

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly period ended September 30, 2022

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-37387

**ASSOCIATED CAPITAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	47-3965991 (I.R.S. Employer Identification No.)
191 Mason Street, Greenwich, CT (Address of principal executive offices)	06830 (Zip Code)

Registrant's telephone number, including area code (203) 629-9595  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value \$0.001 per share	AC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes  No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. .

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2) Yes  No .

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of the latest practical date.

Class	Outstanding at November 7, 2022
Class A Common Stock, .001 par value	3,039,448
Class B Common Stock, .001 par value	18,962,754

As of November 7, 2022, 3,039,448 shares of class A common stock and 18,962,754 shares of class B common stock were outstanding. GGCP, Inc., a private company controlled by the Company's Executive Chairman, held 77,165 shares of class A common stock and indirectly held 18,423,741 shares of class B common stock. Other executive officers and directors of GGCP, Inc. held 29,866 and 36,758 shares of class A and class B common stock, respectively. In addition, there are 211,910 Phantom Restricted Stock Awards outstanding as of September 30, 2022.

## ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES

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\* Items other than those listed above have been omitted because they are not applicable.

**ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**UNAUDITED**  
(Dollars in thousands, except per share data)

	September 30, 2022	December 31, 2021
<b>ASSETS</b>		
Cash and cash equivalents (includes U.S. Treasury Bills with maturities of less than 3 months)	\$ 288,178	\$ 319,048
Investments in U.S. Treasury Bills with greater than 3 month maturities	133,755	60,996
Investments in equity securities (includes GBL stock with a value of \$41.2 million and \$60.4 million, respectively)	238,974	273,087
Investments in affiliated registered investment companies	121,863	134,548
Investments in partnerships	149,083	154,460
Receivable from brokers	18,163	42,478
Investment advisory fees receivable	1,293	8,315
Receivable and investment in note receivable from affiliates	135	10,094
Income taxes receivable, including deferred tax assets, net	13,170	-
Goodwill	3,519	3,519
Other assets	18,628	21,682
Investments in marketable securities held in trust	-	175,109
Total assets	<u>\$ 986,761</u>	<u>\$ 1,203,336</u>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>		
Payable to brokers	\$ 56,356	\$ 9,339
Income taxes payable, including deferred tax liabilities, net	-	8,575
Compensation payable	7,662	19,730
Securities sold, not yet purchased	3,181	12,905
Accrued expenses and other liabilities	1,528	3,580
Tendered redeemable noncontrolling interests payable	29,001	-
Deferred underwriting fee payable	-	6,125
PMV warrant liability	-	5,280
Total liabilities	<u>97,728</u>	<u>65,534</u>
Redeemable noncontrolling interests	9,778	202,456
Commitments and contingencies (Note J)		
Equity:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; none issued and outstanding	-	-
Class A Common Stock, \$0.001 par value; 100,000,000 shares authorized; 6,629,254 shares issued; 3,040,753 and 3,095,169 shares outstanding, respectively	6	6
Class B Common Stock, \$0.001 par value; 100,000,000 shares authorized; 19,196,792 shares issued; 18,962,754 and 18,962,918 outstanding, respectively	19	19
Additional paid-in capital	999,047	990,069
Retained earnings	3,661	68,435
Treasury stock, at cost (3,588,665 and 3,534,085 shares, respectively)	(123,478)	(121,427)
Total Associated Capital Group, Inc. equity	<u>879,255</u>	<u>937,102</u>
Noncontrolling interests	-	(1,756)
Total equity	<u>879,255</u>	<u>935,346</u>
Total liabilities and equity	<u>\$ 986,761</u>	<u>\$ 1,203,336</u>

As of September 30, 2022 and December 31, 2021, certain balances include amounts related to consolidated variable interest entities (“VIEs”) and voting interest entities (“VOEs”). See Footnote D.

See accompanying notes.

**ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**UNAUDITED**  
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Revenues</b>				
Investment advisory and incentive fees	\$ 2,472	\$ 2,014	\$ 7,409	\$ 6,627
Other revenues	90	98	281	299
<b>Total revenues</b>	<b>2,562</b>	<b>2,112</b>	<b>7,690</b>	<b>6,926</b>
<b>Expenses</b>				
Compensation	3,591	2,819	10,531	11,710
Management fee	-	226	-	7,209
Other operating expenses	2,100	(764)	5,805	4,952
<b>Total expenses</b>	<b>5,691</b>	<b>2,281</b>	<b>16,336</b>	<b>23,871</b>
Operating loss	(3,129)	(169)	(8,646)	(16,945)
<b>Other income/(loss)</b>				
Net gain/(loss) from investments	(19,314)	5,676	(72,727)	79,303
Interest and dividend income	2,797	1,119	5,533	9,119
Interest expense	(66)	(97)	(145)	(251)
Shareholder-designated contribution	(1,206)	(541)	(1,414)	(2,717)
<b>Total other income/(loss), net</b>	<b>(17,789)</b>	<b>6,157</b>	<b>(68,753)</b>	<b>85,454</b>
<b>Income/(loss) before income taxes</b>	<b>(20,918)</b>	<b>5,988</b>	<b>(77,399)</b>	<b>68,509</b>
Income tax expense/(benefit)	(4,914)	484	(17,798)	15,094
<b>Income/(loss) before noncontrolling interests</b>	<b>(16,004)</b>	<b>5,504</b>	<b>(59,601)</b>	<b>53,415</b>
Income/(loss) attributable to noncontrolling interests	494	4,001	2,970	3,641
<b>Net income/(loss) attributable to Associated Capital Group, Inc.'s shareholders</b>	<b>\$ (16,498)</b>	<b>\$ 1,503</b>	<b>\$ (62,571)</b>	<b>\$ 49,774</b>
<b>Net income/(loss) per share attributable to Associated Capital Group, Inc.'s shareholders:</b>				
Basic	\$ (0.75)	\$ 0.07	\$ (2.84)	\$ 2.25
Diluted	\$ (0.75)	\$ 0.07	\$ (2.84)	\$ 2.25
<b>Weighted average shares outstanding:</b>				
Basic	22,010	22,084	22,033	22,141
Diluted	22,010	22,084	22,033	22,141
<b>Actual shares outstanding</b>	<b>22,004</b>	<b>22,062</b>	<b>22,004</b>	<b>22,062</b>

See accompanying notes.

**ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**UNAUDITED**  
**(Dollars in thousands)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net income/(loss) before noncontrolling interests	\$ (16,004)	\$ 5,504	\$ (59,601)	\$ 53,415
Less: Comprehensive income/(loss) attributable to noncontrolling interests	494	4,001	2,970	3,641
Comprehensive income/(loss) attributable to Associated Capital Group, Inc.	<u>\$ (16,498)</u>	<u>\$ 1,503</u>	<u>\$ (62,571)</u>	<u>\$ 49,774</u>

See accompanying notes.

**ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
**UNAUDITED**  
(Dollars in thousands)

For the three months ended March 31, 2022, June 30, 2022 and September 30, 2022

	Associated Capital Group, Inc. shareholders							
	Common Stock	Retained Earnings	Additional Paid-in Capital	Treasury Stock	Total	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance at December 31, 2021	\$ 25	\$ 68,435	\$ 990,069	\$ (121,427)	\$ 937,102	\$ (1,756)	\$ 935,346	\$ 202,456
Redemptions of noncontrolling interests	-	-	-	-	-	-	-	(486)
Net income/(loss)	-	(16,186)	-	-	(16,186)	197	(15,989)	2,484
Purchase of treasury stock	-	-	-	(293)	(293)	-	(293)	-
Accretion of redeemable noncontrolling interest	-	-	(584)	-	(584)	(292)	(876)	876
Other changes to redeemable noncontrolling interests	-	-	-	-	-	-	-	(10)
Balance at March 31, 2022	<u>\$ 25</u>	<u>\$ 52,249</u>	<u>\$ 989,485</u>	<u>\$ (121,720)</u>	<u>\$ 920,039</u>	<u>\$ (1,851)</u>	<u>\$ 918,188</u>	<u>\$ 205,320</u>
Redemptions of noncontrolling interests	-	-	-	-	-	-	-	(486)
Net income/(loss)	-	(29,887)	-	-	(29,887)	83	(29,804)	(288)
Dividends declared (\$0.10 per share)	-	(2,203)	-	-	(2,203)	-	(2,203)	-
Purchase of treasury stock	-	-	-	(1,317)	(1,317)	-	(1,317)	-
Accretion of redeemable noncontrolling interest	-	-	662	-	662	331	993	(993)
Other changes to redeemable noncontrolling interests	-	-	-	-	-	-	-	(226)
Balance at June 30, 2022	<u>\$ 25</u>	<u>\$ 20,159</u>	<u>\$ 990,147</u>	<u>\$ (123,037)</u>	<u>\$ 887,294</u>	<u>\$ (1,437)</u>	<u>\$ 885,857</u>	<u>\$ 203,327</u>
Redemptions of noncontrolling interests	-	-	-	-	-	-	-	(29,001)
Net income/(loss)	-	(16,498)	-	-	(16,498)	-	(16,498)	494
Purchase of treasury stock	-	-	-	(441)	(441)	-	(441)	-
Accretion of redeemable noncontrolling interest	-	-	8,900	-	8,900	4,305	13,205	(13,205)
Effect of deconsolidation	-	-	-	-	-	(2,868)	(2,868)	(152,100)
Other changes to redeemable noncontrolling interests	-	-	-	-	-	-	-	263
Balance at September 30, 2022	<u>\$ 25</u>	<u>\$ 3,661</u>	<u>\$ 999,047</u>	<u>\$ (123,478)</u>	<u>\$ 879,255</u>	<u>\$ -</u>	<u>\$ 879,255</u>	<u>\$ 9,778</u>

See accompanying notes.

**ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
**UNAUDITED**  
**(Dollars in thousands)**

**For the three months ended March 31, 2021, June 30, 2021 and September 30, 2021**

	Associated Capital Group, Inc. shareholders							Redeemable Noncontrolling Interests
	Common Stock	Retained Earnings	Additional Paid-in Capital	Treasury Stock	Total	Noncontrolling Interests	Total Equity	
Balance at December 31, 2020	\$ 25	\$ 13,649	\$ 999,047	\$ (113,783)	\$ 898,938	\$ 2,451	\$ 901,389	\$ 206,828
Contributions from redeemable noncontrolling interests	-	-	-	-	-	-	-	136
Redemptions of noncontrolling interests	-	-	-	-	-	-	-	(12,066)
Net income	-	18,555	-	-	18,555	-	18,555	172
Purchase of treasury stock	-	-	-	(4,198)	(4,198)	-	(4,198)	-
Balance at March 31, 2021	<u>\$ 25</u>	<u>\$ 32,204</u>	<u>\$ 999,047</u>	<u>\$ (117,981)</u>	<u>\$ 913,295</u>	<u>\$ 2,451</u>	<u>\$ 915,746</u>	<u>\$ 195,070</u>
Contributions from redeemable noncontrolling interests	-	-	-	-	-	-	-	665
Net income/(loss)	-	29,716	-	-	29,716	-	29,716	(532)
Dividends declared (\$0.10 per share)	-	(2,211)	-	-	(2,211)	-	(2,211)	-
Purchase of treasury stock	-	-	-	(1,893)	(1,893)	-	(1,893)	-
Accretion of redeemable noncontrolling interest	-	-	(6,001)	-	(6,001)	(2,892)	(8,893)	8,893
Other changes to redeemable noncontrolling interests	-	-	-	-	-	-	-	(7,527)
Balance at June 30, 2021	<u>\$ 25</u>	<u>\$ 59,709</u>	<u>\$ 993,046</u>	<u>\$ (119,874)</u>	<u>\$ 932,906</u>	<u>\$ (441)</u>	<u>\$ 932,465</u>	<u>\$ 196,569</u>
Redemptions of noncontrolling interests	-	-	-	-	-	-	-	(2,161)
Net income/(loss)	-	1,503	-	-	1,503	122	1,625	3,879
Purchase of treasury stock	-	-	-	(1,396)	(1,396)	-	(1,396)	-
Accretion of redeemable noncontrolling interest	-	-	(1,028)	-	(1,028)	(478)	(1,506)	1,506
Balance at September 30, 2021	<u>\$ 25</u>	<u>\$ 61,212</u>	<u>\$ 992,018</u>	<u>\$ (121,270)</u>	<u>\$ 931,985</u>	<u>\$ (797)</u>	<u>\$ 931,188</u>	<u>\$ 199,793</u>

See accompanying notes.

**ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**UNAUDITED**  
**(Dollars in thousands)**

	Nine Months Ended September 30,	
	2022	2021
<b>Operating activities</b>		
Net income/(loss)	\$ (59,601)	\$ 53,415
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Equity in net (gains)/losses from partnerships	7,710	(15,530)
Depreciation and amortization	251	289
Deferred income taxes	(17,959)	8,411
Donated securities	517	2,052
Unrealized (gains)/losses on securities	73,569	(39,384)
Dividends received as securities	-	(5,066)
Loss on deconsolidation of subsidiary	3,634	-
Realized gains on sales of securities	(11,684)	(23,860)
(Increase)/decrease in assets:		
Investments in trading securities	(89,282)	295,687
Investments in partnerships:		
Contributions to partnerships	(6,410)	(13,562)
Distributions from partnerships	5,143	6,333
Receivable from affiliates	4,893	4,148
Receivable from brokers	19,428	(20,646)
Investment advisory fees receivable	6,976	5,989
Income taxes receivable	(1,746)	(507)
Other assets	2,770	697
Increase/(decrease) in liabilities:		
Payable to affiliates	-	(2,188)
Payable to brokers	47,017	236,786
Income taxes payable	(2,040)	(3,037)
Compensation payable	(12,068)	(1,260)
Accrued expenses and other liabilities	(1,676)	(696)
Total adjustments	29,043	434,656
Net cash (used in)/provided by operating activities	(30,558)	488,071
<b>Investing activities</b>		
Maturities of marketable securities held in trust	-	175,085
Purchases of marketable securities held in trust	-	(175,085)
Purchases of securities	(5,882)	(2,452)
Proceeds from sales of securities	620	16,724
Return of capital on securities	1,918	38,982
Deconsolidation of subsidiary cash	(1,471)	-
Proceeds from maturities of debt securities held to maturity	5,066	-
Net cash provided by investing activities	\$ 251	\$ 53,254



**ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**UNAUDITED (continued)**  
**(Dollars in thousands)**

	Nine Months Ended September 30,	
	2022	2021
<b>Financing activities</b>		
Dividends paid	(2,203)	(2,211)
Purchase of treasury stock	(2,051)	(7,487)
Redemptions of redeemable noncontrolling interests	(1,196)	(1,360)
Net cash used in financing activities	(5,450)	(11,058)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(35,757)	530,267
Cash, cash equivalents and restricted cash at beginning of period	328,594	39,509
Cash, cash equivalents and restricted cash at end of period	<u>\$ 292,837</u>	<u>\$ 569,776</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 145	\$ 252
Cash paid for taxes	\$ 3,947	\$ 10,296
Reconciliation of Cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	\$ 288,178	\$ 569,776
Restricted cash included in receivable from broker	4,659	-
Cash, cash equivalents and restricted cash	<u>\$ 292,837</u>	<u>\$ 569,776</u>

Supplemental disclosure of non-cash activity:

- For 2022, the Company deconsolidated certain subsidiaries which resulted in a reduction of \$176.9 million of assets, \$7.4 million of liabilities and \$152.1 million of Redeemable noncontrolling interests. The deconsolidated assets are almost entirely attributable to \$175.4 million of Investments in marketable securities held in trust and \$1.5 million of cash held by Consolidated PMV, the latter of which is reflected as an Investing outflow. The deconsolidated liabilities are almost entirely attributable to \$6.1 million Deferred underwriting fee payable, and \$0.9 million of PMV warrant liability.

- For 2022, \$29.0 million of redeemable noncontrolling interest holders tendered their shares in one of our consolidated VOE's prior to September 30, 2022. The cash payment for this tender occurred in October 2022.

See accompanying notes.

**ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2022**  
**(UNAUDITED)**

**A. Organization**

Unless we have indicated otherwise, or the context otherwise requires, references in this report to “Associated Capital Group, Inc.”, “Associated Capital”, “AC Group”, “the Company”, “AC”, “we”, “us” and “our” or similar terms are to Associated Capital Group, Inc., its predecessors and its subsidiaries.

We are a Delaware corporation that provides alternative investment management, and we derive investment income/(loss) from proprietary investment of cash and other assets in our operating business.

Gabelli & Company Investment Advisors, Inc. (“GCIA”), a wholly-owned subsidiary of AC, and its wholly-owned subsidiary, Gabelli & Partners, LLC (“Gabelli & Partners”), collectively serve as general partners or investment managers to investment funds including limited partnerships and offshore companies (collectively, “Investment Partnerships”), and separate accounts. We primarily manage assets across a range of risk and event arbitrage portfolios and in equity event-driven value strategies. The businesses earn management and incentive fees from their advisory activities. Management fees are largely based on a percentage of assets under management. Incentive fees are based on the percentage of the investment returns of certain clients’ portfolios. GCIA is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

*PMV Consumer Acquisition Corp.*

PMV Consumer Acquisition Corp. (“PMV”), a special purpose acquisition corporation, and its sponsor, PMV Consumer Acquisition Holding Company, LLC (“Sponsor”, collectively “Consolidated PMV”) were previously consolidated in the financial statements of AC because AC had a controlling financial interest in these entities. Commencing in August 2022, as a result of management and organization restructuring negotiations at the Sponsor to extend the life of PMV, AC no longer controlled Consolidated PMV. As a result, Consolidated PMV was deconsolidated from the financial statements.

As of December 31, 2021, the Consolidated PMV entity resulted in the consolidation of \$163.8 million of assets, \$11.5 million of liabilities, \$161.8 million of redeemable noncontrolling interests and \$(1.8) million of noncontrolling interests.

See Note E in our 10-K for a further discussion of PMV Consumer Acquisition Corp. as well as its registration statement, Annual Reports, and Quarterly Reports, which are all located on the U.S. Securities and Exchange Commission website <https://www.sec.gov> under the symbol PMVC.

*AC Spin-off*

On November 30, 2015, GAMCO Investors, Inc. (“GAMCO” or “GBL”) distributed all the outstanding shares of each class of AC common stock on a pro rata one-for-one basis to the holders of each class of GAMCO’s common stock (the “Spin-off”).

As part of the Spin-off, AC received 4,393,055 shares of GAMCO Class A common stock for \$150 million. The Company held 2,417,500 shares as of September 30, 2022 and December 31, 2021, respectively.

*Basis of Presentation*

The unaudited interim condensed consolidated financial statements of AC Group included herein have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP in the United States for complete financial statements. 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 AC Group and its subsidiaries. All material intercompany transactions and balances have been eliminated. The details on the impact of consolidating certain partnership entities on the condensed consolidated financial statements can be seen in Note D. Investment Partnerships and Other Entities.

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These interim condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021.

*Use of Estimates*

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

*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 statements 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 new guidance on the Company’s consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other, to simplify the process used to test for impairment of goodwill. Under the new standard, an impairment loss must be recognized in an amount equal to the excess of the carrying amount of a reporting unit over its fair value, limited to the total amount of goodwill allocated to that reporting unit. As a smaller reporting company pursuant to ASU 2019-10, the ASU is effective for the Company on January 1, 2023. This guidance will be effective for the Company on January 1, 2023 using a prospective transition method and early adoption is permitted. The Company is currently evaluating the potential effect of this new guidance on the Company’s consolidated financial statements.

**B. Revenue**

Refer to the Company’s audited consolidated financial statements included in our Annual Report on Form 10K for the year ended December 31, 2021 for the Company’s revenue recognition policy.

The Company’s major revenue sources are as follows for the three and nine months ended September 30, 2022 and 2021 (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Investment advisory and incentive fees				
Asset-based advisory fees	\$ 1,269	\$ 1,280	\$ 3,882	\$ 3,712
Performance-based advisory fees	2	64	46	120
Sub-advisory fees	1,201	670	3,481	2,795
Sub-total	2,472	2,014	7,409	6,627
Other				
Miscellaneous	90	98	281	299
Total	\$ 2,562	\$ 2,112	\$ 7,690	\$ 6,926

### C. Investments in Securities

Investments in securities at September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	September 30, 2022		December 31, 2021	
	Cost	Fair Value	Cost	Fair Value
Debt - Trading Securities:				
U.S. Treasury Bills	\$ 133,146	\$ 133,755	\$ 60,992	\$ 60,996
Equity Securities:				
Common stocks	269,034	233,113	239,383	265,156
Mutual funds	537	929	524	1,351
Other investments	6,284	4,932	6,253	6,580
Total equity securities	275,855	238,974	246,160	273,087
Total investments in securities	\$ 409,001	\$ 372,729	\$ 307,152	\$ 334,083
Investments in marketable securities held in trust <sup>(1)</sup>	\$ -	\$ -	\$ 175,109	\$ 175,109

(1) At December 31, 2021, marketable securities held in the trust account through PMV were comprised of U.S Treasury Bills which mature in less than one year with an amortized cost and fair value of approximately \$175 million. Such investments were categorized as Level 1.

The Company's held to maturity investments at September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	September 30, 2022			
	Amortized cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Held to maturity:				
Investment in note receivable from affiliate	-	\$ -	\$ -	\$ -

During the nine months ended September 30, 2022, the Company received proceeds of \$5.1 million from the exercise of a put option on its investment in note receivable from affiliate. The exercise of the put option was determined to occur at the instrument's maturity date and no gain or loss was recognized.

	December 31, 2021			
	Amortized cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Held to maturity:				
Investment in note receivable from affiliate <sup>(2)</sup>	\$ 5,066	\$ -	\$ -	\$ 5,066

(2) Investment in note receivable from affiliate relates to 2-Year Puttable and Callable Subordinated Notes due 2023 issued as part of a 2021 special dividend on GAMCO's Class A Common Stock and Class B Common Stock. The Company had the intent to hold these investments until maturity, and as such they were recorded at amortized cost.

Securities sold, not yet purchased at September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	September 30, 2022		December 31, 2021	
	Cost	Fair Value	Cost	Fair Value
Equity securities:				
Common stocks	\$ 2,373	\$ 1,725	\$ 9,021	\$ 9,838
Other investments	670	1,456	2,767	3,067
Total securities sold, not yet purchased	\$ 3,043	\$ 3,181	\$ 11,788	\$ 12,905

Investments in affiliated registered investment companies at September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	September 30, 2022		December 31, 2021	
	Cost	Fair Value	Cost	Fair Value
Equity securities:				
Closed-end funds	\$ 45,427	\$ 56,006	\$ 42,484	\$ 64,381
Mutual funds	49,763	65,857	49,362	70,167
Total investments in affiliated registered investment companies	\$ 95,190	\$ 121,863	\$ 91,846	\$ 134,548

#### **D. Investment Partnerships and Other Entities**

The Company is general partner or co-general partner of various affiliated entities whose underlying assets consist primarily of marketable securities (“Affiliated Entities”). We also had investments in unaffiliated partnerships, offshore funds and other entities of \$35.0 million and \$41.9 million at September 30, 2022, and December 31, 2021, respectively (“Unaffiliated Entities”). We evaluate each entity to determine its appropriate accounting treatment and disclosure. Certain of the Affiliated Entities, and none of the Unaffiliated Entities, are consolidated.

Investments in partnerships that are not required to be consolidated are accounted for using the equity method and are included in investments in partnerships on the condensed consolidated statements of financial condition. The Company had investments in Affiliated Entities totaling \$114.1 million and \$112.6 million at September 30, 2022 and December 31, 2021, respectively. The Company reflects the equity in earnings of these Affiliated Entities and Unaffiliated Entities as net gain/(loss) from investments on the condensed consolidated statements of income.

Capital may generally be redeemed from Affiliated Entities on a monthly basis upon adequate notice as determined in the sole discretion of each entity’s investment manager. Capital invested in Unaffiliated Entities may generally be redeemed at various intervals ranging from monthly to annually upon notice of 30 to 95 days. Certain Unaffiliated Entities and Affiliated Entities may require a minimum investment period before capital can be voluntarily redeemed (a “Lockup Period”). No investment in any Investment Partnership has an unexpired Lockup Period. The Company has no outstanding capital commitments to any Affiliated or Unaffiliated Entity.

##### *PMV Consumer Acquisition Corp.*

Refer to the Company's audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021 for background on PMV Consumer Acquisition Corp.

Commencing in August 2022, as a result of management and organization restructuring negotiations at the Sponsor to extend the life of PMV, AC no longer controlled Consolidated PMV. As a result, Consolidated PMV was deconsolidated from the financial statements, and a loss of \$3.6 million was recognized and recorded in Net gain/(loss) from investments in the condensed consolidated statements of income. The loss represents the difference between the carrying value and fair value of our remaining interest as of the transaction date.

We accounted for our remaining interest in PMV (comprising 1 million shares of Class A common stock and 500,000 PMV Public Warrants) at fair value. The initial fair value of these investments was \$9.9 million based on the respective closing prices of both instruments on the transaction date. Our investment is recorded in Investments in equity securities in the condensed consolidated statements of financial condition and related earnings or loss from subsequent changes in fair value will be recognized in Net gain/(loss) from investments in the condensed consolidated statements of income. We have continuing involvement with PMV through our ownership interest.

We accounted for our remaining interest in the Sponsor (comprising our original \$4.0 million investment) under the equity method. The initial fair value was \$1.0 million which was valued using a market approach. Our investment is recorded in Investments in partnerships in the condensed consolidated statements of financial condition and related earnings or loss from our share of the underlying net income or loss will be recognized in Net gain/(loss) from investments in the condensed consolidated statements of income. We have continuing involvement with the Sponsor through our ownership interest.

In 2021 and prior to August 2022, AC consolidated the assets, liabilities and the results of operations of both PMV and Sponsor. AC invested \$4.0 million, or approximately 62% of the \$6.48 million total Sponsor partnership commitment. The Sponsor was managed primarily by AC executives. AC determined that the Sponsor is a variable interest entity (VIE) and that AC is the primary beneficiary and therefore consolidated the assets and liabilities and results of operations of the Sponsor. In addition, AC has determined that PMV is a VIE due to the lack of equity at risk and is consolidated by the Sponsor, who is deemed to be the primary beneficiary. Neither AC nor PMV had a right to the benefits from nor did it bear the risks associated with the marketable securities held in trust assets held by PMV. Further, if PMV were to liquidate, the marketable securities held in trust assets would not be available to its general creditors, and as a result, the Company did not consider these assets available for the benefit of its investors.

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The following table reflects the net impact of the consolidated investment partnerships and other entities (“Consolidated Entities”) on the condensed consolidated statements of financial condition (in thousands):

	<b>September 30, 2022</b>		
	<b>Prior to Consolidation</b>	<b>Consolidated Entities</b>	<b>As Reported</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 277,445	\$ 10,733	\$ 288,178
Investments in U.S. Treasury Bills	133,755	-	133,755
Investments in securities	148,218	90,756	238,974
Investments in affiliated registered investment companies	172,140	(50,277)	121,863
Investments in partnerships	165,763	(16,680)	149,083
Receivable from brokers	8,796	9,367	18,163
Investment advisory fees receivable	1,299	(6)	1,293
Other assets(1)	35,444	8	35,452
Investments in marketable securities held in trust	-	-	-
Total assets	<u>\$ 942,860</u>	<u>\$ 43,901</u>	<u>\$ 986,761</u>
<b>Liabilities and equity</b>			
Securities sold, not yet purchased	\$ 2,427	\$ 754	\$ 3,181
Payable to brokers and other liabilities(1)	61,178	4,368	65,546
Tendered redeemable noncontrolling interests payable	-	29,001	29,001
Redeemable noncontrolling interests	-	9,778	9,778
Total equity	879,255	-	879,255
Total liabilities and equity	<u>\$ 942,860</u>	<u>\$ 43,901</u>	<u>\$ 986,761</u>

	<b>December 31, 2021</b>		
	<b>Prior to Consolidation</b>	<b>Consolidated Entities</b>	<b>As Reported</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 315,009	\$ 4,039	\$ 319,048
Investments in U.S. Treasury Bills	60,996	-	60,996
Investments in securities	184,229	88,858	273,087
Investments in affiliated registered investment companies	186,474	(51,926)	134,548
Investments in partnerships	174,683	(20,223)	154,460
Receivable from brokers	21,993	20,485	42,478
Investment advisory fees receivable	8,320	(5)	8,315
Other assets(1)	39,400	(4,105)	35,295
Investments in marketable securities held in trust	-	175,109	175,109
Total assets	<u>\$ 991,104</u>	<u>\$ 212,232</u>	<u>\$ 1,203,336</u>
<b>Liabilities and equity</b>			
Securities sold, not yet purchased	11,199	1,706	12,905
Accrued expenses and other liabilities(1)	33,825	18,804	52,629
Redeemable noncontrolling interests	-	202,456	202,456
Total equity(2)	946,080	(10,734)	935,346
Total liabilities and equity	<u>\$ 991,104</u>	<u>\$ 212,232</u>	<u>\$ 1,203,336</u>

(1) Represents the summation of multiple captions from the condensed consolidated statements of financial condition.

(2) Debit adjustments to Total equity reflect the amortization of the discount related to the issuance of PMV SPAC’s redeemable noncontrolling interest. The discount is amortized through an adjustment to additional paid-in capital and noncontrolling interest (proportionate to ownership interest in PMV Sponsor) and is also adjusted periodically for income/loss allocated to redeemable noncontrolling interest.

The following table reflects the net impact of the consolidated entities on the condensed consolidated statements of income (in thousands):

	<b>Three Months Ended September 30, 2022</b>		
	<b>Prior to Consolidation</b>	<b>Consolidated Entities</b>	<b>As Reported</b>
Total revenues	\$ 2,723	\$ (161)	\$ 2,562
Operating loss	(2,359)	(770)	(3,129)
Total other income/(loss), net	(19,053)	1,264	(17,789)
Income/(loss) before noncontrolling interests	(16,498)	494	(16,004)
Income/(loss) attributable to noncontrolling interests, net of taxes	-	494	494
Net income/(loss)	<u>\$ (16,498)</u>	<u>\$ -</u>	<u>\$ (16,498)</u>

	<b>Three Months Ended September 30, 2021</b>		
	<b>Prior to Consolidation</b>	<b>Consolidated Entities</b>	<b>As Reported</b>
Total revenues	\$ 2,657	\$ (545)	\$ 2,112
Operating loss	(1,821)	1,652	(169)
Total other income, net	3,777	2,380	6,157
Income/(loss) before noncontrolling interests	1,473	4,031	5,504
Income/(loss) attributable to noncontrolling interests, net of taxes	-	4,001	4,001
Net income	<u>\$ 1,473</u>	<u>\$ 30</u>	<u>\$ 1,503</u>

	Nine Months Ended September 30, 2022		
	Prior to	Consolidated	As Reported
	Consolidation	Entities	
Total revenues	\$ 8,229	\$ (539)	\$ 7,690
Operating loss	(6,462)	(2,184)	(8,646)
Total other income/(loss), net	(73,907)	5,154	(68,753)
Income/(loss) before noncontrolling interests	(62,571)	2,970	(59,601)
Income/(loss) attributable to noncontrolling interests, net of taxes	-	2,970	2,970
Net income/(loss)	<u>\$ (62,571)</u>	<u>\$ -</u>	<u>\$ (62,571)</u>

	Nine Months Ended September 30, 2021		
	Prior to	Consolidated	As Reported
	Consolidation	Entities	
Total revenues	\$ 9,658	\$ (2,732)	\$ 6,926
Operating loss	(13,830)	(3,115)	(16,945)
Total other income, net	78,710	6,744	85,454
Income/(loss) before noncontrolling interests	49,788	3,627	53,415
Income/(loss) attributable to noncontrolling interests, net of taxes	-	3,641	3,641
Net income/(loss)	<u>\$ 49,788</u>	<u>\$ (14)</u>	<u>\$ 49,774</u>

#### Variable Interest Entities

With respect to each consolidated VIE, its assets may only be used to satisfy its obligations. The investors and creditors of any consolidated VIE have no recourse to the Company's general assets. In addition, the Company neither benefits from such VIE's assets nor bears the related risk beyond its beneficial interest in the VIE.

The following table presents the balances related to VIEs that are consolidated and included on the condensed consolidated statements of financial condition as well as the Company's net interest in these VIEs (in thousands):

	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 13	\$ 1,911
Investments in securities	8,306	11,227
Receivable from brokers	137	1,106
Investments in marketable securities held in trust	-	175,109
Other assets	-	103
Accrued expenses and other liabilities <sup>(1)</sup>	(37)	(7,074)
PMV warrant liability	-	(5,280)
Redeemable noncontrolling interests	(406)	(162,314)
Nonredeemable noncontrolling interests	-	1,757
AC Group's net interests in consolidated VIEs	<u>\$ 8,013</u>	<u>\$ 16,545</u>

(1) Represents the summation of multiple captions from the condensed consolidated statements of financial condition.

#### Voting Interest Entities

We have an investment partnership that is consolidated as a VOE for both 2022 and 2021 because AC has a controlling interest in the entity. This resulted in the consolidation of \$102.5 million of assets, \$34.3 million of liabilities, and \$9.4 million of redeemable noncontrolling interests at September 30, 2022 and \$109.3 million of assets, \$8.4 million of liabilities, and \$40.1 million of redeemable noncontrolling interests at December 31, 2021. AC's net interest in the consolidated VOE at September 30, 2022 and December 31, 2021 was \$58.8 million and \$60.8 million, respectively. Included in the \$34.3 million of liabilities that were consolidated at September 30, 2022 was \$29.0 million of tendered shares payable as a result of redeemable noncontrolling interests validly tendering their shares in the entity prior to September 30, 2022. This is accrued in Tendered redeemable noncontrolling interests payable in our condensed consolidated statements of financial condition.

#### Equity Method Investments

The Company's equity method investments include investments in partnerships and offshore funds. These equity method investments are not consolidated but on an aggregate basis exceed 10% of the Company's consolidated total assets or income.

## E. Fair Value

Accounting Standards Codification Topic 820, Fair Value Measurement (ASC 820) specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three broad levels listed below:

- Level 1 - Unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable.
- Level 3 - Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Company defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments.

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The following tables present assets and liabilities measured at fair value on a recurring basis, unless otherwise noted, as of the dates specified (in thousands):

September 30, 2022				
Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 276,423	\$ -	\$ -	\$ 276,423
Investments in securities (including GBL stock):				
Trading - U.S. Treasury Bills	133,755	-	-	133,755
Common stocks	229,449	1,567	2,097	233,113
Mutual funds	929	-	-	929
Other	4,056	642	234	4,932
Total investments in securities	368,189	2,209	2,331	372,729
Investments in affiliated registered investment companies:				
Closed-end funds	44,520	-	11,486	56,006
Mutual funds	65,857	-	-	65,857
Total investments in affiliated registered investment companies	110,377	-	11,486	121,863
Total investments held at fair value	478,566	2,209	13,817	494,592
<b>Total assets at fair value</b>	<b>\$ 754,989</b>	<b>\$ 2,209</b>	<b>\$ 13,817</b>	<b>\$ 771,015</b>
Liabilities				
Common stocks	\$ 1,725	\$ -	\$ -	\$ 1,725
Other	653	803	-	1,456
Securities sold, not yet purchased	2,378	803	-	3,181
<b>Total liabilities at fair value</b>	<b>\$ 2,378</b>	<b>\$ 803</b>	<b>\$ -</b>	<b>\$ 3,181</b>
December 31, 2021				
Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 314,172	\$ -	\$ -	\$ 314,172
Investments in securities (including GBL stock):				
Trading - U.S. Treasury Bills	60,996	-	-	60,996
Common stocks	260,763	2,320	2,073	265,156
Mutual funds	1,351	-	-	1,351
Other	4,833	1,220	527	6,580
Total investments in securities	327,943	3,540	2,600	334,083
Investments in affiliated registered investment companies:				
Closed-end funds	56,381	-	8,000	64,381
Mutual funds	70,167	-	-	70,167
Total investments in affiliated registered investment companies	126,548	-	8,000	134,548
Total investments held at fair value	454,491	3,540	10,600	468,631
<b>Total assets at fair value</b>	<b>\$ 768,663</b>	<b>\$ 3,540</b>	<b>\$ 10,600</b>	<b>\$ 782,803</b>
Liabilities				
Common stocks	\$ 9,838	\$ -	\$ -	\$ 9,838
Other	1,959	1,108	-	3,067
Securities sold, not yet purchased	11,797	1,108	-	12,905
PMV warrant liability	5,280	-	-	5,280
<b>Total liabilities at fair value</b>	<b>\$ 17,077</b>	<b>\$ 1,108</b>	<b>\$ -</b>	<b>\$ 18,185</b>



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The following table presents additional information about assets and liabilities by major category measured at fair value on a recurring basis and for which the Company has utilized Level 3 inputs to determine fair value:

	<b>Three Months Ended September 30, 2022</b>	<b>Three Months Ended September 30, 2021</b>	<b>Nine Months Ended September 30, 2022</b>	<b>Nine Months Ended September 30, 2021</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<b>Assets:</b>				
Beginning balance	\$ 12,731	\$ 6,135	\$ 10,600	\$ 6,498
Total gains/(losses)	-	(489)	70	(538)
Purchases	1,500	9	3,900	53
Sales/return of capital	(414)	(1,046)	(753)	(1,046)
Transfers	-	-	-	(358)
Ending balance	<u>\$ 13,817</u>	<u>\$ 4,609</u>	<u>\$ 13,817</u>	<u>\$ 4,609</u>
Changes in net unrealized gain/(loss) included in Net gain/(loss) from investments related to level 3 assets still held as of the reporting date	<u>\$ -</u>	<u>\$ (489)</u>	<u>\$ 70</u>	<u>\$ (538)</u>
	<b>Three Months Ended September 30, 2022</b>	<b>Three Months Ended September 30, 2021</b>	<b>Nine Months Ended September 30, 2022</b>	<b>Nine Months Ended September 30, 2021</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<b>Liabilities:</b>				
Beginning balance	\$ -	\$ 7,508	\$ -	\$ -
Total (gains)/losses	-	(1,918)	-	(2,743)
Issuances	-	-	-	8,333
Ending balance	<u>\$ -</u>	<u>\$ 5,590</u>	<u>\$ -</u>	<u>\$ 5,590</u>
Changes in net unrealized (gain)/loss included in Net gain/(loss) from investments related to level 3 liabilities still held as of the reporting date	<u>\$ -</u>	<u>\$ (1,918)</u>	<u>\$ -</u>	<u>\$ (2,743)</u>

Total realized and unrealized gains and losses for Level 3 assets and liabilities are reported in net gain/(loss) from investments in the condensed consolidated statements of income.

During the three and nine months ended September 30, 2022 and the three months ended September 30, 2021, there were no transfers into or out of Level 3. For the nine months ended September 30, 2021, the Company transferred an investment with a value of approximately \$0.4 million from Level 3 to Level 1 due to increased availability of market price quotations.

The following table presents the carrying amounts and estimated fair values of financial assets that are not measured at fair value on a recurring basis and their respective levels within the fair value hierarchy:

<b>Assets</b>	<b>September 30, 2022</b>			<b>December 31, 2021</b>		
	<b>Level within Fair Value Hierarchy</b>	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Level within Fair Value Hierarchy</b>	<b>Fair Value</b>	<b>Amortized Cost</b>
Investment in note receivable from affiliate <sup>(1)</sup>	-	\$ -	\$ -	2	\$ 5,066	\$ 5,066
Total assets		<u>\$ -</u>	<u>\$ -</u>		<u>\$ 5,066</u>	<u>\$ 5,066</u>

(1) Included in Receivable and investment in note receivable from affiliates in the condensed consolidated statements of financial condition.

**F. Income Taxes**

The effective tax rate ("ETR") for the nine months ended September 30, 2022 and September 30, 2021 was 23.0% and 22.0%, respectively. The ETR in the year to date period of 2022 differs from the U.S. corporate tax rate of 21% primarily due to (a) state and local taxes (net of federal benefit), (b) excluded income on certain consolidated entities, (c) deferred tax asset valuation allowances related to the carryforward of charitable contributions and (d) the dividends received deduction. The ETR in the year to date period of 2021 differs from the standard corporate tax rate of 21% primarily due to (a) state and local taxes (net of federal benefit), (b) the deductibility of officers' compensation, (c) the dividends received deduction, (d) the deferred tax asset valuation allowances related to the carryforward of charitable contributions and (e) excluded income on certain consolidated entities.

At September 30, 2022 the Company had net deferred tax assets, before valuation allowance of approximately \$12.9 million that were recorded within income taxes receivable in the condensed consolidated statements of financial condition. The Company believes that it is more-likely-than-not that the benefit from a portion of the shareholder-designated charitable contribution carryforwards will not be realized. In recognition of this risk, the Company has provided a valuation allowance of \$1.5 million and \$1.3 million as of September 30, 2022 and December 31, 2021, respectively, on the deferred tax assets related to these charitable contribution carryforwards.

As of and for the periods ended September 30, 2022 and December 31, 2021, the Company has not identified any uncertain tax positions.

The Company remains subject to income tax examination by the IRS for the years 2018 through 2020 and state examinations for years after 2016.

## G. Earnings per Share

Basic earnings per share is computed by dividing net income/(loss) attributable to our shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is computed by dividing net income/(loss) attributable to our shareholders by the weighted average number of shares, plus any potentially dilutive securities (if any), outstanding during the period.

The computations of basic and diluted net income/(loss) per share are as follows (in thousands, except per share data):

(In thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Income/(loss) before noncontrolling interests	\$ (16,004)	\$ 5,504	\$ (59,601)	\$ 53,415
Less: Income/(loss) attributable to noncontrolling interests	494	4,001	2,970	3,641
Net income/(loss) attributable to Associated Capital Group, Inc.'s shareholders	<u>\$ (16,498)</u>	<u>\$ 1,503</u>	<u>\$ (62,571)</u>	<u>\$ 49,774</u>
Weighted average number of shares of Common Stock outstanding - basic	22,010	22,084	22,033	22,141
Weighted average number of shares of Common Stock outstanding - diluted	22,010	22,084	22,033	22,141
Basic and Diluted EPS	<u>\$ (0.75)</u>	<u>\$ 0.07</u>	<u>\$ (2.84)</u>	<u>\$ 2.25</u>

## H. Equity

### *Voting Rights*

The holders of Class A Common stock ("Class A Stock") and Class B Common stock ("Class B Stock") have identical rights except that holders of Class A Stock are entitled to one vote per share, while holders of Class B Stock are entitled to ten votes per share on all matters to be voted on by shareholders in general. Holders of each share class, however, are not eligible to vote on matters relating exclusively to the other share class.

### *Stock Award and Incentive Plan*

The Company's Board of Directors periodically grants shares of Phantom Restricted Stock awards ("Phantom RSAs"). Under the terms of the grants, the Phantom RSAs vest 30% and 70% after three and five years, respectively. The Phantom RSAs will be settled by a cash payment, net of applicable withholding tax, on the vesting dates. In addition, an amount equivalent to the cumulative dividends declared on shares of the Company's Class A common stock during the vesting period will be paid to participants on vesting.

The Phantom RSAs are treated as a liability because cash settlement is required and compensation will be recognized over the vesting period. In determining the compensation expense to be recognized each period, the Company will re-measure the fair value of the liability at each reporting date taking into account the remaining vesting period attributable to each award and the current market value of the Company's Class A stock. In making these determinations, the Company will consider the impact of Phantom RSAs that have been forfeited prior to vesting (e.g., due to an employee termination). The Company has elected to consider forfeitures as they occur. Based on the closing price of the Company's Class A Common Stock on September 30, 2022 and December 31, 2021, the total liability recorded by the Company in compensation payable in our condensed consolidated statements of financial condition as of September 30, 2022 and December 31, 2021, with respect to the Phantom RSAs was \$3.8 million and \$3.0 million, respectively.

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The following table summarizes our stock-based compensation as well as unrecognized compensation for the three and nine month periods ended September 30, 2022 and 2021, respectively. Stock-based compensation expense is included in compensation expense in the condensed consolidated statements of income (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Stock-based compensation expense	\$ 452	\$ 365	\$ 769	\$ 1,223
Remaining expense to be recognized, if all vesting conditions are met <sup>(1)</sup>			4,408	6,264
Weighted average remaining contractual term (in years)			1.9	2.3

(1) Does not include an estimate for projected future dividends.

The following table summarizes Phantom RSA activity (in thousands, except per share data):

	PRSA's	Weighted Average Grant Date Fair Value
Balance at December 31, 2021	222,905	\$ 36.03
Granted	-	-
Forfeited	(945)	37.40
Vested	-	-
Balance at March 31, 2022	221,960	\$ 36.02
Granted	-	-
Forfeited	(6,050)	35.63
Vested	-	-
Balance at June 30, 2022	215,910	\$ 36.04
Granted	4,500	41.70
Forfeited	(8,500)	35.82
Vested	-	-
Balance at September 30, 2022	211,910	\$ 36.16

*Stock Repurchase Program*

In December 2015, the Board of Directors established a stock repurchase program authorizing the Company to repurchase up to 500,000 shares. On February 7, 2017, the Board of Directors reset the available number of shares to be purchased under the stock repurchase program to 500,000 shares. On August 3, 2017 and May 8, 2018, the Board of Directors authorized the repurchase of an additional 1 million and 500,000 shares, respectively. Our stock repurchase program is not subject to an expiration date.

The following table presents the Company's stock repurchase activity and remaining authorization:

	Number of shares	Average price per share
<b>For the period ended September 30, 2022:</b>		
Remaining repurchase authorization at December 31, 2021	677,144	
Shares purchased under repurchase plan <sup>(1)</sup>	(7,536)	\$ 38.84
Remaining repurchase authorization at March 31, 2022	669,608	
Shares purchased under repurchase plan <sup>(1)</sup>	(35,292)	\$ 37.32
Remaining repurchase authorization at June 30, 2022	634,316	
Shares purchased under repurchase plan <sup>(1)</sup>	(11,752)	\$ 37.52
Remaining repurchase authorization at September 30, 2022	622,564	
<b>For the period ended September 30, 2021:</b>		
Remaining repurchase authorization at December 31, 2020	893,102	
Shares purchased under repurchase plan <sup>(1)</sup>	(119,087)	\$ 35.24
Remaining repurchase authorization at March 31, 2021	774,015	
Shares purchased under repurchase plan <sup>(1)</sup>	(53,992)	\$ 35.06
Remaining repurchase authorization at June 30, 2021	720,023	
Shares purchased under repurchase plan <sup>(1)</sup>	(38,577)	\$ 36.19
Remaining repurchase authorization at September 30, 2021	681,446	

(1) Repurchases totaled \$0.4 million and \$1.4 million for the three-month periods ended September 30, 2022 and 2021, respectively. Repurchases totaled \$2.1 million and \$7.5 million for the nine-month periods ended September 30, 2022 and 2021, respectively.

*Dividends*

There were no dividends declared during the three-month periods ended September 30, 2022 or 2021. During the nine-month periods ended September 30, 2022 and 2021, the Company declared dividends of \$0.10 per share to Class A and Class B shareholders.

**I. Goodwill**

At September 30, 2022, goodwill on the condensed consolidated statements of financial condition includes \$3.4 million of goodwill related to GCIA. The Company assesses the recoverability of goodwill at least annually, or more often should events warrant, using a qualitative assessment of whether it is more likely than not that an impairment has occurred to determine if a quantitative analysis is required. There were no indicators of impairment for the nine months ended September 30, 2022 or September 30, 2021, and as such there was no impairment analysis performed or charge recorded.

**J. Guarantees, Contingencies and Commitments**

From time to time, the Company may be named in legal actions and proceedings. These actions may seek substantial or indeterminate compensatory as well as punitive damages or injunctive relief. We are also subject to governmental or regulatory examinations or investigations. The examinations or investigations could result in adverse judgments, settlements, fines, injunctions, restitutions or other relief. For any such matters, the condensed consolidated financial statements include the necessary provisions for losses, if any, that the Company believes are probable and estimable. Furthermore, the Company evaluates whether losses exist which may be reasonably possible and will, if material, make the necessary disclosures. Management believes, however, that such amounts, both those that are probable and those that are reasonably possible, are not material to the Company's financial condition, results of operations or cash flows at September 30, 2022.

The Company has also entered into arrangements with various other third parties, many of which provide for indemnification of the third parties against losses, costs, claims and liabilities arising from the performance of obligations under the agreements. The Company has had no claims or payments pursuant to these or prior agreements and believes the likelihood of a claim being made is remote, and, therefore, no accrual has been made on the condensed consolidated financial statements.

**K. Subsequent Events**

From October 1, 2022 to November 14, 2022, the Company repurchased 2,205 shares at \$39.65 per share.

On October 6, 2022, GAMCO Investors, Inc. voluntarily delisted its class A common stock from the NYSE and began trading on the OTCQX platform under the symbol GAMI.

On October 7, 2022, our consolidated VOE completed its payment to tendered holders. This payment was accrued in Tendered redeemable noncontrolling interests payable in our condensed consolidated statements of financial condition as of September 30, 2022.

On November 11, 2022, the Board of Directors declared a semi-annual dividend of \$0.10 per share, which is payable on December 15, 2022 to Class A and Class B shareholders of record on December 1, 2022.

On November 11, 2022, the Board of Directors approved a \$0.15 per share shareholder designated charitable contribution. If all eligible shares outstanding were registered to participate at the record date, the total contribution would approach \$3.3 million.

## ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Introduction

MD&A is provided as a supplement to, and should be read in conjunction with, the Company's unaudited interim consolidated financial statements and accompanying notes thereto included in this Quarterly Report on Form 10-Q, as well as the Company's audited annual financial statements included in our Form 10-K filed with the SEC on March 17, 2022 to help provide an understanding of our financial condition, changes in financial condition and results of operations. Unless the context otherwise requires, all references to "we," "us," "our," "AC Group" or the "Company" refer collectively to Associated Capital Group, Inc., a holding company, and its subsidiaries through which our operations are actually conducted.

### Overview

We are a Delaware corporation, incorporated in 2015, that provides alternative investment management services and operates a direct investment business that over time invests in businesses that fit our criteria. Additionally, we derive income from proprietary investments.

### Alternative Investment Management

We conduct our investment management activities through our wholly-owned subsidiary Gabelli & Company Investment Advisers, Inc. ("GCIA") and its wholly-owned subsidiary, Gabelli & Partners, LLC ("Gabelli & Partners"). GCIA is an investment adviser registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). GCIA and Gabelli & Partners together serve as general partners or investment managers to investment funds including limited partnerships and offshore companies (collectively, "Investment Partnerships"), and separate accounts. We primarily manage assets across a range of risk and event arbitrage portfolios and in equity event-driven value strategies. The business earns management and incentive fees from its advisory activities. Management fees are largely based on a percentage of assets under management ("AUM"). Incentive fees are based on a percentage of the investment returns of certain client portfolios.

We manage assets on a discretionary basis and invest in a variety of U.S. and foreign securities mainly in the developed global markets. We primarily employ absolute return strategies with the objective of generating positive returns. We serve a wide variety of investors globally including private wealth management clients, corporations, corporate pension and profit-sharing plans, foundations and endowments, as well as serving as sub-advisor to certain third-party investment funds.

In merger arbitrage, the goal is to earn absolute positive returns. We introduced our first limited partnership, Gabelli Arbitrage (renamed Gabelli Associates), in February 1985. Our typical investment process begins at the time of deal announcement, buying shares of the target at a discount to the stated deal terms, earning the spread until the deal closes, and reinvesting the proceeds in new deals in a similar manner. By owning a diversified portfolio of transactions, we mitigate the adverse impact of singular deal-specific risks.

As the business and investor base expanded, we launched an offshore version in 1989. Building on our strengths in global event-driven value investing, several investment vehicles have been added to balance investors' geographic, strategic and sector-specific needs. Today, we manage investments in multiple categories, including merger arbitrage, event-driven value and other strategies.

### Proprietary Capital

Proprietary capital is earmarked for our direct investment business that invests in new and existing businesses, using a variety of techniques and structures. We launched our direct private equity and merchant banking activities in August 2017. The direct investment business is developing along several core pillars:

- Gabelli Private Equity Partners, LLC ("GPEP"), formed in August 2017 with \$150 million of authorized capital as a "fundless" sponsor.
- Gabelli Principal Strategies Group, LLC ("GPS") was created to pursue strategic operating initiatives broadly.

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Our direct investing efforts are organized to invest in various ways, including growth capital, leveraged buyouts and restructurings, with an emphasis on small and mid-sized companies. Our investment sourcing is across a variety of channels including direct owners, private equity funds, classic agents, and corporate carve outs (which are positioned for accelerated growth, as businesses seek to enhance shareholder value through financial engineering). The Company's direct investing vehicles allow us to acquire companies and create long-term value with no pre-determined exit timetable.

We have a proprietary portfolio of cash and investments which we expect to use to invest primarily in funds that we will manage, provide seed capital for new products, expand our geographic presence, develop new markets and pursue strategic acquisitions and alliances.

A novel strain of coronavirus, and its variants, ("COVID-19") continue to disrupt global supply chains, adding broad inflationary pressures impacting companies worldwide. As a result of this pandemic, many of our employees ("teammates") were working remotely. The Company's remote work arrangements were mostly discontinued as of July 2021 and a majority of our teammates are now back in our offices. Furthermore, in response to the invasion of Ukraine by Russia, economic sanctions were imposed on individuals and entities within Russia by governments around the world, including the U.S. and the European Union. The resulting economic dislocations from the pandemic and the Ukraine-Russia conflict did not have a significant adverse impact on our AUM.

There continues to be no material impact of remote work arrangements on our operations, including our financial reporting systems, internal control over financial reporting, and disclosure controls and procedures, and there has been no material challenge in implementing our business continuity plan.

### Financial Highlights

The following is a summary of the Company's financial performance for the quarters ended September 30, 2022 and 2021:

(\$000s except per share data or as noted)

	Third Quarter			
	2022		2021	
AUM - end of period (in millions)	\$	1,752	\$	1,680
AUM - average (in millions)		1,807		1,651
Net income/(loss) per share-diluted	\$	(0.75)	\$	0.07
Book value per share at September 30	\$	39.96	\$	42.24

### Condensed Consolidated Statements of Income

Investment advisory and incentive fees, which are based on the amount and composition of AUM in our funds and accounts, represent our largest source of revenues. Growth in revenues depends on good investment performance, which influences the value of existing AUM as well as contributes to higher investment and lower redemption rates and attracts additional investors while maintaining current fee levels. Growth in AUM is also dependent on being able to access various distribution channels, which is usually based on several factors, including performance and service. In light of the ongoing dynamics created by rising interest rates, high inflation, geo-political conflict, COVID-19 and the related impact on the global supply chain and banks, oil, travel and leisure, we could experience higher volatility in short term returns of our funds.

Incentive fees generally consist of an incentive allocation on the absolute gain in a portfolio generally equating to 20% of the economic profit, as defined in the agreements governing the investment vehicle or account. We recognize such revenue only when the measurement period has been completed generally in December or at the time of an investor redemption.

Compensation includes variable and fixed compensation and related expenses paid to officers, portfolio managers, sales, trading, research and all other professional staff. Variable compensation is paid to sales personnel and portfolio management and may represent up to 55% of revenues.

Management fee expense is incentive-based compensation equal to 10% of adjusted aggregate pre-tax profits paid to the Executive Chair or his designees for his services pursuant to an employment agreement.

Other operating expenses include general and administrative operating costs.

Other income and expense includes net gains and losses from investments (which include both realized and unrealized gains and losses from securities and equity in earnings of investments in partnerships), interest and dividend income, and interest expense. Net gains and losses from investments are derived from our proprietary investment portfolio consisting of various public and private investments and from consolidated investment funds.

Net income/(loss) attributable to noncontrolling interests represents the share of net income attributable to third-party limited partners of certain partnerships and offshore funds we consolidate. Please refer to Notes A and D in our consolidated financial statements included elsewhere in this report.

### Condensed Consolidated Statements of Financial Condition

We ended the third quarter of 2022 with approximately \$884 million in cash and investments, net of securities sold, not yet purchased of \$3 million and net of payables to broker of \$45 million relating to an unsettled T-bill rollover trade. This includes \$288 million of cash and cash equivalents; \$134 million of short-term U.S. Treasury obligations; \$236 million of securities, net of securities sold, not yet purchased, including shares of GAMCO with a market value of \$41.2 million; and \$271 million invested in affiliated and third-party funds and partnerships, including investments in affiliated closed end funds which have a value of \$56 million and more limited liquidity. Our financial resources provide flexibility to pursue strategic objectives that may include acquisitions, lift-outs, seeding new investment strategies, and co-investing, as well as shareholder compensation in the form of share repurchases and dividends.

Total shareholders' equity was \$879 million or \$39.96 per share as of September 30, 2022, compared to \$937 million or \$42.48 per share as of December 31, 2021. Shareholders' equity per share is calculated by dividing the total equity by the number of common shares outstanding. The decrease in equity from the end of 2021 was largely attributable to loss for the year to date period.

**RESULTS OF OPERATIONS**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>				
Investment advisory and incentive fees	\$ 2,472	\$ 2,014	\$ 7,409	\$ 6,627
Other revenues	90	98	281	299
<b>Total revenues</b>	<b>2,562</b>	<b>2,112</b>	<b>7,690</b>	<b>6,926</b>
<b>Expenses</b>				
Compensation	3,591	2,819	10,531	11,710
Management fee	-	226	-	7,209
Other operating expenses	2,100	(764)	5,805	4,952
<b>Total expenses</b>	<b>5,691</b>	<b>2,281</b>	<b>16,336</b>	<b>23,871</b>
Operating loss	(3,129)	(169)	(8,646)	(16,945)
<b>Other income/(loss)</b>				
Net gain/(loss) from investments	(19,314)	5,676	(72,727)	79,303
Interest and dividend income	2,797	1,119	5,533	9,119
Interest expense	(66)	(97)	(145)	(251)
Shareholder-designated contribution	(1,206)	(541)	(1,414)	(2,717)
<b>Total other income/(loss), net</b>	<b>(17,789)</b>	<b>6,157</b>	<b>(68,753)</b>	<b>85,454</b>
<b>Income/(loss) before income taxes</b>	<b>(20,918)</b>	<b>5,988</b>	<b>(77,399)</b>	<b>68,509</b>
Income tax expense/(benefit)	(4,914)	484	(17,798)	15,094
<b>Income/(loss) before noncontrolling interests</b>	<b>(16,004)</b>	<b>5,504</b>	<b>(59,601)</b>	<b>53,415</b>
Income/(loss) attributable to noncontrolling interests	494	4,001	2,970	3,641
<b>Net income/(loss) attributable to Associated Capital Group, Inc.'s shareholders</b>	<b>\$ (16,498)</b>	<b>\$ 1,503</b>	<b>\$ (62,571)</b>	<b>\$ 49,774</b>
<b>Net income/(loss) per share attributable to Associated Capital Group, Inc.'s shareholders:</b>				
Basic	\$ (0.75)	\$ 0.07	\$ (2.84)	\$ 2.25
Diluted	\$ (0.75)	\$ 0.07	\$ (2.84)	\$ 2.25
<b>Weighted average shares outstanding:</b>				
Basic	22,010	22,084	22,033	22,141
Diluted	22,010	22,084	22,033	22,141

**Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021**

*Overview*

Our operating loss for the quarter was \$3.1 million compared to \$0.2 million for the comparable quarter of 2021. The increase in operating loss was driven primarily by a \$2.4 million one-time credit recorded in the third quarter of 2021. Other income/(loss), net was a loss of \$17.8 million in the 2022 quarter compared to a gain of \$6.2 million in the prior year's quarter primarily due to mark-to-market changes in our holdings of our securities portfolio. The Company recorded an income tax benefit in the current quarter of \$4.9 million compared to expense of \$0.5 million in the prior year's quarter. Consequently, our current quarter net income/(loss) was \$(16.5) million, or \$(0.75) per diluted share, compared to net income of \$1.5 million, or \$0.07 per diluted share, in the prior year's comparable quarter.

*Revenues*

Total revenues were \$2.6 million for the quarter ended September 30, 2022, 21.3% higher than the prior year's period.

We earn advisory fees based on the average level of AUM in our products. Advisory and incentive fees were \$2.5 million for 2022, \$0.5 million higher than the comparable quarter of 2021 mainly due to higher average AUM. Incentive fees are not recognized until the uncertainty surrounding the amount of variable consideration ends and the fee is crystalized, typically on an annual basis on December 31. There were no material unrecognized incentive fees for the quarter ended September 30, 2022 compared to \$9.4 million for the quarter ended September 30, 2021.

*Expenses*

Compensation, which include variable compensation, salaries, bonuses and benefits, was \$3.6 million and \$2.8 million for the three month periods ended September 30, 2022 and September 30, 2021, respectively. Fixed compensation, which includes salaries and benefits and stock based compensation, increased to \$2.7 million for the 2022 period from \$2.3 million in the prior year. The remainder of the compensation expense represents variable compensation that fluctuates with management fee and incentive allocation revenues and gains on investment portfolios. Variable payouts as a percent of revenues are impacted by the mix of products upon which performance fees are earned and the extent to which they may exceed their allocated costs. For 2022, these variable payouts were \$0.9 million, an increase from \$0.5 million accrued in 2021 driven primarily by higher management fees in 2022 as a result of higher average AUM.

Management fee expense represents incentive-based and entirely variable compensation in the amount of 10% of the aggregate pre-tax profits which is payable to Mario J. Gabelli pursuant to his employment agreement. No management fee expense was recorded for the three-month period ended September 30, 2022 due to the year to date pre-tax loss. AC recorded management fee expense of \$0.2 million for the three-month period ended September 30, 2021.

Other operating expenses were \$2.1 million during the three months ended September 30, 2022 compared to \$(0.8) million in the prior year's quarter, driven primarily by the \$2.4 million one-time credit recorded in the third quarter of 2021.

*Other*

Net gain/(loss) from investments is primarily related to the performance of our securities portfolio and investments in partnerships. Investment gains/(losses) were losses of \$19.3 million in the 2022 quarter versus gains of \$5.7 million in the comparable 2021 quarter, the decrease driven by market volatility in Q3 2022 brought on by rising interest rates, geo-political factors and accelerating inflation.

Interest and dividend income decreased to \$2.8 million in the 2022 quarter from \$1.1 million in the 2021 quarter primarily driven by increased interest income on our treasury bills as a result of higher interest rates in 2022.

Shareholder-designated contributions in the 2022 quarter increased to \$1.2 million compared to \$0.5 million in the prior year's quarter, driven by timing of contributions.

*Income taxes*

Our provision for income taxes was a benefit of \$4.9 million for the quarter compared to expense of \$0.5 million in the comparable period of 2021, primarily driven by losses in the 2022 period. The effective tax rate for the three months ended September 30, 2022 and September 30, 2021 was 23.5% and 8.1%, respectively.



*Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021*

*Overview*

Our operating loss for the year to date period was \$8.6 million compared to \$16.9 million for the comparable period of 2021. The decrease in operating loss was driven primarily by no management fee expense, lower compensation accruals and lower mark to market expense on stock-based compensation in the 2022 year to date period. Other income/(loss), net was a loss of \$68.8 million in the 2022 period compared to a gain of \$85.5 million in the prior year's period primarily due to mark-to-market changes in our securities. The Company recorded an income tax benefit in the current period of \$17.8 million compared to expense of \$15.1 million in the prior year's period. Consequently, our current period net income/(loss) was \$(62.6) million, or \$(2.84) per diluted share, compared to \$49.8 million, or \$2.25 per diluted share, in the prior year's comparable period.

*Revenues*

Total revenues were \$7.7 million for the year to date period ended September 30, 2022, \$0.8 million higher than the prior year's period.

We earn advisory fees based on the average level of AUM in our products. Advisory fees were \$7.4 million for 2022, \$0.8 million higher than the comparable period of 2021 as a result of higher average AUM.

*Expenses*

Compensation, which include variable compensation, salaries, bonuses and benefits, was \$10.5 million for the nine months ended September 30, 2022, \$1.2 million lower than the \$11.7 million for the nine months ended September 30, 2021. Fixed compensation, which includes salaries and benefits and stock based compensation, increased to \$7.8 million for the 2022 period from \$7.5 million in the prior year. Salaries and benefits were \$4.1 million and \$3.8 million in the 2022 and 2021 periods, respectively. The remainder of the compensation expense represents variable compensation that fluctuates with management fee and incentive allocation revenues and gains on investment portfolios. Variable payouts as a percent of revenues are impacted by the mix of products upon which performance fees are earned and the extent to which they may exceed their allocated costs. For 2022, these variable payouts were \$2.7 million, down \$1.5 million from \$4.2 million in 2021 due to performance in 2022.

Management fee expense represents incentive-based and entirely variable compensation in the amount of 10% of the aggregate pre-tax profits which is payable to Mario J. Gabelli pursuant to his employment agreement. No management fee expense was recorded for the nine-month period ended September 30, 2022 due to the year to date pre-tax loss. AC recorded management fee expense of \$7.2 million for the nine-month period ended September 30, 2021.

Other operating expenses were \$5.8 million during the nine months ended September 30, 2022 compared to \$5.0 million in the prior year.

*Other*

Net gain/(loss) from investments is primarily related to the performance of our securities portfolio and investments in partnerships. Investment gains/(losses) were losses of \$72.7 million in the 2022 period versus gains of \$79.3 million in the comparable 2021 period. In the 2022 period, our investments, other than investments in the Arb funds, were impacted mainly on a mark to market basis due to the market volatility brought on by rising interest rates, geo-political factors, and accelerating inflation.

Interest and dividend income decreased to \$5.5 million in the 2022 period from \$9.1 million in 2021 primarily due to the special dividend declared on our holdings of GAMCO in the 2021 period, partially offset by higher interest income on our treasury bills in 2022 driven by higher interest rates.

Shareholder-designated contributions were \$1.4 million in 2022 compared to \$2.7 million in 2021, driven by timing of contributions.

*Income taxes*

Our provision for income taxes was a benefit of \$17.8 million for the period compared to expense of \$15.1 million in the comparable period of 2021, primarily driven by losses in the 2022 period. The effective tax rate for the nine months ended September 30, 2022 and September 30, 2021 was 23.0% and 22.0%, respectively.

**ASSETS UNDER MANAGEMENT**

Our revenues are highly correlated to the level of assets under management and fees associated with our various investment products, rather than our own corporate assets. Assets under management, which are directly influenced by the level and changes of the overall equity markets, can also fluctuate through acquisitions, the creation of new products, and 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.

Assets under management were \$1.8 billion as of September 30, 2022, a decrease of 1.6% over December 31, 2021 and an increase of 4.3% over September 30, 2021. The changes were attributable to market appreciation/(depreciation), foreign currency and investor net inflows/(outflows).

**Assets Under Management (in millions)**

	September 30, 2022	December 31, 2021	September 30, 2021	% Change From	
				December 31, 2021	September 30, 2021
Merger Arbitrage	\$ 1,518	\$ 1,542	\$ 1,438	(1.6)	5.6
Event-Driven Value	203	195	198	4.1	2.5
Other	31	44	44	(29.5)	(29.5)
Total AUM	<u>\$ 1,752</u>	<u>\$ 1,781</u>	<u>\$ 1,680</u>	(1.6)	4.3

**Fund flows for the three months ended September 30, 2022 (in millions):**

	June 30, 2022	Market Appreciation/ (Depreciation)	Foreign Currency(1)	Net Inflows/ (Outflows)	September 30, 2022
Event-Driven Value	174	(9)	-	38	203
Other	37	(1)	-	(5)	31
Total AUM	<u>\$ 1,802</u>	<u>\$ 8</u>	<u>\$ (39)</u>	<u>\$ (19)</u>	<u>\$ 1,752</u>

(1) Reflects the impact of currency fluctuations of non-US dollar classes of investment funds.

The majority of our AUM have calendar year-end measurement periods, and our incentive fees are primarily recognized in the fourth quarter. Assets under management decreased on a net basis by \$50 million for the quarter ended September 30, 2022 due to the impact of currency fluctuations of non-US dollar classes of investment funds of \$39 million, net investor outflows of \$19 million, partially offset by market appreciation of \$8 million.

**Liquidity and Capital Resources**

Our principal assets consist of cash and cash equivalents; short-term treasury securities; marketable securities, primarily equities, including 2.4 million shares of GAMCO; and interests in affiliated and third-party funds and partnerships. Although Investment Partnerships may be subject to restrictions as to the timing of distributions, the underlying investments of such Investment Partnerships are generally liquid, and the valuations of these products reflect that underlying liquidity.

Summary cash flow data is as follows (in thousands):

	Nine Months Ended September 30,	
	2022	2021
Cash flows provided by (used in):		
Operating activities	\$ (30,558)	\$ 488,071
Investing activities	251	53,254
Financing activities	(5,450)	(11,058)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(35,757)	530,267
Cash, cash equivalents and restricted cash at beginning of period	328,594	39,509
Cash, cash equivalents and restricted cash at end of period	<u>\$ 292,837</u>	<u>\$ 569,776</u>

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We require relatively low levels of capital expenditures and have a highly variable cost structure where costs increase and decrease based on the level of revenues we receive. Our revenues, in turn, are highly correlated to the level of AUM and to investment performance. We anticipate that our available liquid assets should be sufficient to meet our cash requirements as we build out our operating business. At September 30, 2022, we had cash and cash equivalents of \$288.2 million, Investments in U.S. Treasury Bills of \$133.8 million and \$235.8 million of investments net of securities sold, not yet purchased of \$3.2 million. Included in cash and cash equivalents are \$10.7 million as of September 30, 2022 which were held by consolidated investment funds and may not be readily available for the Company to access.

Net cash used in operating activities was \$30.6 million for the nine months ended September 30, 2022 due to \$90.5 million of net decreases of securities and net distributions from investment partnerships and our net loss of \$59.6 million, partially offset by \$56.0 million of adjustments for noncash items, primarily losses on investments securities and partnership investments and deferred taxes and \$63.6 million of net receivables/payables. Net cash provided by investing activities was \$0.3 million due to proceeds from maturities of debt securities held to maturity of \$5.1 million, return of capital on securities of \$1.9 million and proceeds from sales of securities of \$0.6 million, partially offset by purchases of securities of \$5.9 million and the impact of deconsolidation of our subsidiary of \$1.4 million. Net cash used in financing activities was \$5.5 million resulting from dividends paid of \$2.2 million, stock buyback payments of \$2.1 million and redemptions of redeemable noncontrolling interests of \$1.2 million.

Net cash provided by operating activities was \$488.1 million, which includes the impact of the \$225 million unsettled T-bill rollover trade, for the nine months ended September 30, 2021. Excluding the impact of that unsettled rollover, net cash provided by operating activities was \$262.8 million, due to \$288.5 million of net decreases of securities and net contributions to investment partnerships and our net income of \$53.4 million, offset by \$73.1 million of adjustments for noncash items, primarily gains on investment securities, partnership investments and deferred taxes, and \$6.0 million of net receivables/payables. Net cash provided by investing activities was \$53.3 million due to purchases of securities of \$2.4 million offset by proceeds from sales of securities of \$16.7 million and return of capital on securities of \$39.0 million. Net cash used in financing activities was \$11.1 million, resulting from stock buyback payments of \$7.5 million and dividends paid of \$2.2 million.

### **Critical Accounting Policies and Estimates**

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ significantly from those estimates. See Note A and the Company's Critical Accounting Policies in Management's Discussion and Analysis of Financial Condition and Results of Operations in AC's 2021 Annual Report on Form 10-K filed with the SEC on March 17, 2022 for details on Critical Accounting Policies.

### **ITEM 3: Quantitative and Qualitative Disclosures About Market Risk**

Smaller reporting companies are not required to provide the information required by this item.

### **ITEM 4. Controls and Procedures**

#### **Disclosure Controls and Procedures**

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Co-Chief Financial Officers, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon that evaluation, our Chief Executive Officer and Co-Chief Financial Officers have concluded that our disclosure controls and procedures were effective as of and for the period covered by this report.

#### **Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting as defined by Rule 13a-15(f) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Forward-Looking Information**

Our disclosure and analysis in this report contain some forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements because they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning. They also appear in any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance of our products, expenses, the outcome of any legal proceedings, and financial results. Although we believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know about our business and operations, there can be no assurance that our actual results will not differ materially from what we expect or believe. Some of the factors that could cause our actual results to differ from our expectations or beliefs include, without limitation:

- the adverse effect from a decline in the securities markets
- a decline in the performance of our products
- a general downturn in the economy
- changes in government policy or regulation
- changes in our ability to attract or retain key employees
- unforeseen costs and other effects related to legal proceedings or investigations of governmental and self-regulatory organizations

We also direct your attention to any more specific discussions of risk contained in our Form 10 and other public filings. We are providing these statements as permitted by the Private Litigation Reform Act of 1995. We do not undertake to update publicly any forward-looking statements if we subsequently learn that we are unlikely to achieve our expectations or if we receive any additional information relating to the subject matters of our forward-looking statements.

**PART II: Other Information****ITEM 1: Legal Proceedings**

Currently, we are not subject to any legal proceedings that individually or in the aggregate involved a claim for damages in excess of 10% of our consolidated assets. From time to time, we may be named in legal actions and proceedings. These actions may seek substantial or indeterminate compensatory as well as punitive damages or injunctive relief. We are also subject to governmental or regulatory examinations or investigations. Examinations or investigations can result in adverse judgments, settlements, fines, injunctions, restitutions or other relief. For any such matters, the consolidated financial statements include the necessary provisions for losses that we believe are probable and estimable. Furthermore, we evaluate whether there exist losses which may be reasonably possible and, if material, make the necessary disclosures. However, management believes such matters, both those that are probable and those that are reasonably possible, are not material to the Company's consolidated financial condition, operations, or cash flows at September 30, 2022. See also Note J, *Guarantees, Contingencies and Commitments*, to the consolidated financial statements in Part I, Item 1 of this Form 10-Q.

**ITEM 1A: Risk Factors.**

Smaller reporting companies are not required to provide the information required by this item.

**ITEM 2: Unregistered Sales of Equity Securities And Use Of Proceeds**

The following table provides information for our repurchase of our Class A Stock during the quarter ended September 30, 2022:

Period	Total Number of Shares Repurchased	Average Price Paid Per Share, net of Commissions	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
07/01/22 - 07/31/22	4,100	\$ 36.42	4,100	630,216
08/01/22 - 08/31/22	695	39.51	695	629,521
09/01/22 - 09/30/22	6,957	37.97	6,957	622,564
Totals	<u>11,752</u>	<u>\$ 37.52</u>	<u>11,752</u>	

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**ITEM 6: (a) Exhibits**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
2.1	<a href="#">Separation and Distribution Agreement, dated November 30, 2015, between GAMCO Investors, Inc., a Delaware corporation (“GAMCO”), and Associated Capital Group, Inc., a Delaware corporation (the “Company”). (Incorporated by reference to Exhibit 2.1 to the Company’s Form 8-K dated November 30, 2015 filed with the Securities and Exchange Commission on December 4, 2015).</a>
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Company. (Incorporated by reference to Exhibit 3.1 to the Company’s Form 8-K dated November 19, 2015 filed with the Securities and Exchange Commission on November 25, 2015).</a>
3.2	<a href="#">Amended and Restated Bylaws of the Company. (Incorporated by reference to Exhibit 3.2 to the Company’s Report on Form 8-K dated November 19, 2015 filed with the Securities and Exchange Commission on November 25, 2015).</a>
4.1	<a href="#">Form of Common Stock Certificate. (Incorporated by reference to Exhibit 4.1 to Amendment No. 4 to the Company’s Registration Statement on Form 10 filed with the Securities and Exchange Commission on October 21, 2015).</a>
4.2	<a href="#">Description of The Registrant’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. (Incorporated by reference to Exhibit 4.2 of the Company’s Report on Form 10-K filed with the Commission on March 16, 2020).</a>
10.1	<a href="#">Service Mark and Name License Agreement, dated November 30, 2015, by and between the Company and GAMCO. (Incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K dated November 30, 2015 filed with the Commission on December 4, 2015).</a>
10.2	<a href="#">Transitional Administrative and Management Services Agreement, dated November 30, 2015, by and between the Company and GAMCO. (Incorporated by reference to Exhibit 10.2 to the Company’s Form 8-K dated November 30, 2015 filed with the Commission on December 4, 2015).</a>
10.3	<a href="#">Employment Agreement between the Company and Mario J. Gabelli dated November 30, 2015 (Incorporated by reference to Exhibit 10.3 to the Company’s Form 8-K dated November 30, 2015 filed with the Commission on December 4, 2015).</a>
10.4	<a href="#">Promissory Note in aggregate principal amount of \$250,000,000, dated November 30, 2015, issued by GAMCO in favor of the Company (Incorporated by reference to Exhibit 10.4 to the Company’s Form 8-K dated November 30, 2015 filed with the Commission on December 4, 2015).</a>
10.5	<a href="#">Tax Indemnity and Sharing Agreement, dated November 30, 2015, by and between the Company and GAMCO. (Incorporated by reference to Exhibit 10.5 to the Company’s Form 8-K dated November 30, 2015 filed with the Commission on December 4, 2015).</a>
10.6	<a href="#">2015 Stock Award Incentive Plan (Incorporated by reference to Exhibit 10.11 to Amendment No. 4 to the Company’s Registration Statement on Form 10 filed with the Securities and Exchange Commission on October 21, 2015).</a>
10.7	<a href="#">Form of Indemnification Agreement by and between the Company and the Indemnitee defined therein (Incorporated by reference to Exhibit 10.7 to Amendment No. 4 to the Company’s Registration Statement on Form 10 filed with the Securities and Exchange Commission on October 21, 2015).</a>
10.8	<a href="#">Agreement and Plan of Merger, dated as of October 31, 2019, by and among Morgan Group Holding Co., G.R. acquisition, LLC, G.research, LLC, Institutional Services Holdings, LLC and Associated Capital Group, Inc. (Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Morgan Group Holding Co. filed with the Securities and Exchange Commission on November 6, 2019).</a>
31.1	<a href="#">Certification of CEO pursuant to Rule 13a-14(a).</a>

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<b>31.2</b>	<a href="#">Certification of Co-CFO pursuant to Rule 13a-14(a).</a>
<b>31.3</b>	<a href="#">Certification of Co-CFO pursuant to Rule 13a-14(a)</a>
<b>32.1</b>	<a href="#">Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
<b>32.2</b>	<a href="#">Certification of Co-CFOs pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ASSOCIATED CAPITAL GROUP, INC.  
(Registrant)

By: /s/ Patrick B. Huvane  
Name: Patrick B. Huvane  
Title: Interim Co-Chief Financial Officer

By: /s/ Ian J. McAdams  
Name: Ian J. McAdams  
Title: Interim Co-Chief Financial Officer

Date: November 14, 2022

Date: November 14, 2022



## Certifications

I, Douglas R. Jamieson, certify that:

1. I have reviewed this quarter report on Form 10-Q of Associated Capital Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of income and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of the end of the period covered by this report; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Douglas R. Jamieson  
Name: Douglas R. Jamieson  
Title: Chief Executive Officer

Date: November 14, 2022

## Certifications

I, Patrick B. Huvane, certify that:

1. I have reviewed this quarter report on Form 10-Q of Associated Capital Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of income and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of the end of the period covered by this report; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Patrick B. Huvane  
Name: Patrick B. Huvane  
Title: Interim Co-Chief Financial Officer

Date: November 14, 2022

## Certifications

I, Ian J. McAdams, certify that:

1. I have reviewed this quarter report on Form 10-Q of Associated Capital Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of income and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of the end of the period covered by this report; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Ian J. McAdams  
Name: Ian J. McAdams  
Title: Interim Co-Chief Financial Officer

Date: November 14, 2022

**Certification of CEO Pursuant to  
18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarter Report on Form 10-Q of Associated Capital Group, Inc. (the "Company") for the quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Douglas R. Jamieson, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of income of the Company.

By: /s/ Douglas R. Jamieson  
Name: Douglas R. Jamieson  
Title: Chief Executive Officer

Date: November 14, 2022

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

**Certification of Co-CFOs Pursuant to  
18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Associated Capital Group, Inc. (the "Company") for the quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Patrick B. Huvane and Ian J. McAdams, as Interim Co-Chief Financial Officers of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of income of the Company.

By: /s/ Patrick B. Huvane  
Name: Patrick B. Huvane  
Title: Interim Co-Chief Financial Officer

By: /s/ Ian J. McAdams  
Name: Ian J. McAdams  
Title: Interim Co-Chief Financial Officer

Date: November 14, 2022

Date: November 14, 2022

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.