Condensed Consolidated Financial Statements

Teton Advisors, Inc.

Quarterly Report for the Period Ended June 30, 2022

Teton Advisors, Inc. and Subsidiaries

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Contents

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

	Three months ended June 30, 2022	2021
Revenues		
Investment advisory fees - mutual funds, net	$ 2,698,344	$ 3,448,729
Investment advisory fees - separate accounts	775,466	818,380
Distribution fees and other income, net	(5,201)	7,633
Total revenues	3,468,609	4,274,742
Operating expenses		
Compensation	1,509,552	1,448,192
Sub-advisory fees	548,385	714,632
Distribution costs	461,181	449,695
Marketing and administrative fees	41,337	366,565
Advanced commissions	5,842	5,810
Other operating expenses	489,307	413,452
Total operating expenses	3,055,604	3,398,346
Income before interest, taxes, depreciation and amortization	413,005	876,396
Depreciation and amortization	83,890	86,023
Income before income taxes	329,115	790,373
Income tax provision	78,590	177,766
Net income	$ 250,525	$ 612,607
Net income per share:		
Basic	$ 0.20	$ 0.49
Fully diluted	$ 0.20	$ 0.48
Weighted average shares outstanding:		
Basic	1,263,961	1,260,988
Fully diluted	1,273,576	1,270,705

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, 2022	2021
Revenues		
Investment advisory fees - mutual funds, net	$ 5,690,368	$ 6,639,250
Investment advisory fees - separate accounts	1,596,761	1,494,111
Distribution fees and other income, net	3,602	15,510
Total revenues	7,290,731	8,148,871
Operating expenses		
Compensation	3,119,828	2,744,824
Sub-advisory fees	1,161,259	1,392,011
Distribution costs	903,379	884,467
Marketing and administrative fees	69,209	716,586
Advanced commissions	13,269	4,078
Other operating expenses	906,212	754,897
Total operating expenses	6,173,156	6,496,863
Income before interest, taxes, depreciation and amortization	1,117,575	1,652,008
Depreciation and amortization	168,682	172,046
Income before income taxes	948,893	1,479,962
Income tax provision	69,611	213,924
Net income	$ 879,282	$ 1,266,038
Net income per share:		
Basic	$ 0.70	$ 1.00
Fully diluted	$ 0.69	$ 1.00
Weighted average shares outstanding:		
Basic	1,262,482	1,260,988
Fully diluted	1,273,118	1,270,937

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

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

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	(Unaudited) June 30, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 13,086,588	$ 21,506,861
Investment advisory fees receivable	1,125,947	1,374,135
Distribution and shareholder service expense reimbursement receivable	43,537	53,086
Receivable from affiliates	1,900	2,800
Investment in securities	1,476,608	-
Income tax receivable	79,731	-
Contingent deferred sales commissions	8,866	17,827
Deferred tax asset	3,421,366	3,452,913
Intangible assets, net (Note B)	3,536,960	3,699,909
Right-of-use assets	328,140	385,352
Other assets (net of accumulated depreciation of $38,541 and $46,326 respectively)	474,717	276,039
Total assets	$ 23,584,360	$ 30,768,922
LIABILITIES AND STOCKHOLDERS' EQUITY		
Due to broker	$ -	$ 7,999,316
Compensation payable	656,394	707,926
Payable to affiliates	266,221	395,745
Distribution costs payable	224,809	233,409
Income tax payable	-	23,225
Lease liabilities	376,076	447,469
Accrued expenses and other liabilities	1,144,862	1,205,724
Total liabilities	2,668,362	11,012,814
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;		
1,036,735 and 1,036,706 shares issued, respectively;		
989,928 and 991,395 outstanding, respectively	977	974
Class B Common stock, $0.001 par value; 2,000,000 and 800,000 shares authorized;		
792,000 shares issued; 329,064 and 329,092 shares outstanding, respectively	339	339
Additional paid-in capital	5,599,481	5,297,930
Treasury stock, at cost (46,807 class A shares and 443 class B shares		
and 45,311 class A shares and 443 class B shares, respectively)	(1,206,355)	(1,185,409)
Retained earnings	16,521,556	15,642,274
Total stockholders' equity	20,915,998	19,756,108
Total liabilities and stockholders' equity	$ 23,584,360	$ 30,768,922

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, 2022
(Unaudited)

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2021	$ 974	$ 339	$ 5,297,930	$ (1,185,409)	$ 15,642,274	$ 19,756,108
Vesting of restricted share grants	3	-	(3)	-	-	-
Shares withheld related to net settlement of equity awards	-	-	-	(20,946)	-	(20,946)
Net income	-	-	-	-	879,282	879,282
Subscription rights (Note D)	-	-	-	-	-	-
Stock based compensation	-	-	301,554	-	-	301,554
Balance at June 30, 2022 (unaudited)	$ 977	$ 339	$ 5,599,481	$ (1,206,355)	$ 16,521,556	$ 20,915,998

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, 2022	2021
Cash Flow from Operating Activities		
Net income	$ 879,282	$ 1,266,038
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	162,949	162,949
Amortization of deferred sales commission	13,269	4,078
Depreciation and amortization - other	5,733	9,097
Deferred taxes	31,547	111,990
Unrealized (loss) on investment in securities	23,392	-
Stock based compensation expense	301,554	253,009
(Increase) decrease in operating assets:		
Investment advisory fees receivable	248,188	(359,482)
Distribution and shareholder service expense reimbursement receivable	9,549	(5,692)
Receivable from affiliates	900	825
Income tax receivable	(79,731)	128,851
Contingent deferred sales commission	(4,308)	(11,055)
Right-of-use assets	57,212	119,966
Other assets	(42,266)	131,667
Increase (decrease) in operating liabilities:		
Due to broker	(7,999,316)	-
Compensation payable	(51,532)	262,974
Payable to affiliates	(129,524)	1,446
Distribution costs payable	(8,600)	2,719
Income tax payable	(23,225)	-
Lease liability	(71,393)	(131,534)
Accrued expenses and other liabilities	(60,862)	(219,350)
Total adjustments	(7,616,464)	462,458
Net cash (used in) provided by operating activities	(6,737,182)	1,728,496
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	(162,145)	-
Payment of taxes related to net share settlement of equity awards	(20,946)	-
Net cash (used in) financing activities	(183,091)	-
Net (decrease) increase in cash and cash equivalents	(8,420,273)	1,728,496
Cash and cash equivalents:		
Beginning of year	21,506,861	9,556,418
End of period	$ 13,086,588	$ 11,284,914
Supplemental disclosure of cash flow information:		
Federal and State income tax payments	$ 335,994	$ 142,925
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.

A. Significant Accounting Policies

Basis of Presentation

Teton Advisors, Inc. ("Teton") was formed in Texas as Teton Advisors, LLC in December 1994 to develop and manage certain mutual funds. 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, Teton was distributed to the shareholders of GAMCO Investors, Inc. ("GAMCO") as a separately listed company (OTC PINK: TETAA). Teton serves as the investment adviser for the TETON Westwood Funds and separately managed accounts. Continuing its growth in smaller company expertise, on February 28, 2017, Teton acquired the assets of Keeley Asset Management Corp. ("KAMCO") in a newly formed, wholly-owned subsidiary, Keeley-Teton Advisors, LLC ("Keeley-Teton"). Keeley-Teton serves as the investment advisor for the KEELEY Funds and separately managed accounts. The acquisition expanded Teton's mutual fund product suite available under the TETON Westwood and KEELEY Funds brands (collectively referred to herein as the "Funds"), along with various separately managed account strategies.

On December 31, 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 Advisors, LLC.

Unless we have indicated otherwise, or the context otherwise requires, references in this report to "the Company," "we" or "us" collectively refer to Teton and its wholly owned subsidiaries.

The unaudited interim condensed consolidated financial statements of the Company included herein have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") in the United States for interim financial information. As interim financial statements, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of financial position, results of operations and cash flows of the Company for the interim periods presented and are not necessarily indicative of a full year's results. The interim condensed consolidated financial statements include the accounts of Teton and Keeley-Teton. Intercompany accounts and transactions have been eliminated. Additionally, these interim condensed consolidated financial statements should be read in conjunction with the audited condensed consolidated financial statements included in the Company's Annual Report for the year ended December 31, 2021.

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.

Reclassifications

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

Nature of Operations

Teton Advisors, LLC and Keeley-Teton Advisors, 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, an affiliated money market mutual fund, which is highly liquid, and U.S Treasury Bills with maturities of three months or less at the time of purchase.

Investment in Securities

Investment in securities are carried at fair value with subsequent changes in fair value recorded and included in the condensed consolidated statements of income as a component of Distribution fees and other income, net.

Recent Accounting Developments

In June 2016, the FASB issued ASU 2016-13, *Accounting for Financial Instruments - Credit Losses (Topic 326)* ("ASU 2016-13"), which requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Currently, U.S. GAAP requires an "incurred loss" methodology that delays recognition until it is probable a loss has been incurred. Under ASU 2016-13, the allowance for credit losses must be deducted from the amortized cost of the financial asset to present the net amount expected to be collected. The condensed consolidated statement of income will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. In November 2019, the FASB issued ASU 2019-10, which deferred the effective date of this guidance for smaller reporting companies for three years. This guidance is effective for the Company on January 1, 2023 and requires a modified retrospective transition method, which will result in a cumulative-effect adjustment in retained earnings upon adoption. Early adoption is permitted. The Company is currently assessing the potential impact of this guidance on the Company's condensed consolidated financial statements.

B. 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, 2022				
	Weighted Average Amortization Period (years)	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount
Customer relationships	9	$ 7,360,000	$ (3,580,040)	$ (2,585,000)	$ 1,194,960
Mutual fund management contracts	-	12,600,000	-	(10,600,000)	2,000,000
Trade name	-	1,520,000	-	(1,178,000)	342,000
		$ 21,480,000	$ (3,580,040)	$ (14,363,000)	$ 3,536,960

Amortization expense for customer relationships for the quarter ended June 30, 2022 and 2021 was $81,475, respectively, and for the six months ended June 30, 2022 and 2020 was $162,949, respectively.

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

For the year ended December 31,	Estimated Amortization Expense
2022 (excluding the first six months ended June 30)	$ 162,950
2023	325,898
2024	325,898
2025	325,898
Thereafter	54,316
Total	$ 1,194,960

C. 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 relate 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, 2022, the weighted-average remaining lease term on these leases is approximately 1.5 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, 2022 and 2021, was $63,211 and $74,750, respectively, and for the six months ended June 30, 2022 and 2021, was $125,808 and $149,500, respectively.

We made lease payments of $70,301 and $80,535 during the three months ended June 30, 2022 and 2021, respectively, and for the six months ended June 30, 2022 and 2021, was $139,988 and $161,070, respectively.

Our future undiscounted cash flows related to our operating leases and the reconciliation to the operating lease liability as of June 30, 2022, are as follows:

2022 (excluding the first six months ended June 30)	$	140,602
2023		250,736
2024		8,294
2025		614
Total future undiscounted cash flows		400,246
Less: imputed interest to be recognized in lease expense		(24,170)
Operating lease liabilities, as reported	$	376,076

D. 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 now consists of 5,100,000 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, 2022, 1,036,735 Class A shares have been issued and 989,928 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 June 3, 2022. Shareholders have 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. The net proceeds of the offering will be used as working capital for general corporate purposes and for acquisitions, although the Company has not identified any specific acquisitions at this time.

To date, the Company has incurred a total of $162,145 in common stock issuance costs directly associated with the May 27, 2022 rights offering. These costs have been capitalized and included in Other assets on the condensed consolidated statements of financial condition. Once the rights offering is completed, these capitalized costs will be charged against the gross proceeds received.

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 of 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 restricted stock awards ("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 quarter, 6,800 RSA's vested and 52,700 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, 2022 and 2021, the Company recorded stock-based compensation expense related to RSAs of $150,777 and $126,505, respectively, and for the six months ended June 30, 2022 and 2021, was $301,554 and $253,009, respectively.

E. 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. Mr. Gabelli owned approximately 23.0% of Teton's Class A and B shares and GGCP Holdings LLC owned approximately 37.8% of Teton's Class A and B shares as of June 30, 2022.

The Company invests a portion of its cash equivalents in a U.S. Treasury money market mutual fund 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, 2022 and December 31, 2021, Teton had $1,035,462 and $2,446,624, respectively, in this money market fund.

During the second quarter, the Company invested $1,500,000 into the Gabelli ABC Fund, which is managed by Gabelli Funds, LLC. The investment had an unrealized loss of ($23,392) for the quarter ended and year ended June 30, 2022.

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 Westwood Convertible Securities Fund. Sub-advisory fees were $490,084 and $650,483 for the quarter ended June 30, 2022 and 2021, respectively, and for the six months ended June 30, 2022 and 2021, was $1,040,807 and $1,266,143, 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 $41,337 and $366,565 for the quarter ended June 30, 2022 and 2021, respectively, and for the six months ended June 30, 2022 and

2021, was $69,209 and $716,586, respectively. The decrease in expenses in 2022 was due to a renegotiation of fees charged.

The Company pays GAMCO a fixed administrative and management services fee pursuant to a contractual agreement. The amounts paid were $12,500, for the quarter ended June 30, 2022 and 2021, respectively, and $37,500 for the six months ended June 30, 2022 and 2021, respectively.

At June 30, 2022 and December 31, 2021, the amounts payable to GAMCO for the services described above were $175,130 and $324,210, respectively. The amounts are included in the Payable to affiliates on the condensed consolidated statement of financial condition.

Distribution costs include certain amounts paid to G.distributors, an affiliate of GAMCO, for wholesaler and platform commissions, third party distribution costs, certain expense reimbursements, and a fixed administrative services charge based on a contractual agreement with Keeley-Teton. These costs were $129,590 and $139,788 for the quarter ended June 30, 2022 and 2021, respectively, and for the six months ended June 30, 2022 was $278,489 and $296,991, respectively.

At June 30, 2022 and December 31, 2021, the amounts payable to G.distributors for the items described above were $91,091 and $71,535, 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.

F. Earnings Per Share
The computations of basic and fully diluted net income per share are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Basic:				
Net income attributable to Teton shareholders	$ 250,525	$ 612,607	$ 879,282	$ 1,266,038
Weighted average shares outstanding	1,263,961	1,260,988	1,262,482	1,260,988
Basic net income per share	$ 0.20	$ 0.49	$ 0.70	$ 1.00
Fully diluted:				
Net income attributable to Teton shareholders	$ 250,525	$ 612,607	$ 879,282	$ 1,266,038
Weighted average shares outstanding	1,273,576	1,270,705	1,273,118	1,270,937
Fully diluted net income per share	$ 0.20	$ 0.48	$ 0.69	$ 1.00

G. 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 Advisors, LLC and Keeley-Teton Advisors, LLC 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 agreements.

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 reimbursements. Fund reimbursements for the three months ended June 30, 2022 and 2021 were $374,813 and $396,461, respectively, and for the six months ended June 30, 2022 and 2021, were $747,551 and $804,097.

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 Westwood Funds, a family of mutual funds for which Teton Advisors serves as advisor, and the KEELEY Funds, a family of mutual funds for which Keeley-Teton Advisors 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:

(Unaudited)	For The Three Months Ended June 30, 2022	2021	Increase (decrease) $	%
Investment advisory fees				
Open-end mutual funds, net	$ 2,698,344	3,448,729	$ (750,385)	-21.8%
Institutional	303,564	377,060	(73,496)	-19.5%
Private client	417,264	390,502	26,762	6.9%
Wrap	48,938	50,818	(1,880)	-3.7%
UMA	5,700	-	5,700	N/A
Total separate accounts	775,466	818,380	(48,614)	-5.9%
Total investment advisory fees	3,473,810	4,267,109	(798,999)	-18.7%
Distribution fees	5,921	7,206	(1,285)	-17.8%
Other income, net	(11,122)	427	(11,549)	-2704.7%
Total revenues	$ 3,468,609	$ 4,274,742	$ (806,133)	-18.9%

(Unaudited)	For The Six Months Ended June 30, 2022	2021	Increase (decrease) $	%
Investment advisory fees				
Open-end mutual funds, net	$ 5,690,368	$ 6,639,250	$ (948,882)	-14.3%
Institutional	641,373	632,634	8,739	1.4%
Private client	848,162	766,374	81,788	10.7%
Wrap	98,828	95,103	3,725	3.9%
UMA	8,398	-	8,398	N/A
Total separate accounts	1,596,761	1,494,111	102,650	6.9%
Total investment advisory fees	7,287,129	8,133,361	(846,232)	-10.4%
Distribution fees	12,814	14,357	(1,543)	-10.7%
Other income, net	(9,212)	1,153	(10,365)	-899.0%
Total revenues	$ 7,290,731	$ 8,148,871	$ (858,140)	-10.5%

H. 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.

The COVID-19 pandemic continues to significantly impact global economies, resulting in workforce and travel restrictions, supply chain and production disruptions and market volatility. The impact of the COVID-19 outbreak continues to evolve and has been marked by rapid changes and developments.

I. Subsequent Events

There were no subsequent events or transactions that occurred after the balance sheet date but before August 12, 2022, 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, 2021. 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, 2021 which is accessible on 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	
	6/21	**9/21**	**12/21**	**3/22**	**6/22**	**6/21**	**3/22**
($ in millions)							
Mutual Funds	$ 1,569	$ 1,479	$ 1,487	$ 1,390	$ 1,157	-26.3%	-16.8%
Institutional, Private Client, Wrap & UMA	505	467	514	481	406	-19.6%	-15.6%
Total Assets Under Management	$ 2,074	$ 1,946	$ 2,001	$ 1,871	$ 1,563	-24.6%	-16.5%
Quarterly Average Assets Under Management	$ 2,095	$ 1,994	$ 2,000	$ 1,897	$ 1,727	-17.6%	-9.0%

The following table sets forth asset appreciation and net flows for the period shown:

($ in millions)	March 31, 2022	Appreciation / (depreciation)	Net flows	June 30, 2022
Mutual Funds				
Equities	$ 1,390	$ (181)	$ (52)	$ 1,157
Institutional, Private Client, Wrap & UMA	481	(48)	(27)	406
	$ 1,871	$ (229)	$ (79)	$ 1,563

($ in millions)	December 31, 2021	Appreciation / (depreciation)	Net flows	June 30, 2022
Mutual Funds				
Equities	$ 1,487	$ (245)	$ (85)	$ 1,157
Institutional, Private Client, Wrap & UMA	514	(66)	(42)	406
	$ 2,001	$ (311)	$ (127)	$ 1,563

AUM was $1.563 billion at June 30, 2022 versus $1.871 billion at March 31, 2022. The decrease was due to outflows of $106 million and market depreciation of $229 million partly off-set by inflows of $27 million. Average AUM was $1.727 billion for the second quarter 2022, a decrease of 17.6% from $2.095 billion in the second quarter 2021.

Operating Results for the Three Months Ended June 30, 2022 as Compared to the Three Months Ended June 30, 2021

Revenues

Total revenues were $3,468,609 in the second quarter of 2022, a decrease of 18.9% from the total revenues of $4,274,742 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)	2022	2021	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 2,698,344	3,448,729	$ (750,385)	-21.8%
Institutional	303,564	377,060	(73,496)	-19.5%
Private client	417,264	390,502	26,762	6.9%
Wrap	48,938	50,818	(1,880)	-3.7%
UMA	5,700	-	5,700	N/A
Total separate accounts	775,466	818,380	(48,614)	-5.9%
Total investment advisory fees	3,473,810	4,267,109	(798,999)	-18.7%
Distribution fees	5,921	7,206	(1,285)	-17.8%
Other income, net	(11,122)	427	(11,549)	-2704.7%
Total revenues	$ 3,468,609	$ 4,274,742	$ (806,133)	-18.9%

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 three months ended June 30, 2022 and 2021 were $2,698,344 and $3,448,729, respectively. Average AUM for the Funds were $1.27 billion for the quarter ended June 30, 2022 compared to $1.58 billion for the quarter ended June 30, 2021, a decrease of 19.6%.

Separate account investment advisory fees for the three months ended June 30, 2022 and 2021 were $775,466 and $818,380, respectively, a decrease of 5.9%. Average billable AUM for separate accounts was $453.6 million for the quarter ended June 30, 2022 compared to $512.0 million for the quarter ended June 30, 2021, a decrease of 11.4%.

Distribution Fees: The Company earns a distribution fee on Class C shares of Funds sold over the first twelve months after the sale. Distribution fees for the three months ended June 30, 2022 and 2021 were $5,921 and $7,206, respectively. Total sales of class C shares were $3.0 million for the trailing twelve months ending June 30, 2022 and $2.6 million for the trailing twelve months ending June 30, 2021.

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, interest earned on U.S. Treasury Bills and interest earned from cash held at banks. Other income, net for the three months ended June 30, 2022 and 2021 was ($11,122) and $427, respectively. The loss for the quarter was due to the unrealized loss related to the Company's investment in the Gabelli ABC Fund.

Expenses

Compensation: Compensation costs, which include salaries, bonuses, benefits and stock-based compensation, were $1,509,552 for the second quarter of 2022, an increase of $61,360 from $1,448,192 in the prior year comparative period.

Fixed compensation costs, which include salary and benefits, were $759,848 for the second quarter of 2022, a decrease of 6.2% from $810,156 in the prior year comparative period. Stock based compensation for the second quarter of 2022 and 2021 was $150,777 and $126,505, respectively. 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 2022, variable compensation was $598,927, an increase of $87,396 from $511,531 in the prior year comparative period. The increase in variable compensation for the period is primarily related to the increase in the Company's executive compensation accrual.

Sub-advisory Fees: The Company retains a sub-adviser for four of the five TETON Westwood 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, 2022 and 2021 were $548,385 and $714,632, respectively, a decrease of 23.3%. The decrease was due to lower average AUM in the funds. Specifically, average AUM in sub-advised funds was $712.7 million for the second quarter of 2022, a decrease of $211.4 million from $924.1 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 $461,181 for the second quarter of 2022, an increase of 2.6% from $449,695 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 $413,620 for the second quarter of 2022, an increase of 2.7% from the prior year comparative period amount of $402,780.

The remaining distribution costs include distribution service fees with G.distributors, an affiliate of GAMCO. These distribution costs for the quarter ended June 30, 2022 and 2021 were $47,561 and $46,915, 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 Westwood funds, based on the average AUM in the Funds. Marketing and administration fees were $41,337 for the quarter ended June 30, 2022 compared to $366,565 for the quarter ended June 30, 2021, a decrease of $325,228 from the prior year period. The decrease was due to a renegotiation of the variable fee calculation.

Advanced Commissions: Advanced commission expense was $5,842 for the second quarter of 2022 and $5,810 in the prior year comparative period.

Other Operating Expenses: Other operating expenses, including those charged by GAMCO and incurred directly, were $489,307 for the second quarter of 2022, an increase of 18.3% from $413,452 in the prior year comparative period.

Depreciation and amortization: Depreciation and amortization expense was $83,890 for the second quarter of 2022, a decrease of $2,133 from $86,023 for the prior year comparative period.

Income Taxes

The effective tax rate was 23.9% for the quarter ended June 30, 2022 and 22.5% for the quarter ended June 30, 2021.

Net Income

Net income for the second quarter of 2022 was $250,525 or $0.20 per fully diluted share, versus a net income of $612,607 or $0.48 per fully diluted share, for the comparable period in 2021.

Supplemental Financial Information
As supplemental information, we provide a non-U.S. generally accepted accounting principles on ("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, 2022		June 30, 2021	
Net income	$	250,525	$	612,607
Add: Intangible amortization		81,475		81,475
Cash Earnings	$	332,000	$	694,082
Cash Earnings Per Fully Diluted Share	$	0.26	$	0.55

Operating Results for the Six Months Ended June 30, 2022 as Compared to the Six Months Ended June 30, 2021

Revenues

Total revenues were $7,290,731 for the six months ended June 30, 2022, a decrease of 10.5% from the total revenues of $8,148,871 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)	2022	2021	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 5,690,368	$ 6,639,250	$ (948,882)	-14.3%
Institutional	641,373	632,634	8,739	1.4%
Private client	848,162	766,374	81,788	10.7%
Wrap	98,828	95,103	3,725	3.9%
UMA	8,398	-	8,398	N/A
Total separate accounts	1,596,761	1,494,111	102,650	6.9%
Total investment advisory fees	7,287,129	8,133,361	(846,232)	-10.4%
Distribution fees	12,814	14,357	(1,543)	-10.7%
Other income, net	(9,212)	1,153	(10,365)	-899.0%
Total revenues	$ 7,290,731	$ 8,148,871	$ (858,140)	-10.5%

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, 2022 and 2021 were $5,690,368 and $6,639,250, respectively. Average AUM for the Funds were $1.34 billion for the six months ended June 30, 2022 compared to $1.54 billion for the six months ended June 30, 2021, a decrease of 13.0%.

Separate account investment advisory fees for the six months ended June 30, 2022 and 2021 were $1,596,761 and $1,494,111, respectively. Average billable AUM for separate accounts was $471.7 million for the six months ended June 30, 2022 compared to $461.4 million for the six months ended June 30, 2021, an increase of 2.2%.

Distribution Fees: The Company earns a distribution fee on Class C shares of Funds sold over the first twelve months after the sale. Distribution fees for the six months ended June 30, 2022 and 2021 were $12,814 and $14,357, respectively. Total sales of class C shares were $3.0 million for the trailing twelve months ended June 30, 2022 and $2.6 million for the trailing twelve months ended June 30, 2021.

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, interest earned on U.S. Treasury Bills and interest earned at cash held at banks. Other income, net for the six months ended June 30, 2022 and 2021 was ($9,212) and $1,153, respectively. The loss for the quarter was due to the unrealized loss related to the Company's investment in the Gabelli ABC Fund.

Expenses

Compensation: Compensation costs, which include salaries and benefits, portfolio manager compensation and stock-based compensation, were $3,119,828 for the six months ended June 30, 2022, an increase of 13.7% from $2,744,824 in the prior year comparative period.

Fixed compensation costs, which include salaries and benefits, were $1,573,138 for the six months ended June 30, 2022 a decrease of 5.1% from $1,657,337 in the prior year comparative period. This decrease was due to the reduction in staff and staff salaries. Stock based compensation was $301,554 for the six months ended June 30, 2022, an increase of 19.2% from $253,009 in the prior year comparative period. The remainder of the compensation expenses represents variable compensation that includes bonuses, executive compensation and revenue sharing that fluctuates with net investment advisory revenues. For the six months ended June 30, 2022, variable compensation was $1,245,136, an increase of 49.2% from $834,478 in the prior year comparative period. The increase in variable compensation for the period is two-fold, additional revenue sharing pay-outs on newly acquired institutional accounts, as well as the increase in the Company's executive compensation accrual.

Sub-advisory Fees: The Company retains a sub-adviser for four of the five TETON Westwood Funds. All 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, 2022 and 2021 were $1,161,259 and $1,392,011, respectively, a decrease of 16.6%. The decrease is the result of lower average AUM in the funds. Average AUM in sub-advised Funds was $758.1 million for the six months ended June 30, 2022, a decrease of 16.3% from $905.4 million in the prior year 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 $903,379 for the six months ended June 30, 2022, an increase of 2.1% from $884,467 in the prior year comparative period.

Distribution costs include wholesaler payouts and payments made to third party distributors for Funds sold through them, including their no transaction fee programs. These distribution costs were $808,403 for the six months ended June 30, 2022, an increase of 2.3% from the prior year comparative period amount of $790,583.

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, 2022 and 2021 were $94,976 and $93,884, 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 Westwood funds, based on the average AUM in the Funds. Marketing and administration fees were $69,209 for the six months ended June 30, 2022 compared to $716,586 for the six months ended June 30, 2021, a decrease of $647,377 from the prior year period. The decrease was due to a renegotiation of the variable fee calculation.

Advanced Commissions: Advanced commission expense was $13,269 for the six months ended June 30, 2022, an increase of $9,191 from $4,078 from the prior year comparative period.

Other Operating Expenses: Other operating expenses, including those charged by GAMCO and incurred directly, were $906,212 for the six months ended June 30, 2022, an increase of 20.0% from $754,897 in the prior year comparative period.

Depreciation and amortization: Depreciation and amortization expense was $168,682 for the six months ended June 30, 2022, a decrease of $3,364 from $172,046 in the prior year period.

Income Taxes

The effective tax rate was 7.3% for the six months ended June 30, 2022, and 14.5% for the six months ended June 30, 2021. The effective tax rate for 2022 is unusually low due a true-up of the prior year's provision of ($43,900) as well as the release of prior years' uncertain tax positions for state and local tax accruals of approximately ($133,000). The effective tax rate for 2021 is also unusually low due to the release of prior years' uncertain tax positions for state and local tax accruals of approximately ($188,000).

Net Income

Net income for the six months ended June 30, 2022 was $879,282, or $0.69 per fully diluted share, versus $1,266,038 or $1.00 per fully diluted share, for the comparable period in 2021.

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, 2022		June 30, 2021	
Net income	$	879,282	$	1,266,038
Add: Intangible amortization		162,949		162,949
Cash Earnings	$	1,042,231	$	1,428,987
Cash Earnings Per Fully Diluted Share	$	0.82	$	1.12