

**FRMO CORPORATION
AND SUBSIDIARIES**

White Plains, New York

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

Including Report of Independent
Registered Public Accounting Firm

As of August 31, 2024 (Unaudited) and
May 31, 2024 and for the Three Months
Ended August 31, 2024 and 2023 (Unaudited)

**FRMO CORPORATION
AND SUBSIDIARIES**

TABLE OF CONTENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

Review Report of Independent Registered Public Accounting Firm	1
Interim Condensed Consolidated Financial Statements	
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statements of Income	3
Condensed Consolidated Statements of Stockholders' Equity	4
Condensed Consolidated Statements of Cash Flows	5
Notes to Condensed Consolidated Financial Statements	6 - 17

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 August 31, 2024, and the related condensed consolidated statements of income, stockholders' equity and cash flows for the three month periods ended August 31, 2024 and 2023 (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, 2024, 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, 2024, 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, 2024, 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
October 15, 2024

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FRMO CORPORATION
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS
As of August 31, 2024 and May 31, 2024

<i>ASSETS</i>	August 31, 2024 (Unaudited)	May 31, 2024
Current Assets		
Cash and cash equivalents	\$ 42,471,912	\$ 39,189,906
Accounts receivable (due from related parties)	3,475,037	3,443,834
Prepaid income taxes	-	640,623
Equity securities, at fair value (cost of \$76,917,738 and \$76,720,971 at August 31, 2024 and May 31, 2024, respectively)	310,345,125	221,681,671
Digital assets, at fair value (cost of \$4,220,573 and \$4,189,488 at August 31, 2024 and May 31, 2024, respectively)	9,587,561	10,978,796
Other current assets	167,357	167,357
Total Current Assets	<u>366,046,992</u>	<u>276,102,187</u>
Digital mining assets, net of accumulated depreciation of \$515,807 and \$1,286,317 at August 31, 2024 and May 31, 2024, respectively)	1,071,078	1,139,972
Investments in limited partnerships and other equity investments at fair value (cost of \$43,187,245 and \$41,753,870 at August 31, 2024 and May 31, 2024, respectively)	146,108,671	127,578,968
Investments in Securities Exchanges, at cost	6,509,088	6,463,351
Other investments, at cost	469,430	469,430
Investment in Horizon Kinetics LLC	17,936,348	17,204,752
Participation in Horizon Kinetics LLC Revenue Stream	10,200,000	10,200,000
Total Assets	<u><u>\$548,341,607</u></u>	<u><u>\$439,158,660</u></u>
<i>LIABILITIES AND STOCKHOLDERS' EQUITY</i>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 623,053	\$ 589,228
Income taxes payable	589,832	-
Current portion of mortgage note payable	660,629	668,624
Securities sold, not yet purchased (proceeds of \$10,687,979 and \$10,575,986 at August 31, 2024 and May 31, 2024, respectively)	991,420	950,762
Total Current Liabilities	<u>2,864,934</u>	<u>2,208,614</u>
Deferred tax liability	42,330,221	33,668,129
Total Liabilities	<u>45,195,155</u>	<u>35,876,743</u>
Stockholders' Equity		
Stockholders' Equity Attributable to the Company	276,567,890	242,136,692
Noncontrolling interests	226,578,562	161,145,225
Total Stockholders' Equity	<u>503,146,452</u>	<u>403,281,917</u>
Total Liabilities and Stockholders' Equity	<u><u>\$548,341,607</u></u>	<u><u>\$439,158,660</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 August 31,	
	2024	2023
	(Unaudited)	
REVENUE		
Fees and other income	\$ 737,298	\$ 701,344
Dividends and interest income, net	4,457,782	914,547
Net realized (losses) gains from investments	(475)	438,511
Equity earnings from limited partnerships and limited liability companies	2,556,056	768,892
Unrealized gains from investments	16,399,114	19,207,025
Total revenue before unrealized gains (losses) from equity securities and digital assets	24,149,775	22,030,319
Unrealized gains from equity securities	88,434,910	67,311,583
Unrealized losses from digital assets	(1,422,320)	(216,460)
Total Revenue	111,162,365	89,125,442
OPERATING EXPENSES		
General and administrative expenses	368,962	288,910
Depreciation	49,120	73,585
Total Expenses	418,082	362,495
Income from Operations before Provision for Income Taxes	110,744,283	88,762,947
Provision for Income Taxes	10,488,855	8,293,618
Net Income	100,255,428	80,469,329
Less net income attributable to noncontrolling interests	65,768,677	48,139,344
Net income attributable to the Company	\$ 34,486,751	\$ 32,329,985
NET INCOME PER COMMON SHARE		
Basic and diluted	\$ 0.78	\$ 0.73
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	44,022,781	44,022,781
Diluted	44,027,112	44,030,469

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 Three Months Ended August 31, 2024 and 2023 (Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Stockholders' Equity Attributable to the Company	Non- Controlling Interests	Total Stockholders' Equity
	Shares	Amount					
BALANCE - June 1, 2023	44,022,781	\$ 44,022	\$ 41,754,855	\$ 127,483,881	169,282,758	\$ 114,831,651	\$ 284,114,409
Non-cash Compensation	-	-	25,800	-	25,800	-	25,800
Capital Accounts of Consolidated Limited Liability Company	-	-	(201)	-	(201)	-	(201)
Net income	-	-	-	32,329,985	32,329,985	48,139,344	80,469,329
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	21,365	21,365
BALANCE - August 31, 2023	<u>44,022,781</u>	<u>\$ 44,022</u>	<u>\$ 41,780,454</u>	<u>\$ 159,813,866</u>	<u>\$ 201,638,342</u>	<u>\$ 162,992,360</u>	<u>\$ 364,630,702</u>
	Common Stock		Additional Paid-In Capital	Retained Earnings	Stockholders' Equity Attributable to the Company	Non- Controlling Interests	Total Stockholders' Equity
	Shares	Amount					
BALANCE - June 1, 2024	44,022,781	\$ 44,022	\$ 42,050,118	\$ 200,042,552	242,136,692	\$ 161,145,225	\$ 403,281,917
Non-cash Compensation	-	-	25,800	-	25,800	-	25,800
Capital Accounts of Consolidated Limited Liability Company	-	-	(81,353)	-	(81,353)	-	(81,353)
Net income	-	-	-	34,486,751	34,486,751	65,758,677	100,245,428
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	(335,340)	(335,340)
BALANCE - August 31, 2024	<u>44,022,781</u>	<u>\$ 44,022</u>	<u>\$ 41,994,565</u>	<u>\$ 234,529,303</u>	<u>\$ 276,567,890</u>	<u>\$ 226,568,562</u>	<u>\$ 503,136,452</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 Three Months Ended August 31, 2024 and 2023

	August 31,	
	2024	2023
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 100,255,428	\$ 80,469,329
Adjustments to reconcile net income to net cash flows from operating activities		
Non-cash compensation	25,800	25,800
Net realized (gains) losses from investments	475	(438,511)
Equity earnings from limited partnerships and limited liability companies	(2,556,056)	(768,892)
Unrealized gains from investments subject to fair value valuation	(16,399,114)	(19,207,025)
Unrealized gains from equity securities	(88,434,910)	(67,311,583)
Unrealized losses from digital assets	1,422,320	216,460
Non-cash fee revenue	(31,085)	(111,118)
Depreciation	49,120	73,585
Deferred income tax	8,662,092	8,493,848
Changes in operating assets and liabilities:		
Accounts receivable	(31,203)	(576,893)
Prepaid income taxes and other current assets	640,623	(403,472)
Accounts payable and accrued expenses	33,825	24,215
Income taxes payable	589,832	-
Net Cash Flows from Operating Activities	<u>4,227,147</u>	<u>485,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	102,241	2,175,098
Purchases of investments	(194,538)	(1,429,862)
Proceeds from securities sold, not yet purchased	108,951	51,877
Purchases to cover securities previously sold	(4,421)	(37,523)
Distributions from limited partnerships	187,908	19,623
Other investments	(312,061)	(180,064)
Net Proceeds (purchase) of digital mining assets, net of disposals	19,774	(82,838)
Net Cash Flows (used in) from Investing Activities	<u>(92,146)</u>	<u>516,311</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of other consolidated subsidiary equity	15,000	15,000
Distributions to members of consolidated limited liability company	(860,000)	(90,000)
Other financing activities	(7,995)	(7,691)
Net Cash Flows used in Financing Activities	<u>(852,995)</u>	<u>(82,691)</u>
Net Change in Cash and Cash Equivalents	3,282,006	919,363
CASH AND CASH EQUIVALENTS, Beginning of Period	39,189,906	38,077,492
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 42,471,912</u>	<u>\$ 38,996,855</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for		
Income taxes	\$ 596,077	\$ 210,843
Interest	\$ 18,715	\$ 14,615
NONCASH INVESTING ACTIVITIES		
Investment acquired through the contribution of other investments	<u>\$ 240,399</u>	<u>\$ 76,541</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 August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

NOTE 1 - Nature of Business and Basis of Presentation

The interim condensed consolidated financial statements include the accounts of FRMO Corporation and its controlled subsidiaries (collectively referred to as the "Company"). As of August 31, 2024 and May 31, 2024, the Company held a 21.86% and 21.84% 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 (see Note 4 – Investments, Investments under the Equity Method of Accounting). 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 78.14 % and 78.16% in HKHA has been eliminated from results of operations for the periods ended August 31, 2024 and May 31, 2024. 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, 2024 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 ended August 31, 2024 may not be indicative of the results that may be expected for the year ending May 31, 2025.

NOTE 2 - Summary of Significant Accounting Policies

Subsequent Events

The Company has evaluated all subsequent events from the date of the interim condensed consolidated balance sheets through October 15, 2024, which represents the date these interim condensed consolidated financial statements are available to be issued.

NOTE 3 - Adoption of New Accounting Pronouncements

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
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (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 August 31, 2024 and May 31, 2023:

	As of August 31, 2024 (Unaudited)		
	Cost or (Proceeds)	Net Unrealized Gains	Fair Value
Equity Securities	<u>\$ 76,917,738</u>	<u>\$233,427,387</u>	<u>\$310,345,125</u>
Investments in limited partnerships and other equity investments:			
Limited partnerships			
Investment in South LaSalle Partners, LP	<u>\$ 5,540,639</u>	<u>\$ 6,009,273</u>	<u>\$ 11,549,912</u>
Investments in managed funds			
Horizon Multi-Strategy Fund, LP	16,638,612	39,645,346	56,283,958
CDK Partners, LP	1,833,965	7,693,072	9,527,037
Polestar Fund, LP	15,852,845	43,127,670	58,980,515
Multi-Disciplinary Fund, LP	619,516	468,693	1,088,209
Kinetics Institutional Partners, LP	6,214	40,090	46,304
Shepherd I, LP	14,770	31,276	46,046
Other	<u>29,936</u>	<u>571,841</u>	<u>601,777</u>
Total Investments in Managed Funds	<u>34,995,858</u>	<u>91,577,988</u>	<u>126,573,846</u>
Investment in Winland Holdings Corporation, 1,774,425 shares	<u>2,650,748</u>	<u>5,334,165</u>	<u>7,984,913</u>
Total investments in limited partnerships and other equity investments	<u>\$ 43,187,245</u>	<u>\$102,921,426</u>	<u>\$146,108,671</u>
Securities sold, not yet purchased (liability)	<u>\$(10,687,979)</u>	<u>\$ 9,696,559</u>	<u>\$ (991,420)</u>

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

	As of May 31, 2024		
	Cost or (Proceeds)	Net Unrealized Gains	Fair Value
Equity Securities	\$ 76,720,971	\$144,960,700	\$221,681,671
Investments in limited partnerships and other equity investments:			
Limited partnerships			
Investment in South LaSalle Partners, LP	\$ 5,543,994	\$ 5,944,824	\$ 11,488,818
Investments in managed funds			
Horizon Multi-Strategy Fund, LP	15,953,087	34,332,219	50,285,306
CDK Partners, LP	1,790,997	6,674,187	8,465,184
Polestar Fund, LP	15,465,895	31,686,626	47,152,521
Multi-Disciplinary Fund, LP	613,511	397,809	1,011,320
Kinetics Institutional Partners, LP	6,081	31,839	37,920
Shepherd I, LP	13,608	27,284	40,892
Other	28,010	415,662	443,672
Total Investments in Managed Funds	33,871,189	73,565,626	107,436,815
Investment in Winland Holdings Corporation, 1,712,311 shares	2,338,687	6,314,648	8,653,335
Total investments in limited partnerships and other equity investments	\$ 41,753,870	\$ 85,825,098	\$127,578,968
Securities sold, not yet purchased (liability)	\$(10,575,986)	\$ 9,625,224	\$ (950,762)

Investments in Unconsolidated Entities

Investment in Securities Exchanges

Investments in securities exchanges are carried at cost and consist of the following as of August 31, 2024 and May 31, 2024:

	August 31, 2024 (Unaudited)	May 31, 2024
Miami International Holdings, Inc., at fair value (cost of \$4,322,905 at May 31, 2024 and 2023)	\$ 6,266,048	\$ 6,220,311
CNSX Markets, Inc.	243,040	243,040
Total securities exchanges	\$ 6,509,088	\$ 6,463,351

The Company investment in Miami International Holdings, Inc. is accounted for under the fair value method of accounting. The Company holds less than a 2.00% interest in CNSX Markets, Inc., which is carried at cost.

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

Other Investments

The following are the Company's other investments as of August 31, 2024 and May 31, 2024:

	August 31, 2024	May 31, 2024
	(Unaudited)	
Digital Asset Mining Entity:		
Consensus Mining and Seigniorage Corporation	\$ 393,169	\$ 393,169
Digital Currency Group, Inc.	76,261	76,261
Total other investments	\$ 469,430	\$ 469,430

The Company holds a less than a 1.00% interest in each of these other investments, which are carried at cost.

Investments under the Equity Method of Accounting

As disclosed in Note 1 to the condensed consolidated financial statements, the Company held a 4.95% interest in Horizon and earns substantially all of its advisory fees from Horizon. On August 1, 2024, Horizon completed its previously announced merger with Scott's Liquid Gold Inc., which was renamed Horizon Kinetics Holding Corporation ("HKHC"). In connection with the merger, HKHC effected a reverse stock split of its outstanding shares of common stock at a ratio of 1-for-20, and issued 17,984,253 shares of common stock to the members of Horizon, including 823,863 shares to FRMO.

Due to the common management with Horizon, the Company's investment in Horizon is accounted for under the equity method of accounting. This investment has been reviewed for impairment with none being noted.

Concentration

The following are the approximate amounts of the Company's investments in equity securities and digital asset funds 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 August 31, 2024 and May 31, 2024.

Investment	As of August 31, 2024		As of May 31, 2024	
	Amount	Percent of Equity	Amount	Percent of Equity
	(Unaudited)			
Investment A	\$ 165,944,000	60.0%	\$ 117,083,000	48.4%
Investment B	\$ 29,402,000	10.6%	\$ 37,695,367	15.6%

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

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 August 31, 2024 and May 31, 2024.

Investment	As of August 31, 2024		As of May 31, 2024	
	Amount	Percent of Investments	Amount	Percent of Investments
	(Unaudited)			
Investment A				
Equity securities	\$ 299,856,000	96.6%	\$ 211,986,000	95.6%
Investments in limited partnerships and other equity investments	\$ 78,288,000	53.6%	\$ 55,008,000	43.1%
Investment B				
Investments in limited partnerships and other equity investments	\$ 28,973,000	19.8%	\$ 37,144,000	29.1%

The following are the approximate amounts of investments included in the Company’s unrealized gains from equity securities amounting to greater than 10% of unrealized gains from equity securities. None of the Company’s other investments were greater than 10% of unrealized gains from equity securities for the three months ended August 31, 2024 and 2023.

Investment	Three Months Ended August 31, 2024		Three Months Ended August 31, 2023	
	Amount	Percent of Unrealized Gains	Amount	Percent of Unrealized Gains
	(Unaudited)			
Investment A	\$ 87,849,000	99.3%	\$ 66,516,000	98.8%

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

NOTE 5 – Digital Assets Held

Digital Assets Held

The Company's holdings in digital assets consist of the following as of August 31, 2024 and May 31, 2024:

	As of August 31, 2024 (Unaudited)			
	Units	Cost	Net Unrealized Gains (Losses)	Fair Value
Digital assets held				
Bitcoin	158.2	\$ 3,916,602	\$ 5,410,360	\$ 9,326,962
Other digital assets		303,971	(43,372)	260,599
Total		\$ 4,220,573	\$ 5,366,988	\$ 9,587,561

	As of May 31, 2024			
	Units	Cost	Net Unrealized Gains	Fair Value
Digital assets held				
Bitcoin	157.4	\$ 3,885,689	\$ 6,734,775	\$ 10,620,464
Other digital assets		303,799	54,533	358,332
Total		\$ 4,189,488	\$ 6,789,308	\$ 10,978,796

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

NOTE 6 - 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 August 31, 2024 and May 31, 2024, and indicates the fair value hierarchy the Company utilized to determine such fair values.

In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has elected the fair value option for its investments on an investment-by-investment basis at the time each investment is initially recognized in the financial statements or upon an event that gives rise to a new basis of accounting for these items. The Company has elected the fair value option for its investment in Winland Holdings Corporation.

	As of August 31, 2024 (Unaudited)			
	Fair Value Measurements at Reporting Date Using			
	Investments Measured at Net Asset Value	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total				
Assets (at fair value):				
Money Market Mutual Funds				
included in Cash				
and Cash Equivalents	\$ 42,108,946	\$ -	\$ 42,108,946	\$ -
Other Investments:				
Equity Securities	\$ 310,345,125	\$ -	\$ 310,345,125	\$ -
Digital Assets	9,587,561	-	9,587,561	-
Investment in Limited Partnerships and other Equity Investments	146,108,671	138,123,758	-	7,984,913
Total Other Investments	\$ 466,041,357	\$ 138,123,758	\$ 319,932,686	\$ 7,984,913
Liabilities (at fair value):				
Common Stocks	\$ 991,420	\$ -	\$ 991,420	\$ -

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

	As of May 31, 2024				
	Fair Value Measurements at Reporting Date Using				
	Total	Quoted Prices			
		Investments	in Active	Significant	Significant
		Measured	Markets	Other	
at		for Identical	Observable		
Net Asset	Assets	Inputs			
	Value	(Level 1)	(Level 2)	Unobservable Inputs (Level 3)	
Assets (at fair value):					
Money Market Mutual Funds					
included in Cash					
and Cash Equivalents	\$ 38,485,460	\$ -	\$ 38,485,460	\$ -	
Other Investments:					
Equity Securities	\$ 221,681,671	\$ -	\$ 221,681,671	\$ -	
Digital Assets	10,978,796	-	10,978,796	-	
Investment in Limited					
Partnerships and other					
Equity Investments	127,578,968	118,925,633	-	8,653,335	
Total Other Investments	\$ 360,239,435	\$ 118,925,633	\$ 232,660,467	\$ 8,653,335	
Liabilities (at fair value):					
Common Stocks	\$ 950,762	\$ -	\$ 950,762	\$ -	

NOTE 7 - Income Taxes

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 August 31, 2024 and May 31, 2024, which was 21.86% and 21.84%, respectively. Income tax attributable to the remaining noncontrolling interest of 78.14% and 78.16% 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.

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

The provision for (benefit from) income taxes is comprised of the following:

	Three Months Ended August 31,	
	2024	2023
	(Unaudited)	
Current		
Federal	\$ 945,693	\$ (125,994)
State and City	881,069	(74,236)
Total Current	1,826,762	(200,230)
Deferred		
Federal	8,662,093	8,493,848
State and City	-	-
Total Deferred	8,662,093	8,493,848
Total Provision for Income Taxes	\$ 10,488,855	\$ 8,293,618

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.

The tax effects of temporary differences which give rise to the deferred tax liability consist of the following as of August 31, 2024 and May 31, 2024:

	August 31, 2024	May 31, 2024
	(Unaudited)	
Investments in limited partnerships	\$ 192,387	\$ 52,485
Investment in unconsolidated limited liability companies	132,660	132,660
Deferral of gain from like-kind exchange	3,403,699	3,403,699
Unrealized gain from equity securities, digital assets and investments in managed funds	38,601,475	30,079,285
Net Deferred Tax Liability	\$ 42,330,221	\$ 33,668,129

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

A reconciliation of the federal statutory rate to the effective tax rate is as follows for the three months ended August 31, 2024 and 2023:

	Three Months Ended			
	August 31,			
	2024		2023	
	(Unaudited)		(Unaudited)	
Income before taxes	\$ 110,744,283	100.0%	\$ 88,762,947	100.0%
Computed expected tax expense	\$ 23,256,299	21.0%	\$ 18,640,219	21.0%
State and City taxes, net of federal benefit	696,045	0.6%	(58,646)	-0.1%
Permanent differences	327,045	0.3%	(179,872)	-0.2%
Other	231	0.0%	113	0.0%
Provision for income taxes before consolidation of noncontrolling interests	24,279,620	21.9%	18,401,814	20.7%
Permanent differences related to consolidation of non controlling interests	(13,790,765)	-12.5%	(10,108,196)	-11.4%
Total provision for income taxes	\$ 10,488,855	9.5%	\$ 8,293,618	9.3%

NOTE 8 – Mortgage Payable

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.

NOTE 9 - Net Income Per Common Share and Per Common Share Equivalent

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 August 31, 2024 and 2023, respectively.

As of August 31, 2024 and May 31, 2024 there were 24,000 vested options with an exercise price below the weighted average market price of the Company's common stock during the period.

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

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 ended August 31:

	Three Months Ended August 31,	
	2024	2023
	(Unaudited)	
Weighted Average Common Shares outstanding	44,022,781	44,022,781
Effect of Dilutive Securities, common share		
Exercise of stock options	4,331	7,688
Dilutive Potential Common Share Equivalents	44,027,112	44,030,469

NOTE 10 - Stockholders' Equity

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 August 31, 2024 and May 31, 2024.

Stock Options

A summary of option activity as of August 31, 2024, and changes during the three 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	69,000	\$ 7.80	3.79	\$ 23,840
Granted	-	\$ -	-	\$ -
Exercised	-	\$ -	-	\$ -
Expired	-	\$ -	-	\$ -
Outstanding at August 31, 2024	69,000	\$ 7.80	3.54	\$ 32,240
Vested and Exercisable at August 31, 2024	69,000	\$ 7.80	3.54	\$ 32,240

All stock options were vested as of August 31, 2024 and May 31, 2024.

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of August 31, 2024 (Unaudited) and May 31, 2024 and for the
Three Months Ended August 31, 2024 and 2023 (Unaudited)

The aggregate intrinsic value of options outstanding and options exercisable at August 31, 2024 and May 31, 2024 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 \$7.39 and \$7.04 closing price of FRMO's common stock on August 31, 2024 and May 31, 2024, respectively.

As of August 31, 2024, there was no unrecognized compensation cost related to unvested options.