

**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, 2021 (Unaudited) and
May 31, 2021 and for the Three Months and Six Months
Ended November 30, 2021 and 2020 (Unaudited)

**FRMO CORPORATION
AND SUBSIDIARIES**

TABLE OF CONTENTS

As of November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (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 (Loss)	3
Condensed Consolidated Statements of Stockholders' Equity	4
Condensed Consolidated Statements of Cash Flows	5
Notes to Condensed Consolidated Financial Statements	6 - 16

Review Report of Independent Registered Public Accounting Firm

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

We have reviewed the accompanying condensed consolidated balance sheet of FRMO Corporation and Subsidiaries (the Company) as of November 30, 2021, the related condensed consolidated statements of income (loss) for the three and six months ended November 30, 2021 and 2020, the condensed consolidated statement of stockholders' equity for the six months ended November 30, 2021 and 2020 and the condensed consolidated statements of cash flows for the six months ended November 30, 2021 and 2020. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. 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 Public Company Accounting Oversight Board (United States) and 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 condensed consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements as of November 30, 2021 and for the three and six months ended November 30, 2021 and 2020 referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of FRMO Corporation and Subsidiaries as of May 31, 2021 (not presented herein) and, in our report dated August 13, 2021, 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, 2021 is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Baker Tilly US, LLP

New York, New York
January 13, 2022

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FRMO CORPORATION
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS
As of November 30, 2021 and May 31, 2021

<i>ASSETS</i>	November 30, 2021 (Unaudited)	May 31, 2021
Current Assets		
Cash and cash equivalents	\$ 34,153,141	\$ 34,971,075
Accounts receivable (due from related parties)	1,808,586	1,980,262
Equity securities, at fair value (cost of \$73,602,741 and \$72,736,126 at November 30, 2021 and May 31, 2021, respectively)	150,490,031	171,733,386
Other current assets	167,357	167,357
Total Current Assets	<u>186,619,115</u>	<u>208,852,080</u>
Cryptocurrency mining assets, net of accumulated depreciation of \$552,164 and \$412,193 at November 30, 2021 and May 31, 2021, respectively	1,563,826	1,386,199
Investments in limited partnerships and other equity investments at fair value (cost of \$36,544,503 and \$35,882,528 at November 30, 2021 and May 31, 2021, respectively)	91,422,302	86,853,538
Investments in Securities Exchanges	4,815,025	4,815,025
Other investments	341,132	312,045
Investment in Horizon Kinetics LLC	14,463,815	16,366,211
Participation in Horizon Kinetics LLC Revenue Stream	10,200,000	10,200,000
Total Assets	<u>\$309,425,215</u>	<u>\$328,785,098</u>
<i>LIABILITIES AND STOCKHOLDERS' EQUITY</i>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 262,898	\$ 182,709
Income taxes payable	1,903,204	2,037,514
Current portion of mortgage note payable	29,444	28,877
Securities sold, not yet purchased (proceeds of \$9,570,447 and \$11,709,149 at November 30, 2021 and May 31, 2021, respectively)	3,698,210	6,118,362
Total Current Liabilities	<u>5,893,756</u>	<u>8,367,462</u>
Deferred tax liability	21,101,339	20,773,999
Mortgage payable, net of current portion	714,998	729,862
Total Liabilities	<u>27,710,093</u>	<u>29,871,323</u>
Stockholders' Equity		
Stockholders' Equity Attributable to the Company	178,898,453	177,904,904
Noncontrolling interests	102,816,669	121,008,871
Total Stockholders' Equity	<u>281,715,122</u>	<u>298,913,775</u>
Total Liabilities and Stockholders' Equity	<u>\$309,425,215</u>	<u>\$328,785,098</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 (LOSS)

	Three Months Ended		Six Months Ended	
	November 30,		November 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
REVENUE				
Fees and other income	\$ 1,191,525	\$ 521,982	\$ 2,308,859	\$ 959,760
Dividends and interest income, net	403,722	85,014	792,392	168,827
Net realized losses from investments	(187,502)	(427,733)	(359,999)	(1,873,235)
Equity earnings (losses) from partnerships and limited liability companies	47,318	(146,570)	(915,860)	504,521
Unrealized gains from investments subject to fair value	<u>1,810,077</u>	<u>10,436,411</u>	<u>4,351,640</u>	<u>13,339,574</u>
Total revenue before unrealized losses from equity securities	3,265,140	10,469,104	6,177,032	13,099,447
Unrealized (losses) gains from equity securities	<u>(15,099,637)</u>	<u>11,536,004</u>	<u>(22,177,999)</u>	<u>5,677,815</u>
Total Revenue	<u>(11,834,497)</u>	<u>22,005,108</u>	<u>(16,000,967)</u>	<u>18,777,262</u>
OPERATING EXPENSES				
General and administrative expenses	315,883	282,953	559,352	611,500
Depreciation	<u>74,990</u>	<u>26,859</u>	<u>139,972</u>	<u>112,488</u>
Total Expenses	<u>390,873</u>	<u>309,812</u>	<u>699,324</u>	<u>723,988</u>
(Loss) Income from Operations before Provision for Income Taxes	(12,225,370)	21,695,296	(16,700,291)	18,053,274
Provision for Income Taxes	<u>63,810</u>	<u>3,462,080</u>	<u>1,882,955</u>	<u>4,092,173</u>
Net (Loss) Income	(12,289,180)	18,233,216	(18,583,246)	13,961,101
Less net (loss) income attributable to noncontrolling interests	<u>(11,938,857)</u>	<u>6,561,850</u>	<u>(19,193,640)</u>	<u>2,107,494</u>
Net (loss) income attributable to the Company	<u>\$ (350,323)</u>	<u>\$ 11,671,366</u>	<u>\$ 610,394</u>	<u>\$ 11,853,607</u>
NET (LOSS) INCOME PER COMMON SHARE				
Basic and diluted	<u>\$ (0.01)</u>	<u>\$ 0.27</u>	<u>\$ 0.01</u>	<u>\$ 0.27</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>44,015,748</u>	<u>44,022,451</u>	<u>44,014,256</u>	<u>44,027,644</u>
Diluted	<u>44,015,748</u>	<u>44,022,451</u>	<u>44,033,213</u>	<u>44,031,319</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, 2021 and 2020 (Unaudited)

	Redeemable Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Stockholders' Equity Attributable to the Company	Non-Controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
BALANCE - June 1, 2020	-	\$ -	44,032,781	\$ 44,032	\$ 37,965,027	\$ 76,983,782	114,992,841	\$ 46,891,379	\$ 161,884,220
Non-cash Compensation	-	-	-	-	51,600	-	51,600	-	51,600
Equity Compensation	-	-	-	-	21,440	-	21,440	-	21,440
Common Stock Repurchase	-	-	(20,000)	(20)	(97,580)	-	(97,600)	-	(97,600)
Capital Accounts of Consolidated Limited Liability Company	-	-	-	-	1,613,651	-	1,613,651	-	1,613,651
Net income	-	-	-	-	-	11,853,607	11,853,607	2,107,494	13,961,101
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	-	-	2,641,507	2,641,507
BALANCE - November 30, 2020	-	\$ -	44,012,781	\$ 44,012	\$ 39,554,138	\$ 88,837,389	\$ 128,435,539	\$ 51,640,380	\$ 180,075,919
	Redeemable Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Stockholders' Equity Attributable to the Company	Non-Controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
BALANCE - June 1, 2021	-	\$ -	44,012,781	\$ 44,012	\$ 40,718,916	\$ 137,141,976	177,904,904	\$ 121,008,871	\$ 298,913,775
Non-cash Compensation	-	-	-	-	51,600	-	51,600	-	51,600
Equity Compensation	-	-	-	-	44,240	-	44,240	-	44,240
Exercise of Stock Options	-	-	5,000	5	45,895	-	45,900	-	45,900
Capital Accounts of Consolidated Limited Liability Company	-	-	-	-	241,415	-	241,415	-	241,415
Net income (loss)	-	-	-	-	-	610,394	610,394	(19,193,640)	(18,583,246)
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	-	-	1,001,438	1,001,438
BALANCE - November 30, 2021	-	\$ -	44,017,781	\$ 44,017	\$ 41,102,066	\$ 137,752,370	\$ 178,898,453	\$ 102,816,669	\$ 281,715,122

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, 2021 and 2020

	November 30,	
	2021	2020
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (18,583,246)	\$ 13,961,101
Adjustments to reconcile net loss to net cash flows from operating activities		
Non-cash compensation	51,600	51,600
Equity compensation	44,240	21,440
Net realized losses from investments	359,999	1,873,235
Equity losses (earnings) from partnerships and limited liability companies	915,860	(504,521)
Unrealized gains from investments subject to fair value valuation	(4,351,640)	(13,339,574)
Unrealized losses (gains) from equity securities	22,177,999	(5,677,815)
Non-cash fee revenue	(988,604)	(199,874)
Depreciation	139,972	112,488
Deferred income tax	327,340	2,558,203
Changes in operating assets and liabilities:		
Accounts receivable	171,676	(299,111)
Prepaid income taxes	-	1,227,425
Accounts payable and accrued expenses	80,189	25,362
Income taxes payable	(134,310)	-
Net Cash Flows from (used in) Operating Activities	<u>211,075</u>	<u>(190,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	3,359,644	296,929
Purchases of investments	(1,331,493)	(5,317,499)
Proceeds from securities sold, not yet purchased	183,723	4,187,845
Purchases to cover securities previously sold	(2,830,663)	(90)
Distributions from limited partnerships	38,633	-
Other investments	(12,857)	(465,323)
Purchase of cryptocurrency mining assets	(317,599)	(229,729)
Net Cash Flows used in Investing Activities	<u>(910,612)</u>	<u>(1,527,867)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	45,900	-
Proceeds from issuance of other consolidated subsidiary equity	30,000	80,000
Distributions to members of consolidated limited liability company	(180,000)	-
Other financing activities	(14,297)	(6,039)
Net Cash Flows (used in) from Financing Activities	<u>(118,397)</u>	<u>73,961</u>
Net Change in Cash and Cash Equivalents	(817,934)	(1,643,947)
CASH AND CASH EQUIVALENTS, Beginning of Period	34,971,075	38,443,507
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 34,153,141	\$ 36,799,560
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for		
Income taxes	\$ 1,689,862	\$ 306,485
Interest	\$ 66,187	\$ 102,289
NONCASH INVESTING ACTIVITIES		
Investment acquired through the contribution of other investments	<u>\$ 1,353,281</u>	<u>\$ 4,175,158</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, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

NOTE 1 - Nature of Business and Basis of Presentation

The interim condensed consolidated financial statements include the accounts of FRMO and its controlled subsidiaries (collectively referred to as the "Company"). As of November 30, 2021 and May 31, 2021, the Company held a 21.95% and 22.02% equity interest in Horizon Kinetics Hard Assets LLC ("HKHA"), a company formed by Horizon and certain officers, principal stockholders and directors of the Company. Due to the common control and ownership between HKHA and the Company's principal stockholders and directors, HKHA has been consolidated within the Company's financial statements. The noncontrolling interest of 78.05% and 77.98% in HKHA has been eliminated from results of operations for the periods ended November 30, 2021 and May 31, 2021. Total stockholders' equity includes, as a separate item, the amount attributable to the noncontrolling interests. The Company also holds a 4.95% interest in Horizon Kinetics LLC ("Horizon") and earns substantially all of its advisory fees from Horizon. The Company maintains its corporate office in White Plains, New York.

The accompanying unaudited condensed interim 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 condensed interim 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 condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended May 31, 2021 and notes thereto. The accompanying 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 financial position and results of operations. The results of operations for the three months and six months ended November 30, 2021 may not be indicative of the results that may be expected for the year ending May 31, 2022.

NOTE 2 - Summary of Significant Accounting Policies

Subsequent Events

The Company has evaluated all subsequent events from the date of the condensed consolidated balance sheets through January 13, 2022, which represents the date these interim condensed consolidated financial statements are available to be issued.

Exchange of Other Investments

On December 1, 2021, two of the Company's Other Investments (see note 4), HK Cryptocurrency Mining, LLC ("HKCCM") and HK Cryptocurrency Mining II, LLC ("HKCCM2") merged into a newly created corporation named Consensus Mining & Seigniorage Corporation ("CMSC"), a Delaware corporation. As a result of the contribution of assets from shareholders of HKCCM and HKCCM2, as well as new capital contributions, CMSC had total contributed capital of \$86,402,539 and issued 2,249,985 shares at a price of \$38.40. Accordingly, the Company now owns 11,864 shares of CMSC valued at \$455,578. A realized gain of approximately \$251,000 from this transaction will be recorded in the three months ended February 28, 2022.

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

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.

NOTE 4 - Investments

Limited Partnerships and Limited Liability Companies and Equity Investments

The Company's investments in limited partnerships and limited liability companies and equity investments consist of the following as of November 30, 2021 and May 31, 2021:

	As of November 30, 2021 (Unaudited)		
	Cost or (Proceeds)	Unrealized Gains	Estimated Fair Value
Equity Securities	\$ 73,602,741	\$ 76,887,290	\$ 150,490,031
Investments in limited partnerships and other equity securities:			
Limited partnerships			
Investment in South LaSalle Partners, LP	\$ 5,569,294	\$ 3,348,861	\$ 8,918,155
Investments in managed funds			
Horizon Multi-Strategy Fund, LP	\$ 14,211,136	\$ 21,031,209	\$ 35,242,345
CDK Partners, LP	1,347,840	4,706,102	6,053,942
Polestar Fund, LP	13,850,336	18,780,336	32,630,672
Multi-Disciplinary Fund, LP	541,709	271,274	812,983
Kinetics Institutional Partners, LP	7,146	19,879	27,025
Shepherd I, LP	12,460	18,758	31,218
Total Investments in Managed Funds	29,970,627	44,827,558	74,798,185
Investment in Winland Holdings Corporation	1,004,582	6,701,380	7,705,962
Total investments in limited partnerships and other equity securities	\$ 36,544,503	\$ 54,877,799	\$ 91,422,302
Securities sold, not yet purchased (liability)	\$ (9,570,447)	\$ 5,872,237	\$ (3,698,210)

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

NOTE 4 - Investments (cont.)

	As of May 31, 2021		
	Cost or (Proceeds)	Unrealized Gains	Estimated Fair Value
Equity Securities	<u>\$ 72,736,126</u>	<u>\$ 98,997,260</u>	<u>\$171,733,386</u>
Investments in limited partnerships and other equity securities:			
Limited partnerships			
Investment in South LaSalle Partners, LP	<u>\$ 5,715,830</u>	<u>\$ 3,576,903</u>	<u>\$ 9,292,733</u>
Investments in managed funds			
Horizon Multi-Strategy Fund, LP	\$ 13,996,694	\$ 17,922,112	\$ 31,918,806
CDK Partners, LP	1,343,423	4,175,391	5,518,814
Polestar Fund, LP	13,276,315	20,238,642	33,514,957
Multi-Disciplinary Fund, LP	539,218	233,466	772,684
Kinetics Institutional Partners, LP	7,078	20,184	27,262
Shepherd I, LP	<u>12,245</u>	<u>15,629</u>	<u>27,874</u>
Total Investments in Managed Funds	<u>29,174,973</u>	<u>42,605,424</u>	<u>71,780,397</u>
Investment in Winland Holdings Corporation	<u>991,725</u>	<u>4,788,683</u>	<u>5,780,408</u>
Total investments in limited partnerships and other equity securities	<u>\$ 35,882,528</u>	<u>\$ 50,971,010</u>	<u>\$ 86,853,538</u>
Securities sold, not yet purchased (liability)	<u>\$(11,709,149)</u>	<u>\$ 5,590,787</u>	<u>\$ (6,118,362)</u>

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, 2021 (unaudited) and May 31, 2021:

Miami International Holdings, Inc.	\$ 4,322,905
CNSX Markets, Inc.	243,040
American Financial Exchange, LLC	<u>249,080</u>
Total securities exchanges	<u>\$ 4,815,025</u>

The Company holds a 1.41% interest in CNSX Markets, Inc. and less than a 1.00% interest in other stock exchanges.

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

NOTE 4 - Investments (cont.)

Other Investments

The following are the Company's other investments as of November 30, 2021 and May 31, 2021:

	November 30, 2021 (Unaudited)	May 31, 2021
Cryptocurrency Mining Entities		
HK Cryptocurrency Mining, LLC	\$ 41,261	\$ 33,931
HK Cryptocurrency Mining II, LLC	162,617	140,860
HM Tech, LLC	60,993	60,993
Total cryptocurrency mining entities	264,871	235,784
Digital Currency Group, Inc.	76,261	76,261
Total other investments	<u>\$ 341,132</u>	<u>\$ 312,045</u>

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, 2021 and May 31, 2021.

Investment	As of November 30, 2021		As of May 31, 2021	
	Amount	Percent of Equity	Amount	Percent of Equity
	(unaudited)			
Investment A	\$ 70,369,000	39.3%	\$ 83,425,000	44.1%
Investment B	\$ 36,286,000	20.3%	\$ 22,448,000	11.9%

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (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, 2021 and May 31, 2021, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair values.

	As of November 30, 2021 (Unaudited)				
	Fair Value Measurements at Reporting Date Using				
		Quoted Prices			Significant Unobservable Inputs (Level 3)
		Investments Measured at Net Asset Value	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Assets (at fair value):					
Money Market Mutual Funds included in Cash and Cash Equivalents	\$ 33,940,871	\$ -	\$ 33,940,871	\$ -	\$ -
Other Investments:					
Equity Securities	\$ 150,490,031	\$ -	\$ 150,490,031	\$ -	\$ -
Investment in Limited Partnerships and other Equity Investments	91,422,302	83,716,340	-	7,705,962	-
Total Other Investments	\$ 241,912,333	\$ 83,716,340	\$ 150,490,031	\$ 7,705,962	\$ -
Liabilities (at fair value):					
Common Stocks	\$ 3,698,210	\$ -	\$ 3,698,210	\$ -	\$ -

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

NOTE 5 - Fair Value Measurements (cont.)

	As of May 31, 2021				
	Fair Value Measurements at Reporting Date Using				
	Total	Quoted Prices			
		Investments	in Active	Significant	Significant
		Measured	Markets	Other	Significant
at		for Identical	Observable	Unobservable	
Net Asset	Assets	Inputs	Inputs		
Value	(Level 1)	(Level 2)	(Level 3)		
Assets (at fair value):					
Money Market Mutual Funds included in Cash and Cash Equivalents	\$ 34,223,890	\$ -	\$ 34,223,890	\$ -	\$ -
Other Investments:					
Equity Securities	\$ 171,733,386	\$ -	\$ 171,733,386	\$ -	\$ -
Investment in Limited Partnerships and other Equity Investments	86,853,538	81,073,130	-	5,780,408	-
Total Other Investments	\$ 258,586,924	\$ 81,073,130	\$ 171,733,386	\$ 5,780,408	\$ -
Liabilities (at fair value):					
Common Stocks	\$ 6,118,362	\$ -	\$ 6,118,362	\$ -	\$ -

NOTE 6 - 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 November 30, 2021 and May 31, 2021, which was 21.95% and 22.02% respectively. Income tax attributable to the remaining noncontrolling interest of 78.05% and 77.98% 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 November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

NOTE 6 - Income Taxes (cont.)

The provision for income taxes is comprised of the following:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Current				
Federal	\$ 169,552	\$ 291,890	\$ 848,147	\$ 803,175
State and City	144,677	119,076	707,468	730,795
Total Current	<u>314,229</u>	<u>410,966</u>	<u>1,555,615</u>	<u>1,533,970</u>
Deferred				
Federal	(250,419)	3,051,114	327,340	3,208,066
State and City	-	-	-	(649,863)
Total Deferred	<u>(250,419)</u>	<u>3,051,114</u>	<u>327,340</u>	<u>2,558,203</u>
Total Provision for Income Taxes	<u>\$ 63,810</u>	<u>\$ 3,462,080</u>	<u>\$ 1,882,955</u>	<u>\$ 4,092,173</u>

The current year provision for income taxes include 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. Accordingly, the current period income tax provision is affected by the enactment of 2021 tax rates. 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 November 30, 2021 and May 31, 2021:

	November 30, 2021 (Unaudited)	May 31, 2021
Deferred Tax Liability		
Investments in limited partnerships	\$ 33,134	\$ 126,554
Investment in unconsolidated limited liability companies	132,660	132,660
Deferral of gain from like-kind exchange	3,381,578	3,381,578
Unrealized gain from equity securities and investments in managed funds	<u>17,553,967</u>	<u>17,133,207</u>
Total Deferred Tax Liability	<u>\$ 21,101,339</u>	<u>\$ 20,773,999</u>

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

NOTE 6 - Income Taxes (cont.)

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, 2021 and 2020:

	Three Months Ended				Six Months Ended			
	November 30,				November 30,			
	2021		2020		2021		2020	
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
(Loss) income before taxes	\$ (12,225,370)	100.0%	\$ 21,695,296	100.0%	\$ (16,700,291)	100.0%	\$ 18,053,274	100.0%
Computed expected tax expense	\$ (2,567,328)	21.0%	\$ 4,556,012	21.0%	\$ (3,507,061)	21.0%	\$ 3,791,188	21.0%
State and City taxes, net of federal benefit	114,295	-0.9%	94,070	0.4%	558,900	-3.4%	577,328	3.2%
Permanent differences	(1,741)	0.0%	30,671	0.1%	761,056	-4.6%	(249,817)	-1.4%
Other	24	0.0%	22	0.0%	64	0.0%	60	0.0%
(Loss) income taxes before consolidation of noncontrolling interests	(2,454,750)	20.1%	4,680,775	21.6%	(2,187,041)	13.0%	4,118,759	22.8%
Permanent differences related to consolidation of non controlling interests	2,518,560	-20.6%	(1,218,695)	-5.6%	4,069,996	-24.4%	(26,586)	-0.2%
Total provision for income taxes	\$ 63,810	-0.5%	\$ 3,462,080	16.0%	\$ 1,882,955	-11.4%	\$ 4,092,173	22.7%

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

NOTE 7 – Mortgage Payable

On November 8, 2019, the Company acquired a building to be used in certain business operations for \$1,050,000 located in North Carolina. The building was purchased subject to an \$800,000 mortgage with a 3.9% interest rate with a 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.

The following table presents contractual payments of the Company’s obligation under this mortgage as of November 30, 2021:

<u>For the Period Ending May 31,</u>	<u>Total</u>
	(Unaudited)
Remainder of fiscal year	\$ 14,580
2023	30,023
2024	31,215
2025	<u>668,624</u>
Total	<u><u>744,442</u></u>

NOTE 8 - 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 56,000 for the six months ended November 30, 2021 and 2020.

As of November 30, 2021 and May 31, 2021 there were 48,000 and 32,000 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 November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

NOTE 8 - Net Income Per Common Share and Per Common Share Equivalent (cont.)

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,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Weighted Average Common Shares				
Outstanding	44,015,748	44,022,451	44,014,256	44,027,644
Effect of Dilutive Securities, common share equivalents:				
Exercise of stock options	-	-	18,957	3,675
 Dilutive Potential Common Share Equivalents	 <u>44,015,748</u>	 <u>44,022,451</u>	 <u>44,033,213</u>	 <u>44,031,319</u>

NOTE 9 - 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 November 30, 2021 and May 31, 2021.

**FRMO CORPORATION
AND SUBSIDIARIES**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2021 (Unaudited) and May 31, 2021 and for the
Three Months and Six Months Ended November 30, 2021 and 2020 (Unaudited)

NOTE 9 - Stockholders' Equity (cont.)

Stock Options

A summary of option activity as of November 30, 2021, 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, 2021	56,000	\$ 6.86	3.36	\$ 268,400
Granted	8,000	\$ 10.85	6.86	\$ 13,440
Exercised	(5,000)	\$ 9.18	-	\$ 8,350
Forfeited	<u>(3,000)</u>	<u>\$ 9.18</u>	<u>-</u>	<u>\$ 5,010</u>
Outstanding at November 30, 2021	<u>56,000</u>	<u>\$ 7.10</u>	<u>3.85</u>	<u>\$ 304,320</u>
Vested and Exercisable at November 20, 2021	<u>56,000</u>	<u>\$ 7.10</u>	<u>3.85</u>	<u>\$ 304,320</u>

All stock options were vested as of November 30, 2021 and May 31, 2021.

The aggregate intrinsic value of options outstanding and options exercisable at November 30, 2021 and May 31, 2021 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 \$12.53 and \$11.65 closing price of FRMO's common stock on November 30, 2021 and May 31, 2021, respectively.

As of November 30, 2021, there was no unrecognized compensation cost related to unvested options.

NOTE 10 - Contingencies

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures have had and will continue to have a material impact on global economic conditions as well as on the Company's business activities. The extent to which COVID-19 may impact the Company's revenue will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. These events are highly uncertain and, as such, the Company cannot determine their financial impact at this time. No adjustments have been made to the amounts reported in these consolidated financial statements as a result of this matter.