

**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, 2022 (Unaudited) and
May 31, 2022 and for the Three Months and Six Months
Ended November 30, 2022 and 2021 (Unaudited)

**FRMO CORPORATION
AND SUBSIDIARIES**

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Three Months and Six Months Ended November 30, 2022 and 2021 (Unaudited)

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Report of Independent Registered Public Accounting Firm

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

Results of Review of Interim Financial Statements

We have reviewed the accompanying interim condensed consolidated balance sheet of FRMO Corporation and Subsidiaries (the Company) as of November 30, 2022, and the related condensed consolidated statements of income (loss), stockholders' equity and cash flows for the three month and six month periods ended November 30, 2022 and 2021 (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) 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, 2022, 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 12, 2022, 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, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

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

Baker Tilly US, LLP

New York, New York
January 12, 2023

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FRMO CORPORATION
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS
As of November 30, 2022 and May 31, 2022

<i>ASSETS</i>	November 30, 2022 (Unaudited)	May 31, 2022
Current Assets		
Cash and cash equivalents	\$ 36,105,277	\$ 33,289,454
Accounts receivable (due from related parties)	2,233,608	2,182,217
Prepaid income taxes	370,406	732,553
Equity securities, at fair value (cost of \$75,919,760 and \$74,399,681 at November 30, 2022 and May 31, 2022, respectively)	302,092,403	187,386,224
Other current assets	167,357	167,357
Total Current Assets	<u>340,969,051</u>	<u>223,757,805</u>
Cryptocurrency mining assets, net of accumulated depreciation of \$843,228 and \$711,134 at November 30, 2022 and May 31, 2022, respectively	1,474,376	1,632,318
Investments in limited partnerships and other equity investments at fair value (cost of \$38,578,980 and \$37,790,957 at November 30, 2022 and May 31, 2022, respectively)	104,959,694	82,629,581
Investments in Securities Exchanges, at cost	4,815,025	4,815,025
Other investments, at cost	546,124	546,124
Investment in Horizon Kinetics LLC	14,563,303	14,701,779
Participation in Horizon Kinetics LLC Revenue Stream	10,200,000	10,200,000
Total Assets	<u>\$477,527,573</u>	<u>\$338,282,632</u>
<i>LIABILITIES AND STOCKHOLDERS' EQUITY</i>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 194,586	\$ 181,535
Current portion of mortgage note payable	30,613	30,023
Securities sold, not yet purchased (proceeds of \$8,870,107 and \$8,554,778 at November 30, 2022 and May 31, 2022, respectively)	1,750,796	2,573,355
Total Current Liabilities	<u>1,975,995</u>	<u>2,784,913</u>
Deferred tax liability	31,456,699	20,470,439
Mortgage payable, net of current portion	684,384	699,840
Total Liabilities	<u>34,117,078</u>	<u>23,955,192</u>
Stockholders' Equity		
Stockholders' Equity Attributable to the Company	224,062,882	181,408,699
Noncontrolling interests	219,347,613	132,918,741
Total Stockholders' Equity	<u>443,410,495</u>	<u>314,327,440</u>
Total Liabilities and Stockholders' Equity	<u>\$477,527,573</u>	<u>\$338,282,632</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 November 30 ,		Six Months Ended November 30 ,	
	2022	2021	2022	2021
	(Unaudited)		(Unaudited)	
REVENUE				
Fees and other income	\$ 796,249	\$ 1,191,525	\$ 1,556,585	\$ 2,308,859
Dividends and interest income, net	627,665	403,722	3,378,186	792,392
Net realized losses from investments	(145,040)	(187,502)	(478,416)	(359,999)
Equity earnings (losses) from limited partnerships and limited liability companies	904,213	47,318	807,583	(915,860)
Unrealized gains from investments	19,937,374	1,810,077	21,424,185	4,351,640
Total revenue before unrealized gains (losses) from equity securities	22,120,461	3,265,140	26,688,123	6,177,032
Unrealized gains (losses) from equity securities	84,759,258	(15,099,637)	114,430,058	(22,177,999)
Total Revenue	<u>106,879,719</u>	<u>(11,834,497)</u>	<u>141,118,181</u>	<u>(16,000,967)</u>
OPERATING EXPENSES				
General and administrative expenses	614,285	315,883	977,142	559,352
Depreciation	92,582	74,990	195,342	139,972
Total Expenses	<u>706,867</u>	<u>390,873</u>	<u>1,172,484</u>	<u>699,324</u>
Income (Loss) from Operations before Provision for Income Taxes	106,172,852	(12,225,370)	139,945,697	(16,700,291)
Provision for Income Taxes	<u>9,483,763</u>	<u>63,810</u>	<u>11,743,520</u>	<u>1,882,955</u>
Net Income (Loss)	96,689,089	(12,289,180)	128,202,177	(18,583,246)
Less net income (loss) attributable to noncontrolling interests	<u>61,819,914</u>	<u>(11,938,857)</u>	<u>85,854,330</u>	<u>(19,193,640)</u>
Net income (loss) attributable to the Company	<u>\$ 34,869,175</u>	<u>\$ (350,323)</u>	<u>\$ 42,347,847</u>	<u>\$ 610,394</u>
NET INCOME PER COMMON SHARE				
Basic and diluted	<u>\$ 0.79</u>	<u>\$ (0.01)</u>	<u>\$ 0.96</u>	<u>\$ 0.01</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>44,020,968</u>	<u>44,015,748</u>	<u>44,019,366</u>	<u>44,014,256</u>
Diluted	<u>44,020,968</u>	<u>44,015,748</u>	<u>44,031,771</u>	<u>44,033,213</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, 2022 and 2021 (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, 2021	44,012,781					
Equity Compensation	-	-	44,240	-	44,240	-	44,240
Exercise of Stock Options	5,000	5	45,895	-	45,900	-	45,900
Non-cash Compensation	-	-	51,600	-	51,600	-	51,600
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	<u>44,017,781</u>	<u>\$ 44,017</u>	<u>\$ 41,102,066</u>	<u>\$ 137,752,370</u>	<u>\$ 178,898,453</u>	<u>\$ 102,816,669</u>	<u>\$ 281,715,122</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, 2022	44,017,781					
Equity Compensation	-	-	84,320	-	84,320	-	84,320
Exercise of Stock Options	5,000	5	39,895	-	39,900	-	39,900
Non-cash Compensation	-	-	51,600	-	51,600	-	51,600
Capital Accounts of Consolidated Limited Liability Company	-	-	130,516	-	130,516	-	130,516
Net income	-	-	-	42,347,847	42,347,847	85,854,330	128,202,177
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	574,542	574,542
BALANCE - November 30, 2022	<u>44,022,781</u>	<u>\$ 44,022</u>	<u>\$ 41,583,160</u>	<u>\$ 182,435,700</u>	<u>\$ 224,062,882</u>	<u>\$ 219,347,613</u>	<u>\$ 443,410,495</u>

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 Six Months Ended November 30, 2022 and 2021

	November 30,	
	2022	2021
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 128,202,177	\$ (18,583,246)
Adjustments to reconcile net income (loss) to net cash flows from operating activities		
Non-cash compensation	51,600	51,600
Equity compensation	84,320	44,240
Net realized losses from investments	478,416	359,999
Equity (earnings) losses from limited partnerships and limited liability companies	(807,583)	915,860
Unrealized gains from investments subject to fair value valuation	(21,424,185)	(4,351,640)
Unrealized (gains) losses from equity securities	(114,430,058)	22,177,999
Non-cash fee revenue	(231,998)	(988,604)
Depreciation	195,342	139,972
Deferred income tax	10,986,260	327,340
Changes in operating assets and liabilities:		
Accounts receivable	(51,391)	171,676
Prepaid income taxes	362,147	-
Accounts payable and accrued expenses	13,052	80,189
Income taxes payable	-	(134,310)
Net Cash Flows from Operating Activities	<u>3,428,099</u>	<u>211,075</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	999,800	3,359,644
Purchases of investments	(1,161,767)	(1,331,493)
Proceeds from securities sold, not yet purchased	718,942	183,723
Purchases to cover securities previously sold	(617,941)	(2,830,663)
Distributions from limited partnerships	150,879	38,633
Other investments	(29,823)	(12,857)
Purchase of cryptocurrency mining assets	(37,400)	(317,599)
Net Cash Flows from (used) in Investing Activities	<u>22,690</u>	<u>(910,612)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of other consolidated subsidiary equity	30,000	30,000
Distributions to members of consolidated limited liability company	(690,000)	(180,000)
Proceeds from exercise of stock options	39,900	45,900
Other financing activities	(14,866)	(14,297)
Net Cash Flows used in Financing Activities	<u>(634,966)</u>	<u>(118,397)</u>
Net Change in Cash and Cash Equivalents	2,815,823	(817,934)
CASH AND CASH EQUIVALENTS, Beginning of Period	33,289,454	34,971,075
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 36,105,277</u>	<u>\$ 34,153,141</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for		
Income taxes	\$ 394,906	\$ 1,689,862
Interest	\$ 99,550	\$ 66,187
NONCASH INVESTING ACTIVITIES		
Investment acquired through the contribution of other investments	<u>\$ 1,214,180</u>	<u>\$ 1,353,281</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, 2022 (Unaudited) and May 31, 2022 and for the
Three Months and Six Months Ended November 30, 2022 and 2021 (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, 2022 and May 31, 2022, the Company held a 21.83% and 21.88% 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. As of November 30, 2021, the Company held a 21.95% equity interest in HKHA. 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 78.17% and 78.05% in HKHA has been presented as noncontrolling interest in the accompanying condensed consolidated financial statements for the periods ended November 30, 2022 and 2021, and 78.17% and 78.12% as of November 30, 2022 and May 31, 2022. 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, 2022 and notes thereto. The accompanying interim condensed consolidated financial statements have not been audited by an independent registered public accounting firm in accordance with standards of the Public Company Accounting Oversight Board (United States) but, in the opinion of management, such financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the Company's interim financial position and results of operations. The results of operations for the three months and six months ended November 30, 2022 may not be indicative of the results that may be expected for the year ending May 31, 2023.

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 January 12, 2023, 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
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of November 30, 2022 (Unaudited) and May 31, 2022 and for the
Three Months and Six Months Ended November 30, 2022 and 2021 (Unaudited)

NOTE 4 - Investments

Limited Partnerships and Equity Investments

The Company's investments in limited partnerships and equity investments consist of the following as of November 30, 2022 and May 31, 2022:

	As of November 30, 2022 (Unaudited)		
	Cost or (Proceeds)	Unrealized Gains	Estimated Fair Value
Equity Securities	\$ 75,919,760	\$226,172,643	\$ 302,092,403
Investments in limited partnerships and other equity investments:			
Limited partnerships			
Investment in South LaSalle Partners, LP	\$ 5,554,733	\$ 3,940,714	\$ 9,495,447
Investments in managed funds			
Horizon Multi-Strategy Fund, LP	15,080,554	21,810,318	36,890,872
CDK Partners, LP	1,380,840	5,008,905	6,389,745
Polestar Fund, LP	14,450,640	33,816,120	48,266,760
Multi-Disciplinary Fund, LP	556,281	275,103	831,384
Kinetics Institutional Partners, LP	7,613	28,749	36,362
Shepherd I, LP	14,200	16,272	30,472
Other	1,303	224,949	226,252
Total Investments in Managed Funds	31,491,431	61,180,416	92,671,847
Investment in Winland Holdings Corporation, 1,432,000 shares	1,532,816	1,259,584	2,792,400
Total investments in limited partnerships and other equity securities	\$ 38,578,980	\$ 66,380,714	\$ 104,959,694
Securities sold, not yet purchased (liability)	\$ (8,870,107)	\$ 7,119,311	\$ (1,750,796)

**FRMO CORPORATION
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2022 (Unaudited) and May 31, 2022 and for the
Three Months and Six Months Ended November 30, 2022 and 2021 (Unaudited)

NOTE 4 - Investments (cont.)

	As of May 31, 2022		
	Cost or (Proceeds)	Unrealized Gains	Estimated Fair Value
Equity Securities	<u>\$ 74,399,681</u>	<u>\$112,986,543</u>	<u>\$187,386,224</u>
Investments in limited partnerships and other equity investments:			
Limited partnerships			
Investment in South LaSalle Partners, LP	<u>\$ 5,561,379</u>	<u>\$ 3,231,739</u>	<u>\$ 8,793,118</u>
Investments in managed funds			
Horizon Multi-Strategy Fund, LP	14,768,374	15,061,473	29,829,847
CDK Partners, LP	1,347,099	3,724,889	5,071,988
Polestar Fund, LP	14,042,007	19,909,532	33,951,539
Multi-Disciplinary Fund, LP	548,242	214,389	762,631
Kinetics Institutional Partners, LP	7,201	19,331	26,532
Shepherd I, LP	13,623	11,699	25,322
Other	<u>39</u>	<u>54,835</u>	<u>54,874</u>
Total Investments in Managed Funds	<u>30,726,585</u>	<u>38,996,148</u>	<u>69,722,733</u>
Investment in Winland Holdings Corporation, 1,418,528 shares	<u>1,502,993</u>	<u>2,610,737</u>	<u>4,113,730</u>
Total investments in limited partnerships and other equity securities	<u>\$ 37,790,957</u>	<u>\$ 44,838,624</u>	<u>\$ 82,629,581</u>
Securities sold, not yet purchased (liability)	<u>\$ (8,548,222)</u>	<u>\$ 5,974,867</u>	<u>\$ (2,573,355)</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, 2022 (unaudited) and May 31, 2022:

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

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of November 30, 2022 (Unaudited) and May 31, 2022 and for the
Three Months and Six Months Ended November 30, 2022 and 2021 (Unaudited)

NOTE 4 - Investments (cont.)

Other Investments

The following are the Company's other investments as of November 30, 2022 (unaudited) and May 31, 2022:

Cryptocurrency Mining Entities	
Consensus Mining and Seigniorage Corporation	\$ 454,884
HM Tech, LLC	<u>14,979</u>
Total cryptocurrency mining entities	469,863
Digital Currency Group, Inc.	<u>76,261</u>
Total other investments	<u>\$ 546,124</u>

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 the other investments, which are carried at cost.

Investment Concentration

The following are the approximate amounts of the Company's investments in equity securities held directly and indirectly, through its various investments in managed funds, amounting to greater than 10% of stockholders' equity attributable to the Company ("Equity"). None of the Company's other direct or indirect investments were greater than 10% of Equity as of November 30, 2022 and May 31, 2022.

Investment	As of November 30, 2022		As of May 31, 2022	
	Amount	Percent of Equity	Amount	Percent of Equity
	(unaudited)			
Investment A	\$ 154,704,000	69.0%	\$ 92,563,000	51.0%
Investment B	\$ 8,934,000	4.0%	\$ 18,238,000	10.1%

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of November 30, 2022 (Unaudited) and May 31, 2022 and for the
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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 November 30, 2022 and May 31, 2022, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair values.

	As of November 30, 2022 (Unaudited)					
	Fair Value Measurements at Reporting Date Using					
		Quoted Prices				
		Investments Measured at Net Asset Value	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)		
Total						
Assets (at fair value):						
Money Market Mutual Funds included in Cash and Cash Equivalents	\$ 35,272,112	\$ -	\$ 35,272,112	\$ -	\$ -	
Other Investments:						
Equity Securities	\$ 302,092,403	\$ -	\$ 302,092,403	\$ -	\$ -	
Investment in Limited Partnerships and other Equity Investments	104,959,694	102,167,294	-	2,792,400	-	
Total Other Investments	\$ 407,052,097	\$ 102,167,294	\$ 302,092,403	\$ 2,792,400	\$ -	
Liabilities (at fair value):						
Common Stocks	\$ 1,750,796	\$ -	\$ 1,750,796	\$ -	\$ -	

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NOTE 5 - Fair Value Measurements (cont.)

	As of May 31, 2022				
	Fair Value Measurements at Reporting Date Using				
	Total	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	\$ 32,697,079	\$ -	\$ 32,697,079	\$ -	\$ -
Other Investments:					
Equity Securities	\$ 187,386,224	\$ -	\$ 187,386,224	\$ -	\$ -
Investment in Limited Partnerships and other Equity Investments	82,629,581	78,515,851	-	4,113,730	-
Total Other Investments	\$ 270,015,805	\$ 78,515,851	\$ 187,386,224	\$ 4,113,730	\$ -
Liabilities (at fair value):					
Common Stocks	\$ 2,573,355	\$ -	\$ 2,573,355	\$ -	\$ -

**FRMO CORPORATION
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of November 30, 2022 (Unaudited) and May 31, 2022 and for the
Three Months and Six Months Ended November 30, 2022 and 2021 (Unaudited)

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, 2022 and May 31, 2022, which was 21.83% and 21.88% respectively. Income tax attributable to the remaining noncontrolling interest of 78.17% and 78.12% represents a permanent difference related to "consolidation of noncontrolling interests" in the reconciliation table below of federal statutory rate to effective tax rate.

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

The provision for income taxes is comprised of the following:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2022	2021	2022	2021
	(Unaudited)		(Unaudited)	
Current				
Federal	\$ 214,921	\$ 169,552	\$ 361,877	\$ 848,147
State and City	185,817	144,677	395,383	707,468
Total Current	400,738	314,229	757,260	1,555,615
Deferred				
Federal	9,083,025	(250,419)	10,986,260	327,340
State and City	-	-	-	-
Total Deferred	9,083,025	(250,419)	10,986,260	327,340
Total Provision for Income Taxes	\$ 9,483,763	\$ 63,810	\$ 11,743,520	\$ 1,882,955

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

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As of November 30, 2022 (Unaudited) and May 31, 2022 and for the
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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 November 30, 2022 and May 31, 2022:

	November 30, 2022 (Unaudited)	May 31, 2022
Deferred Tax Liability		
Investments in limited partnerships	\$ 4,282	\$ 420
Investment in unconsolidated limited liability companies	132,660	132,660
Deferral of gain from like-kind exchange	3,339,319	3,339,319
Unrealized gain from equity securities and investments in managed funds	<u>27,980,438</u>	<u>16,998,040</u>
Total Deferred Tax Liability	<u>\$ 31,456,699</u>	<u>\$ 20,470,439</u>

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, 2022 and 2021:

	Three Months Ended November 30,				Six Months Ended November 30,			
	2022 (Unaudited)		2021 (Unaudited)		2022 (Unaudited)		2021 (Unaudited)	
Income (loss) before taxes	\$ 106,172,852	100.0%	\$ (12,225,370)	100.0%	\$ 139,945,697	100.0%	\$ (16,700,291)	100.0%
Computed expected tax expense	\$ 22,296,299	21.0%	\$ (2,567,328)	21.0%	\$ 29,388,596	21.0%	\$ (3,507,061)	21.0%
State and City taxes, net of federal benefit	146,796	0.1%	114,295	-0.9%	312,353	0.2%	558,900	-3.4%
Permanent differences	(1,127)	0.0%	(1,741)	0.0%	32,769	0.0%	761,056	-4.6%
Other	105	0.0%	24	0.0%	207	0.0%	64	0.0%
Provision for (benefit from) income taxes before consolidation of noncontrolling interests	22,442,073	21.1%	(2,454,750)	20.1%	29,733,925	21.2%	(2,187,041)	13.1%
Permanent differences related to consolidation of non controlling interests	(12,958,310)	-12.2%	2,518,560	-20.6%	(17,990,405)	-12.9%	4,069,996	-24.4%
Total provision for income taxes	<u>\$ 9,483,763</u>	<u>8.9%</u>	<u>\$ 63,810</u>	<u>-0.5%</u>	<u>\$ 11,743,520</u>	<u>8.4%</u>	<u>\$ 1,882,955</u>	<u>-11.3%</u>

(Percent components may not sum due to rounding)

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As of November 30, 2022 (Unaudited) and May 31, 2022 and for the
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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 with a maturity date of November 6, 2024. A balloon payment of \$655,255 is due at maturity. 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, 2022:

<u>For the Period Ending May 31,</u>	<u>Total</u>
	(Unaudited)
2023 (Remainder of fiscal year)	\$ 15,157
2024	31,215
2025	668,625
Total	<u>\$ 714,997</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 65,000 and 56,000 for the six months ended November 30, 2022 and 2021, respectively.

As of November 30, 2022 and May 31, 2022 there were 40,000 and 56,000 vested options with an exercise price below the weighted average market price of the Company's common stock during the period.

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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,	
	2022	2021	2022	2021
	(Unaudited)		(Unaudited)	
Weighted Average Common Shares Outstanding	44,020,968	44,015,748	44,019,366	44,014,256
Effect of Dilutive Securities, common share equivalents:				
Exercise of stock options	-	-	12,405	18,957
Dilutive Potential Common Share Equivalents	44,020,968	44,015,748	44,031,771	44,033,213

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, 2022 and May 31, 2022.

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NOTE 9 - Stockholders' Equity (cont.)

Stock Options

A summary of option activity as of November 30, 2022, 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, 2022	56,000	\$ 7.10	3.36	\$ 145,440
Granted	17,000	\$ 9.00	6.85	\$ -
Exercised	(5,000)	\$ 7.98	-	\$ -
Forfeited	<u>(3,000)</u>	<u>\$ 7.98</u>	<u>-</u>	<u>\$ -</u>
Outstanding at November 30, 2022	<u>65,000</u>	<u>\$ 7.48</u>	<u>4.27</u>	<u>\$ 113,280</u>
Vested and Exercisable at November 30, 2022	<u>65,000</u>	<u>\$ 7.48</u>	<u>4.27</u>	<u>\$ 113,280</u>

All stock options were vested as of November 30, 2022 and May 31, 2022.

The aggregate intrinsic value of options outstanding and options exercisable at November 30, 2022 and May 31, 2022 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 \$8.80 and \$9.50 closing price of FRMO's common stock on November 30, 2022 and May 31, 2022, respectively.

As of November 30, 2022, there was no unrecognized compensation cost related to unvested options.