

ENDI Corp.

Delaware

2400 Old Brick Road,
Suite 115

Glen Allen, Virginia
23060

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www.endicorp.com
investorrelations@endicorp.com

SIC Code: 6719

Annual/Quarterly Report
For the period ending June 30, 2024
(the “Reporting Period”)

The number of shares outstanding of our Common Stock is 5,468,133 as of June 30, 2024

The number of shares outstanding of our Common Stock was 5,452,383 as of December 31, 2023 (end of previous reporting period)

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 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:

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

Yes: No:

ITEM 1

ENDI Corp. (“ENDI”) was incorporated in Delaware on December 23, 2021. On August 11, 2022 (the “Closing Date”), the Company (as defined herein) completed its mergers (the “Mergers”) pursuant to that certain Agreement and Plan of Merger dated December 29, 2021 (as amended, the “Merger Agreement”) by and among ENDI, Enterprise Diversified, Inc. (“Enterprise Diversified”), Zelda Merger Sub 1, Inc., Zelda Merger Sub 2, LLC, CrossingBridge Advisors, LLC (“CrossingBridge” or “CBA”) and Cohanzick Management, LLC (“Cohanzick”). As a result of the Mergers, Enterprise Diversified and CrossingBridge merged with wholly-owned subsidiaries of ENDI and now operate as wholly-owned subsidiaries of ENDI.

ENDI Corp.’s principal office and place of business is located at 2400 Old Brick Road, Suite 115, Glen Allen, Virginia 23060. ENDI Corp.’s website address is www.endicorp.com. Further, the Company can be reached by phone at (914) 496-0834 or by email at investorrelations@endicorp.com.

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Please see below for information regarding the Company’s authorized securities.

As of June 30, 2024	Class A Common Stock	Class B Common Stock	Preferred Stock
Number of shares authorized	14,000,000	1,800,000	2,000,000
Number of shares outstanding	5,468,133	1,800,000	-
Public float	1,876,460	-	-
Number of beneficial shareholders owning at least 100 shares	201	1	-
Total number of shareholders of record	62	1	-

As of December 31, 2023	Class A Common Stock	Class B Common Stock	Preferred Stock
Number of shares authorized	14,000,000	1,800,000	2,000,000
Number of shares outstanding	5,452,383	1,800,000	-
Public float	1,876,460	-	-
Number of beneficial shareholders owning at least 100 shares	204	1	-
Total number of shareholders of record	64	1	-

As of December 31, 2022	Class A Common Stock	Class B Common Stock	Preferred Stock
Number of shares authorized	14,000,000	1,800,000	2,000,000
Number of shares outstanding	5,452,383	1,800,000	-
Public float	1,876,460	-	-
Number of beneficial shareholders owning at least 100 shares	273	1	-
Total number of shareholders of record	64	1	-

The Company’s transfer agent, Colonial Stock Transfer, is located at 7840 S. 700 E, Sandy, Utah 84070 and can be reached by phone at (801) 355-5740 or online at www.colonialstock.com. Colonial Stock Transfer is registered under the Exchange Act.

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**ENDI CORP.
and Subsidiaries**
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>June 30, 2024</u> (unaudited)	<u>December 31, 2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,282,325	\$ 8,983,190
Investments in securities, at fair value	8,078,618	7,715,075
Accounts receivable, net	1,336,169	1,064,413
Prepays	222,798	160,333
Income tax deposits	173,010	-
Other current assets	35,052	26,889
Total current assets	20,127,972	17,949,900
Long-term Assets		
Property and equipment, net	105,381	106,693
Investment in limited partnership, at cost	487,782	-
Investment in limited partnership, at net asset value	335,351	348,815
Investments in private companies, at cost	750,368	1,455,266
Investments in private companies, equity method	888,059	301,154
Investment in special purpose acquisition company, at cost	250,248	250,250
Investment in warrants, at fair market value	100,000	62,400
Deferred tax assets, net	1,149,351	1,149,351
Intangible assets, net	11,878,565	3,155,290
Goodwill	737,869	737,869
Total long-term assets	16,682,974	7,567,088
Total assets	\$ 36,810,946	\$ 25,516,988
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 17,777	\$ 5,856
Accrued expenses	350,720	305,065
Accrued compensation	1,170,626	-
Accrued interest	249,863	-
Deferred revenue	162,758	147,039
Income taxes payable	-	54,250
Earn-out liability, current	655,223	732,173
Other current liabilities	700	476
Total current liabilities	2,607,667	1,244,859
Long-term Liabilities		
Earn-out liability, net of current portion	76,713	695,039
Note payable	10,000,000	-
Class W-1 Warrant and redeemable Class B Common Stock	4,102,000	464,000
Total long-term liabilities	14,178,713	1,159,039
Total liabilities	16,786,380	2,403,898
Stockholders' Equity		
Preferred stock, \$0.0001 par value, 2,000,000 shares authorized; none issued and outstanding	-	-
Class A common stock, \$0.0001 par value, 14,000,000 shares authorized; 5,468,133 and 5,452,383 shares issued and outstanding, respectively	545	545
Additional paid-in capital	20,668,322	20,418,318
Treasury stock, at cost, 196,673 Class A common shares	(1,180,088)	-
Retained earnings	535,787	2,694,227
Total stockholders' equity	20,024,566	23,113,090
Total liabilities and stockholders' equity	\$ 36,810,946	\$ 25,516,988

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**ENDI CORP.
and Subsidiaries**
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three-months ended June 30,		For the six-months ended June 30,	
	2024	2023	2024	2023
	Revenues	Cost of Revenues	Gross Profit	Operating Expenses
Revenues - CrossingBridge	\$ 3,552,486	\$ 2,042,478	\$ 6,315,836	\$ 3,769,732
Revenues - Willow Oak	14,973	72,240	62,383	96,753
Revenues - internet	171,212	182,567	344,349	368,729
Total revenues	3,738,671	2,297,285	6,722,568	4,235,214
Cost of Revenues				
Cost of revenues - internet	56,472	55,021	105,739	115,773
Total cost of revenues	56,472	55,021	105,739	115,773
Gross Profit				
Gross profit - CrossingBridge	3,552,486	2,042,478	6,315,836	3,769,732
Gross profit - Willow Oak	14,973	72,240	62,383	96,753
Gross profit - internet	114,740	127,546	238,610	252,956
Total gross profit	3,682,199	2,242,264	6,616,829	4,119,441
Operating Expenses				
Compensation and benefits	1,581,865	1,253,504	2,789,384	2,403,234
Stock compensation expenses	210,304	39,700	250,004	121,446
Amortization and depreciation	641,859	83,757	913,279	104,472
Computer expenses	80,754	45,126	148,585	91,895
Fund distribution, custody, and administrative expenses	62,710	126,879	136,697	192,152
Insurance	32,712	29,242	61,724	58,797
Professional fees	234,626	12,706	499,229	570,699
Research	63,408	5,167	97,728	8,011
Travel and entertainment	65,562	83,775	129,506	174,524
Other operating expenses	65,903	117,898	324,865	231,740
Total operating expenses	3,039,703	1,797,754	5,351,001	3,956,970
Income from operations before income taxes	642,496	444,510	1,265,828	162,471
Other Income (Expenses)				
W-1 Warrant mark-to-market	(3,266,080)	355,000	(3,638,000)	103,000
Loss on sale of Willow Oak, net of recoveries	(576,121)	-	(576,121)	-
Gain on settlement	416,495	-	416,495	-
Note receivable revaluation	-	-	-	334,400
Interest and dividend income	166,443	97,849	425,682	209,963
Net investment gains	96,141	161,377	193,078	269,524
Interest expense	(199,452)	-	(249,863)	-
Other income (expenses), net	6,671	3,015	4,461	20,592
Total other income (expenses)	(3,355,903)	617,241	(3,424,268)	937,479
Income tax (expense) benefit	127,636	(208,877)	-	(241,110)
Net income (loss)	\$ (2,585,771)	\$ 852,874	\$ (2,158,440)	\$ 858,840
Net income (loss) per share, basic and diluted	\$ (0.47)	\$ 0.16	\$ (0.39)	\$ 0.16
Weighted average number of shares, basic	5,475,056	5,468,133	5,471,595	5,463,086
Weighted average number of shares, diluted	5,574,003	5,468,133	5,568,513	5,463,086

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**ENDI CORP.
and Subsidiaries**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDERS' EQUITY**

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total Stockholders' Equity
Balance December 31, 2023	5,452,383	\$ 545	\$20,418,318	\$ -	\$ 2,694,227 \$ 23,113,090
Net income	-	-	-	-	427,331 427,331
Stock compensation expense	-	-	39,700	-	- 39,700
Balance March 31, 2024	5,452,383	545	20,458,018	-	3,121,558 23,580,121
Net loss	-	-	-	-	(2,585,771) (2,585,771)
Stock compensation expense	-	-	210,304	-	- 210,304
Purchase of treasury stock	-	-	-	(1,180,088)	- (1,180,088)
Balance June 30, 2024	<u>5,452,383</u>	<u>\$ 545</u>	<u>\$20,668,322</u>	<u>\$ (1,180,088)</u>	<u>\$ 535,787</u> <u>\$ 20,024,566</u>

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total Stockholders' Equity
Balance December 31, 2022	5,452,383	\$ 545	\$20,217,472	\$ -	\$ 164,676 \$ 20,382,693
Net income	-	-	-	-	5,966 5,966
Stock compensation expense	-	-	81,746	-	- 81,746
Balance March 31, 2023	5,452,383	545	20,299,218	-	170,642 20,470,405
Net income	-	-	-	-	852,874 852,874
Stock compensation expense	-	-	39,700	-	- 39,700
Balance June 30, 2023	<u>5,452,383</u>	<u>\$ 545</u>	<u>\$20,338,918</u>	<u>\$ -</u>	<u>\$ 1,023,516</u> <u>\$ 21,362,979</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**ENDI CORP.
and Subsidiaries**
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Net income (loss)	\$ (2,158,440)	\$ 858,840
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Other expense (income) from W-1 Warrant mark-to-market	3,638,000	(103,000)
Amortization and depreciation	913,279	104,472
Sale of Willow Oak	513,223	-
Gain on settlement	(416,495)	-
Stock based compensation	250,004	121,446
Warrant investment activity	(37,600)	-
Deferred tax assets, net	-	106,702
Note receivable revaluation	-	(334,400)
(Increase) decrease in:		
Accounts receivable	(306,976)	(171,815)
Prepads	(62,465)	(30,968)
Income tax deposits	(173,010)	-
Other current assets	(8,163)	57,446
Increase (decrease) in:		
Accounts payable	11,921	(43,011)
Accrued compensation	1,170,626	867,408
Accrued expenses	45,655	(87,281)
Accrued interest	249,863	-
Deferred revenue	15,719	10,641
Income taxes payable	(54,250)	117,037
Other current liabilities	224	(436)
Net cash provided by operating activities	<u>3,591,115</u>	<u>1,473,081</u>
Cash flows from investing activities:		
Redemption of conditional shareholder investment	955,266	-
Investment in private company	(837,273)	(955,266)
Investment in limited partnerships	(491,155)	(172,512)
Increase in investments	(346,704)	(1,960,290)
Purchase of Cohanick assets	(102,647)	-
Purchase of property and equipment	(10,598)	-
Collection of note receivable	-	384,400
Purchase of RiverPark Strategic Income Fund assets	-	(199,988)
Net cash used in investing activities	<u>(833,111)</u>	<u>(2,903,656)</u>
Cash flows from financing activities:		
Purchase of treasury stock	(763,593)	-
Earn-outs paid	(695,276)	(45,342)
Decrease in due from affiliate	-	123,823
Net cash (used in) provided by financing activities	<u>(1,458,869)</u>	<u>78,481</u>
Net increase (decrease) in cash	<u>1,299,135</u>	<u>(1,352,094)</u>
Cash and cash equivalents at beginning of the period - January 1	<u>8,983,190</u>	<u>10,690,398</u>
Cash and cash equivalents at end of the period - June 30	<u>\$ 10,282,325</u>	<u>\$ 9,338,304</u>
Non-cash and other supplemental information:		
Cash paid for interest	\$ -	\$ -
Income taxes paid	\$ 200,260	\$ -
Legal settlement judgement applied to purchase of treasury stock	<u>\$ 243,423</u>	<u>\$ -</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**ENDI CORP.
and Subsidiaries**

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

Organization and Lines of Business

ENDI Corp. (“ENDI”) was incorporated in Delaware on December 23, 2021. On August 11, 2022 (the “Closing Date”), the Company completed its mergers (the “Mergers”) pursuant to that certain Agreement and Plan of Merger dated December 29, 2021 (as amended, the “Merger Agreement”) by and among ENDI, Enterprise Diversified, Inc. (“Enterprise Diversified”), Zelda Merger Sub 1, Inc., Zelda Merger Sub 2, LLC, CrossingBridge Advisors, LLC (“CrossingBridge” or “CBA”) and Cohanzick Management, LLC (“Cohanzick”). As a result of the Mergers, Enterprise Diversified and CrossingBridge merged with wholly-owned subsidiaries of ENDI and now operate as wholly-owned subsidiaries of the Company. The Company was the successor registrant to Enterprise Diversified’s Securities and Exchange Commission (“SEC”) registration effective as of the Closing Date of the Mergers.

On the Closing Date, Enterprise Diversified and CrossingBridge became wholly-owned subsidiaries of ENDI as a result of the Mergers (collectively with the other transactions described in the Merger Agreement, the “Business Combination”). The Business Combination was accounted for as a reverse acquisition using the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) 805, Business Combinations, with CrossingBridge representing the accounting acquiror.

Prior to the Closing Date, the Company operated through a single reportable segment, CrossingBridge operations. Beginning on the Closing Date through the year ended December 31, 2022, the post-Merger period, and continuing through the three- and six-month periods ended June 30, 2024, the Company operated through four reportable segments: CrossingBridge operations, Willow Oak operations, internet operations, and other operations. On May 10, 2024, the Company sold its interests in Willow Oak Asset Management, LLC to a related party. Activity reported under the Willow Oak operations segment for the three- and six-month periods ended June 30, 2024 only reflects activity through this sale date. The management of the Company also continually reviews various business opportunities for the Company, including those in other lines of business.

Unless the context otherwise requires, and when used herein, the “Company,” “ENDI,” “ENDI Corp.,” “we,” “our,” or “us” refers to ENDI Corp. individually, or as the context requires, collectively with its subsidiaries.

As previously disclosed on our Current Report on Form 8-K filed on January 12, 2024, we have filed a Form 15 certifying the deregistration of our Class A common stock under Section 12(6) of the Exchange Act and suspension of our duty to file reports under Sections 13 and 15(d) of the Exchange Act.

CrossingBridge Operations

CBA was formed as a limited liability company on December 23, 2016, under the laws of the State of Delaware. CBA derives its revenue and net income from investment advisory services. CBA is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”), and it provides investment advisory services to investment companies (including mutual funds and exchange-traded funds (“ETFs”)) registered under the Investment Company Act of 1940, as amended (“1940 Act”), both as an adviser and as a sub-adviser. CBA also manages, under the Universal Investment Ireland UCITS Platform ICAV, an umbrella Irish Collective Asset-management Vehicle with segregated liability between sub-funds authorized pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended from time to time. During the quarterly period ended March 31, 2024, CBA also began advising several separately managed accounts (“SMAs”).

As of June 30, 2024, CBA serves as an adviser or manager to its six proprietary products and SMAs, and sub-adviser to three additional products. As of June 30, 2024, the assets under management (“AUM”) for CBA, including advised, managed, and sub-advised funds and accounts, were in excess of \$3.0 billion. The investment strategies for CBA include: ultra-short duration, low duration high yield, strategic income, responsible credit, and special purpose acquisition companies (“SPACs”). These strategies primarily employ investment grade and high yield corporate debt, as well as credit opportunities in event-driven securities, post reorganization investments, and stressed and distressed debt.

On June 28, 2024, CBA entered into a strategic partnership with NCI Advisory A/S (“NCI”), a Nordic debt asset management firm based in Denmark. NCI operates in the primary and secondary Nordic high-yield bonds and direct loans market.

Pursuant to the Share Sale and Purchase Agreement entered into on June 28, 2024 (“SPA”), CBA acquired nine percent (9%) of the membership interests of NCI for cash consideration of \$505,386. If certain conditions are satisfied, including CBA obtaining approval from the Danish Financial Supervisory Authority to become a shareholder in NCI in accordance with Danish laws, CBA can acquire an additional an additional 16% of NCI, for ownership of 25% of the total membership interests of NCI, for an additional \$916,500, approximately. CBA also has the right-of-first refusal should additional investments be made within or into the partnership.

In connection with the SPA, CBA and NCI agreed to a form of Services Agreement that will be entered into at the time that CBA acquires the additional 16% of NCI. Pursuant to the Services Agreement, NCI will provide certain consulting and research services to CBA in exchange for a portion of the aggregate investment advisory fees received by CBA with respect to the U.S. mutual fund named CrossingBridge Nordic High Income Bond Fund that has a primary strategy of investing in high-yield debts issued in Northern Europe. On July 12, 2024, CrossingBridge Advisors, LLC submitted its registration statement with the SEC for the CrossingBridge Nordic High Income Bond Fund (Ticker: NRDCX). The CrossingBridge Nordic High Income Bond Fund is expected to launch at the end of the third quarter.

This investment will be valued pursuant to the equity method, which as of the period ended June 30, 2024 results in a carrying value on the accompanying condensed consolidated balance sheet of \$586,905. This initial measurement includes CBA’s cost basis as well as all direct transaction costs incurred with the investment.

Willow Oak Operations

Prior to its sale on May 10, 2024, the Company operated its Willow Oak operations business through its wholly-owned subsidiaries, Willow Oak Asset Management, LLC (“Willow Oak”), Willow Oak Capital Management, LLC, Willow Oak Asset Management Affiliate Management Services, LLC (“Willow Oak AMS”) and Willow Oak Asset Management Fund Management Services, LLC (“Willow Oak FMS”).

On May 10, 2024, Enterprise Diversified sold all of its equity in Willow Oak to PV 31, LLC, a Delaware limited liability company that is wholly-owned by Jessica Greer, the former Secretary and employee of the Company, pursuant to a Membership Interest Purchase Agreement. The aggregate purchase price to be paid to Enterprise Diversified is an amount equal to 10% of Willow Oak’s gross revenue which will be paid to Enterprise Diversified on a quarterly basis beginning with the quarter ending June 30, 2024 and ending with the quarter ending June 30, 2034. Activity reported under the Willow Oak operations segment for the three- and six-month periods ended June 30, 2024 only reflects activity through this sale date.

Willow Oak was an asset management platform focused on partnering with independent asset managers throughout various phases of their firm’s lifecycle to provide comprehensive operational services that support the growth of their businesses. Through minority ownership stakes and bespoke service-based contracts, Willow Oak offered affiliated managers strategic consulting, operational support, and growth opportunities. Services included consulting, investor relations and marketing, accounting and bookkeeping, compliance program monitoring, and business development support.

Internet Operations

The Company operates its internet operations segment through Sitestar.net, its wholly-owned subsidiary. Sitestar.net is an internet service provider that offers consumer and business-grade internet access, e-mail hosting and storage, wholesale managed modem services, web hosting, third-party software as a reseller, and various ancillary services. Sitestar.net provides services to customers in the United States and Canada. In addition, the Company owns a portfolio of domain names.

Other Operations

The Company operates its other operations segment which includes nonrecurring or one-time strategic funding or similar activity and other corporate operations that are not considered to be one of the Company's primary lines of business. Below are the primary activities comprising other operations. Additional investment activity that is not specifically mentioned below is included in the accompanying condensed consolidated financial statements.

Enterprise Diversified, Inc.

On April 8, 2024 and April 15, 2024, through Enterprise Diversified, we purchased a total of 38,400 Class B Common Shares of a private corporation operating in the consumer retail space for a total investment of \$250,368 as of the period ended June 30, 2024. As the private corporation does not release periodic or public information, this investment will be carried at its cost basis until additional inputs or updates are available for revaluation.

On February 20, 2024, through Enterprise Diversified, we committed \$500,000 through a subscription agreement for a limited partnership that will ultimately acquire equity shares of the National Stock Exchange of India. As of June 30, 2024, \$487,782 of the committed capital has been funded by the Company. This investment will be carried at its cost basis until the capital becomes actively invested, at which time the Company will reevaluate the value of its investment to account for investment activity. This investment is subject to various liquidity restrictions for approximately a five-year period.

On June 12, 2023, through Enterprise Diversified, and again on October 31, 2023, we invested \$172,512 and \$190,148 in a commodity-based limited partnership managed by a third-party general partner, respectively. The general partner is entitled to certain management fees and profit allocations and our investment is subject to a two-year lockup from the date of the initial investment. As of the quarter ended June 30, 2024, this investment is carried at its reported net asset value ("NAV") of \$335,351. During the three- and six-month periods ended June 30, 2024, we recognized \$34,406 and \$16,837 of net investment losses related to this investment, respectively. This compares to the three- and six-month periods ended June 30, 2023, we recognized \$22,362 of net investment gains related to this investment.

On July 14, 2023, through Enterprise Diversified, we invested \$500,000 in a private placement transaction for which we received 500 restricted preferred shares of a private company issuer as well as 100,000 warrants of the issuer's public parent company. Neither the preferred shares nor the warrants are registered or freely tradable and are currently subject to further transfer limitations. The preferred shares have a liquidation preference equal to the fair market value of the consideration paid at issuance, plus accrued and unpaid dividends. All dividends are payable quarterly in arrears. Each warrant entitles the holder to acquire one subordinate voting share of common stock of the issuer's parent. Our investment does not provide a controlling interest in the issuer or the issuer's parent. The investment in the preferred shares is carried at its cost basis of \$500,000 as of June 30, 2024, with dividend income recognized quarterly pursuant to the terms of the restricted preferred shares. The investment in the warrants is carried at the most recent publicly traded price with a 20% marketability discount applied to account for the lack of registration and transfer restrictions on the warrants, which totals \$100,000 as of June 30, 2024. During the three- and six-month periods ended June 30, 2024, we recognized \$9,920 and \$37,600 of net investment income and \$18,699 and \$37,449 of dividend income related to these investments, respectively. No comparable activity exists for the three- and six-month periods ended June 30, 2023.

On November 17, 2023, through Enterprise Diversified, we invested \$250,250 in a blank check company formed for the purpose of acquiring one or more businesses contemplated pursuant to a registration statement in connection with an initial public offering. We received an aggregate of 25,000 placement units of the corporation, at \$10.00 per unit, for an aggregate purchase price of \$250,000. Each placement unit is currently intended to consist of one ordinary share, par value \$0.0001 per share, of the corporation, and one-half of one redeemable warrant. Each whole warrant is intended to entitle the holder thereof to purchase one ordinary share at a price of \$11.50 per share. Additionally, we received an aggregate of 50,000 ordinary shares at approximately \$0.005 per share, for an aggregate purchase price of \$250.00. As of June 30, 2024, as no initial public offering has been completed, this investment is carried at its cost basis.

eBuild Ventures, LLC

eBuild Ventures, LLC (“eBuild”) acquires, or provides growth equity to, consumer product businesses in the digital or brick and mortar marketplaces.

On March 16, 2023, through eBuild, we made a conditional shareholder contribution of \$955,266 and were issued approximately a 3% ownership stake in a private company that operates in the consumer products e-commerce space fulfilled by Amazon. During the quarterly period ended March 31, 2024, the private company redeemed the contribution in full. There is no remaining value attributed to this investment on the accompanying condensed consolidated balance sheets for the period ended June 30, 2024.

On September 8, 2022, through eBuild, we made a capital contribution of \$450,000, representing approximately a 10% ownership stake, in a start-up phase private company that operates in the consumer beverage product space. This investment is valued using the equity method, which totals \$301,154 as of June 30, 2024. Since making the investment in September 2022, the Company has reported a cumulative loss of \$148,846 through its application of the equity method on eBuild’s investment.

Corporate Operations

Corporate operations include any revenue or expenses derived from the Company’s corporate office operations, as well as expenses related to public company reporting, the oversight of subsidiaries, and other items that affect the overall Company. Also included under corporate operations is investment activity earned through the reinvestment of corporate cash. Corporate investments are typically short-term, highly liquid investments, including vehicles such as mutual funds, ETFs, commercial paper, and corporate and municipal bonds.

As of June 30, 2024, through Enterprise Diversified under the other operations segment, the Company has cumulatively invested, during prior reporting periods, a total of \$5,700,000 among four CrossingBridge mutual funds: the CrossingBridge Responsible Credit Fund, the CrossingBridge Ultra Short Duration Fund, the CrossingBridge Low Duration High Yield Fund, and the RiverPark Strategic Income Fund.

The Company also routinely invests in the CrossingBridge Pre-Merger SPAC ETF through its other operations segment as well, which as of June 30, 2024, totaled \$549,595.

There are no liquidity restrictions in connection with these investments and any intercompany revenue and expenses have been eliminated in consolidation.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and those entities in which it otherwise has a controlling financial interest as of and for the quarterly period ended June 30, 2024, including: CrossingBridge Advisors, LLC, Bonhoeffer Capital Management, LLC, eBuild Ventures, LLC, Enterprise Diversified, Inc., and Sitestar.net, Inc., and prior to the sale on May 10, 2024, Willow Oak Asset Management, LLC, Willow Oak Asset Management Affiliate Management Services, LLC, Willow Oak Asset Management Fund Management Services, LLC, and Willow Oak Capital Management, LLC.

All intercompany accounts and transactions have been eliminated in consolidation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying interim condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with the rules and regulations of OTC Markets Group, Inc. (“OTC”) for interim financial information for OTCQB listed companies reporting under the alternative reporting standards. Accordingly, they do not include all the information and footnotes required by U.S. generally accepted accounting principles (“GAAP”) for complete financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to instructions, rules, and regulations prescribed by OTC. We believe that the disclosures provided herein are adequate to make the information presented not misleading when these unaudited interim condensed consolidated financial statements are read in conjunction with the audited financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 1, 2024 and also filed on April 12, 2024 with OTC. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all the adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company’s financial position as of June 30, 2024 and the results of operations for the quarterly periods ended June 30, 2024 and 2023.

Use of Estimates

In accordance with GAAP, the preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

On an ongoing basis, management evaluates its estimates and judgments, including, among other items, those related to fair value of investments, revenue recognition, accrued expenses, financing operations, fair value of goodwill, fixed asset lives and impairment, lease right-of-use assets and impairment, deferred tax assets, liabilities and valuation allowance, other assets, the present value of lease liabilities, and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. These accounting policies are described in the relevant sections in the notes to the condensed consolidated financial statements.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, cash equivalents, accounts receivable, and notes receivable. The Company places its cash with high-quality financial institutions and, at times, exceeds the FDIC and CDIC insurance limit. The Company extends credit based on an evaluation of customers’ financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer’s financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company defines cash equivalents as all highly liquid instruments purchased with a maturity and/or liquidation option of three months or less.

Investments

The Company holds various investments through its other operations and CrossingBridge segments. Investments are typically short-term, highly liquid investments, including vehicles such as: mutual funds, ETFs, commercial paper, and corporate and municipal bonds. Occasionally, the Company also invests in comparably less liquid, opportunistic investments. Investments held at fair value are remeasured to fair value on a recurring basis. Certain assets held through the other operations segment do not have a readily determinable value as these investments are either not publicly traded, do not have published sales records, or do not routinely make current financial information available. Assets that do not have a readily determinable value are remeasured when additional valuation inputs become observable. See Note 6 for more information.

Accounts Receivable

The Company's CrossingBridge operations segment records receivable amounts for management fee shares earned on a monthly and/or quarterly basis. Management fee shares are calculated and collected on a monthly and/or quarterly basis, depending on the relevant investment management agreement. The Company historically has had no collection issues with management fee shares and the overall possibility for non-collection is extremely low. For these reasons, management has determined that it is not necessary to record an allowance against these receivables.

Prior to the sale on May 10, 2024, the Company's Willow Oak operations segment recorded receivable amounts for management fee shares and fund management services revenue earned on a monthly basis. Management fee shares and fund management services fees were calculated and collected on either a monthly or quarterly basis as dictated by the respective partnership agreement. The Company historically had no collection issues with management fee shares and fund management receivables and the overall possibility for non-collection was extremely low. For these reasons, management determined that it was not necessary to record an allowance against these receivables.

Prior to the sale on May 10, 2024, the Company's Willow Oak operations segment also recorded receivable amounts for performance fee shares earned on an annual basis. Performance fee shares were dependent upon exceeding specified relative or absolute investment return thresholds, which varied by affiliate relationship, and typically included annual measurement periods. The Company historically had no collection issues with performance fee shares and the overall possibility for non-collection was extremely low. For these reasons, management determined that it was not necessary to record an allowance against these receivables.

The Company grants credit in the form of unsecured accounts receivable to its customers through its internet operations segment. The current expected credit loss methodology is based on management's assessment of the net amount expected to be collected from each customer. Specific customer receivables are considered past due when they are outstanding beyond their contractual terms and are written off from the allowance for credit losses when an account or invoice is individually determined to be uncollectible. The internet operations segment attempts to reduce the risk of non-collection by including a late-payment fee and a manual-processing-payment fee to customer accounts. Receivables more than 90 days past due are no longer included in accounts receivable and are turned over to a collection agency. Accounts receivable more than 30 days are considered past due.

As of June 30, 2024 and December 31, 2023, allowances offsetting gross accounts receivable on the accompanying condensed consolidated balance sheets totaled \$2,875 and \$3,498, respectively. For the three- and six-month periods ended June 30, 2024, credit losses totaled \$3,794 and \$3,670, respectively. Comparatively, for the three- and six-month periods ended June 30, 2023, credit (recoveries) losses totaled \$(924) and \$320, respectively.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments are capitalized. Gains and losses on disposals are included in the results of operations. Depreciation is computed using the straight-line method based on the estimated useful lives for each of the following asset classifications.

Vehicles (in years)	5
Furniture and fixtures (in years)	5
Equipment (in years)	5

The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, then the Company uses estimated future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value. Property and equipment to be disposed are reported at the lower of carrying amount or fair value of the asset less cost to sell.

Goodwill and Other Intangible Assets

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for under the acquisition method of accounting. The Company tests its goodwill annually as of December 31, or more often if events and circumstances indicate that those assets might not be recoverable. As of June 30, 2024 and December 31, 2023, the Company reported \$737,869 of goodwill under the CrossingBridge operations segment. None of the Company's recorded goodwill is tax deductible.

Impairment testing of goodwill is required at the reporting-unit level (operating segment or one level below operating segment). The impairment test involves calculating the impairment of goodwill based solely on the excess of the carrying value of the reporting unit over the fair value of the reporting unit. Prior to performing the impairment test, the Company may make a qualitative assessment of the likelihood of goodwill impairment to determine whether a detailed quantitative analysis is required. The Company estimates the fair value of its reporting units using discounted expected future cash flows.

As of June 30, 2024, intangible assets (other than goodwill) consist of customer relationships, trade names, investment management agreements, a non-compete, and domain names held amongst the CrossingBridge and internet operations segments. When management determines that material intangible assets are acquired in conjunction with the purchase of a business or asset, the Company determines the fair values of the identifiable intangible assets by taking into account internal and external appraisals. Intangible assets determined to have definite lives are amortized over their estimated useful lives. The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, then the Company uses estimated future undiscounted cash flows of the related intangible asset or asset grouping over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value.

As of the periods ended June 30, 2024 and December 31, 2023, the Company reported the following intangible assets, net of amortization and excluding goodwill, under the respective operating segment.

	June 30, 2024	December 31, 2023
CrossingBridge	\$ 11,280,082	\$ 2,044,398
Willow Oak	-	492,051
Internet	598,483	618,841
Intangible assets, net	<u><u>\$ 11,878,565</u></u>	<u><u>\$ 3,155,290</u></u>

As a result of the Company's impairment testing of goodwill and other intangible assets on December 31, 2023, the Company determined that there were no impairment adjustments were necessary. The Company did not identify any events or circumstances during the quarterly period ended June 30, 2024 that would indicate additional impairment testing was necessary.

Amortization expenses on intangible assets during the three- and six-month periods ended June 30, 2024 totaled \$635,904 and \$901,369, respectively. Comparatively, amortization expenses on intangible assets during the three- and six-month periods ended June 30, 2023 totaled \$83,757 and \$104,472, respectively.

Note Payable

The Company may enter into promissory note arrangements in connection with the Company's business combinations or asset purchases. On March 8, 2024, CrossingBridge entered into a promissory note arrangement with its affiliate Cohanick in connection with the Cohanick asset purchase agreement. See Notes 4 and 8 for more information on the terms of the note.

Earn-Out Liability

The Company may enter into contingent payment arrangements in connection with the Company's business combinations or asset purchases. In contingent payment arrangements, the Company agrees to pay transaction consideration to the seller based on future performance. The Company estimates the value of future payments of these potential future obligations at the time the business combination or asset purchase is consummated. The liabilities related to contingent payment arrangements are recorded under the earn-out liability line on the condensed consolidated balance sheets.

Contingent payment obligations related to asset purchases, if estimable and probable of payment, are initially recorded at their estimated value. When the contingency is ultimately resolved, any additional contingent consideration issued or issuable over the amount that was initially recognized as a liability is considered an additional cost of the acquisition. These additional costs would then be allocated to the qualifying assets on a relative fair value basis. See Note 5 for more information on the Company's asset acquisition of the RiverPark Strategic Income Fund.

W-1 Warrant and Redeemable Class B Common Stock

Pursuant to the Merger Agreement, the Company issued 1,800,000 Class B Common Shares that are mandatorily redeemable upon exercise of the W-1 Warrant, which provides the holder the ability to purchase 1,800,000 Class A Common Shares at certain terms. Management has determined that the W-1 Warrant represents an embedded equity-linked feature within the Class B Common Shares, and therefore is valued in conjunction with the Class B Common Shares. The value of the W-1 Warrant and Class B Common Shares is determined using a Black-Scholes pricing model and is classified as a long-term liability on the condensed consolidated balance sheets. The value is remeasured at each reporting date with the change in value flowing through the condensed consolidated statements of operations for the relevant period under the "mark-to-market" line item.

Accrued Compensation

Accrued compensation represents performance-based bonuses that have not yet been paid. Bonuses are subjective and are based on numerous factors including, but not limited to, individual performance, the underlying funds' performance, and profitability of the firm, as well as the consideration of future outlook. Accrued bonus amounts can fluctuate due to a future perceived change in any one or more of these factors. Additionally, differences between historical, current, and future personnel allocations could significantly impact the comparability of bonus expenses period over period.

Other Accrued Expenses

Other accrued expenses represent incurred but not-yet-paid expenses from payroll accruals, professional fees, and other accrued taxes.

Leases

The Company records right-of-use assets and lease liabilities arising from both financing and operating leases that contain terms extending longer than one year. The Company does not recognize right-of-use assets or lease liabilities for short-term leases (those with original terms of 12 months or less). In making our determinations, the Company combines lease and non-lease elements of its leases.

Concentration of Revenue

CBA is the adviser to five registered investment companies and manages one sub-fund under the CrossingBridge Family of Funds. The advised funds are the CrossingBridge Low Duration High Yield Fund, CrossingBridge Ultra-Short Duration Fund, RiverPark Strategic Income Fund, CrossingBridge Responsible Credit Fund, and the CrossingBridge Pre-Merger SPAC ETF, and the managed sub-fund is the CrossingBridge Low Duration High Income Fund. CBA also manages several SMA accounts. The combined AUM for these advised and managed funds and accounts was approximately \$1.82 billion and \$1.01 billion as of June 30, 2024 and 2023, respectively. CBA is also the sub-adviser to three 1940 Act registered mutual funds with AUM totaling approximately \$1.28 billion and \$0.62 billion as of June 30, 2024 and 2023, respectively. Finally, until March 8, 2024, CBA also earned revenue through a service agreement with a related party. See Note 3 for more information on the terms of the service agreement.

CBA fee revenues earned from advised and managed funds and accounts, sub-advised funds, and service agreements for the quarterly periods ended June 30, 2024 and 2023 included in the accompanying condensed consolidated statements of operations are detailed below.

CrossingBridge Operations Revenue	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2024	2023	2024	2023
Advised and/or managed fund fee revenue	\$ 2,533,558	\$ 1,376,227	\$ 4,634,714	\$ 2,401,691
Sub-advised fund fee revenue	1,018,928	536,504	1,599,489	1,084,430
Service fee revenue	-	129,747	81,633	283,611
Total fee revenue	<u>\$ 3,552,486</u>	<u>\$ 2,042,478</u>	<u>\$ 6,315,836</u>	<u>\$ 3,769,732</u>

Total revenue from the CrossingBridge operations was approximately 95.0% and 93.9% of the Company's total revenue for the three- and six-month periods ended June 30, 2024, respectively, and 88.9% and 89.0% of the Company's total revenue for the three- and six-month periods ended June 30, 2023, respectively. If CBA were to lose a significant amount of AUM, the Company's revenue would also decrease.

Revenue Recognition

CrossingBridge Operations Revenue

Management fee shares earned through the CrossingBridge operations segment are recorded on a monthly and/or quarterly basis and are included in revenue on the accompanying condensed consolidated statements of operations. The Company has performed an assessment of its revenue contracts under the CrossingBridge operations segment and has not identified any contract assets or liabilities.

Willow Oak Operations Revenue

Prior to the sale on May 10, 2024, management fee shares and fund management services fees earned through the Willow Oak operations segment were recorded on a monthly basis and were included in revenue on the accompanying condensed consolidated statements of operations. Performance fee shares were dependent upon exceeding specified relative or absolute investment return thresholds, which varied by affiliate relationship, and typically included annual measurement periods. Performance fee shares were recognized only when it was determined that there was no longer potential for significant reversal, such as when a fund's performance exceeded a contractual threshold at the end of a specified measurement period. Consequently, a portion of the performance fee shares recognized may have been partially or wholly related to services performed in prior periods.

Prior to the sale on May 10, 2024, fund management services revenue earned through the Willow Oak operations segment was also generally recorded on a monthly basis, which is in line with the timing of when services were provided. Occasionally, fund management services revenue was earned through bespoke consulting contracts performed over the course of multiple periods. In this instance, Willow Oak only recorded and collected revenue for services received through the end of each monthly or quarterly period, as was appropriate.

The Company performed an assessment of its previously held revenue contracts under the Willow Oak operations segment and did not identify any contract assets or liabilities.

Internet Operations Revenue

The Company generates revenue through its internet operations segment from consumer and business-grade internet access, e-mail hosting and storage, wholesale managed modem services, e-mail and web hosting, third-party software as a reseller, and various ancillary services in the United States and Canada. Services include narrow-band (dial-up and ISDN) and broadband services (DSL, fiber-optic, and wireless), web hosting, and additional related services to consumers and businesses. Customers may also subscribe to web hosting plans to include email access and storage. Customer contracts through the internet operations segment can be structured as monthly or annual contracts. Under annual contracts, the subscriber pays a one-time annual fee, which is recognized as revenue ratably over the life of the contract. Under monthly contracts, the subscriber is billed monthly and revenue is recognized for the period to which the service relates. Domain name registration revenue is recognized at the point of registration. Sales of hardware are recognized as revenue upon delivery and acceptance of the product by the customer. Sales are adjusted for any returns or allowances. Management has concluded that the nature of the performance obligation is cyclical with a very low possibility for nonperformance. Contract liabilities (deferred revenue) are recognized in the amount of collections received in advance of services to be performed. No contract assets are recognized or incurred.

Deferred Revenue

Deferred revenue represents collections from customers in advance of internet services to be performed. Revenue is recognized in the period service is provided. Total deferred revenue recorded under the internet operations segment as of June 30, 2024 and December 31, 2023 was \$162,758 and \$147,039, respectively. During the three- and six-month periods ended June 30, 2024, \$29,507 and \$65,398, respectively, and during the three- and six-month periods ended June 30, 2023, \$31,344 and \$102,088, respectively, of revenue was recognized from prior-year contract liabilities (deferred revenue).

Stock Compensation Expense

The board of directors of the Company adopted the ENDI Corp. 2022 Omnibus Equity Incentive Plan, dated December 19, 2022 (the “2022 Plan”), which was subsequently approved by the Company’s stockholders at the 2023 annual meeting of stockholders held on May 22, 2023 (“2023 Annual Meeting”) and became effective on that date. On February 28, 2023, subject to the approval of the 2022 Plan by our stockholders, the Company granted (i) restricted stock units, and (ii) restricted Class A Common Stock. If the 2022 Plan had not been approved by the Company’s stockholders at the 2023 Annual Meeting, then the awards granted on February 28, 2023 would have been forfeited. Vested restricted stock unit awards will be settled by the Company in the form of cash or the issuance and delivery of shares of Company Class A Common Stock in the year following the year the awards have become vested, but no later than March 15 of the following year. The Company has elected to ratably recognize the stock compensation expense associated with its outstanding equity awards over each award’s respective vesting period. Equity awards are valued on their respective grant date at fair market value, the then current trading value of the Company’s Class A Common Stock, and are not subject to future revaluation. On February 28, 2023, the closing stock price of the Company’s Class A Common Stock was \$4.35. On May 31, 2024, the closing stock price of the Company’s Class A Common Stock was \$8.625.

The table below further details the awards granted on February 28, 2023 and May 31, 2024, and represents the number of outstanding awards and the relevant income statement impact as of and during the three- and six-month periods ended June 30, 2024 and 2023.

Additionally, the 15,750 restricted stock unit awards granted on February 28, 2023 were subsequently issued on February 20, 2024, and 9,070 of the restricted stock unit awards granted on February 28, 2023 were forfeited during the three-month period ended June 30, 2024 and are no longer considered outstanding as of the period ended June 30, 2024.

Award Type	Award Date	Number of Awards Granted	Number of Awards Outstanding	Vesting Schedule	Income Statement Impact for the Three-Month Period Ended		Income Statement Impact for the Six-Month Period Ended	
					June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Restricted stock units	February 28, 2023	99,766	90,696	25% on the second anniversary of January 1, 2023, and thereafter in three equal instalments on the subsequent three anniversaries of the initial vesting date, with 100% of the restricted stock vested on the fifth anniversary of the initial vesting, subject to the recipient's continuous employment.	\$ 11,178	\$ 21,699	\$ 32,877	\$ 28,932
Restricted stock units	February 28, 2023	15,750	-	Fully vested on the date of grant. 25% on the second anniversary of January 1, 2023, and thereafter in three equal instalments on the subsequent three anniversaries of the initial vesting date, with 100% of the restricted stock vested on the fifth anniversary of the initial vesting, subject to the recipient's continuous employment.	-	-	-	68,513
Restricted stock	February 28, 2023	82,761	82,761	25% on the second anniversary of January 1, 2023, and thereafter in three equal instalments on the subsequent three anniversaries of the initial vesting date, with 100% of the restricted stock vested on the fifth anniversary of the initial vesting, subject to the recipient's continuous employment.	18,001	18,001	36,002	24,001
Restricted stock units	May 31, 2024	21,000	21,000	Fully vested on the date of grant.	181,125	-	181,125	-
Total outstanding awards			<u>194,457</u>		<u>\$210,304</u>	<u>\$ 39,700</u>	<u>\$250,004</u>	<u>\$121,446</u>

Income Taxes

Income taxes for ENDI Corp. are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax benefits or consequences of events that have been included in the condensed consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment, inclusive of the recent tax reform act. ENDI Corp. filed its first tax return for the year ended December 31, 2021, which is open to potential examination by the Internal Revenue Service for three years.

As of June 30, 2024 and December 31, 2023, the Company reported \$1,149,351 of net deferred tax assets on the condensed consolidated balance sheet. These net deferred tax assets consist primarily of historic net operating losses that were acquired by the Company as part of the Business Combination, as well as post-closing activity which includes certain deferred tax assets and liabilities that were not previously recognized when CrossingBridge was a nontaxable entity. As of the periods ended June 30, 2024 and December 31, 2023, the Company has not provided a valuation allowance against its net deferred tax assets.

During the three-and six-month periods ended June 30, 2024, the Company reported (\$127,636) and \$0 of income tax (benefit) expenses, respectively, as a result of the Company's current tax liabilities. This compares to the three-and six-month periods ended June 30, 2023, when the Company reported \$208,877 and \$241,110 of income tax expenses, respectively.

Income (Loss) Per Share

Basic income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Included in the basic income (loss) per share for the three- and six-month periods ended June 30, 2024, in addition to the number of shares of common stock outstanding, are 21,000 shares underlying common stock equity incentives that were awarded on May 31, 2024 pursuant to the Company's 2022 Plan that are currently vested. These shares represent equity awards in the form of restricted stock units.

Included in the basic income (loss) per share for the three- and six-month periods ended June 30, 2023, in addition to the number of shares of common stock outstanding, are 15,750 shares underlying common stock equity incentives that were awarded on February 28, 2023 pursuant to the Company's 2022 Plan which vested immediately in full upon approval by the Company's stockholders of the 2022 Plan at the 2023 Annual Meeting. These shares represent equity awards in the form of restricted stock units.

In periods of net loss, diluted loss per share is calculated similarly to basic loss per share because the impact of all potentially dilutive common shares is anti-dilutive. In periods of net income, diluted earnings per share is computed using the more dilutive of the "two-class method" or the "treasury method." Dilutive earnings per share under the "two-class method" is calculated by dividing net income available to common stockholders as adjusted for the participating securities, by the weighted-average number of shares outstanding plus the dilutive impact of all other potentially dilutive common shares. Dilutive earnings per share under the "treasury method" is calculated by dividing net income available to common stockholders by the weighted-average number of shares outstanding plus the dilutive impact of all potentially dilutive common shares.

Potentially dilutive shares for the three- and six-month periods ended June 30, 2024, include 2,050,000 shares related to the Class W-1 and W-2 Warrants issued pursuant to the Merger Agreement and 173,457 shares of underlying common stock equity incentives awarded pursuant to the Company's 2022 Plan. The shares related to the Class W-1 and W-2 Warrants ultimately are not considered dilutive for the three- and six-month periods ended June 30, 2024 due to the Company's average stock price for the respective periods being less than the strike price for the warrants. The number of shares of equity incentives in the form of restricted stock units that are considered dilutive for the three- and six-month periods ended June 30, 2024 are 98,947 and 96,919, respectively, and are included in the dilutive weighted average number of shares for each period. These dilutive shares represent the number of incremental shares issued assuming all related equity awards vest and the Company repurchases a portion of the equity awards based on the average unrecognized stock compensation cost for each respective period. Due to the Company's reported net loss for both the three-and six-month periods ended June 30, 2024, these dilutive securities did not have a dilutive impact for either period.

Potentially dilutive shares for the three- and six-month periods ended June 30, 2023, include shares related to the Class W-1 and W-2 Warrants issued pursuant to the Merger Agreement. These potentially dilutive securities did not have a dilutive impact during the three- and six-month periods ended June 30, 2023.

Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, “Financial Instruments - Credit Losses” (Topic 326). The guidance eliminates the probable initial recognition threshold that was previously required prior to recognizing a credit loss on financial instruments. The credit loss estimate should now reflect an entity’s current estimate of all future expected credit losses. Under the previous guidance, an entity only considered past events and current conditions. In April 2019, the FASB further clarified the scope of the credit losses standard and addressed issues related to accrued interest receivable balances, recoveries, variable interest rates, and prepayments. In May 2019, the FASB issued further guidance to provide entities with an option to irrevocably elect the fair value option applied on an instrument-by-instrument basis for eligible financial instruments. In November 2019, the FASB issued further guidance on expected recoveries for purchased financial assets with credit deterioration, and transition refiled for troubled debt restructurings, disclosures related to accrued interest receivables, and financial assets secured by collateral maintenance provisions. The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The adoption of certain amendments of this guidance must be applied on a modified retrospective basis and the adoption of the remaining amendments must be applied on a prospective basis. The Company currently expects that the adoption of this guidance may change the way it assesses the collectability of its receivables and recoverability of other financial instruments. The Company adopted this guidance as of January 1, 2023. The adoption of this guidance did not have a material impact on the Company’s condensed consolidated financial statements.

The Company does not believe that any other recently issued effective standards, or standards issued but not yet effective, if adopted, would have a material effect on the accompanying condensed consolidated financial statements.

NOTE 3. RELATED PARTY TRANSACTIONS

CrossingBridge Advisors, LLC

Cohanzick Management Asset Acquisition

On March 8, 2024, Cohanzick, the Company’s majority stockholder and historical sole member of CBA that is majority owned by the Company’s CEO and director, David Sherman, entered into an Asset Purchase Agreement (the “Cohanzick Agreement”) with CBA pursuant to which Cohanzick assigned certain investment advisory contracts, including certain SMA contracts and a sub-advisory contract, and additional assets, and CBA assumed certain liabilities arising from such advisory contracts. As part of the Cohanzick Agreement, Cohanzick deregistered as a registered investment advisor, and the historical Services Agreement and License Agreement between Cohanzick and CBA were terminated. CBA paid Cohanzick \$10,000,000 for the advisory contracts by way of a promissory note. The promissory note provides that CBA will pay Cohanzick quarterly interest payments beginning on June 30, 2024 at a rate of 8% per annum until the note is paid in full. The note matures on March 8, 2031. CBA cannot prepay all or any portion of the principal amount of the note prior to March 8, 2027. After March 8, 2027, CBA may prepay the note without any penalty or premium. The note is solely an obligation of CBA and is non-recourse to ENDI. As of the period ended June 30, 2024, \$249,863 of accrued interest related to the promissory note is included on the accompanying condensed consolidated balance sheet.

On March 9, 2024, in connection with the Cohanzick Agreement, CBA entered into an agreement (the “Second RiverPark Agreement”) with RiverPark Advisors, LLC (“RiverPark”) and Cohanzick, in which CBA replaced Cohanzick as the sub-adviser to the RiverPark Short Term High Yield Fund (the “RiverPark Fund”). RiverPark remains the advisor to the RiverPark Fund. Pursuant to the Second RiverPark Agreement, CBA is entitled to approximately 50% of the RiverPark Fund’s management fees.

See Note 4 for more information.

RiverPark Strategic Income Fund Asset Acquisition

On November 18, 2022, CBA entered into a Purchase and Assignment and Assumption Agreement, as amended on December 28, 2022 (as amended, the “First RiverPark Agreement”), with RiverPark and Cohanzick, pursuant to which RiverPark intended to sell to CBA certain assets and CBA intended to assume certain liabilities, including certain rights and responsibilities under the RiverPark Advisory Agreement (as defined herein) and the RiverPark Expense Limitation Agreement (as defined herein) relating to the provision of investment advisory services for the mutual fund known as RiverPark Strategic Income Fund (the “RiverPark Strategic Fund”), subject to certain terms and conditions set forth in the agreement.

Pursuant to the First RiverPark Agreement, no consideration was paid upon closing on May 12, 2023; however, CBA shall pay an amount approximately equal to 50% of RiverPark Strategic Fund’s management fees (as set forth in RiverPark Fund’s prospectus) to RiverPark (the prior adviser) and Cohanzick (the prior sub-adviser) for a period of three years after closing, and pay an amount approximately equal to 20% of the RiverPark Strategic Fund’s management fees in the fourth and fifth years after closing as set forth in the First RiverPark Agreement. Notwithstanding the foregoing, certain of the amounts payable based on the RiverPark Strategic Fund’s management fees pursuant to the First RiverPark Agreement during the first three years after the closing shall be capped such that they are less than \$1.3 million in the aggregate.

In connection with the First RiverPark Agreement, Cohanzick and CBA entered into an agreement which prohibits Cohanzick from competing with a substantially similar strategic income strategy as the RiverPark Strategic Fund as an adviser or sub-adviser to a fund registered under the 1940 Act or any Undertakings for the Collective Investment in Transferable Securities (“UCITS”) products.

During the three- and six-month periods ended June 30, 2024, payments made by CBA to Cohanzick in accordance with the First RiverPark Agreement totaled \$128,837 and \$249,711, respectively. This compares to the three- and six-month periods ended June 30, 2023, when payments made by CBA to Cohanzick in accordance with the First RiverPark Agreement totaled \$16,588 for both periods.

See Note 5 for more information.

Services Agreement with Cohanzick

In connection with the closing of the Mergers, CrossingBridge entered into a Services Agreement (the “Services Agreement”) with Cohanzick pursuant to which CrossingBridge will make available to Cohanzick certain of its employees to provide investment advisory, portfolio management and other services to Cohanzick and, through Cohanzick, to Cohanzick’s clients. Any such individuals will be subject to the oversight and control of Cohanzick, and any services so provided to Cohanzick or a client of Cohanzick will be provided by such CBA employees in the capacity of a supervised person of Cohanzick. Cohanzick additionally may use the systems of CBA or its affiliates for its daily operations; provided that appropriate policies, procedures, and other safeguards are established to assure that (a) the books and records of each of CBA and Cohanzick are created and maintained in a manner so as to be clearly separate and distinct from those of the other person and the clients of such person, and (b) confidential client and/or other material non-public information relating to the investment advisory activities of CBA or Cohanzick, as applicable, or other proprietary information regarding either such person or its clients, is safeguarded and maintained for the benefit of such person. As consideration for its services, Cohanzick will pay CBA a quarterly fee equal to 0.05% per annum of the monthly weighted average AUM during such quarter with respect to all clients for which Cohanzick has full investment discretion. Cohanzick and CrossingBridge will also split the payment of certain costs of other systems which use is shared between Cohanzick and CrossingBridge. The initial term of the agreement was one year from the Closing Date. The Services Agreement shall continue until terminated pursuant to its terms. Specifically, after August 11, 2023, either party may terminate the Services Agreement upon at least 120 days’ prior written notice to the other party. Notwithstanding the foregoing, either party may terminate the Services Agreement at any time upon written notice following a material breach of the Services Agreement by other party that remains uncured for at least 30 days after the other party receives notice of, or otherwise reasonably should have been aware of, the material breach.

Pursuant to the Cohanzick Agreement, the Services Agreement was terminated on March 8, 2024.

During the three- and six-month periods ended June 30, 2024, CBA reported \$61,387 of operating expenses pursuant to the Services Agreement with Cohanzick. This compares to the three- and six-month periods ended June 30, 2023, when CBA reported \$44,567 and \$89,427 of operating expenses pursuant to the Services Agreement with Cohanzick, respectively.

During the three- and six-month periods ended June 30, 2024, CBA earned \$81,633 of revenue from the Services Agreement with Cohanzick. This compares to the three- and six-month periods ended June 30, 2023, when CBA earned \$129,747 and \$283,611 of revenue from the Services Agreement with Cohanzick.

As of the period ended June 30, 2024, a receivable balance of \$9,320 is included on the accompanying condensed consolidated balance sheet from Cohanzick. No comparable receivable was recorded as of the period ended December 31, 2023.

License Agreement between CBA and Cohanzick

Pursuant to the Merger Agreement, the Company, through CBA, and Cohanzick entered into a license agreement. The license agreement provides CBA with the right to use and occupy certain office space originally leased by Cohanzick from a third-party landlord pursuant to a lease agreement dated November 23, 2018. The initial term of the license agreement runs through the first anniversary of the commencement date of the license agreement and will automatically renew for subsequent one-year terms unless otherwise earlier terminated pursuant to the terms thereof. Pursuant to the license agreement, CBA shall pay Cohanzick a fee equal to Licensee's Share (as defined herein) of the following charges: a monthly base rental and increases in certain taxes and operating expenses. "Licensee's Share" means for a calendar month that occurs in whole or in part during the term, the fraction, expressed as a percentage, the numerator of which is the number of CBA employees that occupied the licensed premises as of the first business day of such calendar month, and the denominator of which is the number of Cohanzick and CBA employees that occupied the premises as of the first business day of such calendar month, as reasonably determined by Cohanzick.

Pursuant to the Cohanzick Agreement, the License Agreement was terminated on March 8, 2024.

During the three- and six-month periods ended June 30, 2024, CBA paid \$17,287 of rental expenses, including utilities, per the license agreement with Cohanzick. This compares to the three- and six-month periods ended June 30, 2023, when CBA paid \$11,723 and \$33,537, respectively, of rental expenses, including utilities, per the license agreement with Cohanzick.

Willow Oak Asset Management, LLC

Sale of Willow Oak Asset Management and its Subsidiaries

On May 10, 2024, Enterprise Diversified sold all of its equity in Willow Oak and Willow Oak's wholly-owned subsidiaries to PV 31, LLC, a Delaware limited liability company that is wholly-owned by Jessica Greer, the former Secretary and employee of the Company, pursuant to a Membership Interest Purchase Agreement. The aggregate purchase price to be paid to Enterprise Diversified, recognized as contingent consideration, is an amount equal to 10% of Willow Oak's future gross revenue which will be paid to Enterprise Diversified on a quarterly basis beginning with the quarter ending June 30, 2024 and ending with the quarter ending June 30, 2034. Activity reported under the Willow Oak operations segment for the current three- and six-month periods ended June 30, 2024 only reflects Willow Oak activity through this sale date.

As reported on the accompanying unaudited condensed consolidated statements of operations for the three- and six-month periods ended June 30, 2024, the Company recognized an initial loss on the sale of Willow Oak in the amount of \$578,958, which is included under the other operations segment. As there was no consideration paid by the buyer at closing, this loss represents the carrying value of Willow Oak assets included in the Membership Interest Purchase Agreement as of May 10, 2024.

The loss recognized from the Willow Oak sale has been determined using the “Loss Recovery Approach.” This approach requires that the contingent consideration, the future revenue share to be received, be valued at the lesser of the amount of the “probable,” defined as a greater than 50% likelihood, future proceeds or the carrying value of the disposed assets. Due to the unpredictability of the contingent consideration, and management’s inherent lack of control over the buyer’s operations, management determined it would be most prudent not to attempt to value the contingent consideration as of the sale date. This results in assigning the contingent consideration a current valuation of zero. As the future revenue share is deemed probable, it will be subsequently recognized as a recovery of loss and will offset the initial loss recorded. Accordingly, during the three- and six-month periods ended June 30, 2024, an offsetting \$2,837 recovery of loss on sale is included under other expenses under the other operations segment. The adjusted loss recognized on the Willow Oak sale after recoveries for the three- and six-month periods ended June 30, 2024 are detailed below:

Intangible assets, net	\$ 478,003
Accounts receivable, net	38,057
Cash	62,898
Initial loss recognized on sale	578,958
Less: revenue share earned (loss recovery)	(2,837)
Adjusted loss recognized on sale after recoveries	<u><u>\$ 576,121</u></u>

NOTE 4. COHANZICK MANAGEMENT ASSET ACQUISITION

As discussed in Note 3, on March 8, 2024, Cohanzick, the Company’s majority stockholder and historical sole member of CBA that is majority owned by the Company’s CEO and director, David Sherman, entered into an Asset Purchase Agreement (the “Cohanzick Agreement”) with CBA pursuant to which Cohanzick assigned certain investment advisory contracts, including certain SMA contracts and a sub-advisory contract, and additional assets, and CBA assumed certain liabilities arising from such advisory contracts. As part of the Cohanzick Agreement, Cohanzick deregistered as a registered investment advisor, and the historical Services Agreement and License Agreement between Cohanzick and CBA were terminated. CBA paid Cohanzick \$10,000,000 for the advisory contracts by way of a promissory note. The promissory note provides that CBA will pay Cohanzick quarterly interest payments beginning on June 30, 2024 at a rate of 8% per annum until the note is paid in full. The note matures on March 8, 2031. CBA cannot prepay all or any portion of the principal amount of the note prior to March 8, 2027. After March 8, 2027, CBA may prepay the note without any penalty or premium. The note is solely an obligation of CBA and is non-recourse to ENDI. As of the period ended June 30, 2024, \$249,863 of accrued interest related to the promissory note is included on the accompanying condensed consolidated balance sheet.

On March 9, 2024, in connection with the Cohanzick Agreement, CBA entered into an agreement (the “Second RiverPark Agreement”) with RiverPark Advisors, LLC (“RiverPark”) and Cohanzick, in which CBA replaced Cohanzick as the sub-adviser to the RiverPark Short Term High Yield Fund (the “RiverPark Fund”). RiverPark remains the advisor to the RiverPark Fund. Pursuant to the Second RiverPark Agreement, CBA is entitled to approximately 50% of the RiverPark Fund’s management fees.

The Cohanzick Agreement transaction is classified as an asset acquisition, and the costs of the acquisition were allocated to the assets acquired on the basis of their relative fair values. Assets acquired primarily consisted of customer relationships and investment contracts.

When accounting for this transaction, the Company applied the guidance in Accounting Standards Update (ASU) 2017-01, Business Combinations (Topic 805) - Clarifying the Definition of a Business. This ASU provides a screen test that specifies when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the “set” is not a business, and therefore, the transaction must be accounted for as an asset acquisition.

The acquisition-date fair value of the consideration transferred and the allocation of cost to the assets acquired and liabilities assumed at the acquisition date related to the Cohanzick Management asset acquisition are as follows:

Note payable	\$ 10,000,000
Transaction costs	102,647
Total purchase price	\$ 10,102,647
Allocation of cost to assets acquired:	
Customer relationships	\$ 9,900,594
Investment management agreements	202,053
Total cost of assets acquired	\$ 10,102,647

NOTE 5. RIVERPARK STRATEGIC INCOME FUND ASSET ACQUISITION

As discussed in Note 3, on November 18, 2022, CBA, entered into the RiverPark Agreement with RiverPark Advisors, LLC and Cohanzick pursuant to which RiverPark Advisors, LLC intended to sell to CBA certain assets and CBA intended to assume certain liabilities, including certain rights and responsibilities under the RiverPark Advisory Agreement (as defined herein) and the RiverPark Expense Limitation Agreement (as defined herein) relating to the provision of investment advisory services for the mutual fund known as the RiverPark Fund, subject to certain terms and conditions set forth in the agreement.

On May 10, 2023, the board of trustees of the RiverPark Fund and holders of a majority of the outstanding voting securities of RiverPark Fund approved the RiverPark Agreement and the transactions contemplated thereby. On May 12, 2023 (the “Closing Date”), as contemplated by the RiverPark Agreement, CBA assumed (i) the advisory services role under that certain Amended and Restated Investment Advisory Agreement (the “RiverPark Advisory Agreement”) dated February 14, 2012 by and between RiverPark and RiverPark Funds Trust (“RiverPark Trust”) pursuant to which RiverPark provided investment advisory services to the RiverPark Fund and (ii) the Operating Expense Limitation Agreement (“RiverPark Expense Limitation Agreement”) dated as of July 1, 2019 by and between RiverPark and RiverPark Trust. Furthermore, pursuant to the RiverPark Agreement, on the Closing Date, the parties to that certain Sub-Advisory Agreement dated as of August 1, 2012 by and among RiverPark, Cohanzick and the RiverPark Trust, on behalf of the RiverPark Fund, have terminated such agreement and made CrossingBridge a party to the RiverPark Expense Limitation Agreement. Furthermore, in connection with the RiverPark Agreement, Cohanzick and CBA entered into an agreement which prohibits Cohanzick from competing with a substantially similar strategic income strategy as the RiverPark Fund as an adviser or sub-adviser to a fund registered under 1940 Act or any UCITS products.

Pursuant to the RiverPark Agreement, no consideration was paid upon closing; however, CBA shall pay an amount approximately equal to 50% of RiverPark Fund’s management fees (as set forth in RiverPark Fund’s prospectus) to RiverPark (the prior adviser) and Cohanzick (the prior sub-adviser) for a period of three years after closing, and pay an amount approximately equal to 20% of the RiverPark Fund’s management fees in the fourth and fifth years after closing as set forth in the RiverPark Agreement. Notwithstanding the foregoing, certain of the amounts payable based on the RiverPark Fund’s management fees pursuant to the RiverPark Agreement during the first three years after the closing shall be capped such that they are less than \$1.3 million in the aggregate. This liability is reported on the Company’s condensed consolidated balance sheets under earn-out liability.

The RiverPark Fund transaction is classified as an asset acquisition, and the costs of the acquisition were allocated to the assets acquired on the basis of their relative fair values. Assets acquired primarily consisted of customer relationships, investment contracts, and a noncompete agreement.

By applying the guidance in ASC 323-10-25-2A and ASC 323-10-25-2B to an asset acquisition, as the fair value of the group of assets exceeds the initial consideration, the consideration is recorded as the lesser of the maximum amount of contingent consideration or the excess of the fair value of the net assets acquired over the initial consideration paid. As the initial consideration of the transaction was \$0 and there is no maximum amount to the contingent consideration, the latter scenario is applied. The purchase price of \$2,341,600 consisted of a combination of \$2,141,612 in variable cash payments and \$199,988 of acquisition costs incurred by the Company in connection with the transaction. Variable cash payments are based on a percentage of the RiverPark Fund net advisory fees earned and daily average assets under management of the fund. Payments are to be made monthly over the next five years.

The acquisition-date fair value of the consideration transferred and the allocation of cost to the assets acquired and liabilities assumed at the acquisition date related to the RiverPark Strategic Income Fund asset acquisition are as follows:

Acquisition-date fair value of variable cash payments	\$ 2,141,612
Transaction costs	199,988
Total purchase price	\$ 2,341,600
Allocation of cost to assets acquired:	
Customer relationships	\$ 2,294,768
Investment management agreements	23,416
Noncompete agreement	23,416
Total cost of assets acquired	\$ 2,341,600

NOTE 6. FAIR VALUE OF ASSETS AND LIABILITIES

GAAP defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date and establishes a hierarchy for disclosing assets and liabilities measured at fair value based on the inputs used to value them. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are based on market pricing data obtained from sources independent of the Company. Unobservable inputs reflect management's judgment about the assumptions market participants would use in pricing the asset or liability. The fair value hierarchy includes three levels based on the objectivity of the inputs as follows:

- Level I - inputs are quoted prices in active markets as of the measurement date for identical assets and liabilities that the Company has the ability to access. This category includes exchange-traded mutual funds and equity securities;
- Level II - inputs are inputs other than quoted prices included in Level I that are observable for the asset or liability, either directly or indirectly. Level II inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates or yield curves, that are observable at commonly quoted intervals; this category includes mortgage-backed securities, asset-backed securities, corporate debt securities, certificates of deposit, commercial paper, U.S. agency and municipal debt securities, U.S. Treasury securities, and derivative contracts; and
- Level III - inputs are unobservable inputs for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The measurements are highly subjective.

The availability of observable inputs can vary and is affected by a variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is the greatest for assets or liabilities categorized in Level III.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following table presents information about the Company's assets measured at fair value as of the periods ended June 30, 2024 and December 31, 2023.

	<u>Level I</u> Quoted Prices in Active Markets for Identical Assets	<u>Level II</u> Significant Other Observable Inputs	<u>Level III</u> Significant Unobservable Inputs	<u>Excluded (a)</u>
June 30, 2024				
Investments in securities, at fair value (cost \$8,214,818)	\$ 8,078,618	\$ -	\$ -	\$ -
W-1 Warrant and Class B Common Stock liability, at fair value	-	-	4,102,000	-
Investment in limited partnership, at net asset value	-	-	-	335,351
Investment in warrants, at fair value (cost \$0)	-	-	100,000	-
Total	\$ 8,078,618	\$ -	\$ 4,202,000	\$ 335,351
December 31, 2023	<u>Level I</u> Quoted Prices in Active Markets for Identical Assets	<u>Level II</u> Significant Other Observable Inputs	<u>Level III</u> Significant Unobservable Inputs	<u>Excluded (a)</u>
Investments in securities, at fair value (cost \$7,847,039)	\$ 7,715,075	\$ -	\$ -	\$ -
W-1 Warrant and Class B Common Stock liability, at fair value	-	-	464,000	-
Investment in limited partnership, at net asset value	-	-	-	348,815
Investment in warrants, at fair value (cost \$0)	-	-	62,400	-
Total	\$ 7,715,075	\$ -	\$ 526,400	\$ 348,815

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the condensed consolidated balance sheets.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

As discussed previously, through Enterprise Diversified, the Company holds Level I investments, among which include shares of CrossingBridge Ultra-Short Duration Fund, CrossingBridge Low Duration High Yield Fund, RiverPark Strategic Income Fund, and CrossingBridge Responsible Credit Fund, which are SEC registered mutual funds for which CBA is the adviser, as well as shares of CrossingBridge Pre-Merger SPAC ETF, which is an ETF also advised by CBA. As of June 30, 2024 and December 31, 2023, Level I investments held by the Company in investment products advised by CBA totaled \$6,907,639 and \$6,520,899, respectively. The Company's remaining Level I investments held as of June 30, 2024 and December 31, 2023 include marketable U.S. fixed income and equity securities. There are no liquidity restrictions in connection with these investments held through Enterprise Diversified.

The Company's investment in the commodity-based limited partnership is measured using NAV as the practical expedient and is exempt from the fair value hierarchy. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and allocated based on total fund contributions. The Company's investment in this limited partnership is remeasured to fair value on a recurring basis and realized and unrealized gains and losses are recognized as investment income in the period of adjustment. As of the periods ended June 30, 2024 and December 31, 2023, this investment is carried at its reported NAV of \$335,351 and \$348,815, respectively. During the three- and six-month periods ended June 30, 2024, we recognized \$34,406 and \$16,837, respectively, of net investment gains related to this investment. This compares to the three- and six-month periods ended June 30, 2023, we recognized \$22,362 of net investment gains related to this investment.

Included as part of the Company's July 14, 2023 private placement investment through Enterprise Diversified, the Company received 100,000 warrants of the issuer's public parent company. The warrants are not registered or freely tradable and were not transferrable until after December 15, 2023. Due to these restrictions, the Company did not assign a value to the warrants prior to December 15, 2023. As of December 31, 2023, the warrants are now transferrable, but are still unregistered and contain various other trading restrictions. In order to value these warrants as of the periods ended June 30, 2024 and December 31, 2023, the Company applied a marketability discount to similar like-kind warrants of the same company that actively trade on the OTCQX tier of the OTC Market. The Company evaluated similar marketability discounts applied to other OTC traded companies to arrive at a 20% discount rate. By applying the 20% discount rate to the most recent closing price of the comparable freely traded warrants, the Company valued the 100,000 warrants at \$100,000 and \$62,400 as of June 30, 2024 and December 31, 2023, respectively. Due to the lack of observable inputs used in the Company's calculation, the warrants have been classified as a Level III investment. During the three- and six-month periods ended June 30, 2024, we recognized \$9,920 and \$37,600, respectively, of net investment income related to these warrants. No comparable activity exists for the three- and six-month periods ended June 30, 2023.

As discussed previously, pursuant to the Merger Agreement, the Company issued 1,800,000 Class B Common Shares that are mandatorily redeemable upon exercise of the W-1 Warrant. Management has determined that the W-1 Warrant represents an embedded equity-linked feature within the Class B Common Shares, and therefore is valued in conjunction with the Class B Common Shares as a long-term liability on the condensed consolidated balance sheets. The value of the W-1 Warrant and Class B Common Shares is determined using a Black-Scholes pricing model, resulting in a Level III classification. The pricing model considers a variety of inputs at each measurement date including, but not exclusively, a 30-day VWAP of the Company's closing stock price, the Company's estimated equity volatility over the remaining warrant term, the warrant exercise price, the Company's annual rate of dividends, the bond equivalent yield, and remaining term of the W-1 Warrant. Additionally, a discount is applied based on an analysis of the underlying marketability of the Company's Class A Common Stock with respect to Rule 144 restrictions. This value is remeasured at each reporting date with the change in value flowing through the condensed consolidated statements of operations for the relevant period. The table below represents the relevant inputs used in the value determination as of June 30, 2024 and change in value from December 31, 2023 to June 30, 2024.

W-1 Warrant and Class B Common Stock

Inputs below are as of June 30, 2024

ENDI Corp. 30-day VWAP closing stock price	\$	8.40
Warrant exercise price	\$	8.00
Estimated equity volatility over remaining term		34.60%
ENDI Corp. annual rate of dividends		0.00%
Bond equivalent yield		4.52%
Remaining term of W-1 Warrant		3.12
Discount for lack of marketability		14.00%
December 31, 2023	\$	464,000
Plus: Unrealized losses reported in other income		371,920
		835,920
March 31, 2024		
Plus: Unrealized losses reported in other income		3,266,080
June 30, 2024	\$	<u>4,102,000</u>

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

The Company analyzes its intangible assets — goodwill, customer relationships, trade names, investment management agreements, non-compete agreement, and domain names — on an annual basis or more often if events or changes in circumstances indicate potential impairments. No impairments were recorded during the three- and six-month periods ended June 30, 2024 and 2023.

As discussed previously, the Company entered into a contingent consideration arrangement pursuant to the RiverPark Agreement, which is included on the condensed consolidated balance sheets on June 30, 2024 and December 31, 2023 for \$731,936 and \$1,427,212, respectively, including both the short and long-term portions as an earn-out liability. Contingent payment obligations related to asset purchases, if estimable and probable of payment, are initially recorded at their estimated value. When the contingency is ultimately resolved, any additional contingent consideration issued or issuable over the amount that was initially recognized as a liability is considered an additional cost of the acquisition. These additional costs would then be allocated to the qualifying assets on a relative fair value basis.

NOTE 7. INTANGIBLE ASSETS AND PROPERTY AND EQUIPMENT

The Company's intangible assets as of June 30, 2024 and December 31, 2023 are included below.

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Customer relationships	\$ 12,685,362	\$ 3,294,768
Domain names	144,826	144,826
Trade names	40,000	80,000
Investment management agreements	225,469	23,416
Noncompete	<u>23,416</u>	<u>23,416</u>
	13,119,073	3,566,426
Less: accumulated amortization	(1,240,508)	(411,136)
Intangible assets, net	<u>\$ 11,878,565</u>	<u>\$ 3,155,290</u>

Amortization expenses on intangible assets during the three- and six-month periods ended June 30, 2024 totaled \$635,904 and \$901,369, respectively. Comparatively, amortization expenses on intangible assets during the three- and six-month periods ended June 30, 2023 totaled \$83,757 and \$104,472, respectively.

The cost of property and equipment as of June 30, 2024 and December 31, 2023 consisted of the following:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Property and equipment	\$ 119,099	\$ 108,501
Less: accumulated depreciation	(13,718)	(1,808)
Property and equipment, net	<u>\$ 105,381</u>	<u>\$ 106,693</u>

Depreciation expense on property and equipment was \$5,955 and \$11,910 for the three- and six-month periods ended June 30, 2024, respectively. There was no comparable activity during the three- and six-month periods ended June 30, 2023.

NOTE 8. DEBT

On March 8, 2024, pursuant to the Cohanick Agreement, CBA entered into a promissory note with Cohanick in the amount of \$10,000,000. The promissory note provides that CBA will pay Cohanick quarterly interest payments beginning on June 30, 2024 at a rate of 8% per annum until the note is paid in full. The note matures on March 8, 2031. CBA cannot prepay all or any portion of the principal amount of the note prior to March 8, 2027. After March 8, 2027, CBA may prepay the note without any penalty or premium. The note is solely an obligation of CBA and is non-recourse to ENDI. As of the period ended June 30, 2024, \$249,863 of accrued interest related to the promissory note is included on the accompanying condensed consolidated balance sheet. See Notes 4 and 5 for additional information.

NOTE 9. SEGMENT INFORMATION

During the three- and six-month periods ended June 30, 2024, the Company operated through four reportable segments: CrossingBridge operations, Willow Oak operations prior to the sale on May 10, 2024, internet operations, and other operations.

The CrossingBridge operations segment includes revenue and expenses derived from investment management and advisory and sub-advisory services.

Prior to the sale on May 10, 2024, the Willow Oak operations segment included revenues and expenses derived from various joint ventures, service offerings, and initiatives undertaken in the asset management industry.

The internet operations segment includes revenue and expenses related to the Company's sale of internet access, e-mail and hosting, storage, and other ancillary services. The Company's internet segment includes revenue generated by operations in both the United States and Canada. Included in condensed consolidated statements of operations for the three- and six-month periods ended June 30, 2024, the internet operations segment generated revenue of \$162,354 and \$326,988 in the United States and revenue of \$8,858 and \$17,361 in Canada, respectively. This compares to the three- and six-month periods ended June 30, 2023, when the internet operations segment generated revenue of \$173,533 and \$350,328 in the United States and revenue of \$9,034 and \$18,401 in Canada, respectively. All assets reported under the internet operations segment for the periods ended June 30, 2024 and December 31, 2023 are located within the United States.

The other operations segment includes revenue and expenses from nonrecurring or one-time strategic funding or similar activity and any revenue or expenses derived from corporate office operations, as well as expenses related to public company reporting, the oversight of subsidiaries, and other items that affect the overall Company.

Summarized financial information concerning the Company's reportable segments is shown in the following tables for the three- and six-month periods ended June 30, 2024 and 2023.

Three-Month Period Ended		Willow				
June 30, 2024		CrossingBridge	Oak	Internet	Other	Consolidated
Revenues	\$ 3,552,486	\$ 14,973	\$ 171,212	\$ -	-	\$ 3,738,671
Cost of revenue	-	-	56,472	-	-	56,472
Operating expenses	2,382,274	26,327	55,797	575,305	3,039,703	
Other income (expenses)	(148,328)	2,760	6,670	(3,089,369)	(3,228,267)	
Net income (loss)	1,021,884	(8,594)	65,613	(3,664,674)	(2,585,771)	
Goodwill	737,869	-	-	-	-	737,869
Identifiable assets	\$ 18,822,569	\$ -	\$ 715,464	\$ 16,535,044	\$ 36,073,077	

Six-Month Period Ended		Willow				
June 30, 2024		CrossingBridge	Oak	Internet	Other	Consolidated
Revenues	\$ 6,315,836	\$ 62,383	\$ 344,349	\$ -	-	\$ 6,722,568
Cost of revenue	-	-	105,739	-	-	105,739
Operating expenses	4,155,169	124,956	95,466	975,410	5,351,001	
Other income (expenses)	(153,457)	3,268	4,111	(3,278,190)	(3,424,268)	
Net income (loss)	2,007,210	(59,305)	147,255	(4,253,600)	(2,158,440)	
Goodwill	737,869	-	-	-	-	737,869
Identifiable assets	\$ 18,822,569	\$ -	\$ 715,464	\$ 16,535,044	\$ 36,073,077	

Three-Month Period Ended		Willow				
June 30, 2023		CrossingBridge	Oak	Internet	Other	Consolidated
Revenues	\$ 2,042,478	\$ 72,240	\$ 182,567	\$ -	-	\$ 2,297,285
Cost of revenue	-	-	55,021	-	-	55,021
Operating expenses	1,193,310	160,410	62,571	381,463	1,797,754	
Other income	7,959	405	1,139	398,861	408,364	
Net income (loss)	857,127	(87,765)	66,114	17,398	852,874	
Goodwill	737,869	-	-	-	-	737,869
Identifiable assets	\$ 5,534,134	\$ 704,279	\$ 773,993	\$ 17,559,134	\$ 24,571,540	

Six-Month Period Ended June 30, 2023	CrossingBridge	Willow Oak	Internet	Other	Consolidated
Revenues	\$ 3,769,732	\$ 96,753	\$ 368,729	\$ -	\$ 4,235,214
Cost of revenue	-	-	115,773	-	115,773
Operating expenses	2,556,406	255,228	124,097	1,021,239	3,956,970
Other income	8,250	310	983	686,826	696,369
Net income (loss)	1,221,576	(158,165)	129,842	(334,413)	858,840
Goodwill	737,869	-	-	-	737,869
Identifiable assets	\$ 5,534,134	\$ 704,279	\$ 773,993	\$ 17,559,134	\$ 24,571,540

NOTE 10. COMMITMENTS AND CONTINGENCIES

Leases

As of June 30, 2024 and December 31, 2023, the Company had no long-term leases that required right-of-use assets or lease liabilities to be recognized.

In accordance with ongoing accounting policy elections, the Company does not recognize right-of-use assets or lease liabilities for short-term or month-to-month leases. Total rental expenses attributed to short-term leases for the three- and six-month periods ended June 30, 2024 were \$31,573 and \$52,564, respectively. This compares to total rental expenses attributed to short-term leases for the three- and six-month periods ended June 30, 2023 of \$14,008 and \$37,922, respectively.

There are no other operating lease costs for the three- and six-month periods ended June 30, 2024 and 2023.

Other Commitments

Registration Rights Agreement

On the Closing Date of the Business Combination, the Company entered into the RRA with certain stockholders that are deemed to be affiliates of ENDI immediately following the closing of the Mergers, pursuant to which such stockholders' Class A Common Shares, including the Class A Common Shares underlying any warrants issued in connection with the Mergers, will be registered for resale on a registration statement to be filed by the Company with the SEC under the Securities Act of 1933, as amended. On May 1, 2023, the Company entered into a second amendment to the RRA pursuant to which the parties extended the deadline by which the Company shall prepare and file or cause to be prepared and filed with the SEC a registration statement to on or before August 1, 2023, and on August 1, 2023, the Company entered into a third amendment to the RRA pursuant to which the parties extended the deadline by which the Company shall prepare and file or cause to be prepared and filed with the SEC a registration statement to on or before March 31, 2024. On January 12, 2024, the Company entered into an amendment to the RRA that indefinitely defers the Company's obligation to file a shelf registration statement relating to the resale of such securities.

Litigation & Legal Proceedings

Enterprise Diversified, Inc. (f/k/a Sitestar Corporation) v. Frank Erhartic, Jr.

On April 12, 2016, Enterprise Diversified filed a civil action complaint against Frank Erhartic, Jr. (the "Former CEO"), Enterprise Diversified's former CEO and director (prior to December 14, 2015) and an owner of record of Enterprise Diversified's common stock, alleging, among other things, that the Former CEO engaged in, and caused Enterprise Diversified to engage in, to its detriment, a series of unauthorized related party transactions; causing Enterprise Diversified to overpay certain expenses that the Former CEO personally benefited from.

The lawsuit was tried to a jury in the Circuit Court for the City of Lynchburg (Lynchburg, Virginia) in September 2023, and the jury returned a unanimous verdict in favor of Enterprise Diversified and against the Former CEO. On September 25, 2023, the Court entered a civil judgment in favor of Enterprise Diversified in the amount of \$243,423, plus interest in the amount of 6% per year until the judgement is paid in full (the "Judgment"). The Former CEO filed a Notice of Appeal on October 17, 2023.

On November 27, 2023, Enterprise Diversified initiated a civil action in Nevada to domesticate the Judgment to execute on the Former CEO's stock in Enterprise Diversified. Following a statutorily required stay of execution, on February 13, 2024, Enterprise Diversified filed a request with the court to require the Former CEO to deliver his shares to Enterprise Diversified, or in the alternative, to allow Enterprise Diversified to issue 196,673 replacement shares (the "Replacement Shares") to the Former CEO.

On April 10, 2024, the Former CEO and the Company entered into a Settlement and Release Agreement pursuant to which the Former CEO acknowledged the Nevada Court's motion on issuing the Replacement Shares and agreed to allow the Company to redeem the Replacement Shares to satisfy the Judgment. The price for each Replacement Share redeemed was based on the Company's closing price as of April 10, 2024, but would not be less than \$4.72 per Replacement Share and not more than \$5.12 per Replacement Share (the "Purchase Price"). The Settlement and Release Agreement provided that the Company was entitled to credit the amount owed by the Former CEO under the Judgment (\$243,423) against the aggregate Purchase Price to be paid for the redemption.

On April 19, 2024, the Nevada Court granted Enterprise Diversified's request, and once in possession of the Replacement Shares, Enterprise Diversified was entitled to execute on the shares to satisfy amounts owed under the Judgment.

On May 14, 2024, the Company completed the issuance of the Replacement Shares to the Former CEO and then redeemed all of the Replacement Shares to satisfy the Judgment.

Included on the accompanying unaudited condensed consolidated statements of operations for the three- and six-month periods ended June 30, 2024 is \$416,495 of other income related to the execution of the Settlement and Release Agreement. This amount represents the value of the Judgment, as well as the difference in value between the Purchase Price and the fair market value of the Replacement Shares as of April 10, 2024, the effective date of the Settlement and Release Agreement.

NOTE 11. STOCKHOLDERS' EQUITY

Classes of Shares

As of June 30, 2024, the Company's Certificate of Incorporation authorizes the issuance of an aggregate of 17,800,000 shares of capital stock of the Company consisting of 14,000,000 authorized shares of Class A Common Stock, par value of \$0.0001 per share, 1,800,000 authorized shares of Class B Common Stock, par value of \$0.0001 per share, and 2,000,000 shares of preferred stock, par value of \$0.0001 per share ("Preferred Stock").

Class A Common Stock

As of June 30, 2024, 5,468,133 shares of the Company's Class A Common Stock were issued and outstanding.

Holders of the Company's Class A Common Stock are entitled to one vote per share on all matters on which stockholders of the Company generally or holders of the Company's Class A Common Stock as a separate class are entitled to vote. However, holders of the Company's Class A Common Stock will have no voting power as to any amendment to Company's Certificate of Incorporation relating solely to the terms of any outstanding series of ENDI Corp. Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Company's Certificate of Incorporation or pursuant to the Delaware General Corporation Law ("DGCL").

Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any other outstanding class or series of stock of the Company, having a preference over or the right to participate with the Class A Common Stock with respect to the payment of dividends and other distributions in cash, property or shares of stock of the Company, holders of the Company's Class A Common Stock are entitled to receive such dividends and other distributions in cash, property or shares of ENDI Corp. stock when, as and if declared thereon by the Company's board of directors from assets or funds legally available therefor. Upon a liquidation, dissolution or winding up of the Company's affairs, after payment or provision for payment of the debts and other liabilities of the Company and of the preferential and other amounts, if any, to which the holders of ENDI Corp. Preferred Stock shall be entitled, the holders of all outstanding shares of ENDI Corp.'s Class A Common Stock will be entitled to receive, on a pro rata basis, the remaining assets of the Company available for distribution ratably in proportion to the number of shares held by each such stockholder.

Class B Common Stock

As of June 30, 2024, 1,800,000 shares of the Company's Class B Common Stock were issued and outstanding.

Holders of the Company's Class B Common Stock are entitled to one vote per share on all matters on which stockholders of the Company generally or holders of Company's Class B Common Stock as a separate class are entitled to vote. However, holders of the Company's Class B Common Stock will have no voting power as to any amendment to the Company's Certificate of Incorporation relating solely to the terms of any outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Company's Certificate of Incorporation or pursuant to the DGCL. The holders of ENDI Corp.'s Class B Common Stock are not entitled to receive any dividends or other distributions in cash, property, or shares of the Company's stock and will not be entitled to receive any assets of ENDI Corp. in the event of any liquidation, dissolution, or winding up of the Company's affairs.

Preferred Stock

As of June 30, 2024, the Company had no issued shares of Preferred Stock.

The voting, dividend, distribution, and any other rights of holders of any series of the Company's Preferred Stock will be as described in the applicable Certificate of Designation designating such series of Preferred Stock.

Treasury Stock

As defined in Note 10, pursuant to the Settlement and Release Agreement entered into on April 10, 2024, on May 14, 2024, the Company redeemed all of the Replacement Shares, totaling 196,673 shares of the Company's Class A Common Stock, for total consideration of \$1,180,088 or approximately \$6.00 per share. As of June 30, 2024, these shares are held as treasury stock at their cost basis on the accompanying condensed consolidated balance sheet.

NOTE 12. SUBSEQUENT EVENTS

On July 12, 2024, CrossingBridge Advisors, LLC submitted its registration statement with the SEC for the CrossingBridge Nordic High Income Bond Fund (Ticker: NRDCX). The CrossingBridge Nordic High Income Bond Fund is expected to launch at the end of the third quarter.

Management has evaluated all subsequent events from June 30, 2024, through August 12, 2024, the date the condensed consolidated financial statements were issued. Management concluded that no additional subsequent events have occurred that would require recognition or disclosure in the condensed consolidated financial statements.

ITEM 4

Overview

During the three- and six-month periods ended June 30, 2024, ENDI Corp. operated through the following four reportable segments:

- CrossingBridge Operations - this segment includes revenue and expenses derived from the Company's investment advisory and sub-advisory services offered through various SEC registered mutual funds and an ETF through CrossingBridge Advisors, LLC;
- Willow Oak Operations - prior to its sale on May 10, 2024, this segment included revenue and expenses derived from the Company's various joint ventures, service offerings, and initiatives undertaken in the asset management industry through Willow Oak Asset Management, LLC and its subsidiaries;
- Internet Operations - this segment includes revenue and expenses related to the Company's sale of internet access, e-mail and hosting, storage, and other ancillary services through Sitestar.net, Inc.; and
- Other Operations - this segment includes any revenue and expenses from the Company's nonrecurring or one-time strategic funding or similar activity that is not considered to be one of the Company's primary lines of business, and any revenue or expenses derived from the Company's corporate office operations, as well as expenses related to public company reporting, the oversight of subsidiaries, and other items that affect the overall Company.

The management of the Company also continually reviews various business opportunities for the Company, including those in other lines of business.

Deregistration

On January 12, 2024, we filed a Form 15 certifying the deregistration of our Class A common stock under Section 12(6) of the Exchange Act and suspension of our duty to file reports under Sections 13 and 15(d) of the Exchange Act.

Summary of Financial Performance

Stockholders' equity decreased from \$23,113,090 at December 31, 2023 to \$20,024,566 at June 30, 2024. This change was primarily attributed to net income earned by the Company's operating segments during the six-month period ended June 30, 2024. During the six-month period ended June 30, 2024, the CrossingBridge operations segment generated \$2,007,210 of net income, the internet operations segment generated \$147,255 of net income, prior to its sale on May 10, 2024, the Willow Oak operations segment generated \$59,305 of net loss, and the other operations segment generated \$4,253,600 of net loss. Corporate expenses for the six-month period ended June 30, 2024 included in the net loss from other operations totaled \$914,770. Total comprehensive net loss for all segments for the six-month period ended June 30, 2024 was \$2,158,440.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are a non-GAAP financial measures that we believe provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. We calculate EBITDA as net income (loss), adjusted for income taxes (benefit); interest expense; and depreciation and amortization. We then calculate adjusted EBITDA by further adjusting for non-cash and/or one-time transactions that management considers to be significant. For the three- and six-month periods ended June 30, 2024, adjusted EBITDA includes adjustments for the non-cash W-1 Warrant revaluation and stock compensation expense, and the one-time loss on the sale of Willow Oak, the gain on settlement, and other income on investments.

We have included EBITDA and adjusted EBITDA in this quarterly report because they are key metrics we use to evaluate our financial and operating performance, generate future operating plans, and make strategic decisions for the allocation of capital. Accordingly, we believe that EBITDA and adjusted EBITDA provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with US GAAP.

The following table presents a reconciliation of net loss, the most directly comparable GAAP measure, to EBITDA and EBITDA to adjusted EBITDA for each of the periods indicated and can be found on the accompanying unaudited condensed consolidated statements of operations:

	For the three-months ended June 30, 2024	For the six-months ended June 30, 2024
Reconciliation of net loss to EBITDA:		
Net loss	\$ (2,585,771)	\$ (2,158,440)
Interest expense on promissory note	199,452	249,863
Income tax expense (benefit)	(127,636)	-
Amortization and depreciation	641,859	913,279
EBITDA	\$ (1,872,096)	\$ (995,298)
Reconciliation of EBITDA to adjusted EBITDA:		
EBITDA	\$ (1,872,096)	\$ (995,298)
W-1 Warrant mark-to-market	3,266,080	3,638,000
Loss on sale of Willow Oak, net of recoveries	576,121	576,121
Gain on settlement	(416,495)	(416,495)
Stock compensation expenses	210,304	250,004
Other income on investments	(262,584)	(618,760)
Adjusted EBITDA	\$ 1,501,330	\$ 2,433,572

Results of Operations

CrossingBridge Operations

Revenue attributed to the CrossingBridge operations segment for the three-month period ended June 30, 2024 was \$3,552,486, representing an increase of \$1,510,008 compared to the three-month period ended June 30, 2023. This increase was primarily due to revenue attributed to additional management fees earned pursuant to the Cohanick Management asset acquisition, which was consummated in March 2024. The increase in revenue was offset by an increase of \$1,188,964 in operating expenses, which totaled \$2,382,274 for the three-month period ended June 30, 2024. The increase in operating expenses for the three-month period ended June 30, 2024, compared to the three-month period ended June 30, 2023, was primarily associated with an increase in amortization expenses, compensation-related expenses, and legal expenses. Other net expenses attributed to the CrossingBridge operations segment for the three-month period ended June 30, 2024 totaled \$148,328, increasing by \$156,287 from the three-month period ended June 30, 2023. This increase in other net expenses was due primarily to interest expenses incurred as part of the promissory note to Cohanick pursuant to the Cohanick Management asset acquisition. Net income for the CrossingBridge operations segment for the three-month period ended June 30, 2024 totaled \$1,021,884, which compares to net income for the three-month period ended June 30, 2023 of \$857,127.

Revenue attributed to the CrossingBridge operations segment for the six-month period ended June 30, 2024 was \$6,315,836, representing an increase of \$2,546,104 compared to the six-month period ended June 30, 2023. This increase was primarily due to revenue attributed to additional management fees earned pursuant to the Cohanzick Management asset acquisition. The increase in revenue was offset by an increase of \$1,598,763 in operating expenses, which totaled \$4,155,169 for the six-month period ended June 30, 2024. The increase in operating expenses for the six-month period ended June 30, 2024, compared to the six-month period ended June 30, 2023, was primarily associated with an increase in amortization expenses and compensation-related expenses. Other net expenses attributed to the CrossingBridge operations segment for the six-month period ended June 30, 2024 totaled \$153,457, increasing by \$161,707 from the six-month period ended June 30, 2023. This increase in other net expenses was due primarily to interest expenses incurred as part of the promissory note to Cohanzick pursuant to the Cohanzick Management asset acquisition. Net income for the CrossingBridge operations segment for the six-month period ended June 30, 2024 totaled \$2,007,210, which compares to net income for the six-month period ended June 30, 2023 of \$1,221,576.

Compensation-related costs represent CBA's most significant operating expenses and are typically comprised of salaries, bonuses, and benefits. Bonuses are subjective and based on individual performance, the underlying funds' performance, and profitability of the Company, as well as the consideration of future outlook. Compensation-related costs increased by approximately \$392,096 and \$485,301, respectively, for the three- and six-month periods ended June 30, 2024, compared to the three- and six-month periods ended June 30, 2023. These increases were due to salary increases that took effect at the beginning of the current period, an increase in anticipated annual bonus amounts, and the hiring of three additional employees during the six-month period ended June 30, 2024. Compensation-related expenses can fluctuate period over period as management evaluates investment performance, individual performance, Company performance, and other factors.

Further, increases in amortization expenses for the CrossingBridge operations segment are the product of intangible assets recorded pursuant to the RiverPark Strategic Income Fund and Cohanzick transactions, which closed during May 2023 and March 2024, respectively, and increases in legal expenses are the product of new product research and development.

CBA expects that its net margin will fluctuate from period to period based on various factors, including: revenues, investment results, and the development of investment strategies, products, and/or channels.

Assets Under Management

CBA derives its revenue from its investment advisory fees. Investment advisory fees paid to CBA are based on the value of the investment portfolios it manages and fluctuate with changes in the total value of its AUM.

CBA's revenues are highly dependent on both the value and composition of AUM. The following is a summary of CBA's AUM by product and investment strategy as of June 30, 2024 and June 30, 2023.

Assets Under Management by Product (in millions, except percentages)	June 30, 2024	June 30, 2023	% Change
Advised funds	1,689	1,013	66.7%
Sub-advised funds	1,279	616	107.6%
Managed accounts	127	-	-
Total AUM	3,095	1,629	82.2%

Assets Under Management by Investment

Strategy (in millions, except percentages)	June 30, 2024	June 30, 2023	% Change
Ultra-Short Duration	908	89	920.2%
Low Duration	1,250	889	40.6%
Responsible Investing	36	25	44.0%
Strategic Income	774	626	23.6%
Other - managed accounts	127	-	-
Total AUM	3,095	1,629	82.2%

The following tables represent CBA's AUM flows for its advised and sub-advised mutual funds, ETF, and UCITS products over the indicated quarterly periods:

CrossingBridge Low Duration High Yield Fund (in dollars)

	Beginning Balance	Gross Inflows	Gross Outflows	Market Appreciation (Depreciation)	Ending Balance
2Q 2023	544,256,472	73,497,502	(57,721,948)	8,557,702	568,589,728
3Q 2023	568,589,728	74,359,065	(47,683,277)	10,190,130	605,455,646
4Q 2023	605,455,646	94,221,882	(65,932,061)	15,779,131	649,524,598
1Q 2024	649,524,598	129,651,564	(51,241,813)	16,810,034	744,744,383
2Q 2024	744,744,383	228,431,654	(65,342,231)	10,732,171	918,565,977

CrossingBridge Ultra-Short Duration Fund (in dollars)

	Beginning Balance	Gross Inflows	Gross Outflows	Market Appreciation (Depreciation)	Ending Balance
2Q 2023	89,423,512	5,804,730	(7,026,250)	1,020,039	89,222,031
3Q 2023	89,222,031	11,258,332	(7,246,212)	1,525,681	94,759,832
4Q 2023	94,759,832	10,304,718	(6,510,438)	1,645,610	100,199,722
1Q 2024	100,199,722	13,230,941	(5,141,562)	1,722,951	110,012,052
2Q 2024	110,012,052	20,850,665	(5,089,489)	1,393,185	127,166,413

RiverPark Strategic Income Fund (in dollars)

	Beginning Balance	Gross Inflows	Gross Outflows	Market Appreciation (Depreciation)	Ending Balance
2Q 2023	241,973,732	40,372,611	(24,849,475)	8,154,583	265,651,451
3Q 2023	265,651,451	124,482,080	(23,665,750)	4,751,326	371,219,107
4Q 2023	371,219,107	48,521,018	(55,778,526)	12,150,343	376,111,942
1Q 2024	376,111,942	50,984,326	(30,821,095)	11,487,185	407,762,358
2Q 2024	407,762,358	102,352,712	(69,006,475)	4,143,378	445,251,973

CrossingBridge Responsible Credit Fund (in dollars)

	Beginning Balance	Gross Inflows	Gross Outflows	Market Appreciation (Depreciation)	Ending Balance
2Q 2023	23,444,166	3,218,353	(1,741,322)	110,993	25,032,190
3Q 2023	25,032,190	2,610,494	(1,149,249)	758,471	27,251,906
4Q 2023	27,251,906	6,697,533	(3,952,230)	742,721	30,739,930
1Q 2024	30,739,930	7,662,094	(3,505,853)	789,368	35,685,539
2Q 2024	35,685,539	2,953,019	(3,090,769)	222,943	35,770,732

CrossingBridge Pre-Merger SPAC ETF (in dollars)

	Beginning Balance	Gross Inflows	Gross Outflows	Market Appreciation (Depreciation)	Ending Balance
2Q 2023	65,429,043	5,294,435	(7,199,642)	1,067,438	64,591,274
3Q 2023	64,591,274	3,449,665	-	940,772	68,981,711
4Q 2023	68,981,711	2,174,830	(3,974,920)	755,426	67,937,047
1Q 2024	67,937,047	2,553,521	-	816,086	71,306,654
2Q 2024	71,306,654	1,504,653	(3,223,235)	721,564	70,309,636

CrossingBridge Low Duration High Income Fund (UCITS) (in dollars)

	<u>Beginning Balance</u>	<u>Gross Inflows</u>	<u>Gross Outflows</u>	<u>Market Appreciation (Depreciation)</u>	<u>Ending Balance</u>
4Q 2023		- 58,160,996	(545,018)	1,009,877	58,625,855
1Q 2024	58,625,855	23,555,414	(1,165,402)	173,231	81,189,098
2Q 2024	81,189,098	12,597,861	(2,406,525)	787,692	92,168,126

RiverPark Short Term High Yield Fund (in dollars)

Sub-advised starting on March 9, 2024

	<u>Beginning Balance</u>	<u>Gross Inflows</u>	<u>Gross Outflows</u>	<u>Market Appreciation (Depreciation)</u>	<u>Ending Balance</u>
1Q 2024	-	802,506,399	(11,911,456)	42,546	790,637,489
2Q 2024	790,637,489	35,591,959	(57,448,890)	11,936,159	780,716,717

Destinations Low Duration Fixed Income Fund (in dollars)

	<u>Beginning Balance</u>	<u>Gross Inflows</u>	<u>Gross Outflows</u>	<u>Market Appreciation (Depreciation)</u>	<u>Ending Balance</u>
2Q 2023	272,082,490	-	(21,000,000)	4,546,336	255,628,826
3Q 2023	255,628,826	-	(14,000,000)	4,537,973	246,166,799
4Q 2023	246,166,799	-	(24,000,000)	11,124,970	233,291,769
1Q 2024	233,291,769	-	(67,000,000)	7,062,747	173,354,516
2Q 2024	173,354,516	-	(8,000,000)	3,711,873	169,066,389

Destinations Global Fixed Income Opportunities Fund (in dollars)

	<u>Beginning Balance</u>	<u>Gross Inflows</u>	<u>Gross Outflows</u>	<u>Market Appreciation (Depreciation)</u>	<u>Ending Balance</u>
2Q 2023	354,260,090	-	(4,000,000)	9,599,374	359,859,464
3Q 2023	359,859,464	-	(8,000,000)	6,492,731	358,352,195
4Q 2023	358,352,195	-	(45,000,000)	13,602,148	326,954,343
1Q 2024	326,954,343	7,000,000	(20,000,000)	12,136,563	326,090,906
2Q 2024	326,090,906	-	-	3,247,657	329,338,563

In the tables above, gross inflows include reinvested dividends and gross outflows include dividends paid/withdrawn from the funds.

As of June 30, 2024 compared to June 30, 2023, CBA's AUM increased by approximately 82% to approximately \$3.10 billion. The overall net increase in AUM was primarily the result of CBA becoming the sub-advisor to the RiverPark Short Term High Yield Fund, which added approximately \$0.78 billion in AUM as of June 30, 2024 compared to June 30, 2023. Net outflows period over period are primarily attributable to a reduction of assets in the Destinations Low Duration Fixed Income and Destinations Global Fixed Income Opportunities sub-advised accounts. Every proprietary CrossingBridge advised fund increased their AUM period over period. The AUM of CBA's proprietary advised funds as of June 30, 2024, having higher management fee rates than CBA's sub-advised funds, grew by approximately 67% compared to the AUM of advised funds as of June 30, 2023. The approximate 108% increase in CBA's sub-advised AUM between June 30, 2023 and June 30, 2024 is again due to the RiverPark Short Term High Yield Fund.

CBA has seen interest in its funds continuing to grow in the registered investment adviser, bank/trust company, and family office segments of the market and believes that widening credit spreads and/or falling interest rates may also help drive momentum for additional AUM growth. CBA expects demand for the CrossingBridge Low Duration High Yield Fund to continue to increase as the fund has recently attained a strong five-year track record and a five-out-of-five star rating from a leading provider of independent financial research, as of January 31, 2023. In addition, the RiverPark Strategic Income Fund celebrated its 10-year anniversary on September 30, 2023, which established a strong 10-year track record for the fund. CBA believes this, along with CBA's emphasis on downside risk-management, will also help drive continued demand.

For the two newer mutual funds (CrossingBridge Ultra-Short Duration Fund and the CrossingBridge Responsible Credit Fund), although they do not have established track records as individual funds, CBA believes that the market environment paired with its long-standing reputation in the fixed income space will be helpful in continuing to raise assets for those funds. As for the CrossingBridge Pre-Merger SPAC ETF, which was launched on September 20, 2021, we believe the fund remains a viable ultra-short, fixed income alternative. The size of the opportunity set, however, has significantly decreased from peak levels as a substantial amount of SPACs have either completed deals or liquidated, paired with a slowdown in new issuance/capital market activity over the past year. Looking forward, we believe the size of the SPAC market may continue to fluctuate and will be dependent upon a number of factors, including the number and size of mergers and/or liquidations as well as new issues. CBA will continue to closely monitor developments in the market.

Performance

Although performance is a key metric to measure an adviser's success, there are other metrics that CBA believes are more meaningful to its investors, including downside protection during difficult environments, sensitivity to rising interest rates, upside/downside capture, and the risk-adjusted return. Although CBA does not manage to benchmarks, CBA does provide benchmarks to investors as a frame of reference, which are set forth below:

	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
CrossingBridge Low Duration High Yield Fund	1.30%	2.43%	2.54%	1.77%	1.55%
ICE BofA 0-3 Year US HY Index ex Financials	1.31%	1.90%	3.60%	1.83%	2.09%
ICE BofA 1-3 Year Corporate Index	1.11%	0.85%	3.03%	0.91%	0.28%
ICE BofA 0-3 Year US Treasury Index	1.05%	0.59%	2.16%	0.94%	(0.03)%
CrossingBridge Ultra-Short Duration Fund	1.21%	1.66%	1.70%	1.68%	1.14%
ICE BofA 0-1 Year US Corporate Index	1.37%	1.36%	1.73%	1.41%	1.23%
ICE BofA 0-1 Year US Treasury Index	1.26%	1.15%	1.52%	1.31%	0.95%
ICE BofA 0-3 Year US Fixed Rate Asset Backed Securities Index	1.28%	1.15%	2.28%	1.21%	0.53%
RiverPark Strategic Income Fund Inst. Class	0.98%	2.97%	3.19%	1.71%	2.41%
RiverPark Strategic Income Fund Retail Class	0.92%	2.91%	3.13%	1.65%	2.36%
ICE BofA US High Yield Index	1.09%	1.51%	7.06%	0.53%	1.63%
ICE BofA US Corporate Index	0.12%	(0.08)%	7.91%	(2.70)%	(0.21)%
ICE BofA 3-7 Year US Treasury Index	0.55%	(0.59)%	4.47%	(1.14)%	(1.44)%
CrossingBridge Responsible Credit Fund	0.60%	2.43%	2.48%	2.89%	0.47%
ICE BofA US High Yield Index	1.09%	1.51%	7.06%	0.53%	1.63%
ICE BofA US Corporate Index	0.12%	(0.08)%	7.91%	(2.70)%	(0.21)%
ICE BofA 3-7 Year US Treasury Index	0.55%	(0.59)%	4.47%	(1.14)%	(1.44)%
CrossingBridge Pre-Merger SPAC ETF (Price)	1.17%	1.11%	0.97%	1.52%	1.69%
CrossingBridge Pre-Merger SPAC ETF (NAV)	1.03%	1.18%	1.09%	1.42%	1.66%
ICE BofA 0-3 Year US Treasury Index	1.05%	0.59%	2.16%	0.94%	(0.03)%
CrossingBridge Low Duration High Income Fund	1.69%	2.03%	2.17%		
ICE BofA 0-3 Year US Treasury Index	1.05%	0.59%	1.89%**		
RiverPark Short Term High Yield Fund Inst. Class	1.49%	1.45%			
RiverPark Short Term High Yield Fund Retail Class	1.44%	1.30%			
ICE BofA 1-3 Year US Corporate Index	1.11%	0.85%			
ICE BofA 1 Year US Treasuries Index	1.11%	0.83%			
ICE BofA 0-3 Year US HY Index ex Financials	1.31%	1.90%			

**For comparability, performance represents the partial period from October 23, 2023 to December 31, 2023 to reflect activity that corresponds to when the CrossingBridge Low Duration High Income Fund was launched and active during the quarter.

With respect to both Destinations Low Duration Fixed Income Fund and Destinations Global Fixed Income Opportunities Fund (collectively, the “Destination Funds”), CBA serves as one sub-adviser as part of a manager-of-managers strategy. As one of multiple sub-advisers, CBA does not select the benchmarks and does not have a license to use the benchmark performance information for the Destination Funds. CBA believes that the benchmark performance information is not material in this context because CBA’s advisory services with respect to the Destination Funds involves only a portion of the assets of the Destination Funds while the benchmarks are selected as an appropriate comparison based on the entire portfolio of the Destination Funds across all of the relevant sub-advisers. All of CBA’s proprietary advised products generated positive returns for investors during the three- and six-month periods ended June 30, 2024 and 2023. During the three- and six-month periods ended June 30, 2024 and 2023, CBA believes its contributions to the performance of Destinations Low Duration Fixed Income Fund and the Destinations Global Fixed Income Opportunities Fund were accretive as CBA continues to be a steward of a significant allocation within these funds.

Partnership with NCI Advisory A/S

On June 28, 2024, CBA entered into a strategic partnership with NCI Advisory A/S (“NCI”), a Nordic debt asset management firm based in Denmark. NCI operates in the primary and secondary Nordic high-yield bonds and direct loans market.

Pursuant to the Share Sale and Purchase Agreement entered into on June 28, 2024 (“SPA”), CBA acquired nine percent (9%) of the membership interests of NCI for cash consideration of \$505,386. If certain conditions are satisfied, including CBA obtaining approval from the Danish Financial Supervisory Authority to become a shareholder in NCI in accordance with Danish laws, CBA can acquire an additional an additional 16% of NCI, for ownership of 25% of the total membership interests of NCI, for an additional \$916,500, approximately. CBA also has the right-of-first refusal should additional investments be made within or into the partnership.

In connection with the SPA, CBA and NCI agreed to a form of Services Agreement that will be entered into at the time that CBA acquires the additional 16% of NCI. Pursuant to the Services Agreement, NCI will provide certain consulting and research services to CBA in exchange for a portion of the aggregate investment advisory fees received by CBA with respect to the U.S. mutual fund named CrossingBridge Nordic High Income Bond Fund that has a primary strategy of investing in high-yield debts issued in Northern Europe. On July 12, 2024, CrossingBridge Advisors, LLC submitted its registration statement with the SEC for the CrossingBridge Nordic High Income Bond Fund (Ticker: NRDCX). The CrossingBridge Nordic High Income Bond Fund is expected to launch at the end of the third quarter.

Willow Oak Operations

On May 10, 2024, Enterprise Diversified sold all of its equity in Willow Oak and Willow Oak’s wholly-owned subsidiaries to PV 31, LLC, a Delaware limited liability company that is wholly-owned by Jessica Greer, the former Secretary and employee of the Company, pursuant to a Membership Interest Purchase Agreement. The aggregate purchase price to be paid to Enterprise Diversified, recognized as contingent consideration, is an amount equal to 10% of Willow Oak’s future gross revenue which will be paid to Enterprise Diversified on a quarterly basis beginning with the quarter ending June 30, 2024 and ending with the quarter ending June 30, 2034. Activity reported under the Willow Oak operations segment for the current three- and six-month periods ended June 30, 2024 only reflects Willow Oak activity through this sale date.

Prior to the sale on May 10, 2024, Willow Oak generated its revenue through various fee share and consulting agreements with private investment firms and partnerships in exchange for providing operational services. Willow Oak did not manage, direct, or invest any capital itself, but rather earned fee shares based on its service agreements and the AUM and periodic performance of the investment firms and partnerships with which it partnered. Fee shares earned on AUM, management fee shares, and fund management services revenue were recognized and recorded on a monthly or quarterly basis in alignment with the underlying terms of each investment partnership. Revenue fee shares earned on performance were recognized and recorded only when the underlying investment partnership’s performance crystallized, which was typically on an annual, calendar-year basis. As performance fee shares were based on investments returns, these fee shares had the potential to be highly variable.

During the three- and six-month periods ended June 30, 2024, prior to its sale on May 10, 2024, the Willow Oak operations segment generated \$14,973 and \$62,383 of revenue, respectively. Operating expenses totaled \$26,327 and \$124,956, other income totaled \$2,760 and \$3,268, and the segment's net loss totaled \$8,594 and \$59,305 during the three- and six-month periods ended June 30, 2024, respectively. Compensation and related payroll costs represent Willow Oak's most significant operating expense during the three- and six-month periods ended June 30, 2024.

This compares to the three- and six-month periods ended June 30, 2023, when the Willow Oak operations segment generated \$72,240 and \$96,753 of revenue, respectively. Operating expenses totaled \$160,410 and \$255,228, other income totaled \$405 and \$310, and the segment's net loss totaled \$87,765 and \$158,165 during the three- and six-month periods ended June 30, 2023, respectively.

Internet Operations

As of June 30, 2024, the internet operations segment had a total of 5,349 customer accounts across the U.S. and Canada. As of June 30, 2024, approximately 92% of our customer accounts are U.S.-based, while approximately 8% are Canada-based. During the three- and six-month periods ended June 30, 2024, approximately 43% of our revenue was driven by internet access services, with the remaining approximately 57% being earned through web hosting, email, and other web-based services.

Revenue generated by our U.S. customers totaled \$162,354 and \$326,988, and revenue generated by our Canadian customers totaled \$8,858 and \$17,361 during the three- and six-month periods ended June 30, 2024, respectively.

This compares to the three- and six-month periods ended June 30, 2023, when revenue generated by our U.S. customers totaled \$173,533 and \$350,328 and revenue generated by our Canadian customers totaled \$9,034 and \$18,401, respectively.

During the three- and six-month periods ended June 30, 2024, the internet operations segment generated \$171,212 and \$344,349 of revenue, cost of revenue totaled \$56,472 and \$105,739, operating expenses totaled \$55,797 and \$95,466, other income totaled \$6,670 and \$4,111, and net income totaled \$65,613 and \$147,255, respectively.

This compares to the three-and six-month periods ended June 30, 2023, when the internet operations segment generated \$182,567 and \$368,729 of revenue, cost of revenue totaled \$55,021 and \$115,773, operating expenses totaled \$62,571 and \$124,097, other income totaled \$1,139 and \$983, and net income totaled \$66,114 and \$129,842, respectively.

Six-month period over six-month period, the internet operations segment increased its net margin from approximately 35% for the six-month period ended June 30, 2023, to approximately 43% for the six-month period ended June 30, 2024. The increase in net margin during the current six-month period is largely due to a decrease in compensation-related expenses.

Other Operations

During the three- and six-month periods ended June 30, 2024, our other operations segment did not produce any revenue or cost of revenue, operating expenses totaled \$575,305 and \$975,410, and other expenses totaled \$3,089,369 and \$3,278,190, respectively. Corporate operating expenses accounted for \$528,107 and \$914,770, respectively, of reported operating expenses for our other operations segment during the three- and six-month periods ended June 30, 2024. Included in corporate operating expenses during the three- and six-month periods ended June 30, 2024 are \$160,662 and \$306,191 of professional fees, \$127,820 and \$236,813 of compensation related expenses, and \$210,304 and \$250,004 of non-cash stock compensation expenses recorded as part of equity awards granted to directors and employees under the Company's 2022 Omnibus Equity Incentive Plan, respectively. During the three- and six-month periods ended June 30, 2024, the other operations segment reported \$3,266,080 and \$3,638,000 of other non-cash expenses related to the revaluation of the W-1 Warrants, \$144,936 and \$366,516 of interest and dividend income and \$55,171 and \$132,757 of other net investment income, respectively. Also during the three- and six-month periods ended June 30, 2024, the other operations segment reported a net loss on the sale of its Willow Oak subsidiary of \$576,121 and \$416,495 of gain on its legal settlement with the Company's former CEO. See Notes 3 and 10 for more information. This resulted in a net loss of \$3,664,674 and \$4,253,600 for the other operations segment for the three- and six-month periods ended June 30, 2024, respectively.

This compares to the three- and six-month periods ended June 30, 2023, when our other operations segment again did not produce any revenue or cost of revenue, operating expenses totaled \$381,463 and \$1,021,239, and other income totaled \$607,738 and \$686,826, respectively. Corporate operating expenses accounted for \$357,320 and \$971,625 of reported operating expenses for our other operations segment during the three- and six-month periods ended June 30, 2023, respectively. Included in corporate operating expenses during the three- and six-month periods ended June 30, 2023 are \$117,872 and \$455,664 of professional fees, \$132,093 and \$253,387 of compensation related expenses, and \$39,700 and \$121,446, respectively, of non-cash stock compensation expenses recorded as part of equity awards granted to directors and employees under the Company's 2022 Omnibus Equity Incentive Plan. During the three- and six-month periods ended June 30, 2023, the other operations segment reported \$355,000 and \$103,000 of other non-cash income related to the revaluation of the W-1 Warrants, \$89,890 and \$201,712 of interest and dividend income and \$151,516 and \$269,214 of other net investment income, respectively. Also during the six-month period ended June 30, 2023, the other operations segment reported \$334,400 of other income related to the gain on the Company's amended and restated promissory note issued by Triad DIP Investors, LLC. This resulted in net income (loss) of \$17,398 and (\$334,413), respectively, for the other operations segment for the three- and six-month periods ended June 30, 2023.

During the three- and six-month periods ended June 30, 2024, we reported (\$127,636) and \$0 of income tax (benefit) expense, respectively. This compares to the three- and six-month periods ended June 30, 2024 when we reported \$208,877 and \$241,110 of income tax expense, respectively.

Liquidity and Capital Resources

Our primary focus is on generating cash flow so that we have the flexibility to pursue opportunities as they present themselves. We intend to only invest cash in a segment if we believe that the return on the invested capital is appropriate for the risk associated with the investment. This consideration is measured against all investment opportunities available to us and is not limited to these particular segments nor our historical operations.

Significant amounts of our assets are comprised of cash and cash equivalents, investments in securities, and accounts receivable. Our main source of liquidity is cash flows from operating activities, which are primarily generated from investment advisory fees generated through our CrossingBridge operations segment. Cash and cash equivalents, investments in securities, and net accounts receivable represented approximately \$10.3 million, \$8.1 million and \$1.3 million of total assets as of June 30, 2024, respectively, and approximately \$9.0 million, \$7.7 million and \$1.1 million of total assets as of December 31, 2023, respectively. We believe that these sources of liquidity, as well as continuing cash flows from operating activities will be sufficient to meet our current and future operating needs for at least the next 12 months from the date of filing of this report.

In line with our objectives, we anticipate that our main uses of cash will be for operating expenses and seed capital to fund new and existing investment strategies through our CrossingBridge operations segment. Our management regularly reviews various factors to determine whether we have capital in excess of that required for our business, and the appropriate uses of any such excess capital.

The aging of accounts receivable as of June 30, 2024 and December 31, 2023 is as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current	\$ 1,327,182	\$ 1,052,151
30 - 60 days	5,747	6,658
60+ days	3,240	5,604
Total	<u>\$ 1,336,169</u>	<u>\$ 1,064,413</u>

We have no material capital expenditure requirements.

Cash Flow Analysis

Cash Flows from Operating Activities

The Company reported \$3,591,115 of net cash provided by operating activities during the six-month period ended June 30, 2024. The W-1 Warrant revaluation, an increase in accrued compensation, and amortization expenses represented significant adjusting items to cash flows generated through operations during the current six-month period. The Company reported \$1,473,081 of net cash provided by operating activities during the six-month period ended June 30, 2023. The realized gain on the note receivable, an increase in accrued compensation expenses, an increase in accounts receivable, and a decrease in net deferred tax assets represented significant adjusting items to cash flows generated through operations during the prior year six-month period.

Cash Flows from Investing Activities

The Company reported \$833,111 of net cash used in investing activities during the six-month period ended June 30, 2024. This was primarily related to an increase in investments in private companies and additional investments made in certain limited partnerships and was offset by the redemption of a conditional shareholder investment during the current six-month period. The Company reported \$2,903,656 of net cash used in investing activities during the six-month period ended June 30, 2023. This was primarily related to an increase in investments and an investment made in a private company during the prior year six-month period.

Cash Flows from Financing Activities

The Company reported \$1,458,869 of net cash flows used in financing activities during the six-month period ended June 30, 2024. This was primarily related to the purchase of treasury stock and the payment of earn-outs of the Company's contingent liability during the current six-month period. The Company reported \$78,481 of net cash flows provided by financing activities during the six-month period ended June 30, 2023. This was primarily related to the collection of the due from affiliate balance during the prior year six-month period.

Off-Balance Sheet Arrangements

The Company is not party to any off-balance sheet arrangements.

ITEM 5

See Note 10 under the heading "Litigation and Legal proceedings" for information regarding the Company's current legal proceedings.

ITEM 6

There have been no material defaults or delinquencies with respect to any indebtedness of the Company.

ITEM 7

As of the date of this filing, the Company does not have any additional current updates to report.

ITEM 8

Complete copies of ENDI Corp.'s certificate of incorporation and by-laws are incorporated by reference as Exhibits 3.3 and 3.4, respectively, to ENDI Corp.'s Registration Statement on Form S-4 filed with the SEC on February 3, 2022.

Complete copies of subsequent amendments to ENDI Corp.'s certificate of incorporation and by-laws are incorporated by reference as Exhibits 3.1 and 3.2, respectively, to ENDI Corp.'s Current Report on Form 8-K filed with the SEC on August 12, 2022.

ITEM 9

Principal Executive Officer:

I, David Sherman, certify that:

1. I have reviewed this quarterly disclosure statement for ENDI 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 12, 2024

/s/ David Sherman

Principal Financial Officer:

I, Alea K. Howard, certify that:

1. I have reviewed this quarterly disclosure statement for ENDI 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 12, 2024

/s/ Alea K. Howard