Disclosure Statement Pursuant to the OTCID Basic Disclosure Guidelines

FRMO CORP.

A Delaware Corporation

Principal Executive Offices and Principal Place of Business:
1 North Lexington Avenue, Suite 12C
White Plains, NY 10601

914-632-6730
www.frmocorp.com
info@frmocorp.com
SIC Code: 6719 – Holding Company

Annual Report

For the period ended May 31, 2026 (the "Reporting Period")

Outstanding Shares
The number of shares outstanding of our Common Stock was:

44,022,781 as of May 31, 2026 [Current Reporting Period],

44,022,781 as of May 31, 2025 [Most Recent Completed Fiscal Year End]

Shell Status
Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control
Indicate by check mark whether a Change in Control[1] of the company has occurred over this reporting period:

Yes: ☐ No: ☒

[1] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

FRMO Corp.

FRMO Corp. is an active corporation incorporated in the state of Delaware in November 1993. The name of the Corporation was changed from FRM Nexus (a Delaware Corporation) to FRMO Corp. on November 29, 2000.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

1 North Lexington Avenue, Suite 12C
White Plains, NY 10601

The address(es) of the issuer's principal place of business:

1 North Lexington Avenue, Suite 12C
White Plains, NY 10601

☒ *Check if principal executive office and principal place of business are the same address:*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name:
Broadridge Corporate Issuer Solutions, Inc.
1717 Arch Street, Suite 1300
Philadelphia, PA 19103

Phone: 800-733-1121
Email: Shareholder@Broadridge.com

Publicly Quoted or Traded Securities:

Trading symbol:	FRMO	
Exact title and class of securities outstanding:	Common Stock	
CUSIP:	30262F205	
Par or stated value:	$0.001	
Total shares authorized:	90,000,000	as of date: May 31, 2026
Total shares outstanding:	44,022,781	as of date: May 31, 2026
Number of shares in the Public Float:	19,615,522	as of date: May 31, 2026
Total number of shareholders of record:	51	as of date: May 31, 2026

All additional class(es) of publicly quoted or traded securities (if any):

Trading symbol:	n/a	
Exact title and class of securities outstanding:	Preferred Stock	
CUSIP:	n/a	
Par or stated value:	$0.001	
Total shares authorized:	2,000,000	as of date: May 31, 2026
Total shares outstanding:	None	as of date: May 31, 2026
Total number of shareholders of record:	None	as of date: May 31, 2026

Other classes of authorized or outstanding equity securities:

None

Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years☐
No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance Date: May 31, 2024 Common: 44,022,781 Preferred: None									
Date of Transaction	**Transaction type (e.g. new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)**	**Restricted or Unrestricted as of this filing?**	**Exemption or Registration Type?**
October 5, 2023	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $7.50 per share	Common	N/A	N/A	Option Granted to Jay Hirschson	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
October 5, 2023	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $7.50 per share	Common	N/A	N/A	Option Granted to Alice C. Brennan	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
October 5, 2023	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $7.50 per share	Common	N/A	N/A	Option Granted to Hebert M. Chain	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
October 5, 2023	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $7.50 per share	Common	N/A	N/A	Option Granted to Dov Glickman	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
October 10, 2024	Option grant	Option grant to purchase 3,000 shares of common stock, exercise	Common	N/A	N/A	Option Granted to Jay Hirschson	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933,

		price of $8.55 per share							as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
October 10, 2024	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $8.55 per share	Common	N/A	N/A	Option Granted to Alice C. Brennan	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
October 10, 2024	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $8.55 per share	Common	N/A	N/A	Option Granted to Hebert M. Chain	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
October 10, 2024	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $8.55 per share	Common	N/A	N/A	Option Granted to Dov Glickman	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
October 9, 2025	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $8.70 per share	Common	N/A	N/A	Option Granted to Jay Hirschson	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
October 9, 2025	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $8.70 per share	Common	N/A	N/A	Option Granted to Rimmy Malhotra	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.

October 9, 2025	Option grant	Option grant to purchase 3,000 shares of common stock, exercise price of $8.70 per share	Common	N/A	N/A	Option Granted to Melinda Newman	Director Compensation	Options are unexercised. Will be restricted upon exercise.	Registration of these Shares under the Securities Act of 1933, as amended, is not required pursuant to the exemption provided by Section 4(2) of the Act.
Shares Outstanding Ending Balance on Date of This Report: Date: May 31, 2026 Common: 44,022,781 Preferred: None									

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
(Please ensure that these descriptions are updated on the Company's Profile on www.otcmarket.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The corporation is an intellectual capital firm that provides consulting and advisory services in the asset management sector and engages in the mining of digital assets.

B. List any subsidiaries, parent company, or affiliated companies.

Fromex Equity Corp., a Delaware corporation, is a wholly owned subsidiary of FRMO Corp.

C. Describe the issuers' principal products or services.

The interim condensed consolidated financial statements include the accounts of FRMO Corporation and its controlled subsidiaries (collectively referred to as the "Company"). As of May 31, 2026 and May 31, 2025, the Company held a 21.78% and 21.82% equity interest in Horizon Kinetics Hard Assets LLC ("HKHA"), a company formed by Horizon Kinetics Holding Corporation ("HKHC") or ("Horizon") and certain officers, principal stockholders and directors of the Company. The Company owns 4.42% of HKHC and earns substantially all of its advisory fees from HKHC (see Note 4 – Investments). 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 78.22% and 78.18% in HKHA has been eliminated from results of operations for the periods ended May 31, 2026 and 2025. Total stockholders' equity includes, as a separate item, the amount attributable to the noncontrolling interests.

D. Investment Concentration

The following are the approximate amounts (in thousands) of the Company's investments in equity securities and digital asset funds held directly and indirectly, through its various investments in managed funds, amounting to greater than 10% of stockholders' equity attributable to the Company ("Equity"). None of the Company's other direct or indirect investments were greater than 10% of Equity as of May 31, 2026 and May 31, 2025.

	May 31, 2026		May 31, 2025	
Investment	**Amount**	**Percent of Stockholders' Equity**	**Amount**	**Percent of Stockholders' Equity**
Investment A	$ 231,283	69.9%	$ 217,782	66.4%
Investment B	$ 37,375	11.3%	$ 53,327	16.3%

The following are the approximate amounts (in thousands) 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 May 31, 2026 and May 31, 2025.

	May 31, 2026		May 31, 2025	
Investment	**Amount**	**Percent of Investments**	**Amount**	**Percent of Investments**
Investment A				
Equity securities	$ 418,935	96.5%	$ 395,807	96.9%
Investments in limited partnerships and other equity investments	$ 110,020	53.8%	$ 103,059	51.1%
Investment B				
Investments in limited partnerships and other equity investments	$ 36,864	18.0%	$ 52,571	26.1%

The following are the approximate amounts (in thousands) 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 years ended May 31, 2026 and 2025.

	Year Ended May 31,			
	2026		2025	
Investment	**Amount**	**Percent of Unrealized Gains**	**Amount**	**Percent of Unrealized Gains**
Investment A	$ 23,089	71.8%	$ 169,308	100.1%

5) Issuer's Facilities

Company leases fully furnished office space from Horizon Kinetics LLC at 1 North Lexington Avenue, Suite 12C, White Plains, New York 10601. The lease term is one year renewable for consecutive one-year periods until terminated.

6) Officers, Directors, and Control Persons

Name of Beneficial Officer	Shares Beneficially Owned or Controlled	Approximate Percentage of Shares Outstanding
Steven Bregman	6,398,956	14.5%
John C. Meditz	5,124,851	11.6%
Thomas C. Ewing	4,539,048	10.3%
Peter B. Doyle	4,196,140	9.5%
Lawrence J. Goldstein	1,865,632	4.2%
Santa Monica Partners, L.P.[1]	1,012,757	2.3%
Jay P. Hirschson	3,110	*
Alice C. Brennan	6,500	*
R. Rimmy Malhotra	6,150	*
Melinda J. Newman	-	*
Jay Kesslen	12,243	*
Therese Byars	50,640	*
David Arndt	375	*
Directors and executive officers as a group	23,216,402	52.7%
* Less than 1%		
Estate of Murray Stahl[2]	7,166,528	16.3%

(1) Controlled by Mr. Goldstein

(2) Murray Stahl, who previously served as the Company's Chief Executive Officer, passed away on April 7, 2026.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, <u>in the past 10 years</u>:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

NONE

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

NONE

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

NONE

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

NONE

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NONE

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

NONE

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

NONE

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.
Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Morris Simkin
Firm: Law Office of Morris Simkin
Address 1: 5400 Broken Sound Blvd. NW, Apt. 431
Address 2: Boca Raton, FL 33487
Phone: (914) 646-8035
Email: msimkin@securitiesregslawyer.com

Accountant or Auditor

Name: Sougata Banerjee, Engagement Partner
Firm: CBIZ CPAs P.C.
Address 1: 600 Anton Boulevard, Suite 1600
Address 2: Costa Mesa, CA 92626
Phone: (949) 236-5600
Email: Sougata.Banerjee@cbiz.com

Investor Relations

None

All other means of Investor Communication:

Twitter: n/a
Discord: n/a
LinkedIn n/a
Facebook: n/a
[Other] n/a

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement.** Tehis includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: n/a
Firm: n/a
Nature of Services: n/a
Address 1: n/a
Address 2: n/a
Phone: n/a
Email: n/a

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: Therese Byars
Title: Corporate Secretary
Relationship to Issuer: Officer

B. The following financial statements were prepared in accordance with:

☐ IFRS

☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: David Arndt
Title: Chief Financial Officer
Relationship to Issuer: Officer

Describe the qualifications of the person or persons who prepared the financial statements:[1] Certified Public Accountant, has prepared SEC filings for public companies and OTC filers for over 15 years.

The financial statements listed in items 9Ca – 9Cf are appended to this Disclosure Statement.:

a. Report of Independent Registered Public Accounting Firm
b. Consolidated Balance Sheets
c. Consolidated Statements of Income
d. Consolidated Statements of Stockholders' Equity
e. Consolidated Statements of Cash Flows
f. Notes to Consolidated Financial Statements

[1]The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

D. Management's discussion and analysis or plan of operation:

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (this ”MD&A”) should be read in conjunction with our Consolidated Financial Statements and the related notes (the ”Notes”) and other financial information included elsewhere in this Disclosure Statement and with our audited financial statements for the fiscal years ended May 31, 2026 and 2025.

This MD&A contains statements of management’s beliefs, expectations and assumptions regarding our future business, and any statements other than statements of historical fact are ”forward-looking statements” within the meaning of the Private Securities Litigation Reform Act (“PSLRA”), which are made in reliance of the safe harbor provisions of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the PSLRA. Such statements express management’s beliefs, opinions, projections and expectations regarding future events and circumstances, based on information available to management as of the date of this Disclosure Statement, and are subject to risks and uncertainties, and our actual results could differ materially from those discussed in these forward-looking statements. Further, these forward-looking statements should not be construed either as assurances of performance or as promises of a given course of action. You should review the following section of this Disclosure Statement entitled ”Cautionary Note Regarding Forward-Looking Statements” for a discussion of factors that could cause actual results to differ materially – and potentially adversely – from the results described in or implied by the forward-looking statements contained in the following this MD&A and elsewhere in this Disclosure Statement.

Cautionary note regarding forward-looking statements

This Disclosure Statement contains forward-looking statements that involve risks and uncertainties, as well as assumptions that may not materialize or prove to be correct, which could cause our results to differ materially from those expressed in or implied by such forward-looking statements. All statements other than statements of historical fact, including those set forth under "Management’s discussion and analysis or plan of operation” are statements that could be deemed forward-looking statements, including, but not limited to, statements concerning: our plans, strategies and objectives for future operations; new equipment, systems, technologies, services or developments; future economic conditions, performance or outlook; future political conditions; the outcome of contingencies; potential acquisitions or divestitures; the value of our investments; expected cash flows or capital expenditures; our beliefs or expectations; activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future; and assumptions underlying any of the foregoing. Forward-looking statements may be identified by their use of forward-looking terminology, such as “believes,” “expects,” “may,” “should,” “would,” “will,” “intends,” “plans,” “estimates,” “anticipates,” “projects” and similar words or expressions. You should not place undue reliance on these forward-looking statements, which reflect our management’s opinions only as of the date of filing and are not guarantees of future performance or actual results.

Business Overview

FRMO Corporation (“FRMO”) was incorporated in 1993 under the laws of the State of Delaware. In January 2001, FRMO spun off its operations in a transaction accounted for as a reverse pooling of interests. FRMO Corp. is an intellectual capital firm that provides consulting and advisory services in the asset management sector and engages in the mining of digital assets. The Company maintains its corporate office in White Plains, New York.

Results of operations for the year ended May 31, 2026 as compared to the year ended May 31, 2025

Revenues

Revenues of the Company are primarily comprised of consulting and advisory fees, substantially all of which are earned from a royalty participation with Horizon Kinetics Holding Corporation. The Company's consulting and advisory fees were $4.3 million during the year ended May 31, 2026, a decrease of $0.5 million, or 10.7% from the year ended May 31, 2025. During the year ended May 31, 2025, HKHC recognized significant incentive fees, which exceeded those recognized during the year ended May 31, 2026.

Operating expenses

General and administrative

General and administrative expenses were $1.4 million during the year ended May 31, 2026, a slight increase of 4.2% from the year ended May 31, 2025, driven by increases in professional fees related to accounting services.

Depreciation

Depreciation expense decreased by $0.1 million during the year ended May 31, 2026 compared to the prior year due to certain digital mining assets becoming fully depreciated over the prior year.

Loss on sale of long-lived assets

The Company incurred a loss related to the sale of land and property of $0.7 million during the year ended May 31, 2026, which was the difference between the purchase price and the carrying value of the property at the date of the agreement.

Other income or expense

Dividends and interest income

Dividend and interest income was $4.6 million for the year ended May 31, 2026, a decrease of $3.2 million compared to the prior year. This was primarily due to a special dividend received during the year ended May 31, 2025 from a certain investment held by the Company.

Net realized gain (loss) on investments

Realized gains and losses on investments are driven by the Company's decisions regarding the timing and selection of investments sold during each period. Accordingly, realized gain or loss may vary significantly from period to period based on portfolio management decisions and prevailing market conditions.

Equity earnings from limited partnerships, limited liability companies, and other equity investments

Equity earnings were $2.6 million for year ended May 31, 2026, compared to $8.4 million in the prior year. The decrease in the current year of $5.8 million, reflecting lower earnings generated by these investments during the year ended May 31, 2026. Equity earnings may fluctuate from period to period based on the performance and investment activity of the underlying equity investments.

Unrealized gain (loss) from investments

Unrealized loss from investments was $11.8 million during the year ended May 31, 2026, compared to an unrealized gain from investments of $80.0 million in the prior year. The loss during the current year was primarily related to the decrease in fair values of certain investments, including HKHC, CMSG, and WELX, and offset by increases in the NAV of the Company's investments in limited partnerships, limited liability companies, and other equity investments.

Unrealized gain (loss) from equity securities

Unrealized gain or loss from equity securities was a gain of $32.1 million during the year ended May 31, 2026, compared to an unrealized gain of $169.1 million in the prior year. This change was primarily due to the increase in the fair value of a significant equity security holding during the current year of 5.8%, compared to an increase in the fair value of that same security during the prior year of 81%.

Unrealized (loss) gain from digital assets

The Company presents digital assets at fair value as of the balance sheet date and records the net appreciation or depreciation during the period. During the year ended May 31, 2026, the Company recorded an unrealized loss of $5.0 million from digital assets, primarily due to the 30% decrease in the value of Bitcoin during the year.

Income tax expense (benefit)

The Company's income tax expense or benefit is driven primarily by deferred income taxes. FRMO recognizes deferred income taxes related to the tax basis differences for certain assets, principally unrealized gains in various investments and digital assets. The Company’s unrealized gains of investments and digital assets resulted in the recording of additional deferred tax liabilities during the year ended May 31, 2026.

10) Issuer Certification

Principal Executive Officer:

I, Peter Doyle certify that:

1. I have reviewed this Disclosure Statement for FRMO Corp;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 27, 2026

/s/ Peter Doyle

Principal Executive Officer

I, Steven Bregman certify that:

1. I have reviewed this Disclosure Statement for FRMO Corp.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 27, 2026

/s/ Steven Bregman

Principal Financial Officer:

I, David Arndt certify that:

4. I have reviewed this Disclosure Statement for FRMO Corp.;

5. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

6. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 27, 2026

/s/ David Arndt

FRMO CORPORATION AND SUBSIDIARIES

White Plains, New York

CONSOLIDATED FINANCIAL STATEMENTS

Including Report of Independent
Registered Public Accounting Firm

As of and for the Years Ended May 31, 2026 and 2025

FRMO CORPORATION AND SUBSIDIARIES

TABLE OF CONTENTS
As of and for the Years Ended May 31, 2026 and 2025

Report of Independent Registered Public Accounting Firm 1

Consolidated Financial Statements

Consolidated Balance Sheets 2

Consolidated Statements of Operations 3

Consolidated Statements of Stockholders' Equity 4

Consolidated Statements of Cash Flows 5

Notes to Consolidated Financial Statements 6

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of FRMO Corporation and Subsidiaries (the "Company") as of May 31, 2026, the related consolidated statements of operations, stockholders' equity and cash flows for the year ended May 31, 2026, and the related notes (collectively referred to as the "financial statements"). In our opinion, based on our audit, the financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2026, and the results of its operations and its cash flows for the year ended May 31, 2026, in conformity with accounting principles generally accepted in the United States of America.

We have also audited the reclassification adjustments discussed in Note 2 and the revision adjustment discussed in Notes 2 and 14 to the May 31, 2025 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the May 31, 2025 financial statements of the Company other than with respect to these adjustments and, accordingly, do not express an opinion or any form of assurance on the May 31, 2025 financial statements taken as a whole.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and in accordance with auditing standards generally accepted in the United States of America ("GAAS") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

The consolidated balance sheet of the Company as of May 31, 2025 and the related consolidated statement of income, stockholders' equity and cash flows for the year then ended, were previously audited by other auditors whose report dated February 26, 2026 expressed an unqualified opinion on those statements.

Prior Period Financial Statements

The financial statements of the Company, immediately prior to the reclassification adjustment discussed in Note 2 and the revision adjustment discussed in Notes 2 and 14, as of and for the year ended May 31, 2025, were audited by another accounting firm, whose report dated February 26, 2026, expressed an unmodified opinion on those statements.

/s/ CBIZ CPAs P.C.

CBIZ CPAs P.C.

We have served as the Company's auditor since 2025

Costa Mesa, CA
August 27, 2026

CONSOLIDATED FINANCIAL STATEMENTS

FRMO CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except par value amounts)

	May 31, 2026	May 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 46,967	$ 43,864
Accounts receivable (due from related parties)	599	1,042
Prepaid income taxes	-	1,223
Other current assets	143	176
Total current assets	47,709	46,305
Digital mining assets, net of accumulated depreciation of $85 and $618 at May 31, 2026 and May 31, 2025, respectively	13	1,013
Equity securities, at fair value	433,928	408,553
Digital assets, at fair value	11,976	16,949
Investments in limited partnerships and other equity investments at fair value	204,350	201,529
Investments in securities exchanges	15,679	7,947
Other investments	1,297	469
Investment in Horizon Kinetics Holding Corporation	22,162	32,955
Horizon Kinetics Holding Corporation royalty participation	10,200	10,200
Total assets	$ 747,314	$ 725,920
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 397	$ 242
Income taxes payable	822	-
Current portion of mortgage note payable	-	26
Securities sold, not yet purchased	705	1,307
Total current liabilities	1,924	1,575
Deferred tax liability	98,179	97,619
Mortgage note payable, net of current portion	-	622
Total liabilities	100,103	99,816
Commitments and contingencies (Note 12)		
Stockholders' equity		
Redeemable preferred stock - $0.001 par value; authorized 2,000 shares; no shares outstanding	-	-
Common stock - $0.001 par value, authorized 90,000 shares; issued and outstanding 44,023 shares at May 31, 2026 and 2025, respectively	44	44
Additional paid-in capital	45,492	45,350
Retained earnings	285,441	282,505
Stockholders' equity attributable to the Company	330,977	327,899
Noncontrolling interests	316,234	298,205
Total stockholders' equity	647,211	626,104
Total liabilities and stockholders' equity	$ 747,314	$ 725,920

See notes to consolidated financial statements.

FRMO CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended May 31, 2026	Year Ended May 31, 2025
Revenue:		
Consulting and advisory fees and other income	$ 4,309	$ 4,823
Total revenue	4,309	4,823
Operating expenses:		
General and administrative expenses	1,409	1,352
Depreciation	46	152
Loss on sale of long-lived assets	734	-
Total operating expenses	2,189	1,504
Operating income (loss)	2,120	3,319
Other income (expense):		
Dividends and interest income, net	4,590	7,807
Net realized gain (loss) from investments	988	(71)
Equity earnings from limited partnerships, limited liability companies, and other equity investments	2,570	8,381
Unrealized gain (loss) from investments	(11,751)	79,995
Unrealized gain (loss) from equity securities	32,140	169,065
Unrealized gain (loss) from digital assets	(5,026)	5,878
Total other income (expense), net	23,511	271,055
Income (loss) from operations before provision for income taxes	25,631	274,374
Income tax (expense) benefit	(5,496)	(48,189)
Net income (loss)	20,135	226,185
Less: net (income) loss attributable to noncontrolling interests	(17,199)	(125,731)
Net income (loss) attributable to the Company	$ 2,936	$ 100,454
Net income (loss) per common share		
Basic	$ 0.07	$ 2.28
Diluted	$ 0.07	$ 2.28
Weighted average shares outstanding		
Basic	44,023	44,023
Diluted	44,027	44,030

See notes to consolidated financial statements.

FRMO CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Stockholders' Equity Attributable to the Company	Non-Controlling Interests	Total Stockholders' Equity
Balance - May 31, 2024	44,023	$ 44	$ 42,050	$ 182,051	$ 224,145	$ 161,145	$ 385,290
Non-cash compensation	-	-	103	-	103	-	103
Stock-based compensation	-	-	48	-	48	-	48
Capital accounts of consolidated limited liability company	-	-	3,149	-	3,149	-	3,149
Net income	-	-	-	100,454	100,454	125,731	226,185
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	11,329	11,329
Balance - May 31, 2025	44,023	$ 44	$ 45,350	$ 282,505	$ 327,899	$ 298,205	$ 626,104
Non-cash compensation	-	-	103	-	103	-	103
Stock-based compensation	-	-	39	-	39	-	39
Net income	-	-	-	2,936	2,936	17,199	20,135
Capital contributed to consolidated subsidiary from noncontrolling interests	-	-	-	-	-	830	830
Balance - May 31, 2026	44,023	$ 44	$ 45,492	$ 285,441	$ 330,977	$ 316,234	$ 647,211

See notes to consolidated financial statements.

FRMO CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended May 31, 2026	Year Ended May 31, 2025
Cash flows from operating activities:		
Net income (loss)	$ 20,135	$ 226,185
Adjustments to reconcile net income to net cash (used) provided by operating activities:		
Stock-based compensation	39	48
Non-cash compensation	103	103
Net realized (gain) loss from investments	(988)	71
Equity earnings from limited partnerships, limited liability companies, and other equity investments	(2,570)	(8,381)
Unrealized (gain) loss from investments	11,751	(79,995)
Unrealized (gain) loss from equity securities	(32,140)	(169,065)
Unrealized (gain) loss from digital assets	5,026	(5,878)
Digital asset mining	(62)	(95)
Depreciation	46	152
Deferred income tax expense	560	45,959
Loss on sale of long-lived assets	734	-
Changes in operating assets and liabilities		
Accounts receivable	(99)	(430)
Prepaid income taxes and other current assets	1,233	(583)
Accounts payable and accrued expenses	155	(9)
Income taxes payable	822	(347)
Total adjustments to net income	(15,390)	(218,450)
Net cash provided by operating activities	4,745	7,735
Cash flows from investing activities:		
Proceeds from sale of investments	4,960	9,447
Purchases of investments	(4,947)	(10,872)
Proceeds from sale of digital mining assets	9	7
Proceeds from securities sold, not yet purchased	241	450
Purchases to cover securities previously sold	(3)	(13)
Distributions from limited partnerships	-	383
Investment in other equity investments	-	(25)
Other investments	(1,607)	(1,327)
Net cash flows used in investing activities	(1,347)	(1,950)
Cash flows from financing activities:		
Principal payments on mortgage payable	(19)	(21)
Proceeds from issuance of other consolidated subsidiary equity	60	60
Distributions to members of consolidated limited liability company	(336)	(1,150)
Net cash flows used in financing activities	(295)	(1,111)
Net increase (decrease) in cash and cash equivalents	3,103	4,674
Cash and cash equivalents, beginning of year	43,864	39,190
Cash and cash equivalents, end of period	$ 46,967	$ 43,864
Supplemental disclosure of cash flow information:		
Cash paid during the period for income taxes	$ 2,890	$ 2,812
Cash paid during the period for interest	$ 73	$ 105
Supplemental disclosure of non-cash investing activities:		
Investments acquired through the contribution of other investments and assets	$ 1,234	$ 18,148

See notes to consolidated financial statements

FRMO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(in thousands, except per share data)

Note 1. Nature of Business and Basis of Presentation

FRMO Corporation ("FRMO") was incorporated in 1993 under the laws of the State of Delaware. In January 2001, FRMO spun off its operations in a transaction accounted for as a reverse pooling of interests. FRMO Corp. is an intellectual capital firm that provides consulting and advisory services in the asset management sector and engages in the mining of digital assets. The Company maintains its corporate office in White Plains, New York.

The consolidated financial statements include the accounts of FRMO Corporation and its controlled subsidiaries (collectively referred to as the "Company"). As of May 31, 2026 and May 31, 2025, the Company held a 21.78% and 21.82% equity interest in Horizon Kinetics Hard Assets LLC ("HKHA"), a company formed by Horizon Kinetics Holding Corporation ("HKHC") or ("Horizon") and certain officers, principal stockholders and directors of the Company. The Company owns 4.42% of HKHC and earns substantially all of its consulting and advisory fees from HKHC (see Note 4 – Investments). 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 (see Note 13 – Variable Interest Entities). The noncontrolling interest of 78.22% and 78.18% in HKHA has been eliminated from results of operations for the periods ended May 31, 2026 and 2025. Total stockholders' equity includes, as a separate item, the amount attributable to the noncontrolling interests.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), and include the accounts of the FRMO and all of its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Investments in unconsolidated companies (generally 20 to 50 percent ownership), in which the Company has the ability to exercise significant influence but neither has a controlling interest nor is the primary beneficiary, are accounted for under the equity method of accounting. Investments in entities in which the Company does not have the ability to exercise significant influence are accounted for under the cost method of accounting. Under certain criteria indicated in ASC 810, Consolidation, a partially-owned affiliate would be consolidated when it has less than a 50% ownership if the Company is the primary beneficiary of that entity.

Revision of Previously Issued Financial Statements

In preparing the consolidated financial statements as of and for the year ended May 31, 2026, we identified errors in our previously issued financial statements related to the historical presentation of our investment in HKHC. In August 2024, HKHC completed its previously announced merger with Scott's Liquid Gold-Inc., with HKHC surviving as a Registrant with the Securities and Exchange Commission ("SEC"). Upon the completion of this merger, the Company elected to account for its investment in HKHC in accordance with the fair value option pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 825, *Financial Instruments*, where the investment in HKHC was previously accounted for under the equity method of accounting pursuant to ASC 323.

Upon that election, the new shares are remeasured to fair value, and any difference from the prior carrying amount of the old investment is recognized in current-period earnings. Our financial statements did not reflect the full impact of the remeasurement at fair value. The identified errors impacted certain previously issued annual and interim financial statements as of and during the years ended May 31, 2026 and 2025. There were no impacts on previously reported net cash flows from operating, investing and financing activities in any prior periods.

We evaluated the errors in accordance with SEC Staff Accounting Bulletin Nos. 99 and 108 and determined that the related impacts were not material in any previously issued annual or interim financial statements. We revised the prior period amounts presented in these financial statements to correct the errors. The applicable notes to the accompanying financial statements have also been corrected to reflect the impact of the revisions of the previously filed consolidated financial statements. A summary of the revisions to the previously issued financial information is included in Note 14 - Revision of Previously Issued Financial Statements and Note 15 - Revision of Interim Financial Statements (Unaudited).

Reclassifications

The Company has reclassified certain prior period amounts to conform to the current year presentation, including the reclassification of certain assets that are not expected to be realized in cash, sold, or consumed within one year, and certain other income or expense items that better align with the Company's primary operations. Such reclassifications did not have any impact to the financial position, results of operations, or cash flows of the Company.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid investments (those purchased with an original maturity of three months or less) held at banks or other financial institutions. Management periodically assesses the financial condition of the banks and believes that any potential credit loss is minimal. Cash on deposit with financial institutions may exceed federally insured limits.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and investments. Exposure to credit risk is reduced by placing such deposits or other temporary investments in high-credit quality financial institutions.

The concentration of credit risk with respect to accounts receivable is generally limited due to the short payment terms extended by the Company. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, if necessary, based on a history of past write-offs and collections and current credit conditions.

Investment Valuation

The Company accounts for its investments in equity securities in accordance with Accounting Standards Update ("ASU") No. 2016-01, *Financial Instruments*, which requires that equity investments, including limited partnership interests, except those accounted for under the equity method of accounting, that have readily determinable fair value to be measured at fair value with any changes in fair value recognized in net income.

Equity securities are reported at their estimated fair values based on quoted market prices or a recognized pricing service, with unrealized gains and losses, included in unrealized gains from equity securities in the consolidated statements of operations. Realized gains and losses are determined on the specific identification method. Equity securities that do not have readily determinable fair values may be measured at estimated fair value or cost less impairment, if any, adjusted for subsequent observable price changes, with changes in the carrying value recognized in net income.

Investments in managed funds are recorded at fair value using the practical expedient and in accordance with ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value ("NAV") per Share (or Its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments measured using the net asset value per share as a practical expedient and related disclosures. Changes in unrealized gains from assets subject to NAV are included in unrealized gain or loss from investments in the consolidated statements of operations.

The Company regularly reviews its investments to evaluate the necessity of recording impairment losses for declines in the fair value of investments.

Investments in Unconsolidated Entities

The Company evaluates investments in other entities for consolidation. The Company considers the percentage interest in the entity, evaluation of control and whether a variable interest entity ("VIE") exists when determining if the investment qualifies for consolidation. Investments in limited liability companies that have separate ownership accounts for each investor greater than three to five percent are accounted for under the equity method of accounting.

For investments in unconsolidated entities utilizing the equity method of accounting, the investment is recorded initially at cost, and subsequently adjusted for all realized income or loss and all the Company's proportionate share of income or loss ("Equity Earnings"). The net income of each investor is allocated in accordance with the provisions of the operating agreement of the entity. The allocation provisions in these agreements may differ from the ownership interest held by each investor. The Company's Equity Earnings in these items are reported as a single line item in operations as equity earnings from limited partnerships and limited liability companies. The unrealized gains and losses of these entities are also reflected in the investment and are included in unrealized gain or loss from investments.

For investments in unconsolidated entities utilizing the cost method of accounting, the investment is recorded initially at cost, and subsequently adjusted for cash contributions and distributions.

On a quarterly basis, the Company assesses whether the value of its investments in unconsolidated entities has been impaired. An investment is impaired only if management's estimate of the fair value of the investment is less than its carrying value, and such decline in value is deemed to be other than temporary. The ultimate realization of the Company's investment in partially owned entities is dependent on a number of factors including the performance of that entity and market conditions. If the Company determines that a decline in the value of a partially owned entity is other than temporary, it will record an impairment charge.

Digital Assets at Fair Value

The Company measures digital assets at fair value with changes recognized in earnings in each reporting period. The Company tracks its cost basis of digital assets in accordance with first-in-first-out method of accounting. The Company measures mining rewards and its Level 1 fair value of digital assets based on the quoted price of the digital asset at the Company's principal market.

Digital Mining Assets

Digital mining assets consists of computer equipment utilized in the Company's digital asset mining operations and are reported at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The Company estimates the useful life for computer equipment is three years. Prior to its sale in February 2026, the Company also owned land and building; the estimated useful life of the building was 39 years.

Fair Value Measurements

The Company values certain of its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting guidance emphasizes that fair value is a market-based measurement that should be determined based on the assumptions market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, accounting guidance establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). Valuation techniques used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as follows:

<u>Level 1</u>	Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.
<u>Level 2</u>	Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
<u>Level 3</u>	Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value hierarchy guidance gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable and Allowance for Doubtful Accounts

In the normal course of business, the Company provides unsecured credit to customers, performs credit evaluations of these customers, and maintains reserves for potential credit losses. In determining the amount of allowance for doubtful accounts, management considers historical credit losses, the past due status of receivables, payment history, and other customer-specific information. The past due status of a receivable is based on its contractual terms. Expected credit losses are recorded as an allowance for doubtful accounts. Receivables are written off when management determines they are uncollectible. An allowance for doubtful accounts is not provided as of May 31, 2026 and 2025 since, in the opinion of management, all of its accounts are deemed collectible. Accounts receivable as of May 31, 2026 and 2025 are wholly comprised from one related party.

Securities Sold, not yet Purchased

Securities sold, not yet purchased, or securities sold short, represent obligations of the Company to deliver the specified security, and thereby create a liability to repurchase the security in the market at then prevailing prices. Securities sold, not yet purchased are recorded as a liability at fair value.

Revenue Recognition

The Company primarily generates revenue through advisory, consulting fees and digital asset mining revenue. The accrual method of accounting is used to record fee income, which is recognized when the advisory and consulting services are performed. The Company's digital asset mining assets include computer equipment that participates in validation of the cryptocurrency network by solving algorithms in exchange for a reward. The Company receives digital assets, as its proportional share of network rewards, on a daily basis. The value of the digital assets received for the reward is based on the market price of digital assets at 4:00 pm New York time on the day the reward is received.

Revenue from the Company's interest in HKHC's gross royalty stream is earned primarily on a month-by-month basis. The Company's share of annual incentive fees earned by HKHC, if any, are included in the quarter ended when the incentive fees are determinable.

Income From Investments

Security transactions are recorded based on a trade date. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities. Realized gains and losses from security transactions are recorded on a specific identification basis.

Revenue from investments carried at fair value is earned based upon FRMO's allocated share of each investment's proportionate share of changes in unrealized gains and losses to its partners on a calendar year basis.

Research

Research expenditures, consisting of investment research, are expensed as incurred.

Stock-Based Compensation

The Company records compensation expense associated with equity-based compensation in accordance with guidance established by GAAP. Equity award compensation expense for the years ended May 31, 2026 and 2025 is the estimated fair value of the grants amortized on a straight-line basis over the service period for the entire portion of the award less an estimate for anticipated forfeitures.

Income Taxes

The Company files a consolidated federal income tax return with its wholly-owned subsidiary. Material differences between the financial reporting and the tax reporting of the Company's revenue, assets, and liabilities are included in deferred tax assets or liabilities. The income tax provisions and liability for income taxes are based on enacted tax laws and statutory tax rates applicable to the respective periods.

Deferred income tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred income tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company follows the relevant provisions of GAAP concerning uncertainties in income taxes, which clarifies the accounting for uncertainty in tax positions and requires that the Company recognize in its consolidated financial statements the impact of an uncertain tax position, if that position has a more-likely-than-not chance of not being sustained on audit, based on the technical merits of that position.

All interest and penalties are expensed as incurred and classified as income tax expense. Tax returns for the years ended May 31, 2023 and forward are still subject to examination. The Company has evaluated its tax position and determined that no provision for uncertainty in income taxes is necessary as of May 31, 2026 and 2025.

Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), in deciding how to allocate resources and assess performance. The Company's CODM group is composed of the co-Chief Executive Officers. The Company operates as one operating segment and evaluates segment performance based on several factors, including income from operations before the provision for income taxes.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, Income Statement (Topic 220): Reporting Comprehensive Income - Expense Disaggregation Disclosures, which requires an entity to disclose on an annual and interim basis, disaggregated information about specific income statement expense categories. The guidance should be applied prospectively with the option to apply the standard retrospectively. This ASU is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and disclosures.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting ("ASU 2025-11") which is intended to improve the navigability of the guidance in ASC 270, *Interim Reporting*, and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides interim financial statements and notes in accordance with GAAP. ASU 2025-11 also addresses the form and content of such financial statements, interim disclosures requirements, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, and early adoption is permitted. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and disclosures.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which expands the disclosures required in an entity's income tax rate reconciliation table and requires disclosure of income taxes paid in both U.S. and foreign jurisdictions. The Company adopted this standard prospectively in our Consolidated Financial Statements for the year ending May 31, 2026.

Subsequent Events

The Company has evaluated all subsequent events from the date of the consolidated balance sheets through August 27, 2026, which represents the date these consolidated financial statements are available to be issued.

Note 3. Royalty Participation

FRMO receives a royalty participation (the "Royalty Participation") from HKHC equal to 4.199% of the gross revenues of HKHC. This royalty participation was approximately $4,144 and $4,591, representing approximately 96% and 95% of "fees" included in operations for the years ended May 31, 2026 and 2025, respectively.

At May 31, 2026, the 4.199% Royalty Participation had an estimated fair value of $10,200 as determined by an independent valuation and is shown as "Horizon Kinetics Holding Corporation royalty participation" on the consolidated balance sheets. This royalty participation is a non-amortizing indefinite life intangible asset that was recorded at cost and is assessed for impairment at least annually.

As of May 31, 2026 and 2025, income taxes of approximately $3,393 and $3,351, respectively, on the gain are deferred pursuant to Section 1031 of the Internal Revenue Code relating to "like-kind exchanges" and are included in "Deferred tax liability" in the consolidated balance sheets.

Note 4. Investments

Limited Partnerships and Equity Investments

The Company's investments in limited partnerships and equity investments consist of the following as of May 31, 2026 and May 31, 2025:

	May 31, 2026		
	Cost or (Proceeds)	Net Unrealized Gains	Fair Value
Equity securities	$ 97,131	$ 336,797	$ 433,928
Investments in limited partnerships and other equity investments:			
Investments in limited partnerships:			
South LaSalle Partners, LP	$ 5,508	$ 23,593	$ 29,101
Investments in managed funds:			
Horizon Multi-Strategy Fund, LP	24,160	50,911	75,071
CDK Partners, LP	2,001	10,299	12,300
Polestar Fund, LP	18,155	61,057	79,212
Multi-Disciplinary Fund, LP	679	659	1,338
Kinetics Institutional Partners, LP	10	51	61
Shepherd I, LP	20	42	62
Other	46	1,067	1,113
Total investments in managed funds	45,071	124,086	169,157
Investment in Winland Holdings Corporation, 2,299 shares	4,867	1,225	6,092
Total investments in limited partnership and other equity investments	$ 55,446	$ 148,904	$ 204,350
Securities sold, not yet purchased (liability)	$ (10,961)	$ 10,256	$ (705)

	May 31, 2025		
	Cost or (Proceeds)	Net Unrealized Gains	Fair Value
Equity securities	$ 95,731	$ 312,822	$ 408,553
Investments in limited partnerships and other equity investments:			
Investments in limited partnerships:			
South LaSalle Partners, LP	$ 5,531	$ 9,062	$ 14,593
Investments in managed funds:			
Horizon Multi-Strategy Fund, LP	21,927	59,831	81,758
CDK Partners, LP	1,919	11,589	13,508
Polestar Fund, LP	17,410	62,373	79,783
Multi-Disciplinary Fund, LP	662	747	1,409
Kinetics Institutional Partners, LP	10	53	63
Shepherd I, LP	16	50	66
Other	41	857	898
Total investments in managed funds	41,985	135,500	177,485
Investment in Winland Holdings Corporation, 2,011 shares	3,666	5,785	9,451
Total investments in limited partnership and other equity investments	$ 51,182	$ 150,347	$ 201,529
Securities sold, not yet purchased (liability)	$ (11,059)	$ 9,752	$ (1,307)

The Company's investment capital in South LaSalle Partners, LP may be withdrawn as of the last day of each calendar quarter by providing the general partner with 60 days advance written notice. The general partner, in its sole discretion, may permit withdrawals at other times or otherwise modify or waive such withdrawal conditions and requirements, including any notice period, for any or all of the limited partners at any time without notice to or the consent of the limited partners. An entity, related by common ownership, is a member of both the general partner and the Manager of South LaSalle Partners, LP.

The Company's investment capital in the Horizon Multi-Strategy Fund, LP may be withdrawn on 45 days prior written notice to the general partner, and the Company may redeem all or part of its capital account on the last day of each calendar quarter. Redemptions may be settled in cash or, at the discretion of the general partner, through in-kind distributions of portfolio securities, the fair market value of which would satisfy the redemption request. An entity, related by common ownership, is a member of both the general partner and the manager of Horizon Multi-Strategy Fund, LP.

The Company's investment capital in CDK Partners, LP (formerly known as Croupier Fund, LP) may be withdrawn as of the last day of each month by providing the general partner with 60 days advance written notice. The general partner, in its sole discretion, may permit withdrawals at other times or otherwise modify or waive such withdrawal conditions and requirements. All withdrawal amounts may be paid in cash or in kind (or a combination thereof), in the general partner's sole discretion.

The Company's investment capital in Polestar Fund, LP may be withdrawn as of the last day of each month (or such other dates as the general partner in its discretion shall determine) by providing the general partner with 45 days advance written notice, with the minimum amount to be withdrawn of $100,000. The general partner may, in its sole discretion, allow redemptions that do not comply with the above requirements; however, such redemptions may be subject to a penalty equal to up to 2% of the redemption amount requested. All withdrawal amounts may be paid in cash or in kind (or a combination thereof), in the general partner's sole discretion. An entity, related by common ownership, is a member of both the general partner and the manager of Polestar Fund, LP.

The Company's investment in the Multi-Disciplinary Fund, LP may be withdrawn as of the last business day of any calendar quarter upon at least 45 days advance written notice to the general partner, and in such other amounts and at such other times as the general partner may determine in its sole discretion. The minimum amount to be withdrawn is $50,000. Partial withdrawals may not be made without the general partner's consent if they would reduce the investor's capital account balance below $100,000. All withdrawals shall be deemed made prior to the commencement of the following calendar quarter. The general partner has discretion to waive or vary these terms. An entity, related by common ownership, is a member of both the general partner and the manager of Multi-Disciplinary Fund, LP.

The Company's investment in Kinetics Institutional Partners, LP may be withdrawn upon 20 days prior notice to the general partner, on the last business day of each calendar month at the then net asset value, less any applicable accrued incentive allocations as of the previous valuation date, or at such other times at the general partner's discretion, to make a partial or total withdrawal from the Company's capital accounts (subject to the right of the general partner, in its sole discretion, to waive such withdrawal restrictions).

The Company's investment in Shepherd I, LP may be withdrawn on 45 days prior written notice to the general partner, in whole or in part, from the Company's capital account, as adjusted for net profits and net losses, as of the last business day of June and December of each year, subject to a minimum transaction amount of $10,000 (or the balance of the capital account if less than $10,000) or at such other times and in such other amounts as the general partner shall determine in its sole discretion. Without the consent of the general partner, which may be given or withheld in its sole discretion, no partial withdrawal may be made that would reduce the Company's residual balance in its capital account below $250,000. All redemptions will take into account the applicable performance allocation, if any, due to the general partner. Withdrawals are not permitted unless the interest has been held for at least six months as of the withdrawal date. The general partner, in its sole discretion, may waive any of these withdrawal requirements.

The Company's investment in Winland Holdings Corporation is recorded as a non-current asset due to its limited trading activity and the possible inability of the Company to sell all of the shares owned within a one-year period.

Investments in Unconsolidated Entities

Investment in Securities Exchanges

Investments in securities exchanges consist of the following as of May 31, 2026 and 2025:

	May 31, 2026	May 31, 2025
Miami International Holdings, Inc., at fair value	$ 15,436	$ 7,704
CNSX Markets, Inc., at cost	243	243
Total securities exchanges	$ 15,679	$ 7,947

The Company elected to account for its investment in Miami International Holdings, Inc. (“MIH”) under the fair value method of accounting. On August 15, 2025, MIH completed an initial public offering (“the IPO”). All shareholders of MIH prior to the IPO (including the Company) were required to enter into lockup agreements that restrict sales for a period of six months following the IPO, which concluded during the year ended May 31, 2026.

Other Investments

The following are the Company's other investments as of May 31, 2026 and 2025:

	May 31, 2026	May 31, 2025
Consensus Mining & Seigniorage Corporation, at fair value as of May 31, 2026(2), at fair value	$ 1,094	$ 393
Digital Currency Group, Inc., at cost	76	76
Other investments, at cost	127	-
Total other investments	$ 1,297	$ 469

(1) In February 2026, the Company received shares of a private entity related to the sale of certain assets from related parties as well as land and property owned in North Carolina. Total non-cash consideration received from the transaction was $127 in common stock of the private entity.

(2) In May 2025, Consensus Mining and Seigniorage Corporation ("CMSG") was qualified to trade on the OTC Markets. ("OTCQX"), and in July 2025, CMSG began trading on the OTCQX, at which point the Company elected to account for its investment in CMSG under the fair value method of accounting.

Concentration

The following are the approximate amounts of the Company's investments in equity securities and digital asset funds held directly and indirectly, through its various investments in managed funds, amounting to greater than 10% of stockholders' equity attributable to the Company ("Equity"). None of the Company's other direct or indirect investments were greater than 10% of Equity as of May 31, 2026 and 2025.

	May 31, 2026		May 31, 2025	
Investment	Amount	Percent of Stockholders' Equity	Amount	Percent of Stockholder s' Equity
Investment A	$ 231,283	69.9%	$ 217,782	66.4%
Investment B	$ 37,375	11.3%	$ 53,327	16.3%

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 May 31, 2026 and 2025.

	May 31, 2026		May 31, 2025	
Investment	Amount	Percent of Investments	Amount	Percent of Investments
Investment A				
Equity securities	$ 418,935	96.5%	$ 395,807	96.9%
Investments in limited partnerships and other equity investments	$ 110,020	53.8%	$ 103,059	51.1%
Investment B				
Investments in limited partnerships and other equity investments	$ 36,864	18.0%	$ 52,571	26.1%

The following are the approximate amounts of investments included in the Company's unrealized gain or loss from equity securities amounting to greater than 10% of unrealized gain or loss from equity securities. None of the Company's other investments were greater than 10% of unrealized gain or loss from equity securities for the years ended May 31, 2026 and 2025.

	Year Ended May 31,			
	2026		2025	
Investment	Amount	Percent of Unrealized Gains	Amount	Percent of Unrealized Gains
Investment A	$ 23,089	71.8%	$ 169,308	100.1%

Note 5. Digital Assets

The Company's holdings in digital assets consist of the following as of May 31, 2026 and 2025:

	May 31, 2026			
	Units	Cost	Net Unrealized Gains	Fair Value
Bitcoin	159.3	$ 4,029	$ 7,705	$ 11,734
Other digital assets		307	(65)	242
Total		$ 4,336	$ 7,640	$ 11,976

	May 31, 2025			
	Units	Cost	Net Unrealized Gains	Fair Value
Bitcoin	159.0	$ 3,977	$ 12,657	$ 16,634
Other digital assets		305	10	315
Total		$ 4,282	$ 12,667	$ 16,949

The following table represents a reconciliation of the fair values of the Company's digital assets for the year ended May 31, 2026:

	Balance at May 31, 2025	Revenue recognized	Purchases	Proceeds from sale	Unrealized gain (loss)	Balance at May 31, 2026
Bitcoin						
Units	**159.0**	0.3	-	-	-	**159.3**
Amount	**$ 16,634**	$ 52	$ -	$ -	$ (4,952)	**$ 11,734**
Other digital assets						
Amount	**$ 315**	$ 10	$ -	$ (9)	$ (74)	**$ 242**

Note 6. Fair Value Measurements

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

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of May 31, 2026 and 2025, and indicates the fair value hierarchy the Company utilized to determine such fair values.

	May 31, 2026				
	Total	Level 1	Level 2	Level 3	NAV as a practical expedient
Money market cash equivalents	$ 45,111	$ 45,111	$ -	$ -	$ -
Investments:					
Equity securities	$ 433,928	$ 433,928	$ -	$ -	$ -
Digital assets	11,976	11,976	-	-	-
Investment in Horizon Kinetics Holding Corporation	22,162	22,162	-	-	-
Miami International Holdings, Inc.	15,436	15,436	-	-	-
Consensus Mining & Seigniorage Corporation	1,094	1,094	-	-	-
Limited partnerships and other equity instruments	204,350	6,092	-	-	198,258
Total investments	$ 688,946	$ 490,688	$ -	$ -	$ 198,258
Liabilities:					
Securities sold, not yet purchased	$ 705	$ 705	$ -	$ -	$ -
Total liabilities	$ 705	$ 705	$ -	$ -	$ -

	May 31, 2025				
	Total	Level 1	Level 2	Level 3	NAV as a practical expedient
Money market cash equivalents	$ 43,514	$ 43,514	$ -	$ -	$ -
Investments:					
Equity securities	$ 408,553	$ 408,553	$ -	$ -	$ -
Digital assets	16,949	16,949	-	-	-
Investment in Horizon Kinetics Holding Corporation	32,955	32,955	-	-	-
Limited partnerships and other equity instruments	201,529	9,451	-	-	192,078
Total investments	$ 659,986	$ 467,908	$ -	$ -	$ 192,078
Liabilities:					
Securities sold, not yet purchased	$ 1,307	$ 1,307	$ -	$ -	$ -
Total liabilities	$ 1,307	$ 1,307	$ -	$ -	$ -

Note 7. Income Taxes

The Company files a consolidated federal income tax return and a combined state/city tax return with its wholly-owned subsidiary, Fromex Equity Corp. HKHA, which is 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 May 31, 2026 and May 31, 2025, which was 21.78% and 21.82%, respectively. Income tax attributable to the remaining noncontrolling interest of 78.22% and 78.18% 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 consolidated financial statements taken as a whole for the respective periods.

The provision for income taxes for the years ended May 31, 2026 and 2025 is comprised of the following:

	Year Ended May 31, 2026	Year Ended May 31, 2025
Current:		
Federal	$ 2,521	$ 1,171
State and city	2,415	1,059
Total current	4,936	2,230
Deferred:		
Federal	(663)	24,425
State and city	1,223	21,534
Total deferred	560	45,959
Total provision (benefit) for income taxes:		
Federal	1,858	25,596
State and city	3,638	22,593
Total provision (benefit) for income taxes	$ 5,496	$ 48,189

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

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

The tax effects of temporary differences which give rise to the deferred tax liability consist of the following as of May 31, 2026 and 2025:

	May 31, 2026	May 31, 2025
Investments in limited partnerships	$ (2)	$ 164
Investments in unconsolidated limited liability companies	2,219	5,786
Deferral of gain from like-kind exchange	3,393	3,351
Unrealized gain from equity securities, digital assets, and investments in managed funds	92,569	88,318
Net deferred tax liability	$ 98,179	$ 97,619

Income tax expense at the statutory tax rate is reconciled to the overall income tax expense for the years ended May 31, 2026 is as follows:

	Year Ended May 31, 2026	
	$	%
Federal income tax at statutory rates	$ 5,382	21.0%
State and local income taxes, net of federal tax effect	2,932	11.4%
Non-deductible or non-taxable permanent items:		
Income passed through to non-controlling interests	(4,092)	(16.0%)
Other permanent differences	(111)	(0.4%)
Other		
Differences in income from limited partnerships and other equity instruments recognized for financial reporting and income tax purposes	1,385	5.4%
Total provision for income taxes	$ 5,496	21.4%

Income tax expense at the statutory tax rate is reconciled to the overall income tax expense for the years ended May 31, 2025 is as follows:

	Year Ended May 31, 2025	
	$	%
Federal income tax at statutory rates	$ 57,618	21.0%
State and local income taxes, net of federal tax effect	33,764	12.3%
Decrease in deferred taxes from change in allocation of income to state and local jurisdictions	(1)	(0.0%)
True-up of prior year tax	80	0.0%
Permanent differences	(2,499)	(0.9%)
Other	-	0.0%
Provision for income taxes before consolidation of noncontrolling interests	88,962	32.4%
Less: permanent differences related to consolidation of non-controlling interests	(40,773)	(14.9%)
Total provision for income taxes	$ 48,189	17.6%

The Company's effective income tax rate is dependent on many factors, including the realization of investment income from equity securities, digital assets, and investments in limited partnerships and other equity instruments. Additionally, the Company's effective tax rate is influenced by the estimated nature and amounts of income and expenses allocated to non-controlling interests without being subject to federal, state and local income taxes at the corporate level, and other state apportionment factors. For the years ended May 31, 2026 and 2025, the Company recorded its interim income tax provision utilizing the estimated annual effective tax rate and estimated amounts related to the value of deferred taxes, which can be impacted by state apportionment factors.

The following table presents income taxes paid by jurisdiction for the years ended May 31, 2026 and 2025, including U.S. Federal, state, and local income taxes. The states presented make up the majority of the effects of state taxes included in the provision for income taxes.

	Year Ended May 31,	
	2026	2025
Federal	$ 1,470	$ 1,658
New York State	732	402
New York City	677	752
Other	11	-
Total	$ 2,890	$ 2,812

Note 8. Mortgage Payable

On February 9, 2026, the Company entered into a real estate purchase agreement with a private entity related to its property in North Carolina. The Company sold all land and property owned in North Carolina in exchange for cash and common stock of the buyer. Cash proceeds received from the buyer equaled the amount of the outstanding balance of the mortgage and were utilized immediately to pay the mortgage in full. The Company also received non-cash consideration of the buyer's common stock, equal to the purchase price less the amount of cash consideration related to the mortgage repayment. The difference between the purchase price and the carrying value of the property at the date of the agreement was recorded as a loss on sale of long-lived assets of $734.

On November 8, 2019, the Company acquired a building located in North Carolina to be used in certain business operations for $1,050. The building was purchased subject to an $800 mortgage with a 3.9% interest rate and a balloon payment of $655 due on the maturity date of November 6, 2024. The mortgage was extended through November 6, 2029 with a 7.45% interest rate and a balloon payment of $522 due on the maturity date. The mortgage was also collateralized by an assignment of all rents received from the building. The building was rented to a related party, subject to a lease-free month to month rental of $11 per month, which concluded when the Company entered into the real estate purchase agreement.

Note 9. Earnings per Share

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 74 and 73 for the years ended May 31, 2026 and 2025, respectively.

As of May 31, 2026 and May 31, 2025 there were 46 and 24 vested options, respectively, 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 years ended May 31, 2026 and 2025:

	Year Ended May 31,	
	2026	2025
Weighted average common shares outstanding	44,023	44,023
Effect of dilutive securities, common share equivalents:		
Exercise of stock options	4	7
Dilutive potential common share equivalents	44,027	44,030

Note 10. Noncash Compensation

Noncash compensation expense represents a notional salary allocation for the Company's senior officers. The officers of the Company are responsible for all of the Company's operations and have agreed to not draw any cash salaries for an indefinite period. Noncash compensation expense is recorded as an increase to additional paid-in capital.

Note 11. Stockholders' Equity

Redeemable Preferred Stock

The number of authorized Series R preferred shares is 5,000 with a par value of $0.001 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 May 31, 2026 and May 31, 2025.

Stock Options

A summary of option activity as of and for the year ended May 31, 2026 is as follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at June 1, 2025	73	$ 8.12	3.75	$ 52
Granted	9	$ 8.70	6.86	
Exercised	-	$ -	-	
Expired	(8)	$ 7.90	-	
Outstanding at May 31, 2026	74	$ 8.21	4.06	$ 31
Vested and exercisable at May 31, 2026	74	$ 8.21	4.06	$ 31

All stock options were vested as of May 31, 2026 and May 31, 2025.

The aggregate intrinsic value of options outstanding and options exercisable at May 31, 2026 and May 31, 2025 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 $6.69 and $8.41 closing price of FRMO's common stock on May 31, 2026 and May 31, 2025, respectively.

As of May 31, 2026, there was no unrecognized compensation cost related to unvested options.

Note 12. Commitments and Contingencies

The Company and the companies in which it holds ownership interests may be involved in various claims and legal actions in the ordinary course of business. Currently there are no material pending claims or legal actions against the Company or the companies in which it holds ownership interests. The Company records the costs associated with legal fees as such services are rendered.

Note 13. Variable Interest Entities

In addition to its wholly-owned subsidiaries, GAAP requires that the assets, liabilities and results of operations of a VIE be consolidated into the financial statements of the enterprise that has a controlling interest in the VIE.

Due to the common control and ownership between HKHA and the Company's principal stockholders and directors, the Company determined HKHA to be a VIE. The Company concluded that it is the primary beneficiary as substantially all of the activities of the fund are currently conducted on behalf of the Company.

The assets and liabilities of HKHA presented on the accompanying Consolidated Balance Sheets consist of:

	May 31, 2026	May 31, 2025
Assets of variable interest entities:		
Cash and cash equivalents	$ 12,059	$ 10,109
Equity securities, at fair value	392,229	368,415
Total	$ 404,288	$ 378,524
Liabilities of variable interest entities:		
Accounts payable and accrued expenses	$ 9	$ 9
Total	$ 9	$ 9

The following condensed financial information of HKHA presented on the accompanying Consolidated Statements of Operations consist of:

	Year Ended May 31,	
	2026	2025
Operating expenses:		
General and administrative expenses	$ 32	$ 23
Other income (expense)		
Dividends and interest income, net	2,687	5,590
Net realized gain (loss) from investments	700	28
Unrealized gain (loss) from equity securities	21,500	155,228
Total other income (expense), net	24,887	160,846
Income (loss) from operations before provision for income taxes	24,855	160,823
Income tax (expense) benefit	-	-
Net income (loss)	$ 24,855	$ 160,823

Note 14. Revision of Previously Issued Financial Statements

As discussed in Note 2, in preparing the consolidated financial statements as of and for the year ended May 31, 2026, we identified errors in our previously issued financial statements related to our historical presentation of our investment in HKHC. The identified errors impacted certain previously issued annual and interim financial statements as of and during the years ended May 31, 2026 and 2025. There were no impacts on previously reported net cash flows from operating, investing and financing activities in any prior periods. We evaluated the errors in accordance with SEC Staff Accounting Bulletin Nos. 99 and 108 and determined that the related impacts were not material in any previously issued annual or interim financial statements.

We revised the prior period amounts presented in these financial statements to correct the errors. The applicable notes to the accompanying financial statements have also been corrected to reflect the impact of the revisions of the previously filed consolidated financial statements.

The tables below present the effect of these adjustments on the affected line items in the Company's Consolidated Balance Sheets, Consolidated Statements of Operations, Consolidated Statement of Stockholders' Equity, and Consolidated Statements of Cash Flows as reported in the Company's Annual Report as of and for the year ended May 31, 2025.

	As of and for the Year Ended May 31, 2025		
	As Previously Presented	Revision Adjustments	As Revised
CONSOLIDATED BALANCE SHEETS			
Assets			
Investment in Horizon Kinetics Holding Corporation	$ 20,439	$ 12,516	$ 32,955
Total assets	$ 713,404	$ 12,516	$ 725,920
Liabilities and Stockholders' Equity			
Deferred tax liability	$ 93,451	$ 4,168	$ 97,619
Total liabilities	$ 95,648	$ 4,168	$ 99,816
Stockholders' equity			
Retained earnings	$ 274,157	$ 8,348	$ 282,505
Stockholders' equity attributable to the Company	$ 319,551	$ 8,348	$ 327,899
Total stockholders' equity	$ 617,756	$ 8,348	$ 626,104
Total liabilities and stockholders' equity	$ 713,404	$ 12,516	$ 725,920
CONSOLIDATED STATEMENTS OF OPERATIONS			
Other income (expense):			
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ 11,747	$ (3,366)	$ 8,381
Unrealized gain (loss) from investments	$ 64,113	$ 15,882	$ 79,995
Total other income (expense), net	$ 258,539	$ 12,516	$ 271,055
Income (loss) from operations before provision for income taxes	$ 261,858	$ 12,516	$ 274,374
Income tax (expense) benefit	$ (44,021)	$ (4,168)	$ (48,189)
Net income (loss)	$ 217,837	$ 8,348	$ 226,185
Net income (loss) attributable to the Company	$ 92,106	$ 8,348	$ 100,454
NET INCOME PER COMMON SHARE			
Basic and diluted	$ 2.09	$ 0.19	$ 2.28
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY			
Net income (loss)	$ 92,106	$ 8,348	$ 100,454
BALANCE - May 31, 2025			
Retained earnings	$ 274,157	$ 8,348	$ 282,505
Stockholders' equity attributable to the Company	$ 319,551	$ 8,348	$ 327,899
Total stockholders' equity	$ 617,756	$ 8,348	$ 626,104
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities:			
Net income (loss)	$ 217,837	$ 8,348	$ 226,185
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ (11,747)	$ 3,366	$ (8,381)
Unrealized (gain) loss from investments	$ (64,113)	$ (15,882)	$ (79,995)
Deferred income tax expense	$ 41,791	$ 4,168	$ 45,959

Note 15. Revision of Interim Financial Statements (Unaudited)

The following tables present the effect of revising the Company's previously issued unaudited quarterly financial data, and has recast the affected line items in the Condensed Consolidated Balance Sheets, Statements of Operations, Statements of Stockholders' Equity, and Statements of Cash Flows for certain unaudited interim periods in the year ended May 31, 2026.

	As of and for the three and nine months ended February 28, 2026 (Unaudited)		
	As Previously Presented	Revision Adjustments	As Revised
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - THREE MONTHS			
Other income (expense):			
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ 468	$ -	$ 468
Unrealized gain (loss) from investments	$ 58,238	$ (2,242)	$ 55,996
Total other income (expense), net	$ 308,353	$ (2,242)	$ 306,111
Income (loss) from operations before provision for income taxes	$ 308,966	$ (2,242)	$ 306,724
Income tax (expense) benefit	$ (44,029)	$ 746	$ (43,283)
Net income (loss)	$ 264,937	$ (1,496)	$ 263,441
Net income (loss) attributable to the Company	$ 83,353	$ (1,496)	$ 81,857
NET INCOME PER COMMON SHARE			
Basic and diluted	$ 1.89	$ (0.03)	$ 1.86
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - NINE MONTHS			
Other income (expense):			
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ 2,112	$ 144	$ 2,256
Unrealized gain (loss) from investments	$ 36,161	$ (12,660)	$ 23,501
Total other income (expense), net	$ 208,247	$ (12,516)	$ 195,731
Income (loss) from operations before provision for income taxes	$ 209,790	$ (12,516)	$ 197,274
Income tax (expense) benefit	$ (33,225)	$ 4,168	$ (29,057)
Net income (loss)	$ 176,565	$ (8,348)	$ 168,217
Net income (loss) attributable to the Company	$ 56,911	$ (8,348)	$ 48,563
NET INCOME PER COMMON SHARE			
Basic and diluted	$ 1.29	$ (0.19)	$ 1.10
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY			
BALANCE - June 1, 2025			
Retained earnings	$ 274,157	$ 8,348	$ 282,505
Stockholders' equity attributable to the Company	$ 319,551	$ 8,348	$ 327,899
Total stockholders' equity	$ 617,756	$ 8,348	$ 626,104
Net income (loss)	$ 176,565	$ (8,348)	$ 168,217
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities:			
Net income (loss)	$ 176,565	$ (8,348)	$ 168,217
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ (2,112)	$ (144)	$ (2,256)
Unrealized (gain) loss from investments	$ (36,161)	$ 12,660	$ (23,501)
Deferred income tax expense	$ 29,137	$ (4,168)	$ 24,969

	As of and for the three and six months ended November 30, 2025 (Unaudited)		
	As Previously Presented	Revision Adjustments	As Revised
CONDENSED CONSOLIDATED BALANCE SHEETS			
Assets			
Investment in Horizon Kinetics Holding Corporation	$ 20,190	$ 2,244	$ 22,434
Total assets	$ 611,736	$ 2,244	$ 613,980
Liabilities and Stockholders' Equity			
Deferred tax liability	$ 79,653	$ 747	$ 80,400
Total liabilities	$ 81,785	$ 747	$ 82,532
Stockholders' equity			
Stockholders' equity attributable to the Company	$ 293,272	$ 1,497	$ 294,769
Total stockholders' equity	$ 529,951	$ 1,497	$ 531,448
Total liabilities and stockholders' equity	$ 611,736	$ 2,244	$ 613,980
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - THREE MONTHS			
Other income (expense):			
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ 1,181	$ (320)	$ 861
Unrealized gain (loss) from investments	$ (14,593)	$ (8,815)	$ (23,408)
Total other income (expense), net	$ (35,151)	$ (9,135)	$ (44,286)
Income (loss) from operations before provision for income taxes	$ (36,493)	$ (9,135)	$ (45,628)
Income tax (expense) benefit	$ 6,613	$ 3,042	$ 9,655
Net income (loss)	$ (29,880)	$ (6,093)	$ (35,973)
Net income (loss) attributable to the Company	$ (13,012)	$ (6,093)	$ (19,105)
NET INCOME PER COMMON SHARE			
Basic and diluted	$ (0.30)	$ (0.13)	$ (0.43)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - SIX MONTHS			
Other income (expense):			
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ 1,644	$ 144	$ 1,788
Unrealized gain (loss) from investments	$ (22,077)	$ (10,416)	$ (32,493)
Total other income (expense), net	$ (96,541)	$ (10,272)	$ (106,813)
Income (loss) from operations before provision for income taxes	$ (99,177)	$ (10,272)	$ (109,449)
Income tax (expense) benefit	$ 10,804	$ 3,421	$ 14,225
Net income (loss)	$ (88,373)	$ (6,851)	$ (95,224)
Net income (loss) attributable to the Company	$ (26,442)	$ (6,851)	$ (33,293)
NET INCOME PER COMMON SHARE			
Basic and diluted	$ (0.60)	$ (0.16)	$ (0.76)
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY			
BALANCE - June 1, 2025			
Retained earnings	$ 274,157	$ 8,348	$ 282,505
Stockholders' equity attributable to the Company	$ 319,551	$ 8,348	$ 327,899
Total stockholders' equity	$ 617,756	$ 8,348	$ 626,104
Net income (loss)	$ (88,373)	$ (6,851)	$ (95,224)
BALANCE - November 30, 2025			
Retained earnings	$ 247,714	$ 1,497	$ 249,211
Stockholders' equity attributable to the Company	$ 293,272	$ 1,497	$ 294,769
Total stockholders' equity	$ 529,951	$ 1,497	$ 531,448
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities:			
Net income (loss)	$ (88,373)	$ (6,851)	$ (95,224)
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ (1,644)	$ (144)	$ (1,788)
Unrealized (gain) loss from investments	$ 22,077	$ 10,416	$ 32,493
Deferred income tax expense	$ (13,798)	$ 747	$ (13,051)

	As of and for the three months ended August 31, 2025 (Unaudited)		
	As Previously Presented	Revision Adjustments	As Revised
CONDENSED CONSOLIDATED BALANCE SHEETS			
Assets			
Investment in Horizon Kinetics Holding Corporation	$ 19,929	$ 11,378	$ 31,307
Total assets	$ 649,100	$ 11,378	$ 660,478
Liabilities and Stockholders' Equity			
Deferred tax liability	$ 86,879	$ 3,790	$ 90,669
Total liabilities	$ 89,737	$ 3,790	$ 93,527
Stockholders' equity			
Stockholders' equity attributable to the Company	$ 306,151	$ 7,588	$ 313,739
Total stockholders' equity	$ 559,363	$ 7,588	$ 566,951
Total liabilities and stockholders' equity	$ 649,100	$ 11,378	$ 660,478
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - THREE MONTHS			
Other income (expense):			
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ 463	$ 464	$ 927
Unrealized gain (loss) from investments	$ (7,484)	$ (1,602)	$ (9,086)
Total other income (expense), net	$ (61,389)	$ (1,138)	$ (62,527)
Income (loss) from operations before provision for income taxes	$ (62,684)	$ (1,138)	$ (63,822)
Income tax (expense) benefit	$ 4,191	$ 379	$ 4,570
Net income (loss)	$ (58,493)	$ (759)	$ (59,252)
Net income (loss) attributable to the Company	$ (13,430)	$ (759)	$ (14,189)
NET INCOME PER COMMON SHARE			
Basic and diluted	$ (0.31)	$ (0.01)	$ (0.32)
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY			
BALANCE - June 1, 2025			
Retained earnings	$ 274,157	$ 8,348	$ 282,505
Stockholders' equity attributable to the Company	$ 319,551	$ 8,348	$ 327,899
Total stockholders' equity	$ 617,756	$ 8,348	$ 626,104
Net income (loss)	$ (58,493)	$ (759)	$ (59,252)
BALANCE - August 31, 2025			
Retained earnings	$ 260,727	$ 7,588	$ 268,315
Stockholders' equity attributable to the Company	$ 306,151	$ 7,588	$ 313,739
Total stockholders' equity	$ 559,363	$ 7,588	$ 566,951
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities:			
Net income (loss)	$ (58,493)	$ (759)	$ (59,252)
Equity earnings from limited partnerships, limited liability companies, and other equity investments	$ (463)	$ (464)	$ (927)
Unrealized (gain) loss from investments	$ 7,484	$ 1,602	$ 9,086
Deferred income tax expense	$ (6,571)	$ 3,790	$ (2,781)