

**FRMO CORPORATION
AND SUBSIDIARIES**

White Plains, New York

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

Including Report of Independent
Registered Public Accounting Firm

As of February 29, 2024 (Unaudited) and
May 31, 2023 and for the Three Months and Nine Months
Ended February 29/28, 2024 and 2023 (Unaudited)

**FRMO CORPORATION
AND SUBSIDIARIES**

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Three Months and Nine Months Ended February 29/28, 2024 and 2023 (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 February 29, 2024, and the related condensed consolidated statements of income for the three month and nine month periods ended February 29/28, 2024 and 2023, the condensed consolidated statements of stockholders' equity and cash flows for the nine month periods ended February 29/28, 2024 and 2023, and the related notes (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 condensed interim financial statements 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 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 (GAAS), 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 GAAS 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 GAAS, 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
April 11, 2024

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FRMO CORPORATION
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS
As of February 29, 2024 and May 31, 2023

<i>ASSETS</i>	February 29, 2024 (Unaudited)	May 31, 2023
Current Assets		
Cash and cash equivalents	\$ 38,822,891	\$ 38,077,492
Accounts receivable (due from related parties)	2,857,283	3,214,132
Prepaid income taxes	-	158,004
Equity securities, at fair value (cost of \$76,498,840 and \$74,176,757 at February 29, 2024 and May 31, 2023, respectively)	190,174,958	155,512,185
Digital assets, at fair value (cost of \$4,034,156 and \$3,699,554 at February 29, 2024 and May 31, 2023, respectively)	9,822,491	4,216,814
Other current assets	160,931	167,297
Total Current Assets	<u>241,838,554</u>	<u>201,345,924</u>
Digital mining assets, net of accumulated depreciation of \$1,238,374 and \$1,050,854 at February 29, 2024 and May 31, 2023, respectively	1,323,621	1,330,754
Investments in limited partnerships and other equity investments at fair value (cost of \$41,186,312 and \$39,021,622 at February 29, 2024 and May 31, 2023, respectively)	114,475,316	70,656,050
Investments in Securities Exchanges, at cost	4,869,070	4,869,070
Other investments, at cost	484,409	484,409
Investment in Horizon Kinetics LLC	15,348,458	14,607,525
Participation in Horizon Kinetics LLC Revenue Stream	10,200,000	10,200,000
Total Assets	<u><u>\$388,539,428</u></u>	<u><u>\$303,493,732</u></u>
<i>LIABILITIES AND STOCKHOLDERS' EQUITY</i>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 324,494	\$ 322,631
Income taxes payable	152,922	-
Current portion of mortgage note payable	676,542	31,215
Securities sold, not yet purchased (proceeds of \$10,698,730 and \$10,670,820 at February 29, 2024 and May 31, 2023, respectively)	1,164,360	2,352,910
Total Current Liabilities	<u>2,318,318</u>	<u>2,706,756</u>
Deferred tax liability	28,392,779	16,003,942
Mortgage payable, net of current portion	-	668,625
Total Liabilities	<u>30,711,097</u>	<u>19,379,323</u>
Stockholders' Equity		
Stockholders' Equity Attributable to the Company	219,473,677	169,282,758
Noncontrolling interests	138,354,654	114,831,651
Total Stockholders' Equity	<u>357,828,331</u>	<u>284,114,409</u>
Total Liabilities and Stockholders' Equity	<u><u>\$388,539,428</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 OPERATIONS

	Three Months Ended		Nine Months Ended	
	February 29/28,		February 29/28,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
REVENUE				
Fees and other income	\$ 621,860	\$ 927,666	\$ 2,005,468	\$ 2,484,251
Dividends and interest income, net	952,601	830,048	2,794,341	4,208,234
Net realized (losses) gains from investments	(24,102)	(85,154)	287,877	(563,570)
Equity earnings from limited partnerships and limited liability companies	513,530	1,491,323	2,856,462	2,298,906
Unrealized gains (losses) from investments	<u>16,264,475</u>	<u>(22,471,715)</u>	<u>41,524,696</u>	<u>(1,047,530)</u>
Total revenue before unrealized (losses) gains from equity securities and digital assets	18,328,364	(19,307,832)	49,468,844	7,380,291
Unrealized (losses) gains from equity securities	(12,349,537)	(91,326,265)	33,531,093	25,028,200
Unrealized gains (losses) from digital assets	<u>3,702,001</u>	<u>902,103</u>	<u>5,271,074</u>	<u>(1,022,304)</u>
Total Revenue	<u>9,680,828</u>	<u>(109,731,994)</u>	<u>88,271,011</u>	<u>31,386,187</u>
OPERATING EXPENSES				
General and administrative expenses	394,408	249,884	1,023,221	1,227,026
Depreciation	<u>67,076</u>	<u>71,505</u>	<u>200,197</u>	<u>266,847</u>
Total Expenses	<u>461,484</u>	<u>321,389</u>	<u>1,223,418</u>	<u>1,493,873</u>
Income (Loss) from Operations before Provision for (Benefit from) Income Taxes				
(Benefit from) Income Taxes	9,219,344	(110,053,383)	87,047,593	29,892,314
Provision for (Benefit from) Income Taxes	<u>3,743,062</u>	<u>(8,891,300)</u>	<u>13,678,436</u>	<u>2,852,220</u>
Net Income (Loss)	5,476,282	(101,162,083)	73,369,157	27,040,094
Less net (loss) income attributable to noncontrolling interests	<u>(7,512,628)</u>	<u>(66,261,061)</u>	<u>23,348,033</u>	<u>19,593,269</u>
Net income (loss) attributable to the Company	<u>\$ 12,988,910</u>	<u>\$ (34,901,022)</u>	<u>\$ 50,021,124</u>	<u>\$ 7,446,825</u>
NET INCOME (LOSS) PER COMMON SHARE				
Basic and diluted	<u>\$ 0.30</u>	<u>\$ (0.79)</u>	<u>\$ 1.14</u>	<u>\$ 0.17</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>44,022,781</u>	<u>44,022,781</u>	<u>44,022,781</u>	<u>44,020,492</u>
Diluted	<u>44,025,624</u>	<u>44,022,781</u>	<u>44,026,234</u>	<u>44,032,153</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 Nine Months Ended February 29/28, 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, 2022	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	-	-	77,400	-	77,400	-	77,400
Capital Accounts of Consolidated Limited Liability Company	-	-	263,817	-	263,817	-	263,817
Net income	-	-	-	7,446,825	7,446,825	19,593,269	27,040,094
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	1,095,993	1,095,993
BALANCE - February 28, 2023	<u>44,022,781</u>	<u>\$ 44,022</u>	<u>\$ 41,742,261</u>	<u>\$ 147,534,678</u>	<u>\$ 189,320,961</u>	<u>\$ 153,608,003</u>	<u>\$ 342,928,964</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, 2023	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	-	-	77,400	-	77,400	-	77,400
Capital Accounts of Consolidated Limited Liability Company	-	-	42,595	-	42,595	-	42,595
Net income	-	-	-	50,021,124	50,021,124	23,348,033	73,369,157
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	174,970	174,970
BALANCE - February 29, 2024	<u>44,022,781</u>	<u>\$ 44,022</u>	<u>\$ 41,924,650</u>	<u>\$ 177,505,005</u>	<u>\$ 219,473,677</u>	<u>\$ 138,354,654</u>	<u>\$ 357,828,331</u>

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

**FRMO CORPORATION
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended February 29/28, 2024 and 2023

	February 29/28,	
	2024	2023
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 73,369,157	\$ 27,040,094
Adjustments to reconcile net income to net cash flows from operating activities		
Equity compensation	49,800	77,400
Non-cash compensation	77,400	84,320
Net realized (gains) losses from investments	(287,877)	563,570
Equity earnings from limited partnerships and limited liability companies	(2,856,462)	(2,298,906)
Unrealized (gains) losses from investments subject to fair value valuation	(41,524,696)	1,047,530
Unrealized gains from equity securities	(33,531,093)	(25,028,200)
Unrealized (gains) losses from digital assets	(5,271,074)	1,022,304
Non-cash fee revenue	(334,754)	(304,777)
Depreciation	200,197	266,847
Deferred income tax	12,388,837	1,285,252
Changes in operating assets and liabilities:		
Accounts receivable	356,849	(371,390)
Prepaid income taxes and other current assets	164,370	732,470
Accounts payable and accrued expenses	1,863	14,221
Income taxes payable	152,922	165,013
Net Cash Flows from Operating Activities	<u>2,955,439</u>	<u>4,295,748</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,741,460	879,444
Purchases of investments	(4,334,373)	(1,722,832)
Proceeds from sale of digital assets	173	-
Proceeds from securities sold, not yet purchased	154,723	1,571,610
Purchases to cover securities previously sold	(96,861)	(709,781)
Distributions from limited partnerships	58,854	170,518
Other investments	(268,495)	(35,566)
Purchase of digital mining assets, net of disposals	(217,223)	(38,157)
Net Cash Flows (used in) from Investing Activities	<u>(1,961,742)</u>	<u>115,236</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of other consolidated subsidiary equity	45,000	45,000
Distributions to members of consolidated limited liability company	(270,000)	(780,000)
Other financing activities	(23,298)	17,492
Net Cash Flows used in Financing Activities	<u>(248,298)</u>	<u>(717,508)</u>
Net Change in Cash and Cash Equivalents	745,399	3,693,476
CASH AND CASH EQUIVALENTS, Beginning of Period	38,077,492	33,289,454
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 38,822,891</u>	<u>\$ 36,982,930</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for		
Income taxes	\$ 978,343	\$ 644,906
Interest	\$ 41,996	\$ 116,235
NONCASH INVESTING ACTIVITIES		
Investment acquired through the contribution of other investments	<u>\$ 383,711</u>	<u>\$ 1,924,293</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 February 29, 2024 (Unaudited) and May 31, 2023 and for the
Three Months and Nine Months Ended February 29/28, 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 February 29, 2024 and May 31, 2023, the Company held a 21.79% and 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 78.21 % and 78.20% in HKHA has been eliminated from results of operations for the periods ended February 29, 2024 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 nine months ended February 29, 2024 may not be indicative of the results that may be expected for the year ending May 31, 2024.

NOTE 2 - Summary of Significant Accounting Policies

Digital Assets Held at Fair Value

As of February 29, 2024 and May 31, 2023, the Company held \$9,822,491 and \$4,216,814 of digital assets at fair value. The Company records digital assets held at fair value on the condensed consolidated balance sheets within the Digital assets held line item. The activity from remeasurement of digital assets at fair value is reflected in the condensed consolidated statements of operations within Unrealized gains (losses) from digital assets. Digital assets that are mined and held, are received as noncash fee revenue, and are presented as cash flows from operating activities, while other sales and purchases are reflected as cash flows from investing activities in the condensed consolidated statements of cash flows. Refer to Note 4, Investments - Digital Assets Held, and Note 5, Fair Value Measurements, for additional information.

Subsequent Events

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

**FRMO CORPORATION
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of February 29, 2024 (Unaudited) and May 31, 2023 and for the
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NOTE 3 - Adoption of New Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board issued ASU No. 2023-08, *Intangibles — Goodwill and Other — Crypto Assets* (Subtopic 350-60) (ASU 2023-08), which provides an update to existing digital asset guidance and requires an entity to measure certain digital assets at fair value. In addition, this guidance requires additional disclosures related to digital assets once it is adopted. The ASU is effective for reporting periods with fiscal years beginning on or after December 2024 with early adoption permissible. The Company has elected to early adopt the ASU in accordance with its guidance which requires any adjustments to be reflected as of the beginning of the fiscal year. Prior year balances were reclassified to conform with the current year presentation.

The Company reflects digital assets held at fair value on the condensed consolidated balance sheets and condensed consolidated statements of cash flows, the activity from remeasurement of digital assets at fair value on the condensed consolidated statements of operations, and the required expanded disclosures in Note 4, *Investments - Digital Assets Held*. The cumulative effect adjustment resulting from the adoption of ASU 2023-08 was not material to the condensed financial statements.

The Company has determined that no other 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.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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Three Months and Nine Months Ended February 29/28, 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 February 29, 2024 and May 31, 2023:

	As of February 29, 2024 (Unaudited)		
	Cost or (Proceeds)	Net Unrealized Gains	Fair Value
Equity Securities	\$ 76,498,840	\$113,676,118	\$ 190,174,958
Investments in limited partnerships and other equity investments:			
Limited partnerships			
Investment in South LaSalle Partners, LP	\$ 5,547,392	\$ 6,865,158	\$ 12,412,550
Investments in managed funds			
Horizon Multi-Strategy Fund, LP	15,908,943	28,620,559	44,529,502
CDK Partners, LP	1,783,706	5,780,151	7,563,857
Polestar Fund, LP	15,368,487	26,125,029	41,493,516
Multi-Disciplinary Fund, LP	608,196	330,557	938,753
Kinetics Institutional Partners, LP	6,081	27,728	33,809
Shepherd I, LP	13,154	23,577	36,731
Other	6,284	364,504	370,788
Total Investments in Managed Funds	33,694,851	61,272,105	94,966,956
Investment in Winland Holdings Corporation, 1,592,700 shares	1,944,069	5,151,741	7,095,810
Total investments in limited partnerships and other equity investments	\$ 41,186,312	\$ 73,289,004	\$ 114,475,316
Securities sold, not yet purchased (liability)	\$(10,698,730)	\$ 9,534,370	\$ (1,164,360)

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NOTE 4 - Investments (cont.)

	As of May 31, 2023		
	Cost or (Proceeds)	Net Unrealized Gains	Fair Value
Equity Securities	<u>\$ 74,176,757</u>	<u>\$ 81,335,428</u>	<u>\$155,512,185</u>
Investments in limited partnerships and other equity investments:			
Limited partnerships			
Investment in South LaSalle Partners, LP	<u>\$ 5,551,425</u>	<u>\$ 3,008,160</u>	<u>\$ 8,559,585</u>
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	<u>31,794,623</u>	<u>27,075,890</u>	<u>58,870,513</u>
Investment in Winland Holdings Corporation, 1,500,443 shares	<u>1,675,574</u>	<u>1,550,378</u>	<u>3,225,952</u>
Total investments in limited partnerships and other equity investments	<u>\$ 39,021,622</u>	<u>\$ 31,634,428</u>	<u>\$ 70,656,050</u>
Securities sold, not yet purchased (liability)	<u>\$(10,670,820)</u>	<u>\$ 8,317,910</u>	<u>\$ (2,352,910)</u>

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Digital Asset Held

The Company's holdings in digital assets consist of the following as of February 29, 2024 and May 31, 2023:

As of February 29, 2024				
Digital assets held	Units	Cost	Net Unrealized Gains (Losses)	Fair Value
Bitcoin	158	\$ 3,771,937	\$ 5,753,362	\$ 9,525,299
Other digital assets		262,219	34,973	297,192
Total		\$ 4,034,156	\$ 5,788,335	\$ 9,822,491

As of May 31, 2023				
Digital assets held	Units	Cost	Net Unrealized Gains (Losses)	Fair Value
Bitcoin	147	\$ 3,441,059	\$ 524,184	\$ 3,965,243
Other digital assets		258,495	(6,924)	251,571
Total		\$ 3,699,554	\$ 517,260	\$ 4,216,814

Investments in Unconsolidated Entities

Investment in Securities Exchanges

Investments in securities exchanges are carried at cost and consist of the following as of February 29, 2024 (unaudited) and May 31, 2023:

	February 29, 2024 (Unaudited)	May 31, 2023
Miami International Holdings, Inc.	\$ 4,626,030	\$ 4,626,030
CNSX Markets, Inc.	243,040	243,040
Total securities exchanges	\$ 4,869,070	\$ 4,869,070

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

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NOTE 4 - Investments (cont.)

Other Investments

The following are the Company's other investments as of February 29, 2024 and May 31, 2023:

	February 29, 2024	May 31, 2023
	(Unaudited)	
Cryptocurrency Mining Entities		
Consensus Mining and Seigniorage Corporation	\$ 393,169	\$ 393,169
HM Tech, LLC	14,979	14,979
Total cryptocurrency mining entities	408,148	408,148
Digital Currency Group, Inc.	76,261	76,261
Total other investments	\$ 484,409	\$ 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 and digital assets 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 February 29, 2024 and May 31, 2023.

Investment	As of February 29, 2024		As of May 31, 2023	
	Amount	Percent of Equity	Amount	Percent of Equity
	(Unaudited)			
Investment A	\$ 99,773,000	45.5%	\$ 78,849,000	46.6%
Investment B	\$ 34,640,000	15.8%	na	na

**FRMO CORPORATION
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of February 29, 2024 (Unaudited) and May 31, 2023 and for the
Three Months and Nine Months Ended February 29/28, 2024 and 2023 (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 February 29, 2024 and May 31, 2023.

Investment	As of February 29, 2024		As of May 31, 2023	
	Amount	Percent of Investments	Amount	Percent of Investments
	(Unaudited)			
Investment A				
Equity securities	\$ 181,063,000	95.2%	\$ 146,790,000	94.4%
Investments in limited partnerships and other equity investments	\$ 47,006,000	41.1%	\$ 37,985,000	53.8%
Investment B				
Investments in limited partnerships and other equity investments	\$ 34,132,000	29.8%	\$ 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 nine months ended February 29, 2024 and 2023.

Investment	Three Months Ended February 29, 2024		Three Months Ended February 28, 2023		Nine Months Ended February 29, 2024		Nine Months Ended February 28, 2023	
	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	\$ (10,987,000)	89.0%	\$ (91,142,000)	99.8%	\$ 30,469,000	90.9%	\$ 23,540,000	94.1%

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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 February 29, 2024 and May 31, 2023, and indicates the fair value hierarchy the Company utilized to determine such fair values.

	As of February 29, 2024 (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)	Significant Unobservable Inputs (Level 3)
Total					
Assets (at fair value):					
Money Market Mutual Funds					
included in Cash					
and Cash Equivalents	\$ 37,762,317	\$ -	\$ 37,762,317	\$ -	\$ -
Other Investments:					
Equity Securities	\$ 190,174,958	\$ -	\$ 190,174,958	\$ -	\$ -
Digital Assets	9,822,491	-	9,822,491	-	-
Investment in Limited Partnerships and other Equity Investments	114,475,316	107,379,506	-	7,095,810	-
Total Other Investments	\$ 314,472,765	\$ 107,379,506	\$ 199,997,449	\$ 7,095,810	\$ -
Liabilities (at fair value):					
Common Stocks	\$ 1,164,360	\$ -	\$ 1,164,360	\$ -	\$ -

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NOTE 5 - Fair Value Measurements (cont.)

	As of May 31, 2023				
	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	\$ 37,044,809	\$ -	\$ 37,044,809	\$ -	\$ -
Other Investments:					
Equity Securities	\$ 155,512,185	\$ -	\$ 155,512,185	\$ -	\$ -
Digital Assets	4,216,814	-	4,216,814	-	-
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

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 February 29, 2024 and May 31, 2023, which was 21.79% and 21.80%, respectively. Income tax attributable to the remaining noncontrolling interest of 78.21% and 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 February 29/28,		Nine Months Ended February 29/28,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Current				
Federal	\$ 371,296	\$ 447,147	\$ 723,933	\$ 809,024
State and City	282,709	362,561	565,666	757,944
Total Current	654,005	809,708	1,289,599	1,566,968
Deferred				
Federal	3,089,057	(9,701,008)	12,388,837	1,285,252
State and City	-	-	-	-
Total Deferred	3,089,057	(9,701,008)	12,388,837	1,285,252
Total Provision for Income Taxes	\$ 3,743,062	\$ (8,891,300)	\$ 13,678,436	\$ 2,852,220

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

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purposes, tax effected at a various rates depending on whether the temporary differences are subject to federal taxes, state and city taxes, or both.

NOTE 6 - Income Taxes (cont.)

The tax effects of temporary differences which give rise to the deferred tax liability consist of the following as of February 29, 2024 and May 31, 2023:

	February 29, 2024 (Unaudited)	May 31, 2023
Deferred Tax Asset		
Investments in limited partnerships		
Capital loss carry forward	\$ -	\$ 198,819
Total deferred tax asset	-	198,819
Deferred Tax Liability		
Investments in limited partnerships	28,903	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	24,901,543	12,708,019
Total deferred tax liability	28,392,779	16,202,761
Net Deferred Tax Liability	\$ (28,392,779)	\$ (16,003,942)

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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 nine months ended February 29/28, 2024 and 2023:

	Three Months Ended				Nine Months Ended			
	February 29/28,				February 29/28,			
	2024		2023		2024		2023	
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
(Loss) income before taxes	\$ 9,219,344	100.0%	\$ (110,053,383)	100.0%	\$ 87,047,593	100.0%	\$ 29,892,314	100.0%
Computed expected tax (benefit) expense	\$ 1,936,062	21.0%	\$ (23,111,210)	21.0%	\$ 18,279,995	21.0%	\$ 6,277,386	21.0%
State and City taxes, net of federal benefit	223,340	2.4%	281,791	-0.3%	445,876	0.5%	594,144	2.0%
Permanent differences	483	0.0%	(753)	0.0%	(160,638)	-0.2%	32,016	0.1%
Other	88	0.0%	234	0.0%	331	0.0%	441	0.0%
(Benefit from) provision for income taxes before consolidation of noncontrolling interests	2,159,973	23.4%	(22,829,938)	20.7%	18,565,564	21.3%	6,903,987	23.1%
Permanent differences related to consolidation of non controlling interests	1,583,089	17.2%	13,938,638	-12.7%	(4,888,128)	-5.6%	(4,051,767)	-13.6%
Total provision for income taxes	\$ 3,743,062	40.6%	\$ (8,891,300)	8.1%	\$ 13,677,436	15.7%	\$ 2,852,220	9.5%

(Percent components may not sum due to rounding)

NOTE 7 – 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.

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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 69,000 and 65,000 for the nine months ended February 29/28, 2024 and 2023, respectively.

As of February 29, 2024 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 nine months ended February 29/28:

	Three Months Ended February 29/28,		Nine Months Ended February 29/28,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Weighted Average Common Shares outstanding	44,022,781	44,022,781	44,022,781	44,020,492
Effect of Dilutive Securities, common share equivalents:				
Exercise of stock options	2,843	-	3,453	11,661
Dilutive Potential Common Share Equivalents	44,025,624	44,022,781	44,026,234	44,032,153

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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 February 29, 2024 and May 31, 2023.

Stock Options

A summary of option activity as of February 29, 2024, and changes during the nine 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	6.60	\$ -
Exercised	-	\$ -	-	\$ -
Expired	<u>(8,000)</u>	\$ 4.80	-	\$ 20,260
Outstanding at February 29, 2024	<u>69,000</u>	<u>\$ 7.80</u>	<u>4.04</u>	<u>\$ 22,400</u>
Vested and Exercisable at February 29, 2024	<u>69,000</u>	<u>\$ 7.80</u>	<u>4.04</u>	<u>\$ 22,400</u>

All stock options were vested as of February 29, 2024 and May 31, 2023.

The aggregate intrinsic value of options outstanding and options exercisable at February 29, 2024 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 \$6.98 and \$7.58 closing price of FRMO's common stock on February 29, 2024 and May 31, 2023, respectively.

As of February 29, 2024, there was no unrecognized compensation cost related to unvested options.