Condensed Consolidated Financial Statements
Teton Advisors, Inc.
Quarterly Report for the Period Ended June 30, 2023

Teton Advisors, Inc. and Subsidiaries

Condensed Consolidated Financial Statements

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Teton Advisors, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Unaudited)

	Three months ended June 30, 2023	2022
Revenues		
Investment advisory fees - mutual funds, net	$ 2,082,241	$ 2,698,344
Investment advisory fees - separate accounts	641,893	775,466
Distribution fees and other income, net	233,660	(5,201)
Total revenues	2,957,794	3,468,609
Operating expenses		
Compensation	1,328,448	1,509,552
Sub-advisory fees	397,117	548,385
Distribution costs	362,908	461,181
Marketing and administrative fees	45,165	41,337
Advanced commissions	4,975	5,842
Other operating expenses	514,442	489,307
Total operating expenses	2,653,055	3,055,604
Income before interest, taxes, depreciation and amortization	304,739	413,005
Depreciation and amortization	84,182	83,890
Income before income taxes	220,557	329,115
Income tax provision	37,262	78,590
Net income	$ 183,295	$ 250,525
Net income per share:		
Basic	$ 0.11	$ 0.20
Fully diluted	$ 0.11	$ 0.20
Weighted average shares outstanding:		
Basic	1,599,440	1,263,961
Fully diluted	1,611,176	1,273,576

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

Teton Advisors, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Unaudited)

	Six Months Ended June 30, 2023	2022
Revenues		
Investment advisory fees - mutual funds, net	$ 4,351,170	$ 5,690,368
Investment advisory fees - separate accounts	1,329,593	1,596,761
Distribution fees and other income, net	445,985	3,602
Total revenues	6,126,748	7,290,731
Operating expenses		
Compensation	2,677,081	3,119,828
Sub-advisory fees	824,828	1,161,259
Distribution costs	757,127	903,379
Marketing and administrative fees	92,664	69,209
Advanced commissions	10,088	13,269
Other operating expenses	1,078,029	906,212
Total operating expenses	5,439,817	6,173,156
Income before interest, taxes, depreciation and amortization	686,931	1,117,575
Depreciation and amortization	168,364	168,682
Income before income taxes	518,567	948,893
Income tax provision	(42,262)	69,611
Net income	$ 560,829	$ 879,282
Net income per share:		
Basic	$ 0.35	$ 0.70
Fully diluted	$ 0.35	$ 0.69
		-
Weighted average shares outstanding:		
Basic	1,599,440	1,262,482
Fully diluted	1,609,247	1,273,118

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

Teton Advisors, Inc. and Subsidiaries
Condensed Consolidated Statements of Financial Condition

	(Unaudited) June 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	$ 19,429,024	$ 26,995,341
Investment advisory fees receivable	897,823	999,299
Distribution and shareholder service expense reimbursement receivable	40,167	44,464
Receivable from affiliates	1,600	3,461
Investment in securities	2,576,161	2,559,401
Income tax receivable	118,859	-
Contingent deferred sales commissions	6,514	12,214
Deferred tax asset	3,059,910	3,183,152
Intangible assets, net (Note C)	2,811,062	2,974,011
Right-of-use assets	109,719	219,368
Other assets (net of accumulated depreciation of $42,576 and $37,161 respectively)	344,049	270,445
Total assets	$ 29,394,888	$ 37,261,156
LIABILITIES AND STOCKHOLDERS' EQUITY		
Due to broker	$ -	$ 7,947,111
Compensation payable	440,797	255,038
Payable to affiliates	214,676	436,943
Distribution costs payable	266,418	359,315
Income tax payable	-	67,197
Lease liabilities	126,598	253,125
Accrued expenses and other liabilities	1,078,810	1,379,444
Total liabilities	2,127,299	10,698,173
Stockholders' equity:		
Preferred stock, $0.001 par value; 350,000 and 80,000 shares authorized; none issued and outstanding	-	-
Class A Common stock, $0.001 par value; 5,150,000 and 1,700,000 shares authorized; respectively		
1,362,091 and 1,362,084 shares issued, respectively;		
1,313,083 and 1,313,076 outstanding, respectively	1,310	1,310
Class B Common stock, $0.001 par value; 2,000,000 and 800,000 shares authorized; respectively		
792,000 shares issued; 329,057 and 329,064 shares outstanding, respectively	339	339
Additional paid-in capital	10,715,900	10,572,123
Treasury stock, at cost (49,008 class A shares and 443 class B shares		
and 49,008 class A shares and 443 class B shares, respectively)	(1,254,002)	(1,254,002)
Retained earnings	17,804,042	17,243,213
Total stockholders' equity	27,267,589	26,562,983
Total liabilities and stockholders' equity	$ 29,394,888	$ 37,261,156

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

Teton Advisors, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
For the Six Months Ended June 30, 2023
(Unaudited)

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2022	$ 1,310	$ 339	$ 10,572,123	$ (1,254,002)	$ 17,243,213	$ 26,562,983
Net income	-	-	-	-	560,829	560,829
Stock based compensation	-	-	169,017	-	-	169,017
Deferred rights offering costs	-	-	(25,240)			(25,240)
Balance at June 30, 2023 (unaudited)	$ 1,310	$ 339	$ 10,715,900	$ (1,254,002)	$ 17,804,042	$ 27,267,589

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

Teton Advisors, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

	Six months ended June 30, 2023	2022
Cash Flow from Operating Activities		
Net income	$ 560,829	$ 879,282
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Amortization of intangible assets	162,949	162,949
Amortization of deferred sales commission	10,088	13,269
Depreciation and amortization - other	5,415	5,733
Deferred taxes	123,242	31,547
Unrealized (gain) loss on investment in securities	(16,760)	23,392
Stock based compensation expense	169,017	301,554
(Increase) decrease in operating assets:		
Investment advisory fees receivable	101,476	248,188
Distribution and shareholder service expense reimbursement receivable	4,297	9,549
Receivable from affiliates	1,861	900
Income tax receivable	(118,859)	(79,731)
Contingent deferred sales commission	(4,388)	(4,308)
Right-of-use assets	109,649	57,212
Other assets	(79,019)	(42,266)
Increase (decrease) in operating liabilities:		
Due to broker	(7,947,111)	(7,999,316)
Compensation payable	185,759	(51,532)
Payable to affiliates	(222,267)	(129,524)
Distribution costs payable	(92,897)	(8,600)
Income tax payable	(67,197)	(23,225)
Lease liability	(126,527)	(71,393)
Accrued expenses and other liabilities	(300,634)	(60,862)
Total adjustments	(8,101,906)	(7,616,464)
Net cash (used in) operating activities	(7,541,077)	(6,737,182)
Cash Flow from Investing Activities		
Purchases of securities	-	(1,500,000)
Net cash (used in) investing activities	-	(1,500,000)
Cash Flow from Financing Activities		
Deferred rights offering costs	(25,240)	(162,145)
Payment of taxes related to net share settlement of equity awards	-	(20,946)
Net cash (used in) financing activities	(25,240)	(183,091)
Net (decrease) in cash and cash equivalents	(7,566,317)	(8,420,273)
Cash and cash equivalents:		
Beginning of year	26,995,341	21,506,861
End of period	$ 19,429,024	$ 13,086,588
Supplemental disclosure of cash flow information:		
Federal and State income tax payments	$ 199,758	$ 335,994
Supplemental disclosure of non-cash activity:		
Right-of-use asset obtained in exchange for lease liability	$ -	$ 58,658

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

Teton Advisors, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
June 30, 2023

A. Overview

Business Description

Teton Advisors, Inc., a company incorporated under the laws of Delaware, is a holding company that, through its subsidiaries, provides investment advisory services to open-ended funds and separate client accounts. ("Teton," the "Company," and unless we have indicated otherwise, or the context otherwise requires, references to "we" or "us" all refer to Teton Advisors, Inc.) We generally manage assets on a fully discretionary basis and invest primarily in U.S. securities. Our revenues are based primarily on the Company's level of assets under management ("AUM") and fees associated with our various investment products. We conduct our investment advisory business principally through two subsidiaries, which are registered investment advisors: Keeley-Teton Advisors, LLC ("Keeley-Teton") and Teton Advisors, LLC ("Teton LLC").

Organizational Structure

Teton (OTCQX: TETAA) was formed in Texas as Teton Advisers, LLC in December 1994. On March 2, 1998, Teton Advisers LLC was renamed Gabelli Advisors, LLC and, on the same date, merged into Gabelli Advisers, Inc., a Delaware corporation. On January 25, 2008, Gabelli Advisers, Inc. was renamed Teton Advisors, Inc. On March 20, 2009, GAMCO Investors, Inc. ("GAMCO") spun-off their ownership interest in Teton to its stockholders. Prior to the March 20, 2009 spin-off, the Company was a 42%-owned subsidiary of GAMCO. On February 28, 2017, Teton acquired the assets of Keeley Asset Management Corp. ("KAMCO") in a newly formed, wholly-owned subsidiary, Keeley-Teton. Keeley-Teton also serves as the investment advisor for the KEELEY Funds and separately managed accounts. At the time, the acquisition expanded Teton's product suite to eleven mutual funds under the TETON Westwood and KEELEY Funds brands (collectively referred to herein as the "Funds"), along with various separately managed account strategies.

On December 30, 2021, Teton transferred the investment management agreement with the TETON Westwood SmallCap Equity Fund and the portfolio team that managed the fund to Keeley-Teton.

On December 31, 2021, Teton transferred its advisory business, operations and personnel to a new wholly-owned subsidiary, Teton LLC.

As specialists in small, mid and micro-cap, active value investing, our offerings include tailored separately managed accounts and eight mutual funds under the TETON, TETON Westwood, and KEELEY brands.

The Company's capital structure consists of 5,150,000 shares authorized of Class A common stock with one vote per share, 2,000,000 shares authorized of Class B common stock with ten votes per share, and 350,000 shares authorized of preferred stock.

B. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the U.S. generally accepted accounting principles ("GAAP") and include the accounts of Teton and its subsidiaries, Teton LLC and Keeley-Teton. All intercompany accounts and transactions have been eliminated upon consolidation. As interim financial statements, they do not include all the information and footnotes required by GAAP for complete financial statements. Additionally, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report for the year ended December 31, 2022.

Reclassifications

Certain amounts in prior periods may have been reclassified to conform to the current period presentation.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Nature of Operations

Teton, LLC and Keeley-Teton, LLC are both SEC registered investment advisors under the Investment Advisers Act of 1940. The Company's principal market is the United States.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at banks and brokers, and Gabelli U.S. Treasury Money Market Fund, which invests fully in instruments issued by the U.S. government.

Due to broker

Due to broker represents U.S. Treasury bill purchases which have not been settled as of year-end.

Securities Transactions

Investments in securities are accounted for as "trading securities" and are stated at fair value, with any unrealized gains or losses reported in current period earnings in other income, net in the condensed consolidated statements of operations. Management determines the appropriate classification of debt and equity securities at the time of purchase. Securities that are not readily marketable are stated at their estimated fair values in accordance with GAAP. Securities transactions and any related gains and losses are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the specific identified cost basis and are included in other income, net in the condensed consolidated statements of operations.

Revenue Recognition – Investment Advisory Fees

Investment advisory fees are directly influenced by the level and mix of AUM as fees are derived from a contractually determined percentage of AUM for each open-end fund and separate account. Advisory fees from the open-end mutual funds are computed daily based on average net assets and amounts receivable are included in investment advisory fees receivable in the condensed consolidated statements of financial condition.

Advisory fees from separate, private client and wrap account clients are generally computed quarterly based on account values as of the end of the preceding or current quarter in accordance with the terms of each client's investment advisory agreement. The amounts receivable is included in investment advisory fees receivable in the condensed consolidated statements of financial condition. These revenues vary depending upon the level of sales and redemptions, financial market conditions and the fee structure for AUM. Revenues derived from the equity-oriented portfolios generally have higher management fee rates than fixed income portfolios.

Revenue Recognition – Distribution Fees

Distribution fees include distribution fees paid to the Company by G.distributors on the Class C shares sold of TETON branded and TETON Westwood branded funds. Class C shares have a 12b-1 Plan with a service and distribution fee totaling 1%. The distributor will advance the first year's commission at the time of the sale and collect the distribution fee monthly based on the daily average AUM during the first year. The Company has agreed to reimburse the distributor for the commissions advanced and receives the monthly service and distribution fee in return. Fees collected may be higher or lower than the amounts advanced as AUM increases or decreases during the period based on the Fund's performance.

Distribution Costs

The Company incurs certain promotion and distribution costs, which are expensed as incurred, principally related to the sale of shares of open-end mutual funds and are included in distribution costs payable in the condensed consolidated statements of financial condition.

Sub-advisory Fees

Sub-advisory fees are based on contractual predetermined percentages of revenues (in some cases, net of certain expenses) of the individual funds and are recognized as expenses as the related services are performed. The sub-advisory fees are paid in the month subsequent to when they are earned. Sub-advisory fees for funds which are sub-advised by GAMCO are included in payable to affiliates in the condensed consolidated statements of financial condition. Sub-advisory fees for funds which are sub-advised by Westwood Management Corporation are included in accrued expenses and other liabilities in the condensed consolidated statements of financial condition.

Depreciation and Amortization

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives. The intangible asset, customer relationships, is included in Intangible assets, net in the condensed consolidated statements of financial condition and is amortized over its estimated useful life of 9 years using the straight-line method.

Intangible Assets

Intangible assets are initially measured as the excess of the cost of the acquired business over the sum of the amounts assigned to assets acquired less the liabilities assumed. Intangible assets are tested for impairment at least annually and whenever certain triggering events are met. In assessing the recoverability of intangible assets, projections regarding estimated future cash flows and other factors are made to determine the fair value of the assets. If the book value exceeds the fair value of the assets, an impairment charge is recorded, corresponding to the amount by which the book value exceeds the fair value.

Income Taxes

Income tax expense or benefit is based on pre-tax financial accounting income, including adjustments made for the recognition or derecognition related to uncertain tax positions. The recognition or derecognition of an income tax benefit related to uncertain tax positions is determined under the guidance as prescribed by GAAP. Deferred tax assets and liabilities are recognized for the future tax attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or concluded. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

The Company records uncertain tax positions in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes", on the basis of a two-step process whereby (1) the Company determines whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company recognizes the accrual of interest on uncertain tax positions and penalties in income tax expense on the condensed consolidated statements of operations. Accrued interest and penalties on uncertain tax positions are included within accrued expenses and other liabilities in the condensed consolidated statements of financial condition.

Fair Value Measurement

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the Financial Accounting Standards Board's ("FASB") guidance on fair value measurement. The levels of the fair value hierarchy and their applicability to the Company are described below:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 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 and yield curves that are observable at commonly quoted intervals.

- Level 3 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.

- Net asset value per share is utilized as a practical expedient to estimate the fair value of certain investments in hedge funds, which do not have readily determinable fair values. Investments that are measured at fair value using net asset value per share as a practical expedient are not classified in the fair value hierarchy.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. 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 asset or liability.

Earnings Per Share

Basic earnings per share is based on the weighted-average number of common shares outstanding during each period, less unvested restricted stock. Fully diluted earnings per share is based on basic shares plus the effect of any dilutive shares from the unvested restricted stock using the treasury stock method.

Stock Based Compensation

The Company uses a fair value-based method of accounting for stock-based compensation provided to employees. The estimated fair value of the restricted stock award ("RSA") grants is determined by using the closing price of Class A Common Stock on the date of the grant. The total expense is recognized over the vesting period for these awards.

Contingent Deferred Sales Commissions

Sales commissions are paid to broker-dealers in connection with the sale of TETON and TETON Westwood branded funds' Class C shares. These commissions are capitalized and amortized over a period of one year, based upon the period of time during which deferred sales commissions are expected to be recovered from distribution plan payments received from those Funds and from contingent deferred sales charges received from shareholders of those Funds upon redemption of their shares. Distribution plan payments received from these Funds are recorded in revenue as earned. Contingent deferred sales charges and early withdrawal charges received from redeeming shareholders of these funds are generally applied to reduce the Company's unamortized deferred sales commission assets. Should the Company lose its ability to recover such sales commissions through distribution plan payments and contingent deferred sales charges, the value of these assets would immediately decline, as would future cash flows.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents held. The Company maintains cash equivalents in U.S. Treasury bills with maturities of three months or less and Gabelli U.S. Treasury Money Market Fund, which invests fully in instruments issued by the U.S. government. The concentration of credit risk with respect to advisory fees receivable is generally limited due to the short payment terms extended to clients by the Company.

Business Segments

The Company operates in one business segment, the investment advisory and asset management business.

Allowance for Credit Losses

Accounting for Financial Instruments – Credit Losses (Topic 326) ("ASU 2016-13"), adopted by the Company in 2022 and impacts the impairment model for certain financial assets by requiring a current expected credit loss ("CECL") methodology to estimate expected credit losses over the life of the financial asset. The Company records the estimate of expected credit losses as an allowance for credit losses. For financial assets measured at an amortized cost basis the allowance for credit losses is reported as a valuation account on the Statement of Financial Condition that is deducted from the asset's amortized cost. Changes in the allowance for credit losses are reported in credit loss expense on the Statement of Operations.

The Company identified fees and other receivables (including, but not limited to, receivables related to fund reimbursements, and advisory fees) as impacted by the guidance. The allowance for credit losses is based on the Company's expectation of the collectability of financial assets including fees receivable and due from affiliates utilizing CECL framework. The Company considers factors such as historical experience, credit quality, age of the balances and economic condition that may affect the Company's expectation of collectability in determining the allowance for credit losses. The Company's expectation is that the credit risk associated with the receivables is not significant until they reach 90 days past due based on the contractual arrangement and expectation of collection.

As of June 30, 2023 the Company did not provide an allowance for or experience any credit losses related to any fees or receivables.

Risk Factors

There have been no material changes to the risk factors previously disclosed in our Annual Report for the year ended December 31, 2022. For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our Annual Report for the year ended December 31, 2022, which is accessible on the Company's website at TetonAdv.com.

C. Intangible Assets

Included in our acquisition of assets from KAMCO were certain intangible assets. These assets are comprised of customer relationships, mutual fund management contracts and trade name. These intangible assets are held at the acquisition date fair value net of any amortization and impairment, where applicable. The Company performs periodic (at least annual) assessments of its intangible assets to determine if an impairment charge is necessary. The following is a summary of the intangible assets:

	As of June 30, 2023				
	Weighted Average Amortization Period (years)	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount
Customer relationships	9	$ 7,360,000	$ (3,905,938)	$ (2,585,000)	$ 869,062
Mutual fund management contracts	-	12,600,000	-	(11,000,000)	1,600,000
Trade name	-	1,520,000	-	(1,178,000)	342,000
		$ 21,480,000	$ (3,905,938)	$ (14,763,000)	$ 2,811,062

Amortization expense for customer relationships for the quarters ended June 30, 2023 and 2022 was $81,475 , and for the six months ended June 30, 2023 and 2022 was $162,949, respectively.

Estimated amortization expense for customer relationships over the next three years is as follows:

For the year ended December 31,	Estimated Amortization Expense
2023 (excluding the first six months ended June 30)	$ 162,950
2024	325,898
2025	325,898
Thereafter	54,316
Total	$ 869,062

D. Fair Value Measurement

The following table presents information about the Company's assets by major categories measured at fair value on a recurring basis as of June 30, 2023 and December 31, 2022, respectively, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

Assets Measured at Fair Value on a Recurring Basis as of June 30, 2023

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	Balance as of June 30, 2023
Cash equivalents	$ 19,359,245	$ -	$ -	$ -	$ 19,359,245
Investment in securities:					
Mutual funds	1,550,415	-	-	-	1,550,415
Hedge funds	-	-	-	1,025,746	1,025,746
	1,550,415	-	-	1,025,746	2,576,161
Total assets, at fair value	$ 20,909,660	$ -	$ -	$ 1,025,746	$ 21,935,406

Assets Measured at Fair Value on a Recurring Basis as of December 31, 2022

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	Balance as of December 31, 2022
Cash equivalents	$ 26,034,023	$ -	$ -	$ -	$ 26,034,023
Investments in securities:					
Mutual funds	1,497,054	-	-	-	1,497,054
Hedge funds	-	-	-	1,062,347	1,062,347
	1,497,054	-	-	1,062,347	2,559,401
Total assets, at fair value	$ 27,531,077	$ -	$ -	$ 1,062,347	$ 28,593,424

E. Income Taxes

The provision for income taxes for the three-month periods ended June 30, 2023 and 2022, consisted of the following:

	Three months eneded June 30, 2023	2022
Federal:		
Current	$ 110	$ 46,252
Deferred	46,149	28,698
State and local:		
Current	1,181	13,857
Deferred	(10,178)	(10,217)
Total	$ 37,262	$ 78,590

The provision for income taxes for the six-month period ended June 30, 2023 and 2022, consisted of the following:

	Six months eneded June 30, 2023	2022
Federal:		
Current	$ 10,717	$ 131,745
Deferred	97,695	60,802
State and local:		
Current	5,538	39,590
Deferred	(156,212)	(162,526)
Total	$ (42,262)	$ 69,611

A reconciliation of the Federal statutory income tax rate to the effective tax rate for the three month and six-month periods ended June 30, 2023 and 2022 is set forth below:

	Three months eneded June 30, 2023	2022
Statutory Federal income tax rate	21.0%	21.0%
State income tax, net of Federal benefit	5.6%	5.6%
Other	(9.7%)	(2.7%)
Effective income tax rate	16.9%	23.9%

	Six months eneded June 30, 2023	2022
Statutory Federal income tax rate	21.0%	21.0%
State income tax, net of Federal benefit	5.9%	5.0%
Other	(35.0%)	(18.7%)
Effective income tax rate	(8.1%)	7.3%

Significant components of the Company's deferred tax assets and liabilities are as follows:

	June 30, 2023	December 31, 2022
Deferred tax assets:		
Deferred compensation	$ 305,676	$ 261,738
Impairment of intangible assets	3,696,610	3,698,792
Capitalized acquisition costs	58,985	62,425
Fixed assets	4,517	11,918
Other	4,402	-
Total deferred tax assets	4,070,190	4,034,873
Deferred tax liabilities:		
Contingent deferred sales commission	(1,722)	(3,210)
Unrealized gain on investments	(14,631)	-
Amortization of intangible assets	(986,585)	(830,930)
Other	(7,342)	(17,581)
Total deferred tax liabilities	(1,010,280)	(851,721)
Net deferred tax (liability) / asset	$ 3,059,910	$ 3,183,152

As of June 30, 2023 and December 31, 2022, the Company's gross unrecognized tax benefits were $531,456 and $675,125, respectively, of which $419,851 and $533,349, if recognized, would affect the Company's effective tax rate.

As of June 30, 2023 and December 31, 2022, the net liability for unrecognized tax benefits related to uncertain tax positions was $671,778 and $850,982, respectively, and is included in accrued expenses and other liabilities in the condensed consolidated statements of financial condition.

The Company recognizes both interest and penalties with respect to unrecognized tax benefits as income tax expense. As of June 30, 2023 and December 31, 2022, the Company had accrued a gross liability of $299,002 and $362,572, respectively, related to interest and penalties. For the six-month period ended June 30, 2023 and for the twelve-month period ended December 2022, the Company recorded income tax expense (benefit) related to an increase (decrease) in its liability for interest and penalties of ($59,917) and ($16,028), respectively. The accrued amounts of interest and penalties included in accrued expenses and other liabilities in the condensed consolidated statements of financial condition.

As of June 30, 2023, management has not identified any potential material subsequent events that could have a significant impact on unrecognized tax benefits within the next twelve months.

F. Leases

We review new arrangements at inception to evaluate whether we obtain substantially all the economic benefits of and have the right to control the use of an asset. If we determine that an arrangement qualifies as a lease, we recognize a lease liability and a corresponding right-of-use asset on the lease's commencement date. The lease liability is initially measured at the present value of the future minimum lease payments over the lease term using the rate implicit in the arrangement or, if not available, our incremental borrowing rate. An operating lease asset is measured initially at the value of the lease liability but excludes initial direct costs incurred. Additionally, certain of our leases contain options to extend or terminate the lease term that, if exercised, would result in the remeasurement of the operating lease liability.

Our operating leases contain both lease and non-lease components. Non-lease components are distinct elements of a contract that are not related to securing the use of the lease assets, such as common area maintenance and other management costs. We elected for our real estate operating leases to measure the lease liability by combining the lease and non-lease components as a single lease component. As such, we included the fixed payments and any payments that depend on a rate or index that relates to our lease and non-lease components in the measurement of the operating lease liability.

We recognize lease expense on a straight-line basis over the lease term. Operating lease expense is recognized as part of other operating expenses costs in our unaudited condensed consolidated statements of income.

All of our leases are operating leases and primarily consist of real estate leases for our corporate offices in Greenwich, Connecticut and Chicago, Illinois. As of June 30, 2023, the weighted-average remaining lease term on these leases is approximately 0.62 years and the weighted-average discount rate used to measure the lease liabilities ranges from 3.25% to 5.63%.

Our operating lease expense for the three months ended June 30, 2023 and 2022, was $51,256 and $63,211, respectively, and for the six months ended June 30, 2023 and 2022, was $114,467 and $125,808, respectively. We made lease payments of $59,695 and $70,301 during the three months ended June 30, 2023 and 2022, respectively, and for the six months ended June 30, 2023 and 2022, was $131,346 and $139,988, respectively.

Our future undiscounted cash flows related to our operating leases and the reconciliation to the operating lease liability as of June 30, 2023, are as follows:

	Lease liabilities
2023 (excluding the first six months ended June 30)	$ 119,390
2024	8,295
2025	614
Total future undiscounted cash flows	128,299
Less: imputed interest to be recognized in lease expense	(1,701)
Operating lease liabilities, as reported	$ 126,598

G. Equity

Equity Structure

On May 24, 2022, shareholders approved an amendment to the Company's Certificate of Incorporation to increase the number of shares of capital stock which the Company is authorized to issue. The Company's capital structure consists of 5,150,000 shares authorized of Class A common stock, 2,000,000 shares authorized of Class B common stock and 350,000 shares authorized of preferred stock. As of June 30, 2023, 1,362,091 Class A shares have been issued and 1,313,083 are outstanding, 792,000 Class B shares have been issued and 329,057 are outstanding, and 75,000 shares of preferred stock have been issued and none are outstanding. As of December 31, 2022, 1,362,084 Class A shares have been issued and 1,313,076 are outstanding, 792,000 Class B shares have been issued and 329,064 are outstanding, and 75,000 shares of preferred stock have been issued and none are outstanding.

On May 27, 2022, the Company announced a rights offering to shareholders of record on September 3, 2022. Shareholders had the right to purchase additional Class A shares at a subscription price of $15.50 through September 21, 2022. All Class A and B stockholders received three subscription rights for each share owned and nine subscription rights are needed to subscribe for a new share of Class A common stock. On September 26, 2022, as the result of the rights offering, the Company received gross proceeds of $5,042,910 for 325,349 Class A shares of common stock, total capitalized stock issuance costs were $231,433 which were charged against the gross proceeds received. The net proceeds of the offering were used as working capital for general corporate purposes and for acquisitions.

Voting Rights

The holders of Class A common stock and Class B common stock have identical rights except that (i) holders of Class A common stock are entitled to one vote per share, while holders of Class B common stock are entitled to ten votes per share on all matters to be voted on by stockholders in general, and (ii) holders of Class A common stock are not eligible to vote on matters relating exclusively to Class B common stock and vice versa. Class B holders are entitled to convert their shares into Class A shares at any time on a one-for-one basis.

Stock Based Compensation

On May 24, 2022, the board of directors amended and restated Teton's 2014 Stock Award and Incentive Plan ("Incentive Plan"). The amendment (i) increased the total number of Class A stock awards from 100,000 shares to 200,000 shares and (ii) added a provision whereby the number of shares of Class A common stock available for issuance under the plan is subject to an increase on the first trading day of January for each calendar year during the term of the plan, beginning with calendar year 2023, by an amount up to 5% of the combined number of shares of Class A common stock and Class B common stock outstanding as of the last trading day of the prior calendar year, as determined by the Board in its discretion prior to the date of the increase.

In the fourth quarter of 2021, the Company issued 17,500 RSAs at a grant date fair value of $21.90 per share, with 40% vesting in three years and 60% vesting in five years from the date of grant.

During the second and third quarters of 2022, 6,800 and 10,000 RSA's vested, respectively. As of March 31, 2023, 42,700 RSA's remain unvested. There are 138,000 shares of Class A common stock which remain available for future issuance under the Incentive Plan.

For the three months ended June 30, 2023 and 2022, the Company recorded stock-based compensation expense related to RSAs of $84,196 and $150,777, respectively, and for the six months ended June 30, 2023 and 2022, was $169,017 and $301,554, respectively.

H. Related Party Transactions

Mario J. Gabelli ("Mr. Gabelli") is the controlling stockholder of Teton through the shares he owns in his name and through his control of GGCP Holdings LLC, a wholly owned subsidiary of GGCP, Inc.

As of June 30, 2023, Mr. Gabelli owned approximately 24.6% and GGCP Holdings LLC owned approximately 40.5% of Teton's Class A and B shares.

The Company invests a portion of its cash equivalents in the Gabelli U.S. Treasury Money Market Fund (the "Fund") (NASDAQ: GABXX) managed by Gabelli Funds, LLC, an affiliate of GAMCO. GAMCO is majority-owned and controlled by the controlling stockholder of the Company. At June 30, 2023 and December 31, 2022, Teton had $12,017,348 and $2,657,826, respectively, invested in the Fund. The Company has compared the Fund to certain other money market funds and feels that it is an attractive investment option, considering the quality of underlying U.S. Treasury securities and its low expense ratio whereby total expenses are capped at 0.08%.

During the second quarter of 2022, the Company invested $1,500,000 into the Gabelli ABC Fund, which is managed by Gabelli Funds, LLC. The investment had an unrealized gain for the quarter ended and six months ended June 30, 2023, of $28,162 and $53,361, respectively, and is included in distribution fees and other income, net on the condensed consolidated statements of income.

During the third quarter of 2022, the Company invested $1,000,000 into the Gabelli Associates Fund II, LP, which is managed by Gabelli & Company Investment Advisers, Inc. The investment had an unrealized loss for the quarter ended and six months ended June 30, 2023, of $33,218 and $36,601, respectively, and is included in distribution fees and other income, net on the condensed consolidated statements of income.

The Company pays GAMCO a sub-advisory fee at an annualized rate of 0.32% of the average net assets of the TETON Westwood Mighty Mites Fund and the TETON Convertible Securities Fund. Sub-advisory fees were $347,535 and $490,084 for the three months ended June 30, 2023 and 2022, respectively, and for the six months ended June 30, 2023 and 2022, was $724,673 and $1,040,807, respectively.

The Company pays GAMCO marketing and administration fees based on the average net assets of the TETON Westwood Funds. Marketing and administration fees were $45,165 and $41,337 for the three months ended June 30, 2023 and 2022, respectively, and for the six months ended June 30, 2023 and 2022, was $92,664 and $69,209, respectively.

The Company pays GAMCO a fixed administrative and management services fee pursuant to a contractual agreement. The amounts paid were $12,500, for the quarters ended June 30, 2023 and 2022, respectively, and $25,000 for the six months ended June 30, 2023 and 2022, respectively.

Teton's receivables and payables to affiliates are non-interest bearing and are receivable and payable on demand. At June 30, 2023 and December 31, 2022, the amounts payable to GAMCO for the services described above were $133,961 and $313,739, respectively. The amounts are included in the Payable to affiliates on the condensed consolidated statement of financial condition.

G.distributors, a subsidiary of GAMCO, serves as the principal distributor for the Funds. Teton has a mutual fund distribution services agreement with G.distributors for general oversight, compliance and registration activities related to the distribution of the Keeley Funds. The fees related to the distribution services agreement for the three months and six months ended June 30, 2023 and 2022, were $45,000 and $90,000, respectively.

The Company pays G.distributors distribution sales fees which include wholesaler commissions, certain promotional costs, third-party mutual fund platform fees and wholesaler reimbursements related to the sales of its funds. These distribution sales fees were $171,021 and $242,374 for the three months ended June 30, 2023 and 2022, respectively, and for the six months ended June 30, 2023 and 2022, was $357,839 and $481,889, respectively.

At June 30, 2023 and December 31, 2022, the amounts payable to G.distributors for the items described above were $80,715 and $123,204, respectively. The amounts are included in the Payable to affiliates on the condensed consolidated statement of financial condition. The Company's receivables and payables to affiliates are non-interest bearing and are receivable and payable on demand.

G.distributors, a subsidiary of GAMCO, serves as the principal distributor for the Funds. The Company receives distribution fee revenue from G.distributors on the Class C Fund shares. For the three months ended June 30, 2023 and 2022, distribution fee revenue was $4,952 and $5,921, respectively, and for the six months ended June 30, 2023 and 2022 was $9,875 and $12,814, respectively. The amounts are included in Distribution fees and other income, net on the condensed consolidated statements of income.

I. Earnings Per Share

The computations of basic and fully diluted net income per share are as follows:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Basic:				
Net income attributable to Teton shareholders	$ 183,295	$ 250,525	$ 560,829	$ 879,282
Weighted average shares outstanding	1,599,440	1,263,961	1,599,440	1,262,482
Basic net income per share	$ 0.11	$ 0.20	$ 0.35	$ 0.70
Fully diluted:				
Net income attributable to Teton shareholders	$ 183,295	$ 250,525	$ 560,829	$ 879,282
Weighted average shares outstanding	1,611,176	1,273,576	1,609,247	1,273,118
Fully diluted net income per share	$ 0.11	$ 0.20	$ 0.35	$ 0.69

J. Revenue

Revenue Recognition

Revenues are recognized when the performance obligation (the investment management and advisory services provided to the client) defined by the investment advisory agreement is satisfied. For each performance obligation, we determine at contract inception whether the revenue is satisfied over time or at a point in time. We derive our revenues from investment advisory fees, distribution fees and other income. Advisory fees are calculated based on a percentage of assets under management and the performance obligation is realized over the current month or calendar quarter. Once clients receive our investment advisory services, we have an enforceable right to payment.

Advisory Fee Revenues

Our advisory fees are generated by our subsidiaries Teton LLC and Keeley-Teton which manage client accounts under investment advisory agreements. Advisory fees are typically calculated based on a percentage of assets under management and are paid in accordance with the terms of the agreement.

For mutual funds, advisory fees are accrued daily, based upon each mutual fund's daily net assets. For other accounts, advisory fees are paid either quarterly in advance based on assets under management on the last day of the preceding quarter, or quarterly in arrears based on assets under management on the last day of the quarter just ended, subject to adjustment. We recognize advisory fee revenues as services are rendered. Since our advance paying clients' billing periods coincide with the calendar quarter to which such payments relate, revenue is recognized within the quarter and our condensed consolidated financial statements contain no deferred advisory fee revenues. Advisory clients typically consist of institutional and mutual fund accounts.

Mutual fund advisory fee revenue is net of related fund expense reimbursements. Fund expense reimbursements for the three months ended June 30, 2023 and 2022 were $358,992 and $374,813, respectively, and for the six months ended June 30, 2023 and 2022, were $714,264 and $747,551, respectively.

Institutional investor accounts typically consist of corporate pension and profit-sharing plans, public employee retirement funds, Taft Hartley plans, endowments, foundations, and individuals. Mutual funds include the TETON branded and TETON Westwood branded funds, mutual funds for which Teton LLC serves as advisor, and the KEELEY Funds, mutual funds for which Keeley-Teton serves as advisor. These funds are available to individual investors, as well as offered as part of our investment strategies for institutional investors and private wealth accounts.

Revenue Disaggregated

The following tables presents our revenue disaggregated by account type:

	For The Three Months Ended June 30,		Increase (decrease)	
(Unaudited)	2023	2022	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 2,082,241	$ 2,698,344	$ (616,103)	-22.8%
Institutional	235,651	303,564	(67,913)	-22.4%
Private client	338,609	417,264	(78,655)	-18.9%
Wrap	41,983	48,938	(6,955)	-14.2%
UMA	25,650	5,700	19,950	350.0%
Total separate accounts	641,893	775,466	(133,573)	-17.2%
Total investment advisory fees	2,724,134	3,473,810	(769,626)	-22.2%
Distribution fees	4,952	5,921	(969)	-16.4%
Other income, net	228,708	(11,122)	239,830	2156%
Total revenues	$ 2,957,794	$ 3,468,609	$ (510,815)	-14.7%

	For The Six Months Ended June 30,		Increase (decrease)	
(Unaudited)	2023	2022	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 4,351,170	$ 5,690,368	$ (1,339,198)	-23.5%
Institutional	479,413	641,373	(161,960)	-25.3%
Private client	726,327	848,162	(121,835)	-14.4%
Wrap	85,792	98,828	(13,036)	-13.2%
UMA	38,061	8,398	29,663	353.2%
Total separate accounts	1,329,593	1,596,761	(267,168)	-16.7%
Total investment advisory fees	5,680,763	7,287,129	(1,606,366)	-22.0%
Distribution fees	9,875	12,814	(2,939)	-22.9%
Other income, net	436,110	(9,212)	445,322	4834.2%
Total revenues	$ 6,126,748	$ 7,290,731	$ (1,163,983)	-16.0%

K. Commitments and Contingencies

In the ordinary course of business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history and experience, the Company believes that the likelihood of any such event is remote.

L. Subsequent Events

There were no subsequent events or transactions that occurred after the balance sheet date but before August 10, 2023, the date the financial statements were available to be issued, which warrant disclosure.

MANAGEMENT'S DISCUSSION OF OPERATIONS

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in this report.

Introduction

Our revenues are highly correlated to the level of assets under management ("AUM") and fees associated with our various investment products, rather than our own corporate assets. AUM, which is directly influenced by the level and changes of the overall equity markets, can also fluctuate through acquisitions, the creation of new products, the addition of new accounts or the loss of existing accounts. Since various equity products have different fees, changes in our business mix may also affect revenues. At times, the performance of our equity products may differ markedly from popular market indices, and this can also impact our revenues. It is our belief that general stock market trends will have the greatest impact on our level of AUM and hence, revenues.

Risk Factors

There have been no material changes to the risk factors previously disclosed in our Annual Report for the year ended December 31, 2022. For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our Annual Report for the year ended December 31, 2022 which is accessible through the Company's website at TetonAdv.com.

Assets Under Management Highlights

The following table sets forth total AUM by product type as of the dates shown:

						% Δ From	
	6/22	9/22	12/22	3/23	6/23	6/22	3/22
($ in millions)							
Mutual Funds	$ 1,157	$ 1,048	$ 1,075	$ 1,059	$ 1,033	-10.7%	-2.5%
Institutional, Private Client, Wrap & UMA	406	386	422	429	411	1.2%	-4.1%
Total Assets Under Management	$ 1,563	$ 1,434	$ 1,497	$ 1,488	$ 1,444	-7.6%	-2.9%
Quarterly Average Assets Under Management	$ 1,727	$ 1,605	$ 1,541	$ 1,509	$ 1,416	-18.0%	-6.2%

The following tables set forth asset appreciation (depreciation) and net flows for the three-month and six-month periods ended June 30, 2023:

($ in millions)	March 31, 2023	Appreciation / (depreciation)	Net flows	June 30, 2023
Mutual Funds				
Equities	$ 1,059	$ 22	$ (48)	$ 1,033
Institutional, Private Client, Wrap & UMA	429	16	(34)	411
	$ 1,488	$ 38	$ (82)	$ 1,444

($ in millions)	January 1, 2023	Appreciation / (depreciation)	Net flows	June 30, 2023
Mutual Funds				
Equities	$ 1,075	$ 40	$ (82)	$ 1,033
Institutional, Private Client, Wrap & UMA	422	29	(40)	411
	$ 1,497	$ 69	$ (122)	$ 1,444

AUM was $1.44 billion at June 30, 2023, a decrease of 3.0% from $1.49 billion at March 31, 2023. The decrease was due to outflows of $115 million partly off-set by inflows of $33 million and market appreciation of $38 million. Average AUM was $1.42 billion for the second quarter 2023, a decrease of 18.0% from $1.73 billion in the second quarter 2022.

Operating Results for the Three Months Ended June 30, 2023 as Compared to the Three Months Ended June 30, 2022

Revenues

Total revenues were $2,957,794 in the second quarter of 2023, a decrease of $510,815 or 14.7% from the total revenues of $3,468,609 for the same period in the prior year. The change in total revenues by revenue component was as follows:

	For The Three Months Ended June 30,		Increase (decrease)	
(Unaudited)	2023	2022	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 2,082,241	$ 2,698,344	$ (616,103)	-22.8%
Institutional	235,651	303,564	(67,913)	-22.4%
Private client	338,609	417,264	(78,655)	-18.9%
Wrap	41,983	48,938	(6,955)	-14.2%
UMA	25,650	5,700	19,950	350.0%
Total separate accounts	641,893	775,466	(133,573)	-17.2%
Total investment advisory fees	2,724,134	3,473,810	(769,626)	-22.2%
Distribution fees	4,952	5,921	(969)	-16.4%
Other income, net	228,708	(11,122)	239,830	2156%
Total revenues	$ 2,957,794	$ 3,468,609	$ (510,815)	-14.7%

<u>*Investment Advisory Fees, net*</u>: Investment advisory fees are directly influenced by the level and mix of AUM. The Company earns advisory fees based on the average daily AUM in the Funds and for separate accounts based on the average of the ending account values for each month of the quarter or the account value as of the end of the preceding quarter. Mutual fund investment advisory fees, net of mutual fund expense reimbursements, for the three months ended June 30, 2023 and 2022 were $2,082,241 and $2,698,344, respectively, a decrease of $616,103 or 22.8%. Average AUM for the

Funds were $1.0 billion for the quarter ended June 30, 2023 compared to $1.27 billion for the quarter ended June 30, 2022, a decrease of $270 million or 21.3%.

Separate account investment advisory fees for the three months ended June 30, 2023 and 2022 were $641,893 and $775,466, respectively, a decrease of $133,573 or 17.2%. Average billable AUM for separate accounts was $399.5 million for the quarter ended June 30, 2023 compared to $453.6 million for the quarter ended June 30, 2022, a decrease of $54.1 million or 11.9%.

Distribution Fees: Distribution fees include fees paid to the Company by G.distributors on the AUM of the TETON Westwood branded funds' Class C shares sold. Distribution fee income for the three months ended June 30, 2023 and 2022 were $4,952 and $5,921, respectively, a decrease of $969 or 16.4%.

Other Income, net: Other income, net includes unrealized gains and losses on investments, interest income earned from cash equivalents that were invested in a money market mutual fund and interest earned on U.S. Treasury Bills. Other income, net for the three months ended June 30, 2023 and 2022 was $228,708 and ($11,122), respectively, an increase of $239,830. The increase for the quarter was due to interest income earned on short-term U.S. Treasury Bills and from Teton's investment in the Gabelli U.S. Treasury Money Market Fund.

Expenses

Compensation: Compensation costs, which include salaries, portfolio manager compensation, bonuses, benefits, director fees and stock-based compensation, were $1,328,448 for the second quarter of 2023, a decrease of $181,104 or 12.0% from $1,509,552 in the prior year comparative period.

Fixed compensation costs, which include salary, benefits and director fees, were $765,080 for the second quarter of 2023, an increase of $5,231 or 0.7% from $759,848 in the prior year comparative period. Stock based compensation for the second quarter of 2023 and 2022 was $84,196 and $150,777, respectively, a decrease of $66,581 or 44.2%. The remainder of the compensation expenses represents variable compensation that includes bonuses, executive compensation, along with revenue sharing that fluctuates with net investment advisory revenues. For the second quarter of 2023, variable compensation was $479,172, a decrease of $119,754 or 20.0% from $598,927 in the prior year comparative period. The decrease in variable relationship management payouts is due to the decrease in related assets under management.

Sub-advisory Fees: The Company retains a sub-adviser for the TETON branded fund and three of the four TETON Westwood branded funds. All of the Keeley-Teton funds are managed in-house. Sub-advisory fees range from 32% to 35% of the net investment advisory revenues of the sub-advised funds and are recognized as expenses as the related services are performed. Sub-advisory fees for the second quarter ended June 30, 2023 and 2022 were $397,117 and $548,385, respectively, a decrease of $151,268 or 27.6%.

The decrease was due to lower average AUM in the sub-advised funds. Specifically, average AUM in sub-advised funds was $518.8 million for the second quarter of 2023, a decrease of $193.9 million or 27.2% from $712.7 million in the prior year comparative period.

Distribution Costs: Distribution, intermediary and shareholder service costs, which are primarily related to the sale of shares of the Funds, net of related reimbursements, were $362,908 for the second quarter of 2023, a decrease of $98,273 or 21.3% from $461,181in the prior year comparative period.

Distribution costs including wholesaler payouts and payments made to third party distributors for Funds sold through them, including their no transaction fee programs were $315,489 for the second quarter of 2023, a decrease of $98,130 or 23.7% from the prior year comparative period amount of $413,620.

The remaining distribution costs include distribution service fees with G.distributors, an affiliate of GAMCO. These distribution costs for the quarter ended June 30, 2023 and 2022 were $47,419 and $47,561, respectively.

Marketing and Administrative Fees: Marketing and administrative fees are charges from GAMCO for administration of the mutual fund activities performed by GAMCO on behalf of the TETON branded and TETON Westwood branded funds, based on the average AUM in the Funds. Marketing and administration fees were $45,165 for the quarter ended June 30, 2023 compared to $41,337 for the quarter ended June 30, 2022, an increase of $3,828 or 9.3% from the prior year period.

Advanced Commissions: Advanced commission expense was $4,975 for the second quarter of 2023 and $5,842 in the prior year comparative period, a decrease of $867 or 14.8%.

Other Operating Expenses: Other operating expenses, including those charged by GAMCO and incurred directly, were $514,442 for the second quarter of 2023, an increase of $25,135 or 5.1% from $489,307 in the prior year comparative period.

Depreciation and amortization: Depreciation and amortization expense was $84,182 for the second quarter of 2023, a decrease of $292 or 0.4% from $83,890 for the prior year comparative period.

Income Taxes

The effective tax rate was 16.9% and 23.9% for the quarter ended June 30, 2023 and 2022, respectively. The unusually low effective tax rate is due to favorable M-1 temporary adjustments largely related to the tax amortization of intangible assets for a benefit of $299,000 along with a second quarter reversal of the FIN48 accrual, resulting in a tax benefit of $21,000.

Net Income

Net income for the second quarter of 2023 was $183,295 or $0.11 per fully diluted share, versus a net income of $250,525 or $0.20 per fully diluted share, for the comparable period in 2022.

Supplemental Financial Information

As supplemental information, we provide a non-U.S. generally accepted accounting principles ("non-GAAP") performance measure that we refer to as Cash Earnings. We provide this measure in addition to, but not as a substitute for net income reported on a U.S. generally accepted accounting principles ("GAAP") basis. Our management and the Board of Directors review Cash Earnings to evaluate our ongoing performance, allocate resources and review our dividend policy. We believe that this non-GAAP performance measure is useful for management and investors when evaluating our underlying operating and financial performance and our available resources. We do not advocate that investors consider this non-GAAP measure without considering financial information prepared in accordance with GAAP.

In calculating quarterly Cash Earnings, we add back to net income the non-cash expense associated with intangible amortization expense incurred in connection with the KAMCO acquisition. Although depreciation on property & equipment and amortization of leaseholds are also non-cash expenses, we do not add it back when calculating Cash Earnings because those charges represent a decline in the value of the related assets that will ultimately require replacement.

The following table provides a reconciliation of net income to Cash Earnings for the periods presented:

	For the Quarter Ended,	
	June 30, 2023	June 30, 2022
Net income	$ 183,295	$ 250,525
Add: Intangible amortization	81,475	81,475
Cash Earnings	$ 264,770	$ 332,000
Cash Earnings Per Fully Diluted Share	$ 0.16	$ 0.26

Operating Results for the Six Months Ended June 30, 2023 as Compared to the Six Months Ended June 30, 2022

Revenues

Total revenues were $6,126,748 for the six months ended June 30, 2023, a decrease of $1,163,983 or 16.0% from the total revenues of $7,290,731 for the same period in the prior year. The change in total revenues by revenue component was as follows:

	For The Six Months Ended June 30,		Increase (decrease)	
(Unaudited)	2023	2022	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 4,351,170	$ 5,690,368	$ (1,339,198)	-23.5%
Institutional	479,413	641,373	(161,960)	-25.3%
Private client	726,327	848,162	(121,835)	-14.4%
Wrap	85,792	98,828	(13,036)	-13.2%
UMA	38,061	8,398	29,663	353.2%
Total separate accounts	1,329,593	1,596,761	(267,168)	-16.7%
Total investment advisory fees	5,680,763	7,287,129	(1,606,366)	-22.0%
Distribution fees	9,875	12,814	(2,939)	-22.9%
Other income, net	436,110	(9,212)	445,322	4834.2%
Total revenues	$ 6,126,748	$ 7,290,731	$ (1,163,983)	-16.0%

Investment Advisory Fees, net: Investment advisory fees are directly influenced by the level and mix of AUM. The Company earns advisory fees based on the average daily AUM in the Funds and for separate accounts based on the average of the ending account values for each month of the quarter or the account value as of the end of the preceding quarter. Mutual fund investment advisory fees, net of mutual fund expense reimbursements, for the six months ended June 30, 2023 and 2022 were $4,351,170 and $5,690,368, respectively, a decrease of $1,339,198 or 23.5%. Average AUM for the Funds were $1.06 billion for the six months ended June 30, 2023 compared to $1.34 billion for the six months ended June 30, 2022, a decrease of $28.0 million or 20.9%

Separate account investment advisory fees for the six months ended June 30, 2023 and 2022 were $1,329,593 and $1,596,761, respectively, a decrease of $267,168 or 16%. Average billable AUM for separate accounts was $419.6 million for the six months ended June 30, 2023 compared to $471.7 million for the six months ended June 30, 2021, a decrease of $52.1 million or 11.4%.

Distribution Fees: Distribution fees include fees paid to the Company by G.distributors on the AUM of the TETON and TETON Westwood branded funds' Class C shares sold. Distribution fee income for the six months ended June 30, 2023 and 2022 were $9,875 and $12,814, respectively, a decrease of $2,939 or 22.9%.

Other Income, net: Other income, net includes unrealized gains and losses on investments, interest income earned from cash equivalents that were invested in a money market mutual fund and interest earned on U.S. Treasury Bills. Other income, net for the six months ended June 30, 2023 and 2022 was $436,110 and ($9,212), respectively, an increase of $445,322. The increase was due to interest income earned on short-term U.S. Treasury Bills and interest from Teton's investment in the Gabelli U.S. Treasury Money Market Fund.

Expenses

Compensation: Compensation costs, which include salaries, portfolio manager compensation, bonuses, benefits, director fees and stock-based compensation, were $2,677,081 for the six months ended June 30, 2023, a decrease of $442,747 or 14.2% from $3,119,828 in the prior year comparative period.

Fixed compensation costs, which include salary, benefits and director fees, were $1,516,502 for the six months ended June 30, 2023, a decrease of $56,636 or 3.6% from $1,573,138 in the prior year comparative period. Stock based compensation for the six months ended June 30, 2023 and 2022 was $169,017 and $301,554, respectively, a decrease of $132,537 or 44.0%. The remainder of the compensation expenses represents variable compensation that includes bonuses, executive compensation, along with revenue sharing that fluctuates with net investment advisory revenues. For the six months ended June 30, 2023, variable compensation was $991,562, a decrease of $253,574 or 20.4% from $1,245,136 in the prior year comparative period. The decrease in variable relationship management payouts is due to the decrease in related assets under management.

Sub-advisory Fees: The Company retains a sub-adviser for the TETON branded fund and three of the four TETON Westwood branded funds. All of the Keeley-Teton funds are managed in-house. Sub-advisory fees range from 32% to 35% of the net investment advisory revenues of the sub-advised funds and are recognized as expenses as the related services are performed. Sub-advisory fees for the six months ended June 30, 2023 and 2022 were $824,828 and $1,161,259, respectively, a decrease of $336,431 or 29.0%.

Distribution Costs: Distribution, intermediary and shareholder service costs, which are primarily related to the sale of shares of the Funds, net of related reimbursements, were $757,127 for the six months ended June 30, 2023, a decrease of $146,252 or 16.2% from $903,379 in the prior year comparative period.

Distribution costs including wholesaler payouts and payments made to third party distributors for Funds sold through them, including their no transaction fee programs were $662,345 for the six months ended June 30, 2023, a decrease of $146,058 or 18.1% from the prior year comparative period amount of $808,403.

The remaining distribution costs include distribution service fees with G.distributors, an affiliate of GAMCO. These distribution costs for the six months ended June 30, 2023 and 2022 were $94,782 and $94,976, respectively.

Marketing and Administrative Fees: Marketing and administrative fees are charges by GAMCO for administration of the mutual fund activities performed by it on behalf of the TETON branded and TETON Westwood branded funds, based on the average AUM in the Funds. Marketing and administration fees were $92,664 for the six months ended June 30, 2023 compared to $69,209 for the quarter ended June 30, 2022, an increase of $23,455 or 33.9% from the prior year period.

Advanced Commissions: Advanced commission expense was $10,088 for the six months ended June 30, 2023, a decrease of $3,181 or 24% from $13,269 from the prior year comparative period.

Other Operating Expenses: Other operating expenses, including those charged by GAMCO and incurred directly, were $1,078,029 for the six months ended June 30, 2023, an increase of 19.0% from $906,212 in the prior year comparative period.

Depreciation and amortization: Depreciation and amortization expense was $168,364 for the six months ended June 30, 2023, a decrease of $318 from $168,682 in the prior year period.

Income Taxes

The effective tax rate was (8.1%) and 7.3% for the six months ended June 30, 2023 and 2022, respectively. The unusually low effective tax rates for the period ended June 30, 2023 and 2022 are due to the release of prior years' FIN 48 accrual for uncertain tax positions for state and local tax accruals of approximately $181,000 and $188,000, respectively.

Net Income

Net income for the six months ended June 30, 2023 was $560,829, or $0.35 per fully diluted share, versus $879,282 or $0.69 per fully diluted share, for the comparable period in 2022.

Supplemental Financial Information

As supplemental information, we provide a non-U.S. generally accepted accounting principles ("non-GAAP") performance measure that we refer to as Cash Earnings. We provide this measure in addition to, but not as a substitute for, net income reported on a U.S. generally accepted accounting principles ("GAAP") basis. Our management and the Board of Directors review Cash Earnings to evaluate our ongoing performance, allocate resources and review our dividend policy. We believe that this non-GAAP performance measure is useful for management and investors when evaluating our underlying operating and financial performance and our available resources. We do not advocate that investors consider this non-GAAP measure without considering financial information prepared in accordance with GAAP.

In calculating cash earnings, we add back to net income the non-cash expense associated with the intangible amortization expense and after-tax intangible asset impairment charges. Although depreciation on property & equipment and amortization of leaseholds are also non-cash expenses, we do not add these back when calculating cash earnings because those charges represent a decline in the value of the related assets that will ultimately require replacement.

The following table provides a reconciliation of net income to Cash Earnings for the periods presented:

	For the Six Month Period Ended,			
	June 30, 2023		June 30, 2022	
Net income	$	560,829	$	879,282
Add: Intangible amortization		162,949		162,949
Cash Earnings	$	723,778	$	1,042,231
Cash Earnings Per Fully Diluted Share	$	0.45	$	0.82