

**FRMO CORPORATION  
AND SUBSIDIARIES**

White Plains, New York

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS**

Including Report of Independent  
Registered Public Accounting Firm

As of November 30, 2023 (Unaudited) and  
May 31, 2023 and for the Three Months and Six Months  
Ended November 30, 2023 and 2022 (Unaudited)

**FRMO CORPORATION  
AND SUBSIDIARIES**

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Three Months and Six Months Ended November 30, 2023 and 2022 (Unaudited)

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of  
FRMO Corporation and Subsidiaries

### Results of Review of Interim Financial Statements

We have reviewed the accompanying interim condensed consolidated balance sheet of FRMO Corporation and Subsidiaries (the Company) as of November 30, 2023, and the related condensed consolidated statements of income, stockholders' equity and cash flows for the three month and six month periods ended November 30, 2023 and 2022 (collectively referred to as the "interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of May 31, 2023, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended (not presented herein), and in our report dated August 15, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of May 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

### Basis for Review Results

These interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audit, which include standards of the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct. We conducted our reviews in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the PCAOB or in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

*Baker Tilly US, LLP*

New York, New York  
January 11, 2024

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FRMO CORPORATION  
AND SUBSIDIARIES**  
CONDENSED CONSOLIDATED BALANCE SHEETS  
As of November 30, 2023 and May 31, 2023

<i>ASSETS</i>	November 30, 2023 (Unaudited)	May 31, 2023
<b>Current Assets</b>		
Cash and cash equivalents	\$ 39,127,383	\$ 38,077,492
Accounts receivable (due from related parties)	3,185,988	3,214,132
Prepaid income taxes	90,996	158,004
Equity securities, at fair value (cost of \$79,062,768 and \$77,876,311 at November 30, 2023 and May 31, 2023, respectively)	204,985,414	159,728,999
Other current assets	167,083	167,297
<b>Total Current Assets</b>	<u>247,556,864</u>	<u>201,345,924</u>
Digital mining assets, net of accumulated depreciation of \$1,171,299 and \$1,050,854 at November 30, 2023 and May 31, 2023, respectively	1,254,991	1,330,754
Investments in limited partnerships and other equity investments at fair value (cost of \$40,759,679 and \$39,021,622 at November 30, 2023 and May 31, 2023, respectively)	97,956,903	70,656,050
Investments in Securities Exchanges, at cost	7,208,220	4,869,070
Other investments, at cost	483,580	484,409
Investment in Horizon Kinetics LLC	15,079,831	14,607,525
Participation in Horizon Kinetics LLC Revenue Stream	10,200,000	10,200,000
<b>Total Assets</b>	<u><u>\$379,740,389</u></u>	<u><u>\$303,493,732</u></u>
<b><i>LIABILITIES AND STOCKHOLDERS' EQUITY</i></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 254,598	\$ 322,631
Current portion of mortgage note payable	684,384	31,215
Securities sold, not yet purchased (proceeds of \$10,683,871 and \$10,670,820 at November 30, 2023 and May 31, 2023, respectively)	1,291,403	2,352,910
<b>Total Current Liabilities</b>	<u>2,230,385</u>	<u>2,706,756</u>
Deferred tax liability	25,303,722	16,003,942
Mortgage payable, net of current portion	-	668,625
<b>Total Liabilities</b>	<u>27,534,107</u>	<u>19,379,323</u>
<b>Stockholders' Equity</b>		
Stockholders' Equity Attributable to the Company	206,437,648	169,282,758
Noncontrolling interests	145,768,634	114,831,651
<b>Total Stockholders' Equity</b>	<u>352,206,282</u>	<u>284,114,409</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$379,740,389</u></u>	<u><u>\$303,493,732</u></u>

See report of independent registered public accounting firm and notes to interim condensed consolidated financial statements.

**FRMO CORPORATION  
AND SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended November 30,		Six Months Ended November 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
<b>REVENUE</b>				
Fees and other income	\$ 682,264	\$ 796,249	\$ 1,383,608	\$ 1,556,585
Dividends and interest income, net	927,193	627,665	1,841,740	3,378,186
Net realized (losses) gains from investments	(126,532)	(145,040)	311,979	(478,416)
Equity earnings from limited partnerships and limited liability companies	1,574,040	904,213	2,342,932	807,583
Unrealized gains from investments	<u>6,053,196</u>	<u>19,937,374</u>	<u>25,260,221</u>	<u>21,424,185</u>
Total revenue before unrealized (losses) gains from equity securities	9,110,161	22,120,461	31,140,480	26,688,123
Unrealized (losses) gains from equity securities	<u>(19,645,420)</u>	<u>84,759,258</u>	<u>47,449,703</u>	<u>114,430,058</u>
Total Revenue	<u>(10,535,259)</u>	<u>106,879,719</u>	<u>78,590,183</u>	<u>141,118,181</u>
<b>OPERATING EXPENSES</b>				
General and administrative expenses	339,903	614,285	628,813	977,142
Depreciation	<u>59,536</u>	<u>92,582</u>	<u>133,121</u>	<u>195,342</u>
Total Expenses	<u>399,439</u>	<u>706,867</u>	<u>761,934</u>	<u>1,172,484</u>
<b>(Loss) Income from Operations before Provision for Income Taxes</b>	(10,934,698)	106,172,852	77,828,249	139,945,697
Provision for Income Taxes	<u>1,641,756</u>	<u>9,483,763</u>	<u>9,935,374</u>	<u>11,743,520</u>
Net (Loss) Income	(12,576,454)	96,689,089	67,892,875	128,202,177
Less net (loss) income attributable to noncontrolling interests	<u>(17,278,683)</u>	<u>61,819,914</u>	<u>30,860,661</u>	<u>85,854,330</u>
Net income attributable to the Company	<u>\$ 4,702,229</u>	<u>\$ 34,869,175</u>	<u>\$ 37,032,214</u>	<u>\$ 42,347,847</u>
<b>NET INCOME PER COMMON SHARE</b>				
Basic and diluted	<u>\$ 0.11</u>	<u>\$ 0.79</u>	<u>\$ 0.84</u>	<u>\$ 0.96</u>
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	<u>44,022,781</u>	<u>44,020,968</u>	<u>44,022,781</u>	<u>44,019,366</u>
Diluted	<u>44,022,781</u>	<u>44,020,968</u>	<u>44,027,069</u>	<u>44,031,771</u>

See report of independent registered public accounting firm and notes to interim condensed consolidated financial statements.

**FRMO CORPORATION  
AND SUBSIDIARIES**  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
For the Six Months Ended November 30, 2023 and 2022 (Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Stockholders' Equity Attributable to the Company	Non- Controlling Interests	Total Stockholders' Equity
	Shares	Amount					
<b>BALANCE - June 1, 2022</b>	44,017,781	\$ 44,017	\$ 41,276,829	\$ 140,087,853	181,408,699	\$ 132,918,741	\$ 314,327,440
Equity Compensation	-	-	84,320	-	84,320	-	84,320
Exercise of Stock Options	5,000	5	39,895	-	39,900	-	39,900
Non-cash Compensation	-	-	51,600	-	51,600	-	51,600
Capital Accounts of Consolidated Limited Liability Company	-	-	130,516	-	130,516	-	130,516
Net income	-	-	-	42,347,847	42,347,847	85,854,330	128,202,177
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	574,542	574,542
<b>BALANCE - November 30, 2022</b>	<u>44,022,781</u>	<u>\$ 44,022</u>	<u>\$ 41,583,160</u>	<u>\$ 182,435,700</u>	<u>\$ 224,062,882</u>	<u>\$ 219,347,613</u>	<u>\$ 443,410,495</u>
	Common Stock		Additional Paid-In Capital	Retained Earnings	Stockholders' Equity Attributable to the Company	Non- Controlling Interests	Total Stockholders' Equity
	Shares	Amount					
<b>BALANCE - June 1, 2023</b>	44,022,781	\$ 44,022	\$ 41,754,855	\$ 127,483,881	169,282,758	\$ 114,831,651	\$ 284,114,409
Equity Compensation	-	-	49,800	-	49,800	-	49,800
Non-cash Compensation	-	-	51,600	-	51,600	-	51,600
Capital Accounts of Consolidated Limited Liability Company	-	-	21,276	-	21,276	-	21,276
Net income	-	-	-	37,032,214	37,032,214	30,860,661	67,892,875
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	76,322	76,322
<b>BALANCE - November 30, 2023</b>	<u>44,022,781</u>	<u>\$ 44,022</u>	<u>\$ 41,877,531</u>	<u>\$ 164,516,095</u>	<u>\$ 206,437,648</u>	<u>\$ 145,768,634</u>	<u>\$ 352,206,282</u>

See report of independent registered public accounting firm and notes to interim condensed consolidated financial statements.

**FRMO CORPORATION  
AND SUBSIDIARIES**  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Six Months Ended November 30, 2023 and 2022

	November 30,	
	2023	2022
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 67,892,875	\$ 128,202,177
Adjustments to reconcile net income to net cash flows from operating activities		
Equity compensation	49,800	84,320
Non-cash compensation	51,600	51,600
Net realized (gains) losses from investments	(311,979)	478,416
Equity earnings from limited partnerships and limited liability companies	(2,342,932)	(807,583)
Unrealized gains from investments subject to fair value valuation	(25,260,221)	(21,424,185)
Unrealized gains from equity securities	(47,449,703)	(114,430,058)
Non-cash fee revenue	(210,797)	(231,998)
Depreciation	133,121	195,342
Deferred income tax	9,299,780	10,986,260
Changes in operating assets and liabilities:		
Accounts receivable	28,144	(51,391)
Prepaid income taxes and other current assets	67,222	362,147
Accounts payable and accrued expenses	(68,033)	13,052
Net Cash Flows from Operating Activities	<u>1,878,877</u>	<u>3,428,099</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	2,526,302	999,800
Purchases of investments	(3,000,885)	(1,161,767)
Proceeds from securities sold, not yet purchased	93,737	718,942
Purchases to cover securities previously sold	(58,617)	(617,941)
Distributions from limited partnerships	39,243	150,879
Other investments	(181,793)	(29,823)
Purchase of digital mining assets, net of disposals	(81,517)	(37,400)
Net Cash Flows (used in) from Investing Activities	<u>(663,530)</u>	<u>22,690</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of other consolidated subsidiary equity	30,000	30,000
Distributions to members of consolidated limited liability company	(180,000)	(690,000)
Other financing activities	(15,456)	25,034
Net Cash Flows used in Financing Activities	<u>(165,456)</u>	<u>(634,966)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,049,891	2,815,823
CASH AND CASH EQUIVALENTS, Beginning of Period	38,077,492	33,289,454
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 39,127,383</u>	<u>\$ 36,105,277</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the period for		
Income taxes	\$ 568,343	\$ 274,906
Interest	\$ 29,515	\$ 48,823
<b>NONCASH INVESTING ACTIVITIES</b>		
Investment acquired through the contribution of other investments	<u>\$ 208,355</u>	<u>\$ 1,214,180</u>

See report of independent registered public accounting firm and notes to interim condensed consolidated financial statements.



# FRMO CORPORATION AND SUBSIDIARIES

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of November 30, 2023 (Unaudited) and May 31, 2023 and for the  
Three Months and Six Months Ended November 30, 2023 and 2022 (Unaudited)

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### **NOTE 1 - Nature of Business and Basis of Presentation**

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The interim condensed consolidated financial statements include the accounts of FRMO Corporation and its controlled subsidiaries (collectively referred to as the "Company"). As of November 30, 2023 and May 31, 2023, the Company held a 21.80% equity interest in Horizon Kinetics Hard Assets LLC ("HKHA"), a company formed by Horizon Kinetics LLC ("Horizon") and certain officers, principal stockholders and directors of the Company. The Company also holds a 4.95% interest in Horizon and earns substantially all of its advisory fees from Horizon. Due to the common control and ownership between HKHA and the Company's principal stockholders and directors, HKHA has been consolidated within the Company's financial statements. The noncontrolling interest of 78.20% in HKHA has been eliminated from results of operations for the periods ended November 30, 2023 and May 31, 2023. Total stockholders' equity includes, as a separate item, the amount attributable to the noncontrolling interests. The Company maintains its corporate office in White Plains, New York.

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. The principles for interim condensed financial information do not require the inclusion of all the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended May 31, 2023 and notes thereto. The accompanying interim condensed consolidated financial statements have not been audited by an independent registered public accounting firm in accordance with standards of the Public Company Accounting Oversight Board (United States) but, in the opinion of management, such financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the Company's interim financial position and results of operations. The results of operations for the three months and six months ended November 30, 2023 may not be indicative of the results that may be expected for the year ending May 31, 2024.

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### **NOTE 2 - Summary of Significant Accounting Policies**

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#### *Subsequent Events*

The Company has evaluated all subsequent events from the date of the interim condensed consolidated balance sheets through January 11, 2024, which represents the date these interim condensed consolidated financial statements are available to be issued.

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### **NOTE 3 - Adoption of New Accounting Pronouncements**

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The Company has determined that no recently issued accounting pronouncements will have a material impact on its interim condensed consolidated financial position, results of operations and cash flows, or do not apply to its operations.

**FRMO CORPORATION  
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of November 30, 2023 (Unaudited) and May 31, 2023 and for the  
Three Months and Six Months Ended November 30, 2023 and 2022 (Unaudited)

**NOTE 4 - Investments**

*Limited Partnerships and Equity Investments*

The Company's investments in limited partnerships and equity investments consist of the following as of November 30, 2023 and May 31, 2023:

	As of November 30, 2023 (Unaudited)		
	Cost or (Proceeds)	Net Unrealized Gains	Estimated Fair Value
Equity Securities	\$ 79,062,768	\$125,922,646	\$ 204,985,414
Investments in limited partnerships and other equity investments:			
Limited partnerships			
Investment in South LaSalle Partners, LP	\$ 5,548,826	\$ 7,257,105	\$ 12,805,931
Investments in managed funds			
Horizon Multi-Strategy Fund, LP	15,666,490	19,962,706	35,629,196
CDK Partners, LP	1,777,773	4,312,190	6,089,963
Polestar Fund, LP	15,282,846	22,568,381	37,851,227
Multi-Disciplinary Fund, LP	602,948	232,486	835,434
Kinetics Institutional Partners, LP	6,013	24,203	30,216
Shepherd I, LP	13,086	15,872	28,958
Other	4,330	390,914	395,244
Total Investments in Managed Funds	33,353,486	47,506,752	80,860,238
Investment in Winland Holdings Corporation, 1,592,700 shares	1,857,367	2,433,367	4,290,734
Total investments in limited partnerships and other equity investments	\$ 40,759,679	\$ 57,197,224	\$ 97,956,903
Securities sold, not yet purchased (liability)	\$(10,683,871)	\$ 9,392,468	\$ (1,291,403)

**FRMO CORPORATION  
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
As of November 30, 2023 (Unaudited) and May 31, 2023 and for the  
Three Months and Six Months Ended November 30, 2023 and 2022 (Unaudited)

**NOTE 4 - Investments (cont.)**

	As of May 31, 2023		
	Cost or (Proceeds)	Net Unrealized Gains	Estimated Fair Value
Equity Securities	\$ 77,876,311	\$ 81,852,688	\$159,728,999
Investments in limited partnerships and other equity investments:			
Limited partnerships			
Investment in South LaSalle Partners, LP	\$ 5,551,425	\$ 3,008,160	\$ 8,559,585
Investments in managed funds			
Horizon Multi-Strategy Fund, LP	15,195,225	9,828,876	25,024,101
CDK Partners, LP	1,375,367	2,898,502	4,273,869
Polestar Fund, LP	14,603,543	13,969,021	28,572,564
Multi-Disciplinary Fund, LP	594,128	112,340	706,468
Kinetics Institutional Partners, LP	8,111	14,613	22,724
Shepherd I, LP	15,735	4,252	19,987
Other	2,514	248,286	250,800
Total Investments in Managed Funds	31,794,623	27,075,890	58,870,513
Investment in Winland Holdings Corporation, 1,500,443 shares	1,675,574	1,550,378	3,225,952
Total investments in limited partnerships and other equity investments	\$ 39,021,622	\$ 31,634,428	\$ 70,656,050
Securities sold, not yet purchased (liability)	\$(10,670,820)	\$ 8,317,910	\$ (2,352,910)

*Investments in Unconsolidated Entities*

Investment in Securities Exchanges

Investments in securities exchanges are carried at cost and consist of the following as of November 30, 2023 (unaudited) and May 31, 2023:

	November 30, 2023 (Unaudited)	May 31, 2023
Miami International Holdings, Inc.	\$ 6,965,180	\$ 4,626,030
CNSX Markets, Inc.	243,040	243,040
Total securities exchanges	\$ 7,208,220	\$ 4,869,070

The Company holds a less than a 2.00% interest in these stock exchanges.

**FRMO CORPORATION  
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
As of November 30, 2023 (Unaudited) and May 31, 2023 and for the  
Three Months and Six Months Ended November 30, 2023 and 2022 (Unaudited)

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**NOTE 4 - Investments (cont.)**

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Other Investments

The following are the Company's other investments as of November 30, 2023 and May 31, 2023:

	November 30, 2023	May 31, 2023
	(Unaudited)	
Cryptocurrency Mining Entities		
Consensus Mining and Seigniorage Corporation	\$ 392,340	\$ 393,169
HM Tech, LLC	14,979	14,979
Total cryptocurrency mining entities	407,319	408,148
Digital Currency Group, Inc.	76,261	76,261
Total other investments	\$ 483,580	\$ 484,409

The Company holds a 7.434% interest in HM Tech, LLC and is accounted for under the equity method of accounting. The Company holds a less than a 1.00% interest in each of the other investments, which are carried at cost.

Investment Concentration

The following are the approximate amounts of the Company's investments in equity securities held directly and indirectly, through its various investments in managed funds, amounting to greater than 10% of stockholders' equity attributable to the Company ("Equity"). None of the Company's other direct or indirect investments were greater than 10% of Equity as of November 30, 2023 and May 31, 2023.

Investment	As of November 30, 2023		As of May 31, 2023	
	Amount	Percent of Equity	Amount	Percent of Equity
	(Unaudited)			
Investment A	\$ 104,139,000	50.4%	\$ 78,849,000	46.6%
Investment B	\$ 27,153,000	13.2%	na	na

**FRMO CORPORATION  
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of November 30, 2023 (Unaudited) and May 31, 2023 and for the  
Three Months and Six Months Ended November 30, 2023 and 2022 (Unaudited)

**NOTE 4 - Investments (cont.)**

The following are the approximate amounts of investments included in the Company's investments in equity securities, and investments in limited partnerships and other equity investments (together, "Investments") held directly and indirectly, through its various investments in managed funds, amounting to greater than 10% of Investments. None of the Company's other direct or indirect investments were greater than 10% of Investments as of November 30, 2023 and May 31, 2023.

Investment	As of November 30, 2023		As of May 31, 2023	
	Amount	Percent of Investments	Amount	Percent of Investments
	(Unaudited)			
Investment A				
Equity securities	\$ 190,769,000	93.1%	\$ 146,790,000	91.9%
Investments in limited partnerships and other equity investments	\$ 49,382,000	50.4%	\$ 37,985,000	53.8%
Investment B				
Investments in limited partnerships and other equity investments	\$ 20,876,000	21.3%	\$ 9,930,000	14.1%

The following are the approximate amounts of investments included in the Company's unrealized (losses) gains from equity securities amounting to greater than 10% of unrealized (losses) gains from equity securities. None of the Company's other investments were greater than 10% of unrealized (losses) gains from equity securities for the three months and six months ended November 30, 2023 and 2022.

Investment	Three Months Ended November 30, 2023		Three Months Ended November 30, 2022		Six Months Ended November 30, 2023		Six Months Ended November 30, 2022	
	Amount	Percent of Unrealized (Losses) Gains	Amount	Percent of Unrealized (Losses) Gains	Amount	Percent of Unrealized (Losses) Gains	Amount	Percent of Unrealized (Losses) Gains
	(Unaudited)							
Investment A	\$(25,060,000)	127.6%	\$ 84,114,000	99.2%	\$ 41,455,000	87.4%	\$ 114,682,000	100.2%

**FRMO CORPORATION  
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of November 30, 2023 (Unaudited) and May 31, 2023 and for the  
Three Months and Six Months Ended November 30, 2023 and 2022 (Unaudited)

**NOTE 5 - Fair Value Measurements**

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of November 30, 2023 and May 31, 2023, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair values.

	As of November 30, 2023 (Unaudited)					
	Fair Value Measurements at Reporting Date Using					
		Quoted Prices				
		Investments Measured at Net Asset Value	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)		
Total						
Assets (at fair value):						
Money Market Mutual Funds included in Cash and Cash Equivalents	\$ 38,149,626	\$ -	\$ 38,149,626	\$ -	\$ -	
Other Investments:						
Equity Securities	\$ 204,985,414	\$ -	\$ 204,985,414	\$ -	\$ -	
Investment in Limited Partnerships and other Equity Investments	97,956,903	93,666,169	-	4,290,734	-	
Total Other Investments	\$ 302,942,317	\$ 93,666,169	\$ 204,985,414	\$ 4,290,734	\$ -	
Liabilities (at fair value):						
Common Stocks	\$ 1,291,403	\$ -	\$ 1,291,403	\$ -	\$ -	

**FRMO CORPORATION  
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
As of November 30, 2023 (Unaudited) and May 31, 2023 and for the  
Three Months and Six Months Ended November 30, 2023 and 2022 (Unaudited)

**NOTE 5 - Fair Value Measurements (cont.)**

	As of May 31, 2023				
	Fair Value Measurements at Reporting Date Using				
	Investments Measured at Net Asset Total	Quoted Prices		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		in Active Markets for Identical Assets (Level 1)	-		
Assets (at fair value):					
Money Market Mutual Funds included in Cash and Cash Equivalents	\$ 37,044,809	\$ -	\$ 37,044,809	\$ -	
Other Investments:					
Equity Securities	\$ 159,728,999	\$ -	\$ 159,728,999	\$ -	
Investment in Limited Partnerships and other Equity Investments	70,656,050	67,430,098	-	3,225,952	
Total Other Investments	\$ 230,385,049	\$ 67,430,098	\$ 159,728,999	\$ 3,225,952	
Liabilities (at fair value):					
Common Stocks	\$ 2,352,910	\$ -	\$ 2,352,910	\$ -	

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**NOTE 6 - Income Taxes**

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The Company files a consolidated federal income tax return and a combined state/city tax return with its wholly-owned subsidiary, Fromex Equities Corp. HKHA, included in consolidated net income (loss) before taxes, is a pass-through entity subject to K-1 reporting and is not included in the Company's consolidated income tax return. Pass-through income allocated to the Company is based on the Company's ownership percentage as of November 30, 2023 and May 31, 2023, which was 21.80%. Income tax attributable to the remaining noncontrolling interest of 78.20% represents a permanent difference related to "consolidation of noncontrolling interests" in the reconciliation table below of federal statutory rate to effective tax rate.

The Company records adjustments related to prior years' taxes during the period when they are identified, generally when the tax returns are filed. The effect of these adjustments on the current and prior periods (during which the differences originated) is evaluated based upon quantitative and qualitative factors and are considered in relation to the interim condensed consolidated financial statements taken as a whole for the respective periods.

The provision for income taxes is comprised of the following:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Current				
Federal	\$ 478,631	\$ 214,921	\$ 352,637	\$ 361,877
State and City	357,193	185,817	282,957	395,383
Total Current	835,824	400,738	635,594	757,260
Deferred				
Federal	805,932	9,083,025	9,299,780	10,986,260
State and City	-	-	-	-
Total Deferred	805,932	9,083,025	9,299,780	10,986,260
Total Provision for Income Taxes	\$ 1,641,756	\$ 9,483,763	\$ 9,935,374	\$ 11,743,520

The provision for income taxes includes estimated amounts for income and loss items derived from pass through entities. The actual amounts are determined upon completion of the Company's tax return and may differ from the amounts presented above due to the variable nature of these items.

Deferred tax assets and liabilities are determined using the enacted tax rates applicable to the period the temporary differences are expected to be recovered. The net deferred income taxes on the balance sheets reflect temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and income tax purposes, tax effected at a various rates depending on whether the temporary differences are subject to federal taxes, state and city taxes, or both.



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**NOTE 6 - Income Taxes (cont.)**

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The tax effects of temporary differences which give rise to the deferred tax liability consist of the following as of November 30, 2023 and May 31, 2023:

	November 30, 2023 (Unaudited)	May 31, 2023
<b>Deferred Tax Asset</b>		
Capital loss carry forward	\$ -	\$ 198,819
Total deferred tax asset	-	198,819
<b>Deferred Tax Liability</b>		
Investments in limited partnerships	66,445	32,409
Investment in unconsolidated limited liability companies	132,660	132,660
Deferral of gain from like-kind exchange	3,329,673	3,329,673
Unrealized gain from equity securities and investments in managed funds	21,774,944	12,708,019
Total deferred tax liability	25,303,722	16,202,761
Net Deferred Tax Liability	\$ (25,303,722)	\$ (16,003,942)

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**NOTE 6 - Income Taxes (cont.)**

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A reconciliation of the federal statutory rate to the effective tax rate is as follows for the three months and six months ended November 30, 2023 and 2022:

	Three Months Ended				Six Months Ended			
	November 30,		November 30,		November 30,		November 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) income before taxes	\$ (10,934,698)	100.0%	\$ 106,172,849	100.0%	\$ 77,828,249	100.0%	\$ 139,945,697	100.0%
Computed expected tax								
(benefit) expense	\$ (2,296,287)	21.0%	\$ 22,296,298	21.0%	\$ 16,343,932	21.0%	\$ 29,388,596	21.0%
State and City taxes,								
net of federal benefit	282,182	-2.6%	146,796	0.1%	223,536	0.3%	312,353	0.2%
Permanent differences	18,750	-0.2%	(1,126)	0.0%	(161,121)	-0.2%	32,769	0.0%
Other	131	0.0%	105	0.0%	244	0.0%	207	0.0%
(Benefit from) provision for								
income taxes before								
consolidation of								
noncontrolling interests	(1,995,224)	18.3%	22,442,073	21.1%	16,406,591	21.1%	29,733,925	21.2%
Permanent differences								
related to consolidation of								
non controlling interests	3,636,980	-33.3%	(12,958,311)	-12.2%	(6,471,217)	-8.3%	(17,990,405)	-12.9%
Total provision for								
income taxes	\$ 1,641,756	-15.0%	\$ 9,483,762	8.9%	\$ 9,935,374	12.8%	\$ 11,743,520	8.4%

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

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**NOTE 7 – Mortgage Payable**

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On November 8, 2019, the Company acquired a building located in North Carolina to be used in certain business operations for \$1,050,000. The building was purchased subject to an \$800,000 mortgage with a 3.9% interest rate and a balloon payment of \$655,255 due on the maturity date of November 6, 2024. The mortgage is also collateralized by an assignment of all rents received from the building. The building is rented to a related party, subject to a lease that calls for \$11,450 per month in rent through November 2024.

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**NOTE 8 - Net Income Per Common Share and Per Common Share Equivalent**

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Basic and diluted earnings per common share is calculated by dividing net income allocated to common stock by the weighted average common shares outstanding during the period. The weighted average number of shares of common stock used in the calculation of diluted earnings per share is adjusted for the dilutive effects of potential common shares including the assumed exercise of vested stock options based on the treasury stock method. Assumed exercise or conversion of potential common shares is only when the weighted average market price for the period exceeds the exercise price and the conversion price, and that the entity records earnings from continuing operations, as the inclusion of such adjustments would otherwise be anti-dilutive to earnings per share from continuing operations.

Potential common shares consist of unexercised stock options of 69,000 and 65,000 for the three months ended November 30, 2023 and 2022, respectively.

As of November 30, 2023 and May 31, 2023 there were 24,000 and 40,000 vested options with an exercise price below the weighted average market price of the Company's common stock during the period.

The reconciliation of the weighted average number of common shares used in the calculation of basic and diluted earnings per common share follows for the three months and six months ended November 30:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Weighted Average Common Shares outstanding	44,022,781	44,020,968	44,022,781	44,019,366
Effect of Dilutive Securities, common share equivalents:				
Exercise of stock options	-	-	4,288	12,405
Dilutive Potential Common Share Equivalents	44,022,781	44,020,968	44,027,069	44,031,771

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**NOTE 9 - Stockholders' Equity**

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*Redeemable Preferred Stock*

The number of authorized Series R preferred shares is 5,000 with a par value of \$.001 per share. These shares are each convertible to 1,000 shares of the Company's common stock at the option of either the Company or the holder. There were no shares of preferred stock outstanding as of November 30, 2023 and May 31, 2023.

*Stock Options*

A summary of option activity as of November 30, 2023, and changes during the six months then ended, is as follows:

<i>Stock Options</i> (Unaudited)	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at June 1, 2023	65,000	\$ 7.48	3.77	\$ 59,040
Granted	12,000	\$ 7.50	6.85	\$ -
Exercised	-	\$ -	-	\$ -
Expired	<u>(8,000)</u>	\$ 4.80	-	\$ 20,260
Outstanding at November 30, 2023	<u>69,000</u>	<u>\$ 7.80</u>	<u>4.29</u>	<u>\$ 18,080</u>
Vested and Exercisable at November 30, 2023	<u>69,000</u>	<u>\$ 7.80</u>	<u>4.29</u>	<u>\$ 18,080</u>

All stock options were vested as of November 30, 2023 and May 31, 2023.

The aggregate intrinsic value of options outstanding and options exercisable at November 30, 2023 and May 31, 2023 is calculated as the difference between the exercise price of the underlying options and the market price of FRMO's common stock for the shares that had exercise prices that were lower than the \$6.80 and \$7.58 closing price of FRMO's common stock on November 30, 2023 and May 31, 2023, respectively.

As of November 30, 2023, there was no unrecognized compensation cost related to unvested options.