | Shares | Par Value | Shares | Par Value | | Shares | Cost | | | |
| <i>(dollars in thousands, except share data)</i> | | | | | | | | | | |
| Balance at June 30, 2021 | 13,866,913 | \$ 347 | 2,068,635 | \$ 52 | \$ 15,677 | 898,953 | \$ (2,172) | \$ 6,587 | \$ 33,833 | \$ 54,324 |
| Repurchases of shares of Common Stock (class A) | - | - | - | - | - | 13,647 | (82) | - | - | (82) |
| Issuance of stock under ESPP of shares of Common Stock (class A) | - | - | - | - | 8 | (2,228) | 6 | - | - | 14 |
| Share-based compensation, net of tax | - | - | - | - | 388 | - | - | - | - | 388 |
| Dividends declared | - | - | - | - | - | - | - | - | (338) | (338) |
| Other comprehensive loss, net of tax | - | - | - | - | - | - | - | (635) | - | (635) |
| Net income | - | - | - | - | - | - | - | - | 2,390 | 2,390 |
| Balance at September 30, 2021 | 13,866,913 | \$ 347 | 2,068,635 | \$ 52 | \$ 16,073 | 910,372 | \$ (2,248) | \$ 5,952 | \$ 35,885 | \$ 56,061 |
| Repurchases of shares of Common Stock (class A) | - | - | - | - | - | 10,457 | (54) | - | - | (54) |
| Issuance of stock under ESPP of shares of Common Stock (class A) | - | - | - | - | 7 | (2,542) | 5 | - | - | 12 |
| Share-based compensation, net of tax | - | - | - | - | 345 | - | - | - | - | 345 |
| Dividends declared | - | - | - | - | - | - | - | - | (338) | (338) |
| Other comprehensive loss, net of tax | - | - | - | - | - | - | - | (587) | - | (587) |
| Net income | - | - | - | - | - | - | - | - | 3,590 | 3,590 |
| Balance at December 31, 2021 | <u>13,866,913</u> | <u>\$ 347</u> | <u>2,068,635</u> | <u>\$ 52</u> | <u>\$ 16,425</u> | <u>918,287</u> | <u>\$ (2,297)</u> | <u>\$ 5,365</u> | <u>\$ 39,137</u> | <u>\$ 59,029</u> |

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | Six Months Ended December 31, | |
|--|--------------------------------------|-------------|
| | 2022 | 2021 |
| <i>(dollars in thousands)</i> | | |
| Cash Flows from Operating Activities: | | |
| Net income | \$ 976 | \$ 5,980 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, amortization and accretion | (144) | (241) |
| Net recognized loss on disposal of fixed assets | 3 | - |
| Net realized gains on securities | (905) | (3,023) |
| Unrealized losses on securities | 2,842 | 2,462 |
| Net loss from equity method investment | - | 33 |
| Provision for deferred taxes | (274) | (745) |
| Share-based compensation expense | - | 733 |
| Changes in operating assets and liabilities: | | |
| Accounts and other receivables | 448 | 2,321 |
| Prepaid expenses and other assets | (202) | (191) |
| Accounts payable and accrued expenses | (1,616) | (1,836) |
| Total adjustments | 152 | (487) |
| Net cash provided by operating activities | 1,128 | 5,493 |
| Cash Flows from Investing Activities: | | |
| Purchase of property and equipment | (14) | (206) |
| Purchase of equity securities at fair value, non-current | - | (123) |
| Purchase of other investments | (477) | (98) |
| Proceeds on sale of equity securities at fair value, non-current | - | 2,850 |
| Proceeds from principal paydowns of available-for-sale debt securities at fair value | 1,500 | 1,500 |
| Return of capital on other investments | 5 | - |
| Net cash provided by investing activities | 1,014 | 3,923 |
| Cash Flows from Financing Activities: | | |
| Principal payments on financing lease | (13) | - |
| Issuance of common stock | 27 | 26 |
| Repurchases of common stock | (382) | (136) |
| Dividends paid | (672) | (563) |
| Net cash used in financing activities | (1,040) | (673) |
| Net increase in cash, cash equivalents, and restricted cash | 1,102 | 8,743 |
| Beginning cash, cash equivalents, and restricted cash | 23,314 | 15,436 |
| Ending cash, cash equivalents, and restricted cash | \$ 24,416 | \$ 24,179 |
| Supplemental Disclosures of Non-Cash Investing and Financing Activities | | |
| Dividends declared but not paid | \$ 335 | \$ 338 |
| Unsettled sales of non-current investments | \$ 4 | \$ - |
| Supplemental Disclosures of Cash Flow Information | | |
| Cash paid for income taxes | \$ 470 | \$ 1,926 |

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GLOBAL INVESTORS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. BASIS OF PRESENTATION AND CONSOLIDATION

U.S. Global Investors, Inc. (the “Company” or “U.S. Global”) has prepared the consolidated financial statements pursuant to accounting principles generally accepted in the United States of America (“U.S. GAAP”) and the rules and regulations of the United States Securities and Exchange Commission (“SEC”) that permit reduced disclosure for interim periods. The financial information included herein reflects all adjustments (consisting solely of normal recurring adjustments), which are, in management’s opinion, necessary for a fair presentation of results for the interim periods presented. The Company has consistently followed the accounting policies set forth in the notes to the consolidated financial statements in the Company’s Form 10-K/A-2 for the fiscal year ended June 30, 2022 (“Form 10-K/A-2”).

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, U.S. Global Investors (Bermuda) Limited, U.S. Global Investors (Canada) Limited (“USCAN”), and U.S. Global Indices, LLC.

There are two primary consolidation models in U.S. GAAP, the variable interest entity (“VIE”) and voting interest entity models. The Company’s evaluation for consolidation includes whether entities in which it has an interest or from which it receives fees are VIEs and whether the Company is the primary beneficiary of any VIEs identified in its analysis. A VIE is an entity in which either (a) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support or (b) the group of holders of the equity investment at risk lack certain characteristics of a controlling financial interest. The primary beneficiary is the entity that has the obligation to absorb a majority of the expected losses or the right to receive the majority of the residual returns and consolidates the VIE on the basis of having a controlling financial interest.

The Company holds variable interests in, but is not deemed to be the primary beneficiary of, certain funds it advises, specifically, certain funds in U.S. Global Investors Funds (“USGIF” or the “Funds”). The Company’s interests in these VIEs consist of the Company’s direct ownership therein and any fees earned but uncollected. See further information about these funds in Notes 2 and 3. In the ordinary course of business, the Company may choose to waive certain fees or assume operating expenses of the funds it advises for competitive, regulatory or contractual reasons (see Note 3 for information regarding fee waivers). The Company has not provided financial support to any of these entities outside the ordinary course of business. The Company’s risk of loss with respect to these VIEs is limited to the carrying value of its investments in, and fees receivable from, the entities. The Company is not deemed to be the primary beneficiary because it does not have the obligation to absorb a majority of the expected losses or the right to receive the majority of the residual returns. The Company does not consolidate these VIEs because it is not the primary beneficiary. The Company’s total exposure to unconsolidated VIEs, consisting of the carrying value of investment securities and receivables for fees, was \$12.7 million at December 31, 2022, and \$12.8 million at June 30, 2022.

The carrying amount of assets and liabilities recognized in the Consolidated Balance Sheets related to the Company’s interests in these non-consolidated VIEs were as follows:

| <i>(dollars in thousands)</i> | Carrying Value and Maximum Exposure to Loss | |
|---|--|----------------------|
| | December 31, 2022 | June 30, 2022 |
| Investments in securities at fair value, current | \$ 11,991 | \$ 12,138 |
| Investments in equity securities at fair value, non-current | 630 | 623 |
| Other receivables | 38 | 21 |
| Total VIE assets, maximum exposure to loss | 12,659 | 12,782 |
| Other accrued expenses | - | 110 |
| Total carrying amount | \$ 12,659 | \$ 12,672 |

Since the Company is not the primary beneficiary of the above funds it advises, the Company evaluated if it should consolidate under the voting interest entity model. Under the voting interest model, for legal entities other than partnerships, the usual condition for control is ownership, directly or indirectly, of more than 50 percent of the outstanding voting shares over an entity. The Company does not have control of any of the above funds it advises; therefore, the Company does not consolidate any of these funds.

During the three and six months ended December 31, 2021, the Company held a variable interest in a fund organized as a limited partnership, but this entity did not qualify as a VIE. Since it was not a VIE, the Company evaluated if it should consolidate it under the voting interest entity model. Under the voting interest model, for legal entities other than partnerships, the usual condition for control is ownership, directly or indirectly, of more than 50 percent of the outstanding voting shares over an entity. The Company did not have control of the entity and, therefore, does not consolidate it. However, the Company was considered to have the ability to exercise significant influence. Thus, the investment had been accounted for under the equity method of accounting. During fiscal 2022, this entity was dissolved. See further information about this investment in Note 2.

All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts have been reclassified for comparative purposes. Certain quarterly amounts may not add to the year-to-date amount due to rounding. The results of operations for the interim periods disclosed herein are not necessarily indicative of the results the Company may expect for the fiscal year ending June 30, 2023 (“fiscal 2023”).

The unaudited interim financial information in these consolidated financial statements should be read in conjunction with the consolidated financial statements contained in the Company’s annual report on Form 10-K/A-2; interim disclosures generally do not repeat those in the annual statements.

Use of Estimates

Preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Actual results may materially differ from those estimates.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, and has subsequently issued several amendments (collectively, “ASU 2016-13”). ASU 2016-13 adds to U.S. GAAP an impairment model (known as the current expected credit loss model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses. ASU 2016-13 will be effective for smaller reporting companies, including U.S. Global, for fiscal years beginning after December 15, 2022. Earlier application is permitted only for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating if this guidance will have a material effect to its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes (“ASU 2019-12”)*. ASU 2019-12 enhances and simplifies various aspects of the income tax accounting guidance. The amendments in ASU 2019-12 are effective for public business entities for fiscal years beginning after December 15, 2020, including interim periods therein. Early adoption of the standard is permitted. The standard became effective for the Company on July 1, 2021. The adoption of the standard did not have a material impact on the Company’s consolidated financial statements or disclosures.

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820), Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (“ASU 2022-03”)*. The FASB issued ASU 2022-03 (1) to clarify the guidance in Topic 820, Fair Value Measurement, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) to amend a related illustrative example, and (3) to introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. ASU 2022-03 will be effective for fiscal years beginning after December 15, 2023. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the new guidance and does not expect the adoption of the new standard to have a material impact on its consolidated financial statements.

NOTE 2. INVESTMENTS

As of December 31, 2022, the Company held investments carried at fair value on a recurring basis of \$21.4 million and a cost basis of \$28.2 million. The fair value of these investments is approximately 38.9 percent of the Company’s total assets at December 31, 2022. In addition, the Company held other investments of approximately \$2.6 million and held-to-maturity debt investments of \$1.0 million.

The cost basis of investments is adjusted for amortization of premium or accretion of discount on debt securities held or the recharacterization of distributions from investments in partnerships.

Concentrations of Credit Risk

A significant portion of the Company’s investments carried at fair value on a recurring basis is investments in USGIF, which were \$12.6 million and \$12.8 million as of December 31, 2022, and June 30, 2022, respectively, and investments in HIVE Blockchain Technologies Ltd. (“HIVE”), which were warrants and convertible debentures valued at \$8.2 million at December 31, 2022, and \$11.1 million at June 30, 2022. For these investments, the maximum amount of loss due to credit risk the Company could incur is the fair value of the financial instruments.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation techniques described below maximize the use of observable inputs and minimize the use of unobservable inputs in determining fair value.

The inputs used for measuring financial instruments at fair value are summarized in the three broad levels listed below:

Level 1 – Inputs represent unadjusted quoted prices for identical assets exchanged in active markets.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar assets exchanged in active or inactive markets; quoted prices for identical assets exchanged in inactive markets; other inputs that may be considered in fair value determinations of the assets, such as interest rates and yield curves; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs include unobservable inputs used in the measurement of assets. The Company is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets and it may be unable to corroborate the related observable inputs. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in valuing assets.

The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected may materially differ from the values received upon actual sale of those investments.

The Company has established a Proprietary Valuation Committee (the “Committee”) to administer and oversee the Company’s valuation policies and procedures, which are approved by the Board of Directors, and to perform a periodic review of valuations provided by independent pricing services.

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For actively traded securities, the Company values investments using the closing price of the securities on the exchange or market on which the securities principally trade. If the security is not traded on the last business day of the quarter, it is generally valued at the mean between the last bid and ask quotation. The fair value of a security that has a restriction is based on the quoted price for an otherwise identical unrestricted instrument that trades in a public market, adjusted for the estimated effect of the restriction. Mutual funds, which include open- and closed-end funds and exchange-traded funds, are valued at net asset value or closing price, as applicable.

For common share purchase warrants not traded on an exchange, the estimated fair value is determined using the Black-Scholes option-pricing model. This sophisticated model utilizes a number of assumptions in arriving at its results, including the estimated life, the risk-free interest rate, and historical volatility of the underlying common stock. The Company may change the assumption of the risk-free interest rate and utilize the yield curve for instruments with similar characteristics, such as credit ratings and jurisdiction, or change the expected volatility. The effects of changing any of the assumptions or factors employed by the Black-Scholes model may result in a significantly different valuation.

Certain convertible debt securities not traded on an exchange are valued by an independent pricing service using a binomial lattice model based on factors such as yield, quality, maturity, coupon rate, type of issuance, individual trading characteristics of the underlying common shares and other market data. The model utilizes a number of assumptions in arriving at its results. The effects of changing any of the assumptions or factors utilized in the binomial lattice model, including expected volatility, credit adjusted discount rates, and discounts for lack of marketability, may result in a significantly different valuation for the securities.

For other securities included in the fair value hierarchy with unobservable inputs, the Committee considers a number of factors in determining a security's fair value, including the security's trading volume, market values of similar class issuances, investment personnel's judgment regarding the market experience of the issuer, financial status of the issuer, the issuer's management, and back testing, as appropriate. The fair values may differ from what may have been used had a broader market for these securities existed. The Committee reviews inputs and assumptions and reports material items to the Board of Directors. Securities which do not have readily determinable fair values are also periodically reviewed by the Committee.

The following tables summarize the major categories of investments with fair values adjusted on a recurring basis as of December 31, 2022, and June 30, 2022, and other investments with fair values adjusted on a nonrecurring basis, with fair values shown according to the fair value hierarchy.

| | December 31, 2022 | | | Total |
|---|-------------------------------|---|--|------------------|
| | Quoted Prices (Level 1) | Significant Other Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| <i>(dollars in thousands)</i> | | | | |
| Investments carried at fair value on a recurring basis: | | | | |
| Investments in equity securities: | | | | |
| Equities - International | \$ 617 | \$ - | \$ 26 | \$ 643 |
| Mutual funds - Fixed income | 11,991 | - | - | 11,991 |
| Mutual funds - Global equity | 630 | - | - | 630 |
| Total investments in equity securities: | <u>\$ 13,238</u> | <u>\$ -</u> | <u>\$ 26</u> | <u>\$ 13,264</u> |
| Investments in debt securities: | | | | |
| Available-for-sale - Convertible debentures | - | - | 8,127 | 8,127 |
| Total investments carried at fair value on a recurring basis: | <u>\$ 13,238</u> | <u>\$ -</u> | <u>\$ 8,153</u> | <u>\$ 21,391</u> |
| Investments carried at fair value on a nonrecurring basis: | | | | |
| Other investments ⁽¹⁾ | \$ - | \$ - | \$ 1,439 | \$ 1,439 |

¹ Other investments include equity securities without readily determinable fair values that were adjusted as a result of the measurement alternative on dates during the six months ended December 31, 2022. These securities are classified as level 3 due to the infrequency of the observable price changes and/or restrictions on the shares.

| | June 30, 2022 | | | Total |
|---|-------------------------------|---|--|------------------|
| | Quoted Prices (Level 1) | Significant Other Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| <i>(dollars in thousands)</i> | | | | |
| Investments carried at fair value on a recurring basis: | | | | |
| Investments in equity securities: | | | | |
| Equities - International | \$ 1,024 | \$ - | \$ 515 | \$ 1,539 |
| Mutual funds - Fixed income | 12,138 | - | - | 12,138 |
| Mutual funds - Global equity | 623 | - | - | 623 |
| Total investments in equity securities: | <u>\$ 13,785</u> | <u>\$ -</u> | <u>\$ 515</u> | <u>\$ 14,300</u> |
| Investments in debt securities: | | | | |
| Available-for-sale - Convertible debentures | - | - | 10,625 | 10,625 |
| Total investments carried at fair value on a recurring basis: | <u>\$ 13,785</u> | <u>\$ -</u> | <u>\$ 11,140</u> | <u>\$ 24,925</u> |
| Investments carried at fair value on a nonrecurring basis: | | | | |
| Other investments ⁽¹⁾ | \$ - | \$ - | \$ 781 | \$ 781 |

1. *Other investments include equity securities without readily determinable fair values that were adjusted as a result of the measurement alternative on dates during the fiscal year ended June 30, 2022. These securities are classified as level 3 due to the infrequency of the observable price changes and/or restrictions on the shares.*

The securities classified as Level 3 and carried at fair value on a recurring basis in the preceding tables are investments in HIVE Blockchain Technologies Ltd. (“HIVE”), which were warrants and convertible debentures valued at \$8.2 million at December 31, 2022, and \$11.1 million at June 30, 2022. The Company utilizes an independent third-party to estimate the fair values of the investments in HIVE.

The following table is a reconciliation of investments recorded at fair value for which unobservable inputs (Level 3) were used in determining fair value during the six months ended December 31, 2022.

| | Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis | |
|---|---|-----------------------------------|
| | Six Months Ended December 31, 2022 | |
| | Investments in equity securities | Investments in debt securities |
| <i>(dollars in thousands)</i> | | |
| Beginning Balance | \$ 515 | \$ 10,625 |
| Principal repayments | - | (1,500) |
| Amortization of day one premium | - | (136) |
| Accretion of bifurcation discount | - | 403 |
| Total unrealized gains or losses included in: | | |
| Investment Income (Loss) | (489) | 930 |
| Other Comprehensive Loss | - | (2,195) |
| Ending Balance | <u>\$ 26</u> | <u>\$ 8,127</u> |

During January 2021, the Company purchased convertible securities of HIVE, a company that is headquartered in Canada with cryptocurrency mining facilities in Iceland, Sweden, and Canada, for \$15.0 million. The convertible securities are comprised of 8.0% interest-bearing unsecured convertible debentures, payable in quarterly installments with a final maturity in January 2026, and 5 million common share purchase warrants in the capital of HIVE. Under the original terms, the principal amount of each debenture was convertible into common shares in the capital of HIVE at a conversion rate of \$2.34, and each whole warrant, expiring in January 2024, entitled the Company to acquire one common share at a price of \$3.00 (Canadian). Under the current terms, which reflect a reverse stock split, the principal amount of each debenture is convertible into common shares in the capital of HIVE at a conversion rate of \$11.70, and each five whole warrants entitles the Company to acquire one common share at a price of \$15.00 (Canadian). The remaining principal amount was \$9.1 million as of December 31, 2022. Cryptocurrency markets and related securities have been, and are expected to continue to be, volatile. There has been significant volatility in the market price of HIVE, which has materially impacted the value of the investments included on the consolidated balance sheets, unrealized gain (loss) recognized in investment income (loss), and unrealized gain (loss) recognized in other comprehensive income (loss). The investments did not represent ownership in HIVE as of December 31, 2022, or June 30, 2022. The securities are subject to Canadian securities regulations. Frank Holmes serves on the board as executive chairman of HIVE and held shares and options at December 31, 2022. Effective August 31, 2018, Mr. Holmes was named Interim Executive Chairman of HIVE. From August 2018 through January 2023, Mr. Holmes was Interim CEO. Effective December 22, 2020, Mr. Holmes became the Executive Chairman of HIVE.

The Company recorded the warrants at the estimated fair value of \$5.9 million on the purchase date. The debentures were recorded at the estimated fair value of \$16.0 million on purchase date, and an unrealized gain of \$6.9 million was recognized in other comprehensive income (loss), which will be realized in investment income (loss) ratably using the effective interest method until maturity, conversion, or other disposition. During the three and six months ended December 31, 2022, \$436,000 and \$905,000, respectively, was realized in investment income (loss). During the three and six months ended December 31, 2021, \$569,000 and \$1.2 million, respectively, was realized in investment income (loss). The fair value of the warrants and debentures was \$26,000 and \$8.1 million, respectively, at December 31, 2022, and \$515,000 and \$10.6 million, respectively, at June 30, 2022.

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The Company currently considers the fair value measurements of HIVE convertible securities to contain Level 3 inputs. The following is quantitative information as of December 31, 2022, with respect to the securities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3).

| <i>(dollars in thousands)</i> | December 31, 2022 | | |
|---|-------------------|--------------------------------|-------------------------------------|
| | Fair Value | Principal Valuation Techniques | Unobservable Inputs |
| Investments in equity securities: | | | |
| Common share purchase warrants | \$ 26 | Option pricing model | |
| | | | Volatility 95.8% |
| Investments in debt securities: | | | |
| Available-for-sale - Convertible debentures | \$ 8,127 | Binomial lattice model | |
| | | | Volatility 105.1% |
| | | | Credit Adjusted Discount Rate 15.8% |

During the fiscal year ended June 30, 2022, the Company sold its investment in Thunderbird Entertainment Group Inc. (“Thunderbird”), a company headquartered and traded in Canada. During the three and six months ended December 31, 2021, the Company realized gains on sales of this investment in the amount of \$43,000 and \$1.9 million, respectively. The Company did not have ownership of Thunderbird as of December 31, 2022. Frank Holmes served on the board of this company as a director from June 2014 to March 2021.

Equity Investments at Fair Value

Investments in equity securities with readily determinable fair values are carried at fair value, and changes in unrealized gains or losses are reported in the current period's earnings.

The following details the components of the Company's equity investments carried at fair value as of December 31, 2022, and June 30, 2022.

| <i>(dollars in thousands)</i> | December 31, 2022 | | |
|--|-------------------|---------------------------|------------------|
| | Cost | Unrealized Gains (Losses) | Fair Value |
| Equity securities at fair value | | | |
| Equities - International | \$ 6,680 | \$ (6,037) | \$ 643 |
| Equities - Domestic | 45 | (45) | - |
| Mutual funds - Fixed income | 12,313 | (322) | 11,991 |
| Mutual funds - Global equity | 929 | (299) | 630 |
| Total equity securities at fair value | \$ 19,967 | \$ (6,703) | \$ 13,264 |

| <i>(dollars in thousands)</i> | June 30, 2022 | | |
|--|------------------|---------------------------|------------------|
| | Cost | Unrealized Gains (Losses) | Fair Value |
| Equity securities at fair value | | | |
| Equities - International | \$ 6,680 | \$ (5,141) | \$ 1,539 |
| Equities - Domestic | 45 | (45) | - |
| Mutual funds - Fixed income | 12,313 | (175) | 12,138 |
| Mutual funds - Global equity | 929 | (306) | 623 |
| Total equity securities at fair value | \$ 19,967 | \$ (5,667) | \$ 14,300 |

Debt Investments

Investments in debt securities are classified on the acquisition dates and at each balance sheet date. Securities classified as held-to-maturity are carried at amortized cost, reflecting the ability and intent to hold the securities to maturity. Debt securities classified as trading are acquired with the intent to sell in the near term and are carried at fair value with changes reported in earnings. All other debt securities are classified as available-for-sale and are carried at fair value.

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Investment gains and losses on available-for-sale debt securities are recorded when the securities are sold, as determined on a specific identification basis, and recognized in current period earnings. Changes in unrealized gains on available-for-sale debt securities are reported net of tax in accumulated other comprehensive income (loss). For debt securities in an unrealized loss position, a loss in earnings is recognized for the excess of amortized cost over fair value if the Company intends to sell before the price recovers. Otherwise, the Company evaluates as of the balance sheet date whether the unrealized losses are attributable to credit losses or other factors. The severity of the decline in value, creditworthiness of the issuer and other relevant factors are considered. The portion of unrealized loss the Company believes is related to a credit loss is recognized earnings, and the portion of unrealized loss the Company believes is not related to a credit loss is recognized in other comprehensive income (loss).

The following details the components of the Company's available-for-sale debt investments as of December 31, 2022, and June 30, 2022.

| | December 31, 2022 | | | |
|---|-------------------|---|---|------------|
| | Amortized Cost | Gross Unrealized Gains in Other Comprehensive Income (Loss) | Gross Unrealized Losses in Investment Income (Loss) | Fair Value |
| <i>(dollars in thousands)</i> | | | | |
| Available-for-sale - Convertible debentures (1) | \$ 8,246 | \$ 2,393 | \$ (2,512) | \$ 8,127 |

| | June 30, 2022 | | | |
|---|----------------|---|---|------------|
| | Amortized Cost | Gross Unrealized Gains in Other Comprehensive Income (Loss) | Gross Unrealized Losses in Investment Income (Loss) | Fair Value |
| <i>(dollars in thousands)</i> | | | | |
| Available-for-sale - Convertible debentures (1) | \$ 8,576 | \$ 4,588 | \$ (2,539) | \$ 10,625 |

- Changes in unrealized gains and losses are included in the consolidated statements of comprehensive income (loss), except for embedded derivatives. Changes in unrealized gains and losses for embedded derivatives are included in investment income (loss) in the consolidated statements of operations.

The following details the components of the Company's held-to-maturity debt investments as of December 31, 2022, and June 30, 2022.

| | December 31, 2022 | | | |
|-----------------------------------|-------------------|--|---|------------|
| | Amortized Cost | Gross Unrecognized Holding Gains | Gross Unrecognized Holding Losses | Fair Value |
| <i>(dollars in thousands)</i> | | | | |
| Held-to-maturity - Debentures (1) | \$ 1,000 | \$ - | \$ (251) | \$ 749 |

| | June 30, 2022 | | | |
|-----------------------------------|----------------|--|---|------------|
| | Amortized Cost | Gross Unrecognized Holding Gains | Gross Unrecognized Holding Losses | Fair Value |
| <i>(dollars in thousands)</i> | | | | |
| Held-to-maturity - Debentures (1) | \$ 1,000 | \$ - | \$ (133) | \$ 867 |

- Held-to-maturity debt investments are carried at amortized cost, and the fair value is classified as Level 2 according to the fair value hierarchy.

At December 31, 2022, and June 30, 2022, the Company held \$1.0 million in one security classified as held-to-maturity. The security had an estimated fair value that was lower than the carrying value by \$251,000 at December 31, 2022, and \$133,000 at June 30, 2022. We have evaluated the unrealized loss on the security at December 31, 2022, and determined it to be of a temporary nature and caused by fluctuations in market interest rates, not by concerns about the ability of the issuer to meet their obligations.

The following summarizes the net carrying amount and estimated fair value of debt securities at December 31, 2022, by contractual maturity dates. Actual maturities may differ from final contractual maturities due to principal repayment installments or prepayment rights held by issuers.

| | December 31, 2022 | |
|-------------------------------|---------------------------------------|--|
| | Available-for-sale debt securities | Held-to-maturity debt securities |
| | Convertible debentures (1) | Due after one year through five years |
| <i>(dollars in thousands)</i> | | |
| Amortized Cost | \$ 8,246 | \$ 1,000 |
| Fair Value | \$ 8,127 | \$ 749 |

- Principal payments of \$750,000 are due quarterly with a final maturity date in January 2026.

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Certain derivatives embedded in other financial instruments, such as the conversion option in a convertible bond, are reported at fair value, and changes in fair value are recorded through earnings within investment income (loss). The host contract continues to be accounted for in accordance with the appropriate accounting standard. The embedded derivative and the related host contract represent one legal contract and are combined on the Consolidated Balance Sheets and the preceding tables. The Company held one financial instrument containing an embedded derivative, which represents an investment in HIVE, at December 31, 2022, and June 30, 2022.

The following table summarizes the fair values of embedded derivatives on the consolidated balance sheets, categorized by risk exposure, at December 31, 2022, and June 30, 2022.

| <i>(dollars in thousands)</i> Embedded Derivatives: | <u>December 31, 2022</u> | <u>June 30, 2022</u> |
|---|--|--|
| | <u>Other Assets</u> | <u>Other Assets</u> |
| | <u>Investments in available-for-sale debt securities</u> | <u>Investments in available-for-sale debt securities</u> |
| Equity price risk exposure | \$ 29 | \$ 3 |

The following table presents the effect of embedded derivatives on the consolidated statements of operations, categorized by risk exposure, for the three and six months ended December 31, 2022, and 2021.

| <i>(dollars in thousands)</i> Embedded Derivatives: | <u>Six Months Ended December 31,</u> | | <u>Three Months Ended December 31,</u> | |
|---|--------------------------------------|---------------------------------|--|---------------------------------|
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| | <u>Other Income (Loss)</u> | <u>Other Income (Loss)</u> | <u>Other Income (Loss)</u> | <u>Other Income (Loss)</u> |
| | <u>Investment Income (Loss)</u> | <u>Investment Income (Loss)</u> | <u>Investment Income (Loss)</u> | <u>Investment Income (Loss)</u> |
| Equity price risk exposure | \$ 26 | \$ (559) | \$ 26 | \$ (121) |

Other Investments

Other investments consist of equity investments in entities over which the Company is unable to exercise significant influence and which do not have readily determinable fair values. For these securities, the Company generally elects to value using the measurement alternative, under which such securities are measured at cost, less impairment, if any. If the Company identifies observable price changes for identical or similar securities of the same issuer, the equity security is measured at fair value as of the date the observable transaction occurred, with such changes recorded in investment income (loss).

The carrying value of equity securities without readily determinable fair values was approximately \$4.0 million as of June 30, 2022. The following table presents the carrying value of equity securities without readily determinable fair values held as of December 31, 2022, and 2021, that are measured under the measurement alternative and the related adjustments recorded during the periods presented for those securities with observable price changes or impairments. These securities are included in the nonrecurring fair value hierarchy tables when applicable price changes are observable, or when impairments occur.

| <i>(dollars in thousands)</i> Other Investments | <u>Six Months Ended December 31,</u> | | <u>Three Months Ended December 31,</u> | |
|---|--------------------------------------|-------------|--|-------------|
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| | Carrying value | \$ 2,633 | \$ 3,551 | \$ 2,633 |
| Upward carrying value changes | \$ 5 | \$ - | \$ 5 | \$ - |
| Downward carrying value changes/impairment | \$ (1,841) | \$ - | \$ (2) | \$ - |

The period-end carrying values reflect cumulative purchases and sales in addition to upward and downward carrying value changes. The cumulative amount of upward adjustments to all equity securities without readily determinable fair values total \$2.5 million since their respective acquisitions through December 31, 2022. The cumulative amount of impairments and other downward adjustments, which include return of capital distributions and observable price changes, to all equity securities without readily determinable fair values total \$3.3 million since their respective acquisitions through December 31, 2022.

The Company has an investment in The Sonar Company (“Sonar”), a company headquartered in the United States, at a cost of \$175,000. The investment had a carrying value of approximately \$362,000 at December 31, 2022, and at June 30, 2022. Roy D. Terracina, Director and Vice Chairman of the Board of Directors for U.S. Global, has served as the CEO of Sonar since July 2021, and the Company’s ownership of Sonar was approximately 2.8 percent as of December 31, 2022.

Investments Classified as Equity Method

The Company had an equity method investment in Galileo New Economy Fund LP through its dissolution date, which occurred during the third quarter of fiscal 2022. The Company owned approximately 22 percent of the LP prior to dissolution, and the Company was considered to have the ability to exercise significant influence. Thus, the investment was accounted for under the equity method of accounting. Included in other income (loss) for the three and six months ended December 31, 2021, is \$48,000 and \$33,000, respectively, of equity method losses for this investment. Upon dissolution, the Company received a distribution, which included cash of \$85,000, and common shares of an investment held in the LP, which had a fair value of approximately \$228,000 when received. Frank Holmes also directly held an investment in the LP and received dissolution proceeds related to his direct investment.

Investment Income (Loss)

Investment income (loss) from the Company's investments includes:

- realized gains and losses on sales of securities;
- realized gains and losses on principal payment proceeds;
- unrealized gains and losses on securities at fair value;
- impairments and observable price changes on equity investments without readily determinable fair values;
- dividend and interest income; and
- realized foreign currency gains and losses.

The following summarizes investment income (loss) reflected in earnings for the periods presented.

| <i>(dollars in thousands)</i> Investment income (loss) | Six Months Ended December 31, | | Three Months Ended December 31, | |
|--|--|-----------------|--|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Realized gains on equity securities | \$ - | 1,853 | \$ - | \$ 43 |
| Realized gains on debt securities | 905 | 1,170 | 436 | 569 |
| Unrealized gains (losses) on equity securities | (2,868) | (1,903) | (937) | 455 |
| Unrealized gains (losses) on embedded derivatives | 26 | (559) | 26 | (121) |
| Dividend and interest income | 900 | 1,104 | 481 | 607 |
| Realized foreign currency gains (losses) | (307) | (120) | 110 | 26 |
| Total Investment Income (Loss) | \$ (1,344) | \$ 1,545 | \$ 116 | \$ 1,579 |

For the three and six months ended December 31, 2022, realized gains on principal payment proceeds in the amount of \$436,000 and \$905,000, respectively, were released from other comprehensive income (loss). For the three and six months ended December 31, 2021, realized gains on principal payment proceeds in the amount of \$569,000 and \$1.2 million, respectively, were released from other comprehensive income (loss).

The following table presents unrealized gains and losses recognized during the three and six months ended December 31, 2022, and 2021, on equity investments still held at each respective date.

| <i>(dollars in thousands)</i> | Six Months Ended December 31, | | Three Months Ended December 31, | |
|---|--|-----------------|--|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net gains and losses recognized during the period on equity securities | \$ (2,868) | \$ (50) | \$ (937) | \$ 498 |
| Less: Net gains and losses recognized during the period on equity securities sold during the period | - | 183 | - | (1) |
| Unrealized gains and losses recognized during the reporting period on equity securities still held at the reporting date (1) | \$ (2,868) | \$ (233) | \$ (937) | \$ 499 |

1. Includes \$5,000 of gains for the three months ended December 31, 2022, and \$1.8 million of net losses for the six months ended December 31, 2022, as a result of the measurement alternative. There were no net gains (losses) as a result of the measurement alternative for the three and six months ended December 31, 2021.

Investment income (loss) can be volatile and vary depending on market fluctuations, the Company's ability to participate in investment opportunities, and the timing of transactions. The Company expects that gains and losses will continue to fluctuate in the future.

NOTE 3. INVESTMENT MANAGEMENT AND OTHER FEES

The following table presents operating revenues disaggregated by performance obligation.

| <i>(dollars in thousands)</i> | Six Months Ended December 31, | | Three Months Ended December 31, | |
|--------------------------------------|--|------------------|--|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| ETF advisory fees | \$ 7,218 | \$ 10,768 | \$ 3,305 | \$ 5,452 |
| USGIF advisory fees | 1,135 | 1,898 | 525 | 932 |
| USGIF performance fees earned (paid) | (281) | 329 | (135) | 141 |
| Total Advisory Fees | 8,072 | 12,995 | 3,695 | 6,525 |
| USGIF administrative services fees | 68 | 100 | 33 | 49 |
| Total Operating Revenue | <u>\$ 8,140</u> | <u>\$ 13,095</u> | <u>\$ 3,728</u> | <u>\$ 6,574</u> |

The Company serves as investment advisor to three U.S.-based exchange-traded funds (ETFs): U.S. Global Jets ETF (ticker JETS), U.S. Global GO GOLD and Precious Metal Miners ETF (ticker GOAU), and U.S. Global Sea to Sky Cargo ETF (ticker SEA). The Company receives a unitary management fee of 0.60 percent of average net assets of the ETFs, and has agreed to bear all expenses of the ETFs, except the U.S. Global Sea to Sky Cargo ETF. The Company has agreed to contractually limit the expenses of the U.S. Global Sea to Sky Cargo ETF through April 2023. The Company also serves as investment advisor to one European-based ETF, the U.S. Global Jets UCITS ETF. The Company receives a unitary management fee of 0.65 percent of average net assets and has agreed to bear all expenses of the ETF.

The Company serves as investment advisor to USGIF and receives a fee based on a specified percentage of average assets under management. The advisory agreement for the equity funds within USGIF provides for a base advisory fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.

The Company has agreed to contractually limit the expenses of the Near-Term Tax Free Fund and the Global Luxury Goods Fund through April 2023. The Company has voluntarily waived or reduced its fees and/or agreed to pay expenses on the remaining USGIF funds. These caps will continue on a voluntary basis at the Company's discretion. The aggregate fees waived and expenses borne by the Company for USGIF were \$303,000 and \$523,000 for the three and six months ended December 31, 2022, respectively, compared with \$161,000 and \$319,000, for the corresponding periods in the prior fiscal year. Management cannot predict the impact of future waivers due to the number of variables and the range of potential outcomes.

The Company receives administrative service fees from USGIF based on an annual rate of 0.05 percent on the average daily net assets of each fund.

As of December 31, 2022, the Company had \$1.3 million in receivables from fund clients, of which \$150,000 was from USGIF and \$1.2 million was from the ETFs. As of June 30, 2022, the Company had \$1.6 million in receivables from fund clients, of which \$188,000 was from USGIF and \$1.4 million was from ETFs.

NOTE 4. RESTRICTED AND UNRESTRICTED CASH

The Company maintains its cash deposits with established commercial banks. At times, balances may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe that we are exposed to any significant credit risk associated with our cash deposits. Restricted cash represents cash invested in a money market account as collateral for credit facilities that is not available for general corporate use.

A reconciliation of cash, cash equivalents, and restricted cash reported from the consolidated balance sheets to the consolidated statements of cash flows is shown below.

| <i>(dollars in thousands)</i> | December 31, 2022 | June 30, 2022 |
|---|--------------------------|----------------------|
| Cash and cash equivalents | \$ 23,416 | \$ 22,314 |
| Restricted cash | 1,000 | 1,000 |
| Total cash, cash equivalents, and restricted cash | <u>\$ 24,416</u> | <u>\$ 23,314</u> |

NOTE 5. LEASES

The Company has lease agreements for office equipment that expire in the fiscal year 2026. Lease expenses included in general and administrative expense on the consolidated statements of operations totaled \$32,000 and \$54,000 for the three and six months ended December 31, 2022, respectively, and \$49,000 and \$88,000 for the three and six months ended December 31, 2021, respectively.

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The following table presents the components of lease cost.

| <i>(dollars in thousands)</i> | Six Months Ended December 31, | | Three Months Ended December 31, | |
|-------------------------------------|----------------------------------|-------|------------------------------------|-------|
| | 2022 | 2021 | 2022 | 2021 |
| Finance lease cost: | | | | |
| Amortization of right-of-use assets | \$ 14 | \$ - | \$ 7 | \$ - |
| Interest on lease liabilities | 2 | - | 1 | - |
| Total finance lease cost | 16 | - | 8 | - |
| Operating lease cost | - | 26 | - | 13 |
| Short-term lease cost | 40 | 62 | 25 | 36 |
| Total lease cost | \$ 56 | \$ 88 | \$ 33 | \$ 49 |

Supplemental information related to the Company's leases follows.

| <i>(dollars in thousands)</i> | Six Months Ended December 31, | | Three Months Ended December 31, | |
|--|----------------------------------|-------|------------------------------------|-------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating cash flows from operating leases included in lease liabilities | \$ - | \$ 26 | \$ - | \$ 13 |
| Lease liabilities obtained from new ROU assets - operating | - | - | - | - |
| Operating cash flows from financing leases included in lease liabilities | \$ 2 | - | \$ 1 | - |
| Financing cash flows from financing leases included in lease liabilities | \$ 13 | - | \$ 8 | - |
| Lease liabilities obtained from new ROU assets - financing | - | - | - | - |

Additional qualitative information concerning the Company's leases follows.

| | December 31, 2022 | June 30, 2022 |
|--|-------------------|---------------|
| Weighted-average remaining lease term - operating leases (years) | - | - |
| Weighted-average discount rate - operating leases | - | - |
| Weighted-average remaining lease term - financing leases (years) | 2.75 | 3.25 |
| Weighted-average discount rate - financing leases | 4.75% | 4.75% |

The following table presents the maturities of lease liabilities as of December 31, 2022.

| <i>(dollars in thousands)</i> | Finance Leases |
|---|----------------|
| Fiscal Year | |
| 2023 (excluding the six months ended December 31, 2022) | \$ 16 |
| 2024 | 31 |
| 2025 | 31 |
| 2026 | 8 |
| 2027 | - |
| Total lease payments | 86 |
| Less imputed interest | (6) |
| Total | \$ 80 |

The Company is the lessor of certain areas of its owned office building under operating leases expiring in various months through fiscal year 2025. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Lease income included in other income on the consolidated statements of operations was \$31,000 and \$65,000, for the three and six months ended December 31, 2022, respectively. Lease income included in other income on the consolidated statements of operations was \$29,000 and \$55,000, for the three and six months ended December 31, 2021, respectively. The cost of obtaining lessor contracts, which is included in other assets on the consolidated balance sheets, was \$6,000 and \$9,000 at December 31, 2022, and June 30, 2022, respectively.

The following is a summary analysis of annual undiscounted cash flows to be received on leases as of December 31, 2022.

| <i>(dollars in thousands)</i> | Operating Leases |
|---|------------------|
| Fiscal Year | |
| 2023 (excluding the six months ended December 31, 2022) | \$ 30 |
| 2024 | 42 |
| 2025 | 36 |
| 2026 | - |
| 2027 | - |
| Thereafter | - |
| Total lease payments | \$ 108 |

The Company may terminate the building leases with one hundred eighty days written notice if it sells the property. If the Company terminates the lease, the Company will pay the tenant a termination fee of the lesser of six months of the base monthly rent or the base monthly rent times the number of months remaining in the initial term.

NOTE 6. BORROWINGS

The Company has access to a \$1 million credit facility for working capital purposes. The credit agreement requires the Company to maintain certain covenants; the Company has been in compliance with these covenants during the current fiscal year. The credit agreement expires on May 31, 2023, and the Company intends to renew annually. The credit facility is collateralized by approximately \$1 million at December 31, 2022, included in restricted cash on the consolidated balance sheets, held in deposit in a money market account at the financial institution that provided the credit facility. As of December 31, 2022, the credit facility remains unutilized by the Company.

NOTE 7. STOCKHOLDERS' EQUITY

Payment of cash dividends is within the discretion of the Company's Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions. The dividend rate per share was \$0.0050 per month for July 2021 through September 2021, and \$0.0075 per month for October 2021 through December 2022.

In December 2022, the Board authorized the continuance of the monthly dividend of \$0.0075 per share from January through March 2023, at which time it will be considered for continuation by the Board.

The Company has a share repurchase program, approved by the Board of Directors, authorizing the Company to annually purchase up to \$5.0 million of its outstanding common shares, as market and business conditions warrant, on the open market in compliance with Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934. The repurchase program has been in place since December 2012, and the Board of Directors has annually renewed the repurchase program each calendar year. The Company announced on February 25, 2022, that the Board of Directors of the Company approved an increase to the limit of its annual share buyback program from \$2.75 million to \$5.0 million. The acquired shares may be used for corporate purposes, including shares issued to employees in the Company's stock-based compensation programs. For the three and six months ended December 31, 2022, the Company repurchased 87,407 and 127,372 class A shares using cash of \$249,000 and \$382,000, respectively. For the three and six months ended December 31, 2021, the Company repurchased 10,457 and 24,104 class A shares using cash of \$54,000 and \$136,000, respectively.

The Company's stock option plans provide for the granting of class A shares as either incentive or nonqualified stock options to employees and non-employee directors. Options are subject to terms and conditions determined by the Compensation Committee of the Board of Directors. At December 31, 2022, there were 229,000 options outstanding and exercisable under the 1989 Plan at a weighted average exercise price of \$6.05, and 2,000 options outstanding and exercisable under the 1997 Plan at a weighted average exercise price of \$2.74. At December 31, 2021, there were 231,000 options outstanding and exercisable under the 1989 Plan at a weighted average exercise price of \$6.05, and 2,000 options outstanding and exercisable under the 1997 Plan at a weighted average exercise price of \$2.74. There were no options granted or exercised for the three and six months ended December 31, 2022, or 2021. There were 2,000 options forfeited during the six months ended December 31, 2022, and no options forfeited during the three months ended December 31, 2022, or the three and six months ended December 31, 2021.

Stock-based compensation expense is measured at the grant date based on the fair value of the award, and the cost is recognized as expense ratably over the award's vesting period. There was no stock-based compensation expense for the three and six months ended December 31, 2022. For the three and six months ended December 31, 2021, \$345,000 and \$733,000, respectively, was recognized as expense on the consolidated statements of operations. As of December 31, 2022, and 2021, there was no unrecognized share-based compensation cost related to share-based awards granted under the plans.

NOTE 8. EARNINGS PER SHARE

The basic earnings per share ("EPS") calculation excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of EPS that could occur if options to issue common stock were exercised.

The following table sets forth the computation for basic and diluted EPS.

| | Six Months Ended December 31, | | Three Months Ended December 31, | |
|--|----------------------------------|-------------------|------------------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>(dollars in thousands, except per share data)</i> | | | | |
| Net Income | \$ 976 | \$ 5,980 | \$ 869 | \$ 3,590 |
| Weighted average number of outstanding shares | | | | |
| Basic | 14,919,317 | 15,025,953 | 14,889,946 | 15,021,792 |
| Effect of dilutive securities | | | | |
| Stock options | 376 | 1,054 | 85 | 1,022 |
| Diluted | <u>14,919,693</u> | <u>15,027,007</u> | <u>14,890,031</u> | <u>15,022,814</u> |
| Earnings Per Share | | | | |
| Basic Net Income per share | <u>\$ 0.07</u> | <u>\$ 0.40</u> | <u>\$ 0.06</u> | <u>\$ 0.24</u> |
| Diluted Net Income per share | <u>\$ 0.07</u> | <u>\$ 0.40</u> | <u>\$ 0.06</u> | <u>\$ 0.24</u> |

The diluted EPS calculation excludes the effect of stock options when their exercise prices exceed the average market price for the period, as their inclusion would be anti-dilutive. For the three and six months ended December 31, 2022, employee stock options for 229,000 were excluded from diluted EPS. For the three and six months ended December 31, 2021, employee stock options for 231,000 were excluded from diluted EPS.

During the three and six months ended December 31, 2022, and 2021, the Company repurchased class A shares on the open market. Upon repurchase, these shares are classified as treasury shares and are deducted from outstanding shares in the earnings per share calculation.

NOTE 9. INCOME TAXES

The Company and its non-Canadian subsidiaries file a consolidated U.S. federal income tax return. USCAN files a separate tax return in Canada. Provisions for income taxes include deferred taxes for temporary differences in the bases of assets and liabilities for financial and tax purposes resulting from the use of the liability method of accounting for income taxes.

Income tax expense for the quarter is based upon the estimated annual ordinary income in each jurisdiction in which the Company operates. The tax effects of discrete items are recognized in the tax provision in the period they occur in accordance with U.S. GAAP. Due to various factors, such as the item’s significance in relation to total ordinary income and the rate of tax, discrete items in any quarter can materially impact the reported effective tax rate.

For U.S. federal income tax purposes at December 31, 2022, the Company has no U.S. federal net operating loss carryovers and no capital loss carryovers. For Canadian income tax purposes, USCAN has \$30,000 net operating loss carryovers expiring in fiscal year 2043 and no capital loss carryovers.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax amount will not be realized. At December 31, 2022, a valuation allowance of \$8,000 was included to fully reserve for Canadian net operating loss carryovers. There was no valuation allowance at June 30, 2022.

NOTE 10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the change in accumulated other comprehensive income (loss) (“AOCI”) by component.

| <i>(dollars in thousands)</i> | Unrealized gains (losses) on available- for-sale investments | Foreign currency translation adjustment (1) | Total |
|---|---|--|-----------------|
| Six Months Ended December 31, 2022 | | | |
| Balance at June 30, 2022 | \$ 3,624 | \$ - | \$ 3,624 |
| Other comprehensive loss before reclassifications | (1,290) | - | (1,290) |
| Tax effect | 271 | - | 271 |
| Amount reclassified from AOCI | (905) | - | (905) |
| Tax effect | 190 | - | 190 |
| Net other comprehensive loss | (1,734) | - | (1,734) |
| Balance at December 31, 2022 | <u>\$ 1,890</u> | <u>\$ -</u> | <u>\$ 1,890</u> |
| Six Months Ended December 31, 2021 | | | |
| Balance at June 30, 2021 | \$ 6,564 | \$ 23 | \$ 6,587 |
| Other comprehensive loss before reclassifications | (363) | (10) | (373) |
| Tax effect | 76 | - | 76 |
| Amount reclassified from AOCI | (1,170) | - | (1,170) |
| Tax effect | 245 | - | 245 |
| Net other comprehensive loss | (1,212) | (10) | (1,222) |
| Balance at December 31, 2021 | <u>\$ 5,352</u> | <u>\$ 13</u> | <u>\$ 5,365</u> |

1. Amounts include no tax expense or benefit.

NOTE 11. FINANCIAL INFORMATION BY BUSINESS SEGMENT

The Company operates principally in two business segments: providing investment management services to USGIF and ETF clients; and investing for its own account in an effort to add growth and value to its cash position. The following schedule details gross identifiable assets, total revenues, and income by business segment.

| <i>(dollars in thousands)</i> | Investment Management Services | Corporate Investments | Consolidated |
|--|---|----------------------------------|---------------------|
| Six Months Ended December 31, 2022 | | | |
| Net operating revenues | \$ 8,140 | \$ - | \$ 8,140 |
| Investment loss | \$ - | \$ (1,344) | \$ (1,344) |
| Other income | \$ 123 | \$ - | \$ 123 |
| Income (loss) before income taxes | \$ 2,646 | \$ (1,374) | \$ 1,272 |
| Depreciation | \$ 122 | \$ - | \$ 122 |
| Gross identifiable assets at December 31, 2022 | \$ 23,952 | \$ 29,390 | \$ 53,342 |
| Deferred tax asset | | | \$ 1,609 |
| Consolidated total assets at December 31, 2022 | | | \$ 54,951 |
| Six Months Ended December 31, 2021 | | | |
| Net operating revenues | \$ 13,095 | \$ - | \$ 13,095 |
| Investment income | \$ - | \$ 1,545 | \$ 1,545 |
| Loss from equity method investments | \$ - | \$ (33) | \$ (33) |
| Other income | \$ 115 | \$ - | \$ 115 |
| Income before income taxes | \$ 6,138 | \$ 1,295 | \$ 7,433 |
| Depreciation | \$ 104 | \$ - | \$ 104 |
| Gross identifiable assets at December 31, 2021 | \$ 23,386 | \$ 40,805 | \$ 64,191 |
| Three Months Ended December 31, 2022 | | | |
| Net operating revenues | \$ 3,728 | \$ - | \$ 3,728 |
| Investment income | \$ - | \$ 116 | \$ 116 |
| Other income | \$ 62 | \$ - | \$ 62 |
| Income before income taxes | \$ 985 | \$ 101 | \$ 1,086 |
| Depreciation | \$ 61 | \$ - | \$ 61 |
| Three Months Ended December 31, 2021 | | | |
| Net operating revenues | \$ 6,574 | \$ - | \$ 6,574 |
| Investment income | \$ - | \$ 1,579 | \$ 1,579 |
| Loss from equity method investments | \$ - | \$ (48) | \$ (48) |
| Other income | \$ 59 | \$ - | \$ 59 |
| Income before income taxes | \$ 3,025 | \$ 1,504 | \$ 4,529 |
| Depreciation | \$ 56 | \$ - | \$ 56 |

Net operating revenues from investment management services includes operating revenues from USGIF of \$423,000 and \$922,000 for the three and six months ended December 31, 2022, respectively, and \$1.1 million and \$2.3 million for the three and six months ended December 31, 2021, respectively. Net operating revenues from investment management services also include operating revenues from ETF clients of \$3.3 million and \$7.2 million for the three and six months ended December 31, 2022, respectively, and \$5.5 million and \$10.8 million for the three and six months ended December 31, 2021, respectively.

NOTE 12. CONTINGENCIES AND COMMITMENTS

The Company continuously reviews investor, employee and vendor complaints, and pending or threatened litigation. The likelihood that a loss contingency exists is evaluated through consultation with legal counsel, and a loss contingency is recorded if probable and reasonably estimable.

During the normal course of business, the Company may be subject to claims, legal proceedings, and other contingencies. These matters are subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably. The Company establishes accruals for matters for which the outcome is probable and can be reasonably estimated. Management believes that any liability in excess of these accruals upon the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial statements of the Company.

The Board has authorized a monthly dividend of \$0.0075 per share through March 2023, at which time it will be considered for continuation by the Board. Payment of cash dividends is within the discretion of the Company's Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions. The total amount of cash dividends expected to be paid to class A and class C shareholders from January to March 2023 is approximately \$335,000.

The COVID-19 pandemic and the resulting actions to control or slow the spread have affected global and domestic economies and financial markets, and in the future it or other epidemics, pandemics or outbreaks may adversely affect the Company's results of operations, cash flows and financial position. The Company cannot reasonably estimate the future impact of these events, given the uncertainty over the duration and severity of the economic impact.

NOTE 13. SUBSEQUENT EVENTS

In March 2023, the Board authorized the continuance of the monthly dividend of \$0.0075 per share from April through June 2023, at which time it will be considered for continuation by the Board. Payment of cash dividends is within the discretion of the Company's Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions.

Additionally, the Company's credit agreement discussed in Note 6, Borrowings, expired on May 31, 2023. The Company intends to renew the agreement. Further, as discussed in Note 3, Investment Management and Other Fees, the Company has agreed to contractually limit the expenses of the Near-Term Tax Free Fund and the Global Luxury Goods Fund. The agreement has been extended through April 2024.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

U.S. Global Investors, Inc. (the "Company" or "U.S. Global") has made forward-looking statements concerning the Company's performance, financial condition, and operations in this report. The Company from time to time may also make forward-looking statements in its public filings and press releases. Such forward-looking statements are subject to various known and unknown risks and uncertainties and do not guarantee future performance. Actual results could differ materially from those anticipated in such forward-looking statements due to a number of factors, some of which are beyond the Company's control, including: (i) the volatile and competitive nature of the investment management industry, (ii) changes in domestic and foreign economic conditions, including significant economic disruptions from COVID-19 or other epidemics, pandemics or outbreaks and the actions taken in connection therewith, (iii) the effect of government regulation on the Company's business, and (iv) market, credit, and liquidity risks associated with the Company's investment management activities. Due to such risks, uncertainties, and other factors, the Company cautions each person receiving such forward-looking information not to place undue reliance on such statements. All such forward-looking statements are current only as of the date on which such statements were made.

FACTORS AFFECTING OUR BUSINESS

The rapid spread of COVID-19 and actions taken in response had a significant detrimental effect on the global and domestic economies and financial markets. Market declines affect the Company's assets under management, and thus its revenues and also the valuation of the Company's corporate investments. Should this emerging macro-economic risk reoccur and continue for an extended period, there could be an adverse material financial impact to the Company's business and investments, including a material reduction in its results of operations.

COVID-19-related circumstances (e.g., remote work arrangements) did not adversely affect the Company's ability to maintain operations, including financial reporting systems, internal controls over financial reporting, and disclosure controls and procedures.

Since May 2022, market volatility in the prices of digital assets has been elevated due to a variety of factors, including, but not limited to, the macroeconomic environment (high inflation and rising interest rates) as well as the 'crypto credit crisis' brought on by the collapse and bankruptcy of a number of key players in the sector (cryptocurrency Luna collapse, hedge fund Three Arrows Capital default on loans and filing for bankruptcy, crypto-lending platform Celsius freezing all withdrawals, cryptocurrency lender Voyager Digital filing for bankruptcy, crypto platform FTX filing for bankruptcy, crypto platform BlockFi filing for bankruptcy among others). The Company does not have direct exposure to any of the foregoing firms affected by the recent crypto credit crisis. Although the Company has no current intention of directly investing in cryptocurrencies, the Company has indirect exposure to cryptocurrencies by investing in securities of issuers with exposure to the cryptocurrency industry. There has been significant volatility in the market price of the securities, which has had a material impact, and may continue to have a material impact, on the investment values included on the consolidated balance sheets and unrealized gain (loss) recognized in investment income.

BUSINESS SEGMENTS

The Company, with principal operations located in San Antonio, Texas, manages two business segments: (1) the Company offers a broad range of investment management products and services to meet the needs of individual and institutional investors, and (2) the Company invests for its own account in an effort to add growth and value to its cash position.

The following is a brief discussion of the Company's business segments.

Investment Management Services

The Company provides advisory services for three U.S.-based exchange-traded fund ("ETF") clients and receives monthly advisory fees based on the net asset values of the funds. Information on the U.S.-based ETFs can be found at www.usglobalefts.com, including the prospectus, performance and holdings. The Company also serves as investment advisor to one European-based ETF and receives a monthly advisory fee based on the net asset value of the fund. The European-based ETF is not available to U.S. investors. The ETFs' authorized participants are not required to give advance notice prior to redemption of shares in the ETFs, and the ETFs do not charge a redemption fee.

The Company also generates operating revenues from managing and servicing U.S. Global Investors Funds ("USGIF" or the "Funds"). These revenues are largely dependent on the total value and composition of assets under its management. Fluctuations in the markets and investor sentiment directly impact the asset levels of the Funds, thereby affecting income and results of operations. Detailed information regarding the Funds managed by the Company within USGIF can be found on the Company's website, www.usfunds.com, including the prospectus and performance information for each Fund. The mutual fund shareholders in USGIF are not required to give advance notice prior to redemption of shares in the Funds.

At December 31, 2022, total assets under management, including ETF and USGIF clients, were approximately \$2.4 billion versus \$3.8 billion at December 31, 2021, a decrease of \$1.4 billion, or 36.4 percent. During the six months ended December 31, 2022, average assets under management, including ETF and USGIF clients, were \$2.7 billion, versus \$4.0 billion during the six months ended December 31, 2021. At June 30, 2022, the Company's prior fiscal year end, total assets under management, including ETF and USGIF clients, were approximately \$2.9 billion, and has decreased \$495.5 million, or 17.0 percent, during the six months ended December 31, 2022.

The following tables summarize the changes in assets under management for USGIF for the three and six months ended December 31, 2022, and 2021.

| | Changes in Assets Under Management | | | | | |
|---|------------------------------------|--------------|------------|------------|--------------|------------|
| | Three Months Ended December 31, | | | | | |
| | 2022 | | | 2021 | | |
| | Equity | Fixed Income | Total | Equity | Fixed Income | Total |
| <i>(dollars in thousands)</i> | | | | | | |
| Beginning Balance | \$ 260,014 | \$ 66,807 | \$ 326,821 | \$ 370,026 | \$ 75,040 | \$ 445,066 |
| Market appreciation (depreciation) | 23,355 | 539 | 23,894 | 28,590 | (94) | 28,496 |
| Dividends and distributions | (11,329) | (408) | (11,737) | (61,309) | (93) | (61,402) |
| Net shareholder purchases (redemptions) | 5,997 | (1,943) | 4,054 | 51,527 | (1,461) | 50,066 |
| Ending Balance | \$ 278,037 | \$ 64,995 | \$ 343,032 | \$ 388,834 | \$ 73,392 | \$ 462,226 |
| Average investment management fee | 0.77% | 0.00% | 0.62% | 0.94% | 0.00% | 0.79% |
| Average net assets | \$ 273,280 | \$ 65,500 | \$ 338,780 | \$ 392,906 | \$ 73,379 | \$ 466,285 |

| | Changes in Assets Under Management | | | | | |
|---|------------------------------------|--------------|------------|------------|--------------|------------|
| | Six Months Ended December 31, | | | | | |
| | 2022 | | | 2021 | | |
| | Equity | Fixed Income | Total | Equity | Fixed Income | Total |
| <i>(dollars in thousands)</i> | | | | | | |
| Beginning Balance | \$ 286,367 | \$ 71,161 | \$ 357,528 | \$ 433,380 | \$ 75,842 | \$ 509,222 |
| Market appreciation (depreciation) | 3,529 | (219) | 3,310 | (25,996) | (194) | (26,190) |
| Dividends and distributions | (11,329) | (537) | (11,866) | (61,308) | (169) | (61,477) |
| Net shareholder purchases (redemptions) | (530) | (5,410) | (5,940) | 42,758 | (2,087) | 40,671 |
| Ending Balance | \$ 278,037 | \$ 64,995 | \$ 343,032 | \$ 388,834 | \$ 73,392 | \$ 462,226 |
| Average investment management fee | 0.82% | 0.00% | 0.66% | 0.95% | 0.00% | 0.80% |
| Average net assets | \$ 277,863 | \$ 67,270 | \$ 345,133 | \$ 396,174 | \$ 74,158 | \$ 470,332 |

The average annualized investment management fee rate (total advisory fees, excluding performance fees, as a percentage of average assets under management) was 62 basis points and 66 basis points for the three and six months ended December 31, 2022, respectively, and 79 basis points and 80 basis points, respectively, for the same periods in the prior year. The average investment management fee for the equity funds was 77 basis points and 82 basis points for the three and six months ended December 31, 2022, respectively, and 94 basis points and 95 basis points for the same periods in the prior year, respectively. The Company has agreed to contractually or voluntarily limit the expenses of the Funds. Therefore, the Company waived or reduced its fees and/or agreed to pay expenses of the Funds. Due to fee waivers, the average investment management fee for the fixed income funds was minimal.

Investment Activities

Management believes it can more effectively manage the Company's cash position by broadening the types of investments used in cash management and continues to believe that such activities are in the best interest of the Company. The Company's investment activities are reviewed and monitored by Company compliance personnel, and various reports are provided to certain investment advisory clients. Written procedures are in place to manage compliance with the code of ethics and other policies affecting the Company's investment practices. This source of revenue does not remain consistent and is dependent on market fluctuations, the Company's ability to participate in investment opportunities, and timing of transactions.

As of December 31, 2022, the Company held investments carried at fair value of \$21.4 million and a cost basis of \$28.2 million. The fair value of these investments is approximately 38.9 percent of the Company's total assets at December 31, 2022. In addition, the Company held other investments of approximately \$2.6 million and held-to-maturity debt investments of \$1.0 million.

Investments recorded at fair value on a recurring basis were approximately \$21.4 million at December 31, 2022, compared to approximately \$24.9 million at June 30, 2022, the Company's prior fiscal year end, which is a decrease of approximately \$3.5 million. See Note 2, Investments, in the notes to consolidated financial statements of this Quarterly Report on Form 10-Q, for further information regarding investment activities.

RESULTS OF OPERATIONS – Three months ended December 31, 2022, and 2021

The Company posted net income of \$869,000 (\$0.06 per share) for the three months ended December 31, 2022, compared to \$3.6 million (\$0.24 per share) for the three months ended December 31, 2021, a change of approximately \$2.7 million. The change is primarily due to a decrease in operating revenue compared to the same period last year, a decrease in investment income compared to same period last year, offset by decreases in operating expenses and tax expense compared to the same period last year, as discussed further below.

Operating Revenues

Total consolidated operating revenues for the three months ended December 31, 2022, decreased \$2.8 million, or 43.3 percent, compared with the three months ended December 31, 2021. This decrease was primarily attributable to the following:

- Advisory fees decreased by \$2.8 million, or 43.4 percent, primarily as a result of lower average assets under management in the ETFs and a decrease in base management fees received. Advisory fees are comprised of two components: base management fees and performance fees.
 - Base management fees decreased \$2.6 million. The majority of this decrease was from ETF unitary management fees, which decreased \$2.1 million as the result of a decrease in ETF average assets under management, primarily for the Jets ETF.
 - Performance fees for USGIF paid in the current period were \$(135,000) compared to \$141,000 in performance fees received in the corresponding period in the prior year, a change of \$(276,000). The performance fee, which applies to the USGIF equity funds only, is a fulcrum fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.

Operating Expenses

Total consolidated operating expenses for the three months ended December 31, 2022, decreased \$815,000, or 22.4 percent, compared with the three months ended December 31, 2021. The decrease in operating expenses was primarily attributable to a decrease in employee compensation of \$600,000, or 34.7 percent, primarily as a result of a decrease in bonuses in the current period and amortization expense of employee stock options in the prior period. Higher bonuses in the same period last year were related to realized investment gains, company performance, and fund performance. General and administrative expenses decreased by \$258,000, or 14.6 percent, primarily due to lower directors' fees and expenses. Director's fees and expenses were higher in the prior period primarily due to amortization expense of stock options.

Other Income (Loss)

Total consolidated other income for the three months ended December 31, 2022, was \$178,000, compared to \$1.6 million for the three months ended December 31, 2021, a decrease of approximately \$1.4 million. This change was primarily due to the following factors:

- Investment income was \$116,000 for the three months ended December 31, 2022, compared to \$1.6 million for the three months ended December 31, 2021, a change of approximately \$1.5 million. This was primarily due to unrealized losses on equity securities of \$937,000 for the three months ended December 31, 2022, compared to unrealized gains on equity securities of \$455,000 for the three months ended December 31, 2021, a change of \$1.4 million.

Provision for Income Taxes

A tax expense of \$217,000 was recorded for the three months ended December 31, 2022, compared to \$939,000 for the three months ended December 31, 2021. The change was primarily the result of lower operating income in the current period compared to the prior period, and unrealized losses on equity securities in the current period compared to unrealized gains on equity securities in the prior period.

RESULTS OF OPERATIONS – Six months ended December 31, 2022, and 2021

The Company posted net income of \$976,000 (\$0.07 per share) for the six months ended December 31, 2022, compared to \$6.0 million (\$0.40 per share) for the six months ended December 31, 2021, a change of approximately \$5.0 million. The change is primarily due to a decrease in operating revenue compared to the same period last year, an investment loss in the current period compared to investment income in the same period last year, offset by decreases in operating expenses and tax expenses compared to the same period last year, as discussed further below.

Operating Revenues

Total consolidated operating revenues for the six months ended December 31, 2022, decreased \$5.0 million, or 37.8 percent, compared with the six months ended December 31, 2021. This decrease was primarily attributable to the following:

- Advisory fees decreased by \$4.9 million, or 37.9 percent, primarily as a result of lower average assets under management in the ETFs and a decrease in base management fees received. Advisory fees are comprised of two components: base management fees and performance fees.
 - Base management fees decreased \$4.3 million. The majority of this decrease was from ETF unitary management fees, which decreased \$3.6 million as the result of a decrease in ETF average assets under management, primarily for the Jets ETF.
 - Performance fees for USGIF paid in the current period were \$(281,000) compared to \$329,000 in performance fees received in the corresponding period in the prior year, a change of \$(610,000). The performance fee, which applies to the USGIF equity funds only, is a fulcrum fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.

Operating Expenses

Total consolidated operating expenses for the six months ended December 31, 2022, decreased \$1.6 million, or 22.5 percent, compared with the six months ended December 31, 2021. The decrease in operating expenses was primarily attributable to a decrease in employee compensation of \$1.3 million, or 36.9 percent, primarily as a result of a decrease in bonuses in the current period and amortization expense of employee stock options in the prior period. Higher bonuses in the same period last year were related to realized investment gains, company performance, and fund performance. General and administrative expenses decreased by \$352,000, or 10.5 percent, primarily due to lower directors' fees and expenses and a decrease in ETF expenses. Director's fees and expenses were higher in the prior period primarily due to amortization expense of stock options. ETF expenses were lower in the current period primarily due to lower average net assets.

Other Income (Loss)

Total consolidated other loss for the six months ended December 31, 2022, was \$1.2 million, compared to \$1.6 million of other income for the six months ended December 31, 2021, a decrease of approximately \$2.8 million. This change was primarily due to the following factors:

- Investment loss was \$1.3 million for the six months ended December 31, 2022, compared to investment income of \$1.5 million for the six months ended December 31, 2021, a change of approximately \$2.9 million. This was primarily due to unrealized losses on equity securities of \$2.9 million for the six months ended December 31, 2022, compared to \$1.9 million for the six months ended December 31, 2021, a change of \$1.0 million. There were no realized gains on sales of equity securities in the current period, whereas the same period in the prior year had \$1.9 million in realized gains on sales of equity securities.

Provision for Income Taxes

A tax expense of \$296,000 was recorded for the six months ended December 31, 2022, compared to \$1.5 million for the six months ended December 31, 2021. The change was primarily the result of lower operating income in the current period compared to prior period, higher unrealized losses on equity securities in the current period compared to the prior period, and realized gains on sales of equity securities in the prior period.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2022, the Company had net working capital (current assets minus current liabilities) of approximately \$36.2 million, an increase of \$2.3 million, or 6.9 percent, since June 30, 2022, and a current ratio (current assets divided by current liabilities) of 15.4 to 1. With approximately \$23.4 million in cash and cash equivalents, an increase of \$1.1 million, or 4.9 percent since June 30, 2022, and \$13.2 million in securities carried at fair value on a recurring basis, excluding convertible securities, which together comprise approximately 66.7 percent of total assets, the Company has adequate liquidity to meet its current obligations.

The increase in cash, and accordingly, net working capital, was primarily due to net cash provided by operating activities of \$1.1 million, proceeds from principal paydowns of \$1.5 million; offset by purchases of investments of \$477,000, repurchases of the Company's common stock of \$382,000, and dividends paid of \$672,000. Consolidated shareholders' equity at December 31, 2022, was \$52.4 million, a decrease of \$1.8 million, or 3.3 percent since June 30, 2022. The decrease was primarily due to other comprehensive loss of \$1.7 million, dividends declared of \$670,000, repurchases of the Company's common stock of \$382,000, and net loss of \$976,000 for the six months ended December 31, 2022.

The Company also has access to a \$1 million credit facility, which can be utilized for working capital purposes. The credit agreement requires the Company to maintain certain covenants; the Company has been in compliance with these covenants during the current fiscal year. The credit agreement expires on May 31, 2023, and the Company intends to renew annually. The credit facility is collateralized by approximately \$1 million, included in restricted cash on the consolidated balance sheets, held in deposit in a money market account at the financial institution that provided the credit facility. As of December 31, 2022, this credit facility remained unutilized by the Company.

Investment advisory contracts pursuant to the Investment Company Act of 1940 and related affiliated contracts in the U.S., by law, may not exceed one year in length and, therefore, must be renewed at least annually after an initial two-year term. The investment advisory and related contracts between the Company and USGIF have been renewed through September 2023. The advisory agreement for the U.S.-based ETFs has been renewed through September 2023.

The primary cash requirements are for operating activities. The Company also uses cash to purchase investments, pay dividends and repurchase Company stock. The cash outlays for investments and dividend payments are discretionary and management or the Board may discontinue as deemed necessary. The stock repurchase plan is approved through December 31, 2023, but may be suspended or discontinued at any time. Cash and securities recorded at fair value on a recurring basis, excluding convertible securities, of approximately \$36.7 million are available to fund current activities.

Management believes current cash reserves, investments, and financing available will be sufficient to meet foreseeable cash needs for operating activities.

The rapid spread of COVID-19 and actions taken in response had a significant detrimental effect on the global and domestic economies and financial markets. Market declines affect the Company's assets under management, and thus its revenues and also the valuation of the Company's corporate investments. Should this emerging macro-economic risk reoccur and continue for an extended period, there could be an adverse material financial impact to the Company's business and investments, including a material reduction in its results of operations.

CRITICAL ACCOUNTING ESTIMATES

For a discussion of other critical accounting policies that the Company follows, please refer to the notes to the consolidated financial statements included in the Annual Report on Form 10-K/A-2 for the year ended June 30, 2022.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

COVID-19 had an adverse effect on global and domestic financial markets, which may reoccur and continue for an undetermined period. This may adversely affect assets under management and thus the Company’s revenues and operating results. Market declines also affect the valuation of the Company’s corporate investments, which also adversely affects the Company’s balance sheet and results of operations.

Macroeconomic declines, including inflation; negative political developments, including volatile market conditions due to investor concerns regarding inflation and potential hostilities between Russia and Ukraine; adverse market conditions, including cryptocurrency market disruptions; and catastrophic events may cause a decline in the Company’s revenue, an increase in the Company’s costs, negatively affect the Company’s operating results, adversely affect the Company’s cash flow, and could result in a decline in the Company’s stock price.

Investment Management and Administrative Services Fees

Revenues are generally based upon a percentage of assets under management in accordance with contractual agreements. Accordingly, fluctuations in the financial markets have a direct effect on the Company’s operating results. A significant portion of assets under management in equity funds have exposure to international markets and/or natural resource sectors, which may experience volatility. In addition, fluctuations in interest rates may affect the value of assets under management in fixed income funds.

Performance Fees

USGIF advisory fees are comprised of two components: a base management fee and a performance fee. The performance fee is a fulcrum fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund’s performance and that of its designated benchmark index over the prior rolling 12 months.

As a result, the Company’s revenues are subject to volatility beyond market-based fluctuations discussed in the investment management and administrative services fees section above. For the three and six months ended December 31, 2022, the Company realized a decrease of \$(135,000) and \$(281,000), respectively, in its USGIF base advisory fee, and for the three and six months ended December 31, 2021, an increase of \$141,000 and \$329,000, respectively, due to these performance adjustments.

Corporate Investments

The Company’s Consolidated Balance Sheets include substantial amounts of assets whose fair values are subject to market risk. The market risks are primarily associated with equity prices and foreign currency exchange rates. The fair values of corporate investments with exposure to the cryptocurrency industry are subject to considerable volatility.

The Company’s investment activities are reviewed and monitored by Company compliance personnel, and various reports are provided to certain investment advisory clients. Written procedures are in place to manage compliance with the code of ethics and other policies affecting the Company’s investment practices.

Equity price risk

Due to the Company’s investments in securities carried at fair value, equity price fluctuations represent a market risk factor affecting the Company’s consolidated financial position. The carrying values of investments subject to equity price risks are based on quoted market prices or, if not actively traded, management’s estimate of fair value as of the balance sheet date. Market prices fluctuate, and the amount realized in the subsequent sale of an investment may differ significantly from the reported fair value.

The following table summarizes the Company’s equity price risks in securities recorded at fair value on a recurring basis as of December 31, 2022, and shows the effects of a hypothetical 25 percent increase and a 25 percent decrease in market prices.

| <i>(dollars in thousands)</i> | Fair Value at December 31, 2022 | Hypothetical Percentage Change | Estimated Fair Value After Hypothetical Price Change | Estimated Increase (Decrease) in Net Income (Loss) (1) |
|--|--|---|---|---|
| Equity securities at fair value | \$ 13,264 | 25% increase | \$ 16,580 | \$ 2,620 |
| | | 25% decrease | \$ 9,948 | \$ (2,620) |
| Embedded derivatives at fair value (2) | \$ 29 | 25% increase | \$ 36 | \$ 6 |
| | | 25% decrease | \$ 22 | \$ (6) |

- Changes in unrealized gains and losses on embedded derivatives and equity securities at fair value are included in earnings in the consolidated statements of operations. The estimated increase (decrease) is after income taxes at the statutory rate in effect as of the balance sheet date.*
- An embedded derivative and its related host contract represent one legal contract and are combined within the investments in available-for-sale debt securities on the consolidated balance sheets.*

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The selected hypothetical changes do not reflect what could be considered best- or worst-case scenarios. Results could be significantly different due to both the nature of markets and the concentration of the Company's investment portfolio.

COVID-19 had an effect on volatility in global and domestic financial markets, which may reoccur and continue for an undetermined period. This may not only adversely affect the Company's assets under management but also the valuation of the Company's corporate investments.

A portion of the equity securities recorded at fair value in the above table subject to equity price risk are investments in common share purchase warrants of HIVE Blockchain Technologies Ltd. ("HIVE"), which were valued at \$26,000 at December 31, 2022. Also, the embedded derivatives shown in the above table, which were valued at \$29,000 at December 31, 2022, are related to HIVE convertible debentures. HIVE is discussed in more detail in Note 2, Investments, in the notes to consolidated financial statements of this Quarterly Report on Form 10-Q. HIVE is a company that is headquartered in Canada with cryptocurrency mining facilities in Iceland, Sweden and Canada. Cryptocurrency markets and related stocks have been, and are expected to continue to be, volatile. There is potential for significant volatility in the market price of HIVE, which could materially impact the investment's value included on the consolidated balance sheets and unrealized gain (loss) recognized in investment income.

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 consolidated balance sheets and unrealized gains (losses) recognized in investment income.

Foreign currency risk

A portion of cash and certain corporate investments are held in foreign currencies, primarily Canadian. 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 have an impact on their valuation and thus the revenue received by the Company.

Indirect exposure to cryptocurrencies risk

Cryptocurrencies (also referred to as "virtual currencies" and "digital currencies") are digital assets that are designed to act as a medium of exchange. Although the Company has no current intention of directly investing in cryptocurrencies, the Company has indirect exposure to cryptocurrencies by investing in securities of issuers with exposure to the cryptocurrency industry. Cryptocurrencies (some of the most well-known include Bitcoin, Dogecoin and Ethereum) are not backed by any government, corporation, or other identified body. Trading markets for cryptocurrencies are often unregulated and may be more exposed to operational or technical issues as well as the potential for fraud or manipulation than established, regulated exchanges for securities, derivatives and traditional currencies.

Cryptocurrencies have been subject to significant fluctuations in value. The value of a cryptocurrency may significantly fluctuate precipitously (including declining to zero) and unpredictably for a variety of reasons, including, but not limited to: investor perceptions and expectations; regulatory changes; general economic conditions; adoption and use in the retail and commercial marketplace; public opinion regarding the environmental impact of the creation ("minting" or "mining") of cryptocurrency; confidence in, and the maintenance and development of, its network and open-source software protocols such as blockchain for ensuring the integrity of cryptocurrency transactional data; and general risks tied to the use of information technologies, including cybersecurity risks.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2022, was conducted under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were not effective as of December 31, 2022, due to the material weakness in internal control over financial reporting described below (which we view as an integral part of our disclosure controls and procedures).

The material weakness in internal controls over financial reporting that was disclosed in our annual report on Form 10-K/A-2 as of and for the year ended June 30, 2022, was also present as of December 31, 2022. Based on the completion of the fair value measurements, we believe that the consolidated financial statements included in this quarterly report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows as of the date, and for the period, presented, in conformity with U.S. GAAP.

Management is in the process of designing a remediation plan intended to address this material weakness, which will include taking steps to enhance its evaluation of the qualifications of third-party specialists, more accurately define the scope of work to be performed by such specialists, and improve the review process for work products prepared by specialists. Management, under the supervision of the Audit Committee, will develop a comprehensive remediation plan, including a detailed plan and timetable for implementation, and will report regularly to the Audit Committee regarding the status of the implementation activities.

Other than as described above, there has been no change in the Company's internal control over financial reporting that occurred during the three months ended December 31, 2022, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION**ITEM 1A. RISK FACTORS**

For a discussion of risk factors which could affect the Company, please refer to Item 1A, “Risk Factors” in the Annual Report on Form 10-K/A-2 for the year ended June 30, 2022. There have been no material changes since the fiscal year end to the risk factors listed therein.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

(dollars in thousands, except price data)

| Period | Total Number of Shares Purchased (1) | Total Amount Purchased | Average Price Paid Per Share (2) | Total Number of Shares Purchased as Part of Publicly Announced Plan(3) | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan |
|----------------------|---|-------------------------------|---|---|--|
| 10-01-22 to 10-31-22 | 16,426 | \$ 47 | \$ 2.87 | 16,426 | \$ 4,504 |
| 11-01-22 to 11-30-22 | 24,795 | 73 | 2.97 | 24,795 | 4,431 |
| 12-01-22 to 12-31-22 | 46,186 | 129 | 2.79 | 46,186 | 4,302 |
| Total | 87,407 | \$ 249 | \$ 2.85 | 87,407 | |

1. The Board of Directors of the company approved on December 7, 2012, and renewed annually, a repurchase of up to \$2.75 million in each of calendar years 2013 through 2022 of its outstanding class A common stock from time to time on the open market in accordance with all applicable rules and regulations. On February 25, 2022, the Company announced that the Board of Directors of the Company approved an increase to the limit of its annual share buyback program from \$2.75 million to \$5.0 million.
2. The average price paid per share of stock repurchased under the stock repurchase program includes the commissions paid to brokers.
3. The total amount of shares that may be repurchased in 2023 under the program is \$5.0 million.

ITEM 6. EXHIBITS

1. Exhibits –

| | |
|---------|---|
| 31.1 | Rule 13a-14(a) Certifications (under Section 302 of the Sarbanes-Oxley Act of 2002), included herein. |
| 32.1 | Section 1350 Certifications (under Section 906 of the Sarbanes-Oxley Act Of 2002), included herein. |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Labels Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

U.S. GLOBAL INVESTORS, INC.

DATED: June 9, 2023

BY: /s/ Frank E. Holmes

Frank E. Holmes
Chief Executive Officer

DATED: June 9, 2023

BY: /s/ Lisa C. Callicotte

Lisa C. Callicotte
Chief Financial Officer

**Exhibit 31.1 - Rule 13a-14(a) Certifications
(under Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Frank E. Holmes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of U.S. Global Investors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2023

/s/ Frank E. Holmes

Frank E. Holmes
Chief Executive Officer

**Rule 13a-14(a) Certifications
(under Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Lisa C. Callicotte, certify that:

1. I have reviewed this quarterly report on Form 10-Q of U.S. Global Investors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2023

/s/ Lisa C. Callicotte
Lisa C. Callicotte
Chief Financial Officer

**Exhibit 32.1 — Section 1350 Certifications
(under Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Quarterly Report of U.S. Global Investors, Inc. (the Company) on Form 10-Q for the quarter ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Frank E. Holmes, Chief Executive Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 9, 2023

/s/ Frank E. Holmes
Frank E. Holmes
Chief Executive Officer

A signed original of the written statement required by Section 906 has been provided to U.S. Global Investors, Inc. and will be retained by U.S. Global Investors, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Section 1350 Certifications
(under Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Quarterly Report of U.S. Global Investors, Inc. (the Company) on Form 10-Q for the quarter ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Lisa C. Callicotte, Chief Financial Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 9, 2023

/s/ Lisa C. Callicotte
Lisa C. Callicotte
Chief Financial Officer

A signed original of the written statement required by Section 906 has been provided to U.S. Global Investors, Inc. and will be retained by U.S. Global Investors, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.