Condensed Consolidated Financial Statements

Teton Advisors, Inc.

Quarterly Report for the Period Ended September 30, 2021

Teton Advisors, Inc. and Subsidiary

Condensed Consolidated Financial Statements

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Contents

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

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	Three months ended September 30, 2021	Three months ended September 30, 2020
Revenues		
Investment advisory fees - mutual funds, net	$ 3,396,179	$ 2,628,482
Investment advisory fees - separate accounts	802,234	546,576
Distribution fees and other income	8,558	16,996
Total revenues	4,206,971	3,192,054
Operating expenses		
Compensation	1,451,450	1,078,895
Sub-advisory fees	701,200	581,524
Distribution costs	408,800	372,935
Marketing and administrative fees	361,751	309,786
Advanced commissions	6,307	11,209
Other operating expenses	393,919	418,385
Total operating expenses	3,323,427	2,772,734
Income before interest, taxes, depreciation and amortization	883,544	419,320
Depreciation and amortization	86,023	198,087
Income before income taxes	797,521	221,233
Income tax provision	271,728	297,508
Net income (loss)	$ 525,793	$ (76,275)
Net income (loss) per share:		
Basic	$ 0.42	$ (0.06)
Fully diluted	$ 0.41	$ (0.06)
Weighted average shares outstanding:		
Basic	1,260,988	1,260,988
Fully diluted	1,267,362	1,260,988

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

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

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenues		
Investment advisory fees - mutual funds, net	$ 10,035,429	$ 8,696,422
Investment advisory fees - separate accounts	2,296,345	1,689,675
Distribution fees and other income	24,069	91,167
Total revenues	12,355,843	10,477,264
Operating expenses		
Compensation	4,196,274	3,509,620
Sub-advisory fees	2,093,211	1,951,572
Distribution costs	1,293,268	1,314,634
Marketing and administrative fees	1,078,337	1,003,552
Advanced commissions	10,385	39,929
Other operating expenses	1,148,816	1,245,386
Total operating expenses	9,820,291	9,064,693
Income before interest, taxes, depreciation, amortization and impairment	2,535,552	1,412,571
Depreciation and amortization	258,069	594,262
Impairment of intangible assets	-	800,000
Income before income taxes	2,277,483	18,309
Income tax provision	485,652	76,552
Net income (loss)	$ 1,791,831	$ (58,243)
Net income (loss) per share:		
Basic	$ 1.42	$ (0.05)
Fully diluted	$ 1.41	$ (0.05)
Weighted average shares outstanding:		
Basic	1,260,988	1,261,396
Fully diluted	1,269,732	1,261,396

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

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

	(Unaudited) September 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	$ 12,292,732	$ 9,556,418
Investment advisory fees receivable	1,482,197	1,156,033
Deferred tax asset	3,500,830	3,667,321
Distribution and shareholder service expense reimbursement receivable	50,138	47,767
Income tax receivable	34,294	156,841
Intangible assets, net (Note B)	3,781,383	4,025,807
Right-of-use assets	872,954	1,054,287
Contingent deferred sales commissions	15,255	8,061
Receivable from affiliates	5,377	6,202
Other assets (net of accumulated depreciation of $77,195 and $63,550 respectively)	317,450	395,507
Total assets	$ 22,352,610	$ 20,074,244
LIABILITIES AND STOCKHOLDERS' EQUITY		
Compensation payable	$ 633,539	$ 131,779
Payable to affiliates	393,947	434,416
Distribution costs payable	211,915	209,793
Lease liabilities	940,856	1,139,543
Accrued expenses and other liabilities	1,092,917	1,250,622
Total liabilities	3,273,174	3,166,153
Stockholders' equity:		
Class A Common stock, $0.001 par value; 1,700,000 shares authorized; 1,019,131 and 1,019,042 shares issued, respectively; 973,820 and 973,731 outstanding, respectively	974	974
Class B Common stock, $0.001 par value; 800,000 shares authorized; 792,000 shares issued; 329,168 and 329,257 shares outstanding, respectively	339	339
Additional paid-in capital	5,171,426	4,791,912
Treasury stock, at cost (45,311 class A shares and 443 class B shares and 45,311 class A shares and 443 class B shares, respectively)	(1,185,409)	(1,185,409)
Retained earnings	15,092,106	13,300,275
Total stockholders' equity	19,079,436	16,908,091
Total liabilities and stockholders' equity	$ 22,352,610	$ 20,074,244

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

Teton Advisors, Inc. and Subsidiary
Condensed Consolidated Statements of Stockholders' Equity
For the Nine Months Ended September 30, 2021
(Unaudited)

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2020	$ 974	$ 339	$ 4,791,912	$ (1,185,409)	$ 13,300,275	$ 16,908,091
Net income	-	-	-	-	1,791,831	1,791,831
Stock based compensation	-	-	379,514	-	-	379,514
Balance at September 30, 2021 (unaudited)	$ 974	$ 339	$ 5,171,426	$ (1,185,409)	$ 15,092,106	$ 19,079,436

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

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

	Nine months ended September 30, 2021	2020
Cash Flow from Operating Activities		
Net income (loss)	$ 1,791,831	$ (58,243)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	244,424	580,617
Amortization of deferred sales commission	10,385	39,929
Depreciation and amortization - other	13,645	13,645
Deferred taxes	166,491	(32,026)
Stock based compensation expense	379,514	375,180
Intangible asset impairments	-	800,000
(Increase) decrease in operating assets:		
Investment advisory fees receivable	(326,164)	583,068
Distribution and shareholder service expense reimbursement receivable	(2,371)	22,550
Income tax receivable	122,547	(291,272)
Right-of-use assets	181,333	170,702
Contingent deferred sales commission	(17,579)	(21,017)
Receivable from affiliates	825	4,419
Other assets	64,412	152,383
Increase (decrease) in operating liabilities:		
Compensation payable	501,760	(522,836)
Payable to affiliates	(40,469)	(195,134)
Distribution costs payable	2,122	(55,417)
Income tax payable	-	(15,699)
Lease liability	(198,687)	(184,230)
Accrued expenses and other liabilities	(157,705)	(105,087)
Total adjustments	944,483	1,319,775
Net cash provided by operating activities	2,736,314	1,261,532
Cash Flows from Financing Activities		
Dividends paid	-	(63,114)
Net cash used in financing activities	-	(63,114)
Net increase in cash and cash equivalents	2,736,314	1,198,418
Cash and cash equivalents:		
Beginning of year	9,556,418	7,866,308
End of period	$ 12,292,732	$ 9,064,726
Supplemental disclosure of cash flow information:		
Federal and State income tax payments	$ 299,925	$ 453,663

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

Teton Advisors, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited)

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). Today, Teton continues to serve 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. 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 Keeley-Teton. The Company's capital structure consists of 1,700,000 shares authorized of Class A common stock with one vote per share, 800,000 shares authorized of Class B common stock with ten votes per share, and 80,000 shares authorized of preferred stock. As of September 30, 2021, 1,019,131 Class A shares have been issued and 973,820 are outstanding, and 792,000 Class B shares have been issued and 329,168 are outstanding. In addition, there are 42,000 restricted stock awards ("RSAs") that have been granted but remain unvested. There are no shares of preferred stock issued and outstanding. See Note D for further details.

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 consolidated financial statements included in the Company's Annual Report for the year ended December 31, 2020.

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 and Keeley-Teton 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.

Recent Accounting Developments

In September 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 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 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 perodic (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 September 30, 2021				
	Weighted Average Amortization Period (years)	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount
Customer relationships	9	$ 7,360,000	$ (3,335,617)	$ (2,585,000)	$ 1,439,383
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	$ (3,335,617)	$ (14,363,000)	$ 3,781,383

Amortization expense for customer relationships for the quarters ended September 30, 2021 and 2020 was $81,475 and $193,539, respectively, and for the nine months ended September 30, 2021 and 2020 was $244,424 and $580,617, respectively.

Estimated amortization expense for customer relationships over the next five years and thereafter is as follows:

For the year ended December 31,	Estimated Amortization Expense
2021 (excluding the first nine months ended September 30)	81,475
2022	325,898
2023	325,898
2024	325,898
2025	325,898
Thereafter	54,316
Total	$ 1,439,383

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 Rye, NY and Chicago, IL. As of September 30, 2021, the weighted-average remaining lease term on these leases is approximately 3.75 years and the weighted-average discount rate used to measure the lease liabilities ranges from 4.63% to 5.63%.

Our operating lease expense for the three months ended September 30, 2021 and 2020, was $74,750 and $74,750, respectively, and for the nine months ended September 30, 2021 and 2020, was $224,250 and 224,250, respectively.

We made lease payments of $80,535 and $79,259 during the three months ended September 30, 2021 and 2020, respectively, and for the nine months ended September 30, 2021 and 2020, was $241,605 and 237,777, respectively.

Our future undiscounted cash flows related to our operating leases and the reconciliation to the operating lease liability as of September 30, 2021, are as follows:

2021 (excluding the first nine months ended September 30)		80,536
2022		319,121
2023		320,399
2024		71,521
2025		66,911
Thereafter		200,733
Total future undiscounted cash flows		1,059,220
Less: imputed interest to be recognized in lease expense		(118,364)
Operating lease liabilities, as reported	$	940,856

D. Equity

Teton has two classes of common stock: Class A and Class B.

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

In the third quarter of 2019, the Company issued 17,500 RSAs at a grant date fair value of $51.32 per share, with 40% vesting in three years and 60% vesting in five years from the date of grant. In the third quarter of 2020, 500 of these RSAs were forfeited. Previously recognized compensation cost of $7,042 related to these forfeited RSAs have been reversed in the third quarter of 2020.

In the third quarter of 2019, the Company issued 25,000 RSAs at a grant date fair value of $45.00 per share, with 40% vesting in three years and 60% vesting in five years from the date of grant.

For the three months ended September 30, 2021 and 2020, the Company recorded stock based compensation expense related to RSAs of $126,505 and $126,505, respectively, and for the nine months ended September 30, 2021 and 2020, was $379,514 and 375,180, 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 23.3% of Teton's Class A and B shares and GGCP Holdings LLC owned approximately 38.3% of Teton's Class A and B shares as of September 30, 2021.

On August 16, 2021, Nicholas Galluccio, in a private transaction, sold 120,000 shares of the Company's Class A common stock to existing officers and directors, including Marc Gabelli, Aaron Feingold, Jason Lamb, Stephen Bondi, as well as to a GGCP control group (collectively, the "Related Party Purchase Group"). In addition, certain other persons also purchased 16,000 of such shares in aggregate resulting in a total of 136,000 shares sold by Mr. Gallucio. Proceeds received by Mr. Galluccio totaled $2,924,000 based on the private sale price of $21.50 per share. While Mr. Galluccio's ownership in the Company was derived from a restricted stock award grant he received as part of his 2008 employment agreement with the Company, these stock awards fully vested in 2014 providing Mr. Galluccio with 260,849 shares of freely tradable Class A common stock which equated to a voting interest of approximately 6%. As a result of the private transaction, Mr. Galluccio now retains an approximate 2.9% voting interest in the Company, and the ownership and voting interests of the Related Party Purchase Group have increased accordingly. Below is an ownership summary table as of September 30, 2021 taking into account the private transaction.

Ownership Breakdown	Number of Shares			Ownership	
	Class A	Class B	Total	Economic	Voting
GGCP	200,199	299,026	499,225	38.3%	74.8%
Mario Gabelli	299,200	3,643	302,843	23.2%	7.9%
Marc Gabelli (Co-Chairman & CEO)	40,000 *		40,000	3.1%	0.9%
Other Gabelli Affiliates	86,609	9,334	95,943	7.4%	4.2%
Total Gabelli-related	626,008	312,003	938,011	72.0%	87.8%
Nicholas Galluccio (Co-Chairman)	124,849		124,849	9.6%	2.9%
Kevin Keeley (Director)	97,342		97,342	7.5%	2.3%
Stephen Bondi (Director)	1,000	5	1,005	0.1%	0.0%
Aaron Feingold (Director)	2,000		2,000	0.2%	0.0%
Jason Lamb (Director)	2,000		2,000	0.2%	0.0%
Other Holders	120,621	17,160	137,781	10.6%	6.9%
Total Shares Outstanding	**973,820**	**329,168**	**1,302,988**	100.0%	100.0%

* - includes 25,000 RSAs; 40% vesting in 2022 and 60% vesting in 2024

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 September 30, 2021 and December 31, 2020, Teton had $2,127,324 and $8,761,351, respectively, in this money market fund.

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. The sub-advisory fees were $635,731 and $521,623 for the quarters ended September 30, 2021 and 2020, respectively, and for the nine months ended September 30, 2021 and 2020, was $1,901,874 and $1,770,304, 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 $361,751 and $309,786 for the quarters ended September 30, 2021 and 2020, respectively, and for the nine months ended September 30, 2021 and 2020, was $1,078,337 and $1,003,552, 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 September 30, 2021 and 2020, respectively, and for the nine months ended September 30, 2021 and 2020, was $37,500, respectively.

The Company subleases office space located at One Corporate Center, Rye, New York from GAMCO and an affiliate. These sublease payments totaled $21,669 for the quarters ended September 30, 2021 and 2020, respectively, and for the nine months ended September 30, 2021 and 2020, was $68,796 and $65,006, respectively.

At September 30, 2021 and December 31, 2020, the amounts payable to GAMCO for the services described above were $324,807 and $312,681, 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, 3rd party distribution costs, certain expense reimbursements, and a fixed administrative services charge based on a contractual agreement with Keeley-Teton. These costs were $102,987 and $86,340 for the quarters ended September 30, 2021 and 2020, respectively, and for the nine months ended September 30, 2021 and 2020, was $399,978 and $461,555, respectively.

At September 30, 2021 and December 31, 2020, the amounts payable to G.distributors for the items described above were $69,140 and $121,735, 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Basic:				
Net income (loss) attributable to Teton shareholders	$ 525,793	$ (76,275)	$ 1,791,831	$ (58,243)
Weighted average shares outstanding	1,260,988	1,260,988	1,260,988	1,261,396
Basic net income (loss) per share	$ 0.42	$ (0.06)	$ 1.42	$ (0.05)
Fully diluted:				
Net income (loss) attributable to Teton shareholders	$ 525,793	$ (76,275)	$ 1,791,831	$ (58,243)
Weighted average shares outstanding	1,267,362	1,260,988	1,269,732	1,261,396
Fully diluted net income (loss) per share	$ 0.41	$ (0.06)	$ 1.41	$ 0.01

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 Teton Advisors and Keeley-Teton Advisors, 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.

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.

Mutual fund advisory fee revenue is net of related fund reimbursements. Fund reimbursements for the three months ended September 30, 2021 and 2020 were $287,678 and $381,948, respectively, and for the nine months ended September 30, 2021 and 2020 were $1,091,775 and $1,284,074, respectively.

Revenue Disaggregated

The following table presents our revenue disaggregated by account type:

(Unaudited)	For The Three Months Ended September 30, 2021	2020	Increase (decrease) $	%
Investment advisory fees				
Open-end mutual funds, net	$ 3,396,179	$ 2,628,482	$ 767,697	29.2%
Institutional	336,660	187,904	148,756	79.2%
Private client	412,305	322,770	89,535	27.7%
Wrap	53,269	35,902	17,367	48.4%
Total separate accounts	802,234	546,576	255,658	46.8%
Total investment advisory fees	4,198,413	3,175,058	1,023,355	32.2%
Distribution fees	7,574	12,103	(4,529)	-37.4%
Other income, net	984	4,893	(3,909)	-79.9%
Total revenues	$ 4,206,971	$ 3,192,054	$ 1,014,917	31.8%

(Unaudited)	For The Nine Months Ended September 30, 2021	2020	Increase (decrease) $	%
Investment advisory fees				
Open-end mutual funds, net	$ 10,035,429	$ 8,696,422	$ 1,339,007	15.4%
Institutional	969,294	583,571	385,723	66.1%
Private client	1,178,679	953,958	224,721	23.6%
Wrap	148,372	152,146	(3,774)	-2.5%
Total separate accounts	2,296,345	1,689,675	606,670	35.9%
Total investment advisory fees	12,331,774	10,386,097	1,945,677	18.7%
Distribution fees	21,931	42,515	(20,584)	-48.4%
Other income, net	2,138	48,652	(46,514)	-95.6%
Total revenues	$ 12,355,843	$ 10,477,264	$ 1,878,579	17.9%

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. As such, its outcome cannot be accurately predicted. If the disruptions posed by COVID-19 continue for an extensive period of time, our business may be materially adversely affected.

I. Subsequent Events

On November 17, 2021, the Board of Directors of the Company elected Cooper Abbott to the Board, effective immediately.

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

The risk factor set forth below updates the risk factors in our Annual Report for the year ended December 31, 2020.

The COVID-19 pandemic has significantly impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions.

AUM has been adversely impacted by the COVID-19 pandemic. We are also facing increased operational challenges from the need to protect employee health and safety while limiting workplace disruptions. The ultimate impact of the pandemic cannot be accurately predicted. If the disruptions posed by COVID-19 continue for an extensive period of time, our business may be materially adversely affected.

Election of Directors and Appointment of Certain Officers

On September 15, 2021, Nicholas Galluccio was named co-Chairman of the Company and stepped down as Chief Executive Officer. Mr. Galluccio will also continue to serve as a portfolio manager within the Company. Marc Gabelli, our Executive Chairman since 2019, has assumed the role of Chief Executive Officer. The Company also appointed the following officers: Tiffany Hayden as Director of Marketing, and Casey Haars as Vice President of Finance and Corporate Controller joining Patrick Huvane, the Company’s Chief Financial Officer since 2019, as financial officers of the Company.

On September 15, 2021, the Board of Directors of the Company appointed Jason Lamb as an independent member of the Board of Directors, and David Goldman, an executive at GAMCO and Associated Capital Group Inc (an affiliated company), also to the Board of Directors, both effective immediately. On September 15, 2021, John Tesoro, an independent member of the Board of Directors and Chairman of the Audit Committee, voluntarily resigned his roles with the Board of

Directors of the Company. On the same day, Stephen Bondi, an independent member of the Company's Board of Directors and a CPA, assumed the role of Audit Committee Chairman.

During the quarter, certain Officers of the Company and members of the Company's Board of Directors purchased 120,000 shares of the Company's Class A common stock that were sold by Mr. Gallucio in a private transaction. (See Section E. "Related Party Transactions")

Assets Under Management Highlights

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

($ in millions)	9/20	12/20	3/21	6/21	9/21	% Δ From 9/20	% Δ From 6/21
Mutual Funds							
Equities	$ 1,174	$ 1,410	$ 1,539	$ 1,569	$ 1,479	26.0%	-5.7%
Institutional, Private Client & Wrap	346	419	493	505	467	35.0%	-7.5%
Total Assets Under Management	$ 1,520	$ 1,829	$ 2,032	$ 2,074	$ 1,946	28.0%	-6.2%
Quarterly Average Assets Under Management	$ 1,582	$ 1,671	$ 1,905	$ 2,095	$ 1,994	26.0%	-4.8%

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

($ in millions)	July 1, 2021	Appreciation / (depreciation)	Net flows	September 30, 2021
Mutual Funds				
Equities	$ 1,569	$ (51)	$ (39)	$ 1,479
Institutional, Private Client & Wrap	505	(7)	(31)	467
	$ 2,074	$ (58)	$ (70)	$ 1,946

($ in millions)	January 1, 2021	Appreciation / (depreciation)	Net flows	September 30, 2021
Mutual Funds				
Equities	$ 1,410	$ 212	$ (143)	$ 1,479
Institutional, Private Client & Wrap	419	27	21	467
	$ 1,829	$ 239	$ (122)	$ 1,946

AUM was $1.95 billion at September 30, 2021 versus $2.07 billion at June 30, 2021. The decrease was due to outflows of $105 million and market depreciation of $58 million partly off-set by inflows of $35 million. Average AUM was $1.99 billion for the third quarter 2021, an increase of 25.9% from $1.58 billion in the third quarter 2020.

Operating Results for the Three Months Ended September 30, 2021 as Compared to the Three Months Ended September 30, 2020

Revenues

Total revenues were $4,206,971 in the third quarter of 2021, an increase of 31.8% from the total revenues of $3,192,054 for the same period in the prior year. The change in total revenues by revenue component was as follows:

	For The Three Months Ended September 30,		Increase (decrease)	
(Unaudited)	2021	2020	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 3,396,179	$ 2,628,482	$ 767,697	29.2%
Institutional	336,660	187,904	148,756	79.2%
Private client	412,305	322,770	89,535	27.7%
Wrap	53,269	35,902	17,367	48.4%
Total separate accounts	802,234	546,576	255,658	46.8%
Total investment advisory fees	4,198,413	3,175,058	1,023,355	32.2%
Distribution fees	7,574	12,103	(4,529)	-37.4%
Other income, net	984	4,893	(3,909)	-79.9%
Total revenues	$ 4,206,971	$ 3,192,054	$ 1,014,917	31.8%

Investment Advisory Fees: 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 the account value as of the end of the preceding quarter for institutional, private clients and wrap accounts. Average AUM for the Funds were $1.52 billion for the quarter ended September 30, 2021 compared to $1.23 billion for the quarter ended September 30, 2020, an increase of 23.6%.

Average billable AUM for institutional, private clients and wrap accounts were $477.2 million for the quarter ended September 30, 2021 compared to $354.2 million for the quarter ended September 30, 2020, an increase of 34.7%.

Distribution Fees: The Company earns a distribution fee on the Class C shares of Funds sold over the first twelve months after the sale. Distribution fees for the three months ended September 30, 2021 and 2020 were $7,574 and $12,103, respectively. Total sales of class C shares were $2.9 million for the trailing twelve months ending September 30, 2021 and $5.1 million for the trailing twelve months ending September 30, 2020.

Other Income, Net: Other income, net includes interest income earned from cash equivalents that were invested in a money market mutual fund managed by Gabelli Funds, LLC, a subsidiary of GAMCO, interest earned on U.S. Treasury Bills and interest earned from cash held at banks. Other income, net for the three months ended September 30, 2021 and 2020 was $984 and $4,892, respectively.

Expenses

Compensation: Compensation costs, which include salaries, bonuses, benefits and stock-based compensation, were $1,451,450 for the third quarter of 2021, an increase of $372,555 from $1,078,895 in the prior year comparative period. Fixed compensation costs, which include salary and benefits, were $802,110 for the third quarter of 2021, an increase of 3.5% from $775,101 in the prior year comparative period. Stock based compensation was $126,505 for the third quarter of 2021 and 2020, respectively. The remainder of the compensation expenses represents variable compensation that includes bonuses along with revenue sharing that fluctuates with net investment advisory revenues. For the third quarter of 2021, variable compensation was $522,835, an increase of 194.9% from $177,289 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, an increase in the Company's discretionary bonus 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, which range from 32% to 35% of the net investment advisory revenues of the sub-advised funds, which are recognized as expenses as the related services are performed, were $701,200 for the third quarter of 2021, an increase of 20.6% from $581,524 in the prior year comparative period. The increase was due to higher average AUM in the funds. Specifically, average AUM in sub-advised funds was $898.1 million for the third quarter of 2021, an increase of 19.7% from $750.0 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 $408,800 for the third quarter of 2021, an increase of 9.6% from $372,935 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 $361,590 for the third quarter of 2021, an increase of 10.8% from the prior year comparative period amount of $326,221. The increase was due to higher wholesaler and no transaction fee comminsions paid during the current period.

The remaining distribution costs include distribution service fees with G.Distributors, an affiliate of GAMCO. These distribution costs for the quarter ended September 30, 2021 and 2020 were $47,210 and $46,714, respectively.

Marketing and Administrative Fees: Marketing and administrative fees are charges from GAMCO and paid by Teton 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. These fees were $361,751 for the quarter ended September 30, 2021 compared to $309,786 for the quarter ended September 30, 2020, an increase of $51,965 from the prior year period. Average AUM in the TETON Westwood Funds for the third quarter of 2021 was $949.3 million, an increase of $169.0 million from the prior year comparative period average of $780.3 million. Fees are 20 basis points on the first $370 million of average net assets, 12 basis points on average net assets from $370 million to $1.0 billion and 10 basis points on average net assets greater than $1.0 billion. During 2021 and 2020, the third quarter effective rate was 15.2 basis points and 15.9 basis points, respectively of the average AUM. As the average AUM of the TETON Westwood Funds increases, these fees will decrease as a percentage of average AUM. Conversely, as the average AUM of the TETON Westwood Funds declines, these fees will increase as a percentage of average AUM.

Advanced Commissions: Advanced commission expense was $6,307 for the third quarter of 2021, a decrease of $4,902 from $11,209 in the prior year comparative period. The decrease was due to lower Class C shares sold for the quarter ended September 30, 2021 compared to the prior year comparative period.

Other Operating Expenses: Other operating expenses, including those charged by GAMCO and incurred directly, were $393,919 for the third quarter of 2021, a decrease of 5.8% from $418,385 in the prior year comparative period.

Depreciation and amortization: Depreciation and amortization expense was $86,023 for the third quarter of 2021, a decrease of $112,064 from $198,087 for the prior year comparative period. The decrease related to lower quarterly amortization of the intangible asset – customer relationships due to the impairment of the intangible asset in the prior year.

Income Taxes

The effective tax rate was 34.1% for the quarter ended September 30, 2021 and 134.5% for the quarter ended September 30, 2020. The prior year effective tax was unusually high due to a reduction in deferred tax assets of approximately $125,000 caused by a change in our estimated state appointments resulting in a high effective tax rate relative to the pre-tax net income.

Net Income (Loss)

Net income for the third quarter of 2021 was $525,793 or $0.41 per fully diluted share, versus a net loss of ($76,275) or ($0.06) per fully diluted share, for the comparable period in 2020.

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 or net loss 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 or net loss 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 (loss) to Cash Earnings for the periods presented:

	For the Quarter Ended,	
	September 30, 2021	September 30, 2020
Net income (loss)	$ 525,793	$ (76,275)
Add: Intangible amortization	81,475	193,539
Cash Earnings	$ 607,268	$ 117,264
Cash Earnings Per Fully Diluted Share	$ 0.48	$ 0.09

Operating Results for the Nine months Ended September 30, 2021 as Compared to the Nine months Ended September 30, 2020

Revenues

Total revenues were $12,355,843 for the nine months ended September 30, 2021, an increase of 17.9% from the total revenues of $10,477,264 for the same period in the prior year. The change in total revenues by revenue component was as follows:

	For The Nine Months Ended September 30,		Increase (decrease)	
(Unaudited)	2021	2020	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 10,035,429	$ 8,696,422	$ 1,339,007	15.4%
Institutional	969,294	583,571	385,723	66.1%
Private client	1,178,679	953,958	224,721	23.6%
Wrap	148,372	152,146	(3,774)	-2.5%
Total separate accounts	2,296,345	1,689,675	606,670	35.9%
Total investment advisory fees	12,331,774	10,386,097	1,945,677	18.7%
Distribution fees	21,931	42,515	(20,584)	-48.4%
Other income, net	2,138	48,652	(46,514)	-95.6%
Total revenues	$ 12,355,843	$ 10,477,264	$ 1,878,579	17.9%

Investment Advisory Fees: Investment advisory fees shown above 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 the account value as of the end of the preceding quarter for institutional, private clients and wrap accounts. Average AUM for the Funds were $1.53 billion for the nine months ended September 30, 2021 compared to $1.37 billion for the nine months ended September 30, 2020, an increase of 11.7%.

Average billable AUM for institutional, private clients and wrap accounts were $466.7 million for the nine months ended September 30, 2021 compared to $368.4 million for the nine months ended September 30, 2020, an increase of 26.7%.

Distribution Fees: The Company earns a distribution fee on the Class C shares of Funds sold over the first twelve months after the sale. Distribution fees for the nine months ended September 30, 2021 and 2020 were $21,931 and $42,515, respectively. Total sales of class C shares were $2.9 million for the trailing twelve months ended September 30, 2021 and $5.1 million for the trailing twelve months ended September 30, 2020.

Other Income, Net: Other income, net includes interest income earned from cash equivalents that were invested in a money market mutual fund managed by Gabelli Funds, LLC, a subsidiary of GAMCO, interest earned on U.S. Treasury Bills and interest earned at cash held at banks. Other income, net for the nine months ended September 30, 2021 and 2020 was $2,138 and $48,652, respectively. The decrease of $46,514 was due to lower short-term interest rates in the current period.

Expenses

Compensation: Compensation costs, which include salaries and benefits, portfolio manager compensation and stock-based compensation, were $4,196,274 for the nine months ended September 30, 2021, an increase of 19.6% from $3,509,620 in the prior year comparative period. Fixed compensation costs, which include salaries and benefits, were $2,459,448 for the nine months ended September 30, 2021 a decrease of 5.9% from $2,603,495 in the prior year comparative period. This decrease was due to the reduction in staff and staff salaries. Stock based compensation was $379,514 for the nine months ended September 30, 2021, an increase of 1.2% from $375,180 in the prior year comparative period. The remainder of the compensation expenses represents variable compensation that includes bonuses along with revenue sharing that fluctuates with net investment advisory revenues. For the nine months ended September 30, 2021, variable compensation was $1,357,312, an increase of 155.6% from $530,945 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, an increase in the Company's discretionary bonus 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, which range from 32% to 35% of the net investment advisory revenues of the sub-advised funds, which are recognized as expenses as the related services are performed, were $2,093,211 for the nine months ended September 30, 2021, an increase of 7.3% from $1,951,572 in the prior year comparative period. The increase was due to higher average AUM in the funds. Average AUM in sub-advised Funds was $902.9 million for the nine months ended September 30, 2021, an increase of 7.2% from $842.1 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 $1,293,268 for the nine months ended September 30, 2021, a decrease of 1.6% from $1,314,634 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 $1,152,174 for the nine months ended September 30, 2021, a decrease of 1.9% from the prior year comparative period amount of $1,174,957.

The remaining distribution costs include distribution service fees with G.Distributors, an affiliate of GAMCO. These distribution costs for the nine months ended September 30, 2021 and 2020 were $141,094 and $139,677, respectively.

Marketing and Administrative Fees: Marketing and administrative fees, which are charges from GAMCO and paid by Teton for administration of certain activities performed by GAMCO for the TETON Westwood Funds on behalf of Teton, were $1,078,337 for the nine months ended September 30, 2021, an increase of 7.5% from $1,003,552 in the prior year comparative period. Marketing and administrative fees are calculated on a tiered formula and are based on average AUM. Based on the tiered formula administration fees were approximately 15.1 and 15.3 basis points of the average AUM of the TETON Westwood Funds for the nine months ended September 30, 2021 and 2020, respectively. As the AUM of the TETON Westwood Funds increases, these fees will decrease as a percentage of average AUM. Conversely, as the AUM of the TETON Westwood Funds declines, these fees will increase as a percentage of average AUM.

Advanced Commissions: Advanced commission expense was $10,385 for the nine months ended September 30, 2021, a decrease of 74.0% from $39,929 from the prior year comparative period. The decrease was due to lower Class C shares sold for the nine months ended September 30, 2021 compared to the prior year comparative period.

Other Operating Expenses: Other operating expenses, including those charged by GAMCO and incurred directly, were $1,148,816 for the nine months ended September 30, 2021, a decrease of 7.8% from $1,245,386 in the prior year comparative period.

Depreciation and amortization: Depreciation and amortization expense was $258,069 for the nine months ended September 30, 2021, a decrease of 56.6% from $594,262 in the prior year period. The decrease was due to the impairment of intangible assets recorded in the first quarter of 2020.

Impairment of intangible assets: The Company performs quarterly reviews of our intangible assets. Due to the market disruptions resulting from the impact of the effects of the COVID-19 pandemic and the resulting decrease in AUM, we determined that there was an additional impairment of $800,000 to mutual fund management contracts during the first quarter of 2020. No such impairment was taken in the current year.

Income Taxes

The effective tax rate was 21.3% for the nine months ended September 30, 2021, and 481.1% for the nine months ended September 30, 2020. The prior year effective tax was unusually high due to a reduction in deferred tax assets of approximately $125,000 caused by a change in our estimated state appointments resulting in a high effective tax rate relative to the pre-tax net income.

Net Income (loss)

Net income (loss) for the nine months ended September 30, 2021 was $1,791,831, or $1.41 per fully diluted share, versus ($58,243) or ($0.05) per fully diluted share, for the comparable period in 2020.

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 or net loss 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 or net loss 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 (loss) to Cash Earnings for the periods presented:

	For the Nine Month Period Ended,			
	September 30, 2021		September 30, 2020	
Net income (loss)	$	1,791,831	$	(58,243)
Add: Intangible amortization		244,424		580,617
Add: Intangible asset impairment (net of tax impact)		-		560,400
Cash Earnings	$	2,036,255	$	1,082,774
Cash Earnings Per Fully Diluted Share	$	1.60	$	0.86