

ASSOCIATED CAPITAL GROUP, INC.

A Delaware Corporation

191 Mason Street, Greenwich, CT 06830

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SIC code: 6211

Issuer's Quarterly Report **For the quarterly period ended March 31, 2026** (the "Reporting Period")

Indicate the number of shares outstanding of each of the Issuer's classes of Common Stock, as of the end of the previous reporting period and the latest practical date.

<u>Class</u>	<u>Outstanding at December 31, 2025</u>	<u>Outstanding at April 30, 2026</u>
Class A Common Stock, \$0.001 par value (OTCQX: ACGP)	1,778,525	1,727,479
Class B Common Stock, \$0.001 par value	18,921,100	18,921,100

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes No

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes No

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

Yes No

Associated Capital Group, Inc. is responsible for the content of this Quarterly Report. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.

ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES

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ITEM 1: EXACT NAME OF THE ISSUER AND THE ADDRESS OF ITS PRINCIPAL EXECUTIVE OFFICES

The name of the issuer is Associated Capital Group, Inc.

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.

Company Description

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.

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.

The principal executive office and principal place of business is located at 191 Mason Street, Greenwich, CT 06830.

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Important Note to Shareholders Regarding Chairman Mario Gabelli

As previously announced by GAMCO Investors, Inc., on March 23, 2026, the Company’s Executive Chairman, Mario J. Gabelli was admitted to the hospital for observation and testing after a medical incident March 19, 2026, following a busy day of events around New York City. The timeline for his return is not yet known. The Company confirms no material impact on the business with the absence of Mario J. Gabelli. The portfolio management teams managing client assets continue in their tenure.

ITEM 2: SHARES OUTSTANDING

There are two classes of AC’s common stock: class A (“Class A Stock”) and class B (“Class B Stock”). Class A Stock trades on the OTCQX market under the symbol ACGP and Class B Stock does not trade publicly. The following table shows summary information on each class of securities outstanding as of March 31, 2026, December 31, 2025 and December 31, 2024.

<u>Class A Stock</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Number of shares authorized	100,000,000	100,000,000	100,000,000
Number of shares outstanding	1,734,337	1,778,525	2,233,920
Number of shares freely tradable (public float)	1,511,770	1,555,958	2,011,353
Number of beneficial shareholders owning at least 100 shares	101	102	112
Total number of holders of record	117	121	132

<u>Class B Stock</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Number of shares authorized	100,000,000	100,000,000	100,000,000
Number of shares outstanding	18,921,100	18,921,100	18,950,571
Number of shares freely tradable (public float)	-	-	-
Total number of holders	16	16	17

<u>Preferred Stock</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Number of shares authorized	10,000,000	10,000,000	10,000,000
Number of shares outstanding	-	-	-
Number of shares freely tradable (public float)	-	-	-
Total number of holders	-	-	-

Change of Control and Affiliated Activities

In January 2026, pursuant to a previously established reorganization plan, voting control of the Company changed from Chairman Mario J. Gabelli to Vice Chairman Marc Gabelli.

Furthermore, the number of shares freely tradable may include shares held by stockholders owning 10% or more of our Class A Stock. These shareholders may be considered “affiliates” within the meaning of Rule 144 and their shares may be “control shares” subject to the volume and manner of sale restrictions under Rule 144. AC’s board of directors (the “Board of Directors”) has authorized the exchange of Class B Stock for Class A Stock on a one for one basis.

Trading

Our listing on the New York Stock Exchange (“NYSE”) under the symbol AC was completed in November 2015. AC voluntarily delisted from the NYSE and began trading on the OTCQX under the new symbol ACGP as of September 5, 2025. AC voluntarily deregistered with the U.S. Securities and Exchange Commission (“SEC”) with an effective date of November 24, 2025.

Voting Rights

The holders of Class A Stock and Class B Stock have identical rights except that (i) 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, and (ii) holders of Class A Stock are not eligible to vote on matters relating exclusively to Class B Stock and vice versa.

Stock Award and Incentive Plan

The Company maintains a stock award and incentive plan approved by the shareholders (the “Plan”), which is designed to provide incentives which will attract and retain individuals key to the success of the Company primarily through indirect ownership of our common stock. Pursuant to the Plan, the Company’s Board of Directors periodically grant shares of Phantom Restricted Stock awards (“Phantom RSAs” or “PRSAs”) which entitles the grantee to the cash value of one share of Class A Stock, inclusive of dividends declared in the vesting period, subject to restrictions. Under the terms of the grants, the Phantom RSAs vest 30% and 70% after three and five years, respectively. The Phantom RSAs are settled by a cash payment, net of applicable withholding tax, on the vesting dates.

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, cumulative dividends 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. As of March 31, 2026 and December 31, 2025, there were 279,250 and 279,650 Phantom RSAs outstanding with weighted average grant prices of \$36.89 and \$36.89, respectively.

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 of Class A Stock. 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. On February 6, 2024, August 7, 2024, August 5, 2025 and November 7, 2025, the Board of Directors authorized the repurchase of an additional 350,000, 200,000, 150,000 and 500,000 shares, respectively. Our stock repurchase program is not subject to an expiration date. Shares of common stock may be purchased from time to time in the future, however share repurchase amounts and prices may vary after considering a variety of factors, including the company’s financial position, earnings, other alternative uses of cash, macroeconomic issues, and market conditions.

The following table provides information regarding purchases of Class A Stock made by or on behalf of the Company or any affiliated purchaser during the three months ended March 31, 2026:

Period	Total Number of Shares Repurchased ⁽¹⁾	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
01/01/26 - 01/31/26	19,014	\$ 39.71	19,014	499,668
02/01/26 - 02/28/26	16,939	40.80	16,939	482,729
03/01/26 - 03/31/26	8,235	39.98	8,235	474,494
Totals	44,188	\$ 40.18	44,188	

(1) On trade date basis.

Dividends

The declaration of dividends is subject to the discretion of our Board of Directors. Our Board of Directors will consider such matters as general business conditions, our financial results, capital requirements, contractual, legal and regulatory restrictions on the payment of dividends, and such other factors as our Board of Directors may deem relevant. Since our inception in 2015, AC has returned \$202.4 million to shareholders through share repurchases, exchange offers and dividends of \$89.5 million.

ITEM 3: INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>
ASSETS		
Cash and cash equivalents (includes U.S. Treasury Bills with maturities of 3 months or less)	\$ 301,774	\$ 255,875
Investments in U.S. Treasury Bills with maturities greater than 3 months	51,829	109,467
Investments in equity securities (includes GAMCO stock with a fair value of \$8,399 and \$8,566, respectively)	184,297	185,875
Investments in affiliated registered investment companies	197,363	200,721
Investments in partnerships	145,810	143,540
Receivable from brokers	21,293	22,954
Investment advisory fees receivable	1,123	10,687
Receivable from affiliates	1,309	9,296
Income taxes receivable, including deferred tax assets, net	1,290	4,752
Goodwill	3,519	3,519
Property and equipment, net	38,401	23,352
Other assets	7,820	9,208
Total assets	\$ 955,828	\$ 979,246
 LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Liabilities:		
Payable to brokers	\$ 9,249	\$ 7,567
Income taxes payable, including deferred tax liabilities, net	6,285	6,083
Compensation payable	6,466	25,890
Securities sold, not yet purchased	4,819	6,029
Accrued expenses and other liabilities	3,511	3,333
Total liabilities	30,330	48,902
Redeemable noncontrolling interests	5,729	5,908
Commitments and contingencies (Note 11)		
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; 6,671,072 and 6,641,601 shares issued; 1,734,337 and 1,778,525 shares outstanding, respectively	6	6
Class B Common Stock, \$0.001 par value; 100,000,000 shares authorized; 19,196,792 shares issued; 18,921,100 outstanding, respectively	19	19
Additional paid-in capital	999,047	999,047
Retained earnings	91,017	93,909
Treasury stock, at cost (4,936,735 and 4,892,547 shares, respectively)	(170,320)	(168,545)
Total equity	919,769	924,436
Total liabilities, redeemable noncontrolling interests and equity	\$ 955,828	\$ 979,246

As of March 31, 2026 and December 31, 2025, certain balances include amounts related to a consolidated variable interest entity (“VIE”) and voting interest entity (“VOE”). See Note 4.

See accompanying notes.

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

	Three Months Ended	
	March 31,	
	2026	2025
Revenues		
Investment advisory and incentive fees	\$ 2,410	\$ 2,004
Other revenues	114	125
Total revenues	<u>2,524</u>	<u>2,129</u>
Expenses		
Compensation	4,433	4,448
Management fee	-	1,103
Other operating expenses	2,205	1,866
Total expenses	<u>6,638</u>	<u>7,417</u>
Operating loss	(4,114)	(5,288)
Other income/(expense)		
Net gain/(loss) from investments	(2,149)	10,892
Interest and dividend income	5,870	5,018
Interest expense	(47)	(45)
Charitable giving contribution	(439)	(31)
Total other income, net	<u>3,235</u>	<u>15,834</u>
Income/(loss) before income taxes	(879)	10,546
Income tax expense	73	2,777
Income/(loss) before noncontrolling interests	(952)	7,769
Income/(loss) attributable to noncontrolling interests	(128)	100
Net income/(loss) attributable to Associated Capital Group, Inc.'s shareholders	<u>\$ (824)</u>	<u>\$ 7,669</u>
Net income/(loss) per share attributable to Associated Capital Group, Inc.'s shareholders:		
Basic and diluted	<u>\$ (0.04)</u>	<u>\$ 0.36</u>
Weighted average shares outstanding:		
Basic and diluted	<u>20,675</u>	<u>21,166</u>
Total shares outstanding	<u>20,655</u>	<u>21,145</u>

See accompanying notes.

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

For the three months ended March 31, 2026

	Common Stock	Retained Earnings	Additional Paid-in Capital	Treasury Stock	Total Equity	Redeemable Noncontrolling Interests
Balance at December 31, 2025	\$ 25	\$ 93,909	\$ 999,047	\$ (168,545)	\$ 924,436	\$ 5,908
Redemptions of noncontrolling interests	-	-	-	-	-	(51)
Net income/(loss)	-	(824)	-	-	(824)	(128)
Dividends declared (\$0.10 per share)	-	(2,068)	-	-	(2,068)	-
Purchases of treasury stock	-	-	-	(1,775)	(1,775)	-
Balance at March 31, 2026	<u>\$ 25</u>	<u>\$ 91,017</u>	<u>\$ 999,047</u>	<u>\$ (170,320)</u>	<u>\$ 919,769</u>	<u>\$ 5,729</u>

For the three months ended March 31, 2025

	Common Stock	Retained Earnings	Additional Paid-in Capital	Treasury Stock	Total Equity	Redeemable Noncontrolling Interests
Balance at December 31, 2024	\$ 25	\$ 45,809	\$ 999,047	\$ (152,175)	\$ 892,706	\$ 5,592
Redemptions of noncontrolling interests	-	-	-	-	-	(10)
Net income/(loss)	-	7,669	-	-	7,669	100
Purchases of treasury stock	-	-	-	(1,417)	(1,417)	-
Balance at March 31, 2025	<u>\$ 25</u>	<u>\$ 53,478</u>	<u>\$ 999,047</u>	<u>\$ (153,592)</u>	<u>\$ 898,958</u>	<u>\$ 5,682</u>

See accompanying notes.

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

	Three Months Ended	
	March 31,	
	2026	2025
Operating activities		
Income/(loss) before noncontrolling interests	\$ (952)	\$ 7,769
Adjustments to reconcile to net cash provided by/(used in) operating activities:		
Equity in net losses/(gains) from partnerships	1,128	(3,850)
Depreciation and amortization	197	89
Deferred income taxes	62	1,617
Donated securities	122	284
Unrealized losses/(gains) on securities	6,292	(2,462)
Realized gains on sales of securities	(4,370)	(2,343)
(Increase)/decrease in assets:		
Investments in trading securities	56,312	(7,687)
Investments in partnerships:		
Contributions to partnerships	(5,352)	(1,663)
Distributions from partnerships	1,954	3,950
Receivable from affiliates	7,987	(40)
Receivable from brokers	(124)	(478)
Investment advisory fees receivable	9,564	3,066
Income taxes receivable	3,488	1,094
Other assets	1,388	1,205
Increase/(decrease) in liabilities:		
Payable to brokers	1,682	(233)
Income taxes payable	114	-
Compensation payable	(19,424)	(5,291)
Accrued expenses and other liabilities	178	(3,168)
Total adjustments	61,198	(15,910)
Net cash provided by/(used in) operating activities	60,246	(8,141)
Investing activities		
Purchase of building	(15,247)	-
Purchases of securities	(122)	(3)
Proceeds from sales of securities	2,971	613
Return of capital on securities	159	610
Net cash (used in)/provided by investing activities	\$ (12,239)	\$ 1,220

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

	Three Months Ended	
	March 31,	
	2026	2025
Financing activities		
Dividends paid	\$ (2,068)	\$ -
Purchases of treasury stock	(1,775)	(1,417)
Redemptions of redeemable noncontrolling interests	(51)	(10)
Net cash used in financing activities	(3,894)	(1,427)
Net increase/(decrease) in cash, cash equivalents and restricted cash	44,113	(8,348)
Cash, cash equivalents and restricted cash at beginning of period	276,521	325,703
Cash, cash equivalents and restricted cash at end of period	\$ 320,634	\$ 317,355
 Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 47	\$ 45
Cash paid for taxes, net of (refunds) received	\$ (3,415)	\$ 66
 Reconciliation of Cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	\$ 301,774	\$ 293,857
Cash included in receivable from brokers	12,608	12,881
Restricted cash included in receivable from brokers	6,252	10,617
Cash, cash equivalents and restricted cash	\$ 320,634	\$ 317,355

On January 27, 2026, the Company purchased an office building in Zurich, Switzerland which is reflected as an Investing outflow.

See accompanying notes.

ASSOCIATED CAPITAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2026
(UNAUDITED)

1. Organization

We are a Delaware corporation that provides alternative investment management, and we derive investment income from proprietary investments 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.

Basis of Presentation

The unaudited interim condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for the fair presentation of financial position, results of operations, and cash flows of AC for the interim periods presented and are not necessarily indicative of results for a full year. These interim condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements included in our annual report for the year ended December 31, 2025.

The interim condensed consolidated financial statements include the accounts of AC Group and its subsidiaries. All 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 4. Investment Partnerships and Other Entities.

For the three months ended March 31, 2026, and 2025, there were no items related to other comprehensive income.

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 November 2024, the FASB issued ASU 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The standard requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. This new guidance will be effective on January 1, 2027 for annual reporting and January 1, 2028 for interim reporting. We are currently evaluating the impact that the adoption of this new standard will have on our consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which amends ASC 326-20 to provide a practical expedient for estimating expected credit losses on current trade receivables and contract assets. The amendment permits entities to assume that current economic conditions as of the balance-sheet date will not change over the remaining life of those assets. The standard is effective for annual periods beginning after December 15, 2025, including interim periods within those fiscal years, with early adoption permitted. The adoption of this guidance did not have a material impact on our consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow Scope Improvements*, which clarifies interim disclosure requirements and the applicability of Topic 270. The guidance is effective for fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of the adoption of this ASU but does not expect it would have a material impact on its interim condensed consolidated financial statements.

2. Revenue

The Company's major revenue sources are as follows for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
Investment advisory and incentive fees		
Asset-based advisory fees	\$ 1,101	\$ 1,057
Performance-based advisory fees	7	10
Sub-advisory fees	1,302	937
Sub-total	<u>2,410</u>	<u>2,004</u>
Other	114	125
Total	<u>\$ 2,524</u>	<u>\$ 2,129</u>

3. Investments in Securities

Investments in securities at March 31, 2026, and December 31, 2025, consisted of the following (in thousands):

	March 31, 2026		December 31, 2025	
	Cost	Fair Value	Cost	Fair Value
Debt - Trading Securities:				
U.S. Treasury Bills	\$ 51,688	\$ 51,829	\$ 108,478	\$ 109,467
Equity Securities:				
Common stocks	151,242	181,499	147,492	183,306
Mutual funds	768	1,465	768	1,475
Other investments	879	1,333	916	1,094
Total investments in equity securities	<u>152,889</u>	<u>184,297</u>	<u>149,176</u>	<u>185,875</u>
Total investments in securities	<u>\$ 204,577</u>	<u>\$ 236,126</u>	<u>\$ 257,654</u>	<u>\$ 295,342</u>

Securities sold, not yet purchased at March 31, 2026, and December 31, 2025, consisted of the following (in thousands):

	March 31, 2026		December 31, 2025	
	Cost	Fair Value	Cost	Fair Value
Common stocks	\$ 4,912	\$ 4,470	\$ 5,922	\$ 5,945
Other investments	55	349	14	84
Total securities sold, not yet purchased	<u>\$ 4,967</u>	<u>\$ 4,819</u>	<u>\$ 5,936</u>	<u>\$ 6,029</u>

Investments in affiliated registered investment companies at March 31, 2026, and December 31, 2025, consisted of the following (in thousands):

	March 31, 2026		December 31, 2025	
	Cost	Fair Value	Cost	Fair Value
Closed-end funds	\$ 86,550	\$ 108,694	\$ 89,614	\$ 112,541
Mutual funds	52,438	88,669	52,335	88,180
Total investments in affiliated registered investment companies	<u>\$ 138,988</u>	<u>\$ 197,363</u>	<u>\$ 141,949</u>	<u>\$ 200,721</u>

4. Investment Partnerships and Other Entities

The Company is a general partner or co-general partner of various affiliated entities whose underlying assets consist primarily of marketable securities ("Affiliated Entities"). The Company had investments in Affiliated Entities totaling \$106.1 million and \$101.7 million at March 31, 2026 and December 31, 2025, respectively. The Company also had investments in unaffiliated partnerships, offshore funds and other entities of \$39.7 million and \$41.8 million at March 31, 2026, and December 31, 2025, respectively ("Unaffiliated Entities").

We evaluate each entity to determine its appropriate accounting treatment and disclosure. 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 reflects the equity in earnings of these Affiliated Entities and Unaffiliated Entities as net gain 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 an Unaffiliated Entity has an unexpired Lockup Period. The Company has no outstanding capital commitments to any Affiliated or Unaffiliated Entity.

Consolidated Entities

The following table reflects the net impact of the consolidated investment partnerships ("Consolidated Entities") on the condensed consolidated statements of financial condition (in thousands):

	March 31, 2026		
	Prior to Consolidation	Consolidated Entities	As Reported
Assets			
Cash and cash equivalents	\$ 294,121	\$ 7,653	\$ 301,774
Investments in U.S. Treasury Bills	24,562	27,267	51,829
Investments in equity securities	139,089	45,208	184,297
Investments in affiliated registered investment companies	255,014	(57,651)	197,363
Investments in partnerships	168,083	(22,273)	145,810
Receivable from brokers	13,751	7,542	21,293
Investment advisory fees receivable	1,130	(7)	1,123
Other assets ⁽¹⁾	50,414	1,925	52,339
Total assets	<u>\$ 946,164</u>	<u>\$ 9,664</u>	<u>\$ 955,828</u>
Liabilities, redeemable noncontrolling interests and equity			
Securities sold, not yet purchased	\$ 4,583	\$ 236	\$ 4,819
Payable to brokers and other liabilities ⁽¹⁾	21,812	3,699	25,511
Redeemable noncontrolling interests	-	5,729	5,729
Total equity	919,769	-	919,769
Total liabilities, redeemable noncontrolling interests and equity	<u>\$ 946,164</u>	<u>\$ 9,664</u>	<u>\$ 955,828</u>

(1) Represents the summation of multiple assets and liabilities from the condensed consolidated statements of financial condition.

	December 31, 2025		
	Prior to Consolidation	Consolidated Entities	As Reported
Assets			
Cash and cash equivalents	\$ 245,145	\$ 10,730	\$ 255,875
Investments in U.S. Treasury Bills	84,759	24,708	109,467
Investments in equity securities	138,772	47,103	185,875
Investments in affiliated registered investment companies	258,420	(57,699)	200,721
Investments in partnerships	166,439	(22,899)	143,540
Receivable from brokers	16,047	6,907	22,954
Investment advisory fees receivable	10,699	(12)	10,687
Other assets ⁽¹⁾	48,727	1,400	50,127
Total assets	<u>\$ 969,008</u>	<u>\$ 10,238</u>	<u>\$ 979,246</u>
Liabilities, redeemable noncontrolling interests and equity			
Securities sold, not yet purchased	\$ 5,956	\$ 73	\$ 6,029
Payable to brokers and other liabilities ⁽¹⁾	38,616	4,257	42,873
Redeemable noncontrolling interests	-	5,908	5,908
Total equity	924,436	-	924,436
Total liabilities, redeemable noncontrolling interests and equity	<u>\$ 969,008</u>	<u>\$ 10,238</u>	<u>\$ 979,246</u>

(1) Represents the summation of multiple assets and liabilities from the condensed consolidated statements of financial condition.

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

	Three months ended March 31, 2026		
	Prior to	Consolidated	As Reported
	Consolidation	Entities	
Total revenues	\$ 2,208	\$ 316	\$ 2,524
Operating loss	(3,773)	(341)	(4,114)
Total other income, net	3,047	188	3,235
Income before noncontrolling interests	(824)	(128)	(952)
Income attributable to noncontrolling interests, net of taxes	-	(128)	(128)
Net income	<u>\$ (824)</u>	<u>\$ -</u>	<u>\$ (824)</u>

	Three Months Ended March 31, 2025		
	Prior to	Consolidated	As Reported
	Consolidation	Entities	
Total revenues	\$ 1,959	\$ 170	\$ 2,129
Operating loss	(4,922)	(366)	(5,288)
Total other income, net	14,847	987	15,834
Income before noncontrolling interests	7,669	100	7,769
Income attributable to noncontrolling interests, net of taxes	-	100	100
Net income	<u>\$ 7,669</u>	<u>\$ -</u>	<u>\$ 7,669</u>

Variable Interest Entity

We have one investment partnership that is consolidated as a VIE as of March 31, 2026 and December 31, 2025 because AC is the primary beneficiary of the entity. With respect to the consolidated VIE, its assets may only be used to satisfy its obligations. The investors and creditors of the 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 the VIE that is consolidated and included on the condensed consolidated statements of financial condition as well as the Company's net interest in that VIE (in thousands):

	March 31, 2026	December 31, 2025
Cash and cash equivalents	\$ 1,203	\$ 794
Investments in equity securities	10,190	11,377
Receivable from brokers	197	164
Accrued expenses and other liabilities ⁽¹⁾	(47)	(35)
Redeemable noncontrolling interests	(184)	(324)
AC Group's net interest in the consolidated VIE	<u>\$ 11,359</u>	<u>\$ 11,976</u>

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

Voting Interest Entity

We have one investment partnership that is consolidated as a VIE as of March 31, 2026 and December 31, 2025 because AC has a controlling interest in the entity. This resulted in the consolidation of \$77.3 million of assets, \$3.6 million of liabilities, and \$5.5 million of redeemable noncontrolling interests at March 31, 2026 and \$76.9 million of assets, \$2.8 million of liabilities, and \$5.6 million of redeemable noncontrolling interests at December 31, 2025. AC's net interest in the consolidated VIE at March 31, 2026 and December 31, 2025 was \$68.2 million and \$68.5 million, respectively.

5. 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.

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):

Assets	March 31, 2026			Total
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 299,563	\$ -	\$ -	\$ 299,563
Investments in securities (including GAMCO stock):				
Trading - U.S. Treasury Bills	51,829	-	-	51,829
Common stocks	181,079	414	6	181,499
Mutual funds	1,465	-	-	1,465
Other	133	1,070	130	1,333
Total investments in securities	234,506	1,484	136	236,126
Investments in affiliated registered investment companies:				
Closed-end funds - equity securities	47,444	-	-	47,444
Preferred securities issued by Closed-end funds ^(a)	-	-	61,250	61,250
Mutual funds	88,669	-	-	88,669
Total investments in affiliated registered investment companies	136,113	-	61,250	197,363
Total investments held at fair value	370,619	1,484	61,386	433,489
Total assets at fair value	\$ 670,182	\$ 1,484	\$ 61,386	\$ 733,052
Liabilities				
Common stocks	\$ 4,470	\$ -	\$ -	\$ 4,470
Other	60	289	-	349
Securities sold, not yet purchased	4,530	289	-	4,819
Total liabilities at fair value	\$ 4,530	\$ 289	\$ -	\$ 4,819

(a) These securities represent privately issued, puttable and callable preferred securities issued by affiliated closed-end funds. These securities are considered as trading securities at the time of purchase.

Assets	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 246,957	\$ -	\$ -	\$ 246,957
Investments in securities (including GAMCO stock):				
Trading – U.S. Treasury Bills	109,467	-	-	109,467
Common stocks	180,782	2,242	282	183,306
Mutual funds	1,475	-	-	1,475
Other	179	789	126	1,094
Total investments in securities	291,903	3,031	408	295,342
Investments in affiliated registered investment companies:				
Closed-end funds – equity securities	48,391	-	-	48,391
Preferred securities issued by Closed-end funds ^(a)	-	-	64,150	64,150
Mutual funds	88,180	-	-	88,180
Total investments in affiliated registered investment companies	136,571	-	64,150	200,721
Total investments held at fair value	428,474	3,031	64,558	496,063
Total assets at fair value	\$ 675,431	\$ 3,031	\$ 64,558	\$ 743,020
Liabilities				
Common stocks	\$ 5,945	\$ -	\$ -	\$ 5,945
Other	7	77	-	84
Securities sold, not yet purchased	5,952	77	-	6,029
Total liabilities at fair value	\$ 5,952	\$ 77	\$ -	\$ 6,029

(a) These securities represent privately issued, puttable and callable preferred securities issued by affiliated closed-end funds. These securities are considered as trading securities at the time of purchase.

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

Assets:	Three Months Ended	
	March 31,	
	2026	2025
Beginning balance	\$ 64,558	\$ 43,006
Total gains/(losses)	(71)	(9)
Purchases	-	-
Sales/return of capital	(3,101)	-
Ending balance	\$ 61,386	\$ 42,997
Changes in net unrealized gain/(loss) included in Net gain from investments related to Level 3 assets still held as of the reporting date	\$ (71)	\$ (9)

Total realized and unrealized gains and losses for Level 3 assets are reported in net gain from investments in the condensed consolidated statements of income. During the three months ended March 31, 2026 and 2025, there were no transfers into or out of Level 3.

The Company uses a discounted cash flow analysis when determining the fair value of privately issued preferred securities of affiliated closed-end funds that are categorized as Level 3. Projected cash flows in the discounted cash flow analysis represent the relevant security's dividend rate plus the assumption of full principal repayment at the preferred security's earliest available redemption date.

The significant unobservable input used in the fair value measurement of each of the Company's investments in privately issued preferred securities of closed-end funds is the discount rate. The discount rate was determined using the interest rates of U.S. Treasury Bills that are held over a similar period as the preferred security. The discount rates used in the valuation of these investments as of March 31, 2026 ranged from 3.67% to 3.71% with a weighted average of 3.69% calculated based on the relative fair value. At December 31, 2025, the discount rates used ranged from 3.48% to 3.64% with a weighted average of 3.61%. Significant changes in the discount rate could result in a significantly higher or lower fair value measurement of these Level 3 investments.

At March 31, 2026 and December 31, 2025, the Company used the market approach as the valuation technique to value its investment in common stocks classified as Level 3, specifically considering recent transactions.

6. Income Taxes

A reconciliation of the Federal statutory income tax rate to the effective tax rate is set forth below:

	March 31,			
	2026		2025	
U.S. federal statutory tax	\$ (185)	21.0%	\$ 2,215	21.0%
State and local income tax, net of federal benefit	(26)	3.0	336	3.2
Foreign tax effects				
Statutory tax rate difference between UK and US	109	(12.4)	391	3.7
Effect of cross-border tax laws				
Foreign derived intangible income	(44)	5.0	(48)	(0.5)
Changes in valuation allowances	605	(68.8)	(47)	(0.4)
Nontaxable or nondeductible items				
Nondeductible compensation	-	-	23	0.2
Dividends received deduction	(170)	19.3	(104)	(1.0)
Other	(216)	24.6	11	0.1
Total	<u>\$ 73</u>	<u>(8.3)%</u>	<u>\$ 2,777</u>	<u>26.3%</u>

7. Earnings per Share

Basic earnings per share is computed by dividing net income 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 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 per share are as follows (in thousands, except per share amounts):

(In thousands, except per share amounts)	Three Months Ended March 31,	
	2026	2025
Income/(loss) before noncontrolling interests	\$ (952)	\$ 7,769
Income/(loss) attributable to noncontrolling interests	(128)	100
Net income/(loss) attributable to Associated Capital Group, Inc.'s shareholders	<u>\$ (824)</u>	<u>\$ 7,669</u>
Weighted average number of shares outstanding - basic and diluted	20,675	21,166
Basic and Diluted EPS	<u>\$ (0.04)</u>	<u>\$ 0.36</u>

8. 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" or "PRSAs"). 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 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, cumulative dividends 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 Stock and cumulative dividends on March 31, 2026 and December 31, 2025, the total liability recorded by the Company in compensation payable in our condensed consolidated statements of financial condition as of March 31, 2026 and December 31, 2025, with respect to the Phantom RSAs was \$4.9 million and \$4.0 million, respectively.

The following table summarizes our stock-based compensation as well as unrecognized compensation for the three months ended March 31, 2026 and 2025, respectively. Stock-based compensation expense is included in compensation expense in the condensed consolidated statements of income (dollars in thousands, unless otherwise noted):

	Three Months Ended March 31,	
	2026	2025
Stock-based compensation expense	\$ 866	\$ 1,153
Remaining expense to be recognized, if all vesting conditions are met ⁽¹⁾	6,581	6,153
Weighted average remaining contractual term (in years)	2.0	1.9

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

The following table summarizes 2026 Phantom RSA activity:

	PRSAs	Weighted Average Grant Date Fair Value
Balance at December 31, 2025	279,650	\$ 36.89
Granted	-	-
Forfeited	(400)	36.95
Vested	-	-
Balance at March 31, 2026	<u>279,250</u>	<u>\$ 36.89</u>

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 of Class A Stock. 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. On February 6, 2024, August 7, 2024, August 5, 2025 and November 7, 2025 the Board of Directors authorized the repurchase of an additional 350,000, 200,000, 150,000 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 purchased	Average price per share
For the three months ended March 31, 2026:		
Remaining repurchase authorization December 31, 2025	518,682	
Share repurchases under stock repurchase program ⁽¹⁾	(44,188)	\$ 40.18
Remaining repurchase authorization March 31, 2026	<u>474,494</u>	
For the three months ended March 31, 2025:		
Remaining repurchase authorization December 31, 2025	353,548	
Share repurchases under stock repurchase program ⁽¹⁾	(39,018)	\$ 36.32
Remaining repurchase authorization March 31, 2025	<u>314,530</u>	

(1) Repurchases totaled \$1.8 million and \$1.4 million for the three month periods ended March 31, 2026 and 2025, respectively.

Dividends

For the three months ended March 31, 2026, the Company declared and paid dividends of \$0.10 per share to class A and class B shareholders totaling \$2.1 million. There were no dividends declared during the three months ended March 31, 2025.

9. Segment Information

The Company operates in one business segment, the investment advisory and alternative asset management business. The Company conducts its business principally through Gabelli & Company Investment Advisers, Inc. and its wholly owned subsidiary Gabelli & Partners, LLC. The Company has identified the Executive Chair and the Interim Chief Executive Officer as the chief operating decision maker (“CODM”), who use net income in the condensed consolidated statements of income to evaluate the results of the business to manage the Company. The CODM uses net income in deciding whether to reinvest profits or allocate profits to other uses of capital, such as for acquisitions or to pay dividends. All expense categories on the condensed consolidated statements of income are significant and there are no other significant segment expenses that would require disclosure. Assets provided to the CODM are consistent with those reported on the condensed consolidated statements of financial condition. The Company’s operations constitute a single operating segment and, therefore, a single reportable segment, because the CODM manages the business activities using information of the Company as a whole. The accounting policies used to measure the profit and loss of the segment are the same as those described in Note 2, Significant Accounting Policies, of the Annual Report for the year ended December 31, 2025, posted to the OTC Markets website.

10. Goodwill

At March 31, 2026 and December 31, 2025, 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 three months ended March 31, 2026 and 2025, and as such there was no impairment analysis performed or charge recorded.

11. 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 is not aware of any probable or reasonably possible losses.

The Company has also entered into arrangements with various other First parties, many of which provide for indemnification of the First 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.

12. Subsequent Events

From April 1, 2026 to May 15, 2026, the Company repurchased 42,751 shares at an average price of \$39.44 per share.

On May 5, 2026, the Board of Directors declared a quarterly dividend of \$0.10 per share, which is payable on June 25, 2026 to Class A and Class B shareholders of record on June 11, 2026.

ITEM 4: MANAGEMENT'S DISCUSSION AND ANALYSIS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this Quarterly Report (the "Quarterly Report") contains 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," "will," "should," "may," 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 may cause our actual results to differ from our expectations include risks associated with the duration and scope of the ongoing coronavirus pandemic resulting in volatile market conditions, a decline in the securities markets that adversely affect our assets under management, negative performance of our products, the failure to perform as required under our investment management agreements, and a general downturn in the economy that negatively impacts our operations. We are providing these statements as permitted by the Private Litigation Reform Act of 1995. We also direct your attention to any more specific discussions of risk contained in our annual reports, quarterly reports, current reports, and other public filings available on OTC Markets (OTCQX: ACGP). 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.

OVERVIEW

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements and the notes thereto included in Item 3 of this Quarterly Report. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking statements due to factors discussed under "Cautionary Statement Regarding Forward-Looking Statements" above.

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 Fund), 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 single 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 in December 2015 to pursue strategic operating initiatives broadly.

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.

Financial Highlights

The following is a summary of the Company’s financial performance for the quarters ended March 31, 2026 and 2025:

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

	First Quarter	
	2026	2025
AUM - end of period (in millions)	\$ 1,503	\$ 1,268
AUM - average (in millions)	\$ 1,521	\$ 1,261
Net income per share-diluted	\$ (0.04)	\$ 0.36
Book value per share at March 31	\$ 44.53	\$ 42.51

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 market uncertainty caused by global trade and geopolitical conflicts and their impact on the global economy and markets, we could experience higher volatility in the 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 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 1 and 4 in our condensed consolidated financial statements included elsewhere in this report.

Condensed Consolidated Statements of Financial Condition

We ended the first quarter of 2026 with approximately \$876.3 million in cash and investments, net of securities sold, not yet purchased of \$4.8 million. This includes \$301.8 million of cash and cash equivalents; \$51.8 million of U.S. Treasury obligations; \$179.5 million of securities, net of securities sold, not yet purchased, including shares of GAMCO Investors, Inc. ("GAMCO") with a market value of \$8.4 million; and \$343.2 million invested in affiliated and third-party funds and partnerships, including investments in affiliated closed end funds which have a value of \$108.7 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 \$919.8 million or \$44.53 per share as of March 31, 2026, compared to \$924.4 million or \$44.66 per share as of December 31, 2025. 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 2025 was largely attributable to dividends paid.

RESULTS OF OPERATIONS

	Three Months Ended	
	March 31,	
	2026	2025
Revenues		
Investment advisory and incentive fees	\$ 2,410	\$ 2,004
Other revenues	114	125
Total revenues	<u>2,524</u>	<u>2,129</u>
Expenses		
Compensation	4,433	4,448
Management fee	-	1,103
Other operating expenses	2,205	1,866
Total expenses	<u>6,638</u>	<u>7,417</u>
Operating loss	(4,114)	(5,288)
Other income/(expense)		
Net gain from investments	(2,149)	10,892
Interest and dividend income	5,870	5,018
Interest expense	(47)	(45)
Charitable giving contribution	(439)	(31)
Total other income, net	<u>3,235</u>	<u>15,834</u>
Income/(loss) before income taxes	(879)	10,546
Income tax expense	73	2,777
Income/(loss) before noncontrolling interests	(952)	7,769
Income/(loss) attributable to noncontrolling interests	(128)	100
Net income/(loss) attributable to Associated Capital Group, Inc.'s shareholders	<u>\$ (824)</u>	<u>\$ 7,669</u>
Net income/(loss) per share attributable to Associated Capital Group, Inc.'s shareholders:		
Basic and diluted	<u>\$ (0.04)</u>	<u>\$ 0.36</u>
Weighted average shares outstanding:		
Basic and diluted	<u>20,675</u>	<u>21,166</u>

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Revenues

Total revenues in the first quarter were \$2.5 million compared to \$2.1 million in the first quarter of 2025. Revenues generated by the GAMCO International SICAV – GAMCO Merger Arbitrage (the "SICAV") were \$1.3 million versus \$0.9 million in the prior year period. All other revenues were \$1.2 million compared to \$1.2 million in the year-ago quarter.

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. Unrecognized incentive fees amounted to \$0.6 million for the quarter ended March 31, 2026. Unrecognized incentive fees amounted to \$2.0 million for the quarter ended March 31, 2025.

Expenses

Compensation, which includes variable compensation, salaries, bonuses and benefits, was \$4.4 million for the three month periods ended March 31, 2026 and 2025, respectively.

Management fee expense represents incentive-based and entirely variable compensation in the amount of 10% of income before management fee and income taxes and excluding the impact of consolidating entities and is payable to Mario J. Gabelli, Executive Chair, or his designee pursuant to his employment agreement. No management fee expense was recorded for the three-month period ended March 31, 2026 due to a pre-tax loss. Management fee expense of \$1.1 million was recorded for the three-month period ended March 31, 2025.

Other operating expenses were \$2.2 million for the three months ended March 31, 2026 compared to \$1.9 million in the prior year's quarter driven primarily by higher variable-based marketing expenses on the SICAV.

Other

Net gain/(loss) from investments was a loss of \$2.1 million in the 2026 quarter driven by unrealized losses in the portfolio compared to a gain of \$10.9 million in the comparable 2025 quarter.

Interest and dividend income was \$5.9 million in the 2026 quarter compared to \$5.0 million in the 2025 quarter, the increase is primarily driven by increased interest income in the 2026 period.

Income taxes

The effective rate for the three months ended March 31, 2026 and 2025 was -8.3% and 26.3%, respectively. The difference in effective rate period over period is primarily driven by the near breakeven pre-tax loss in 2026.

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 \$1.5 billion as of March 31, 2026 compared to \$1.5 billion at December 31, 2025. The increase from year-end was primarily attributable to net investor inflows.

Assets Under Management (in millions)

	March 31, 2026	December 31, 2025	March 31, 2025	% Change From	
				December 31, 2025	March 31, 2025
Merger Arbitrage ^(a)	\$ 1,174	\$ 1,156	\$ 1,012	1.6	16.0
Long/Short Value ^(b)	293	289	221	1.4	32.6
Other	36	37	36	(2.7)	-
Total AUM	<u>\$ 1,503</u>	<u>\$ 1,482</u>	<u>\$ 1,269</u>	1.4	18.4

(a) Includes \$546, \$527, and \$401 of sub-advisory AUM related to GAMCO International SICAV - GAMCO Merger Arbitrage, \$72, \$73, and \$70 of sub-advisory AUM related to Gabelli Merchant Partners Plc (f/k/a Gabelli Merger Plus+ Trust Plc), respectively.

(b) Assets under management represent the assets invested in this strategy that are attributable to Associated Capital Group, Inc.

Fund flows for the three months ended March 31, 2026 (in millions):

	December 31, 2025	Market Appreciation	Foreign Currency ⁽¹⁾	Net Inflows/ (Outflows)	March 31, 2026
Merger Arbitrage	\$ 1,156	\$ 6	\$ (7)	\$ 19	\$ 1,174
Long/Short Value	289	4	-	-	293
Other	37	(1)	-	-	36
Total AUM	<u>\$ 1,482</u>	<u>\$ 9</u>	<u>\$ (7)</u>	<u>\$ 19</u>	<u>\$ 1,503</u>

(1) Reflects the impact of currency fluctuations of non-US dollar denominated 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 increased on a net basis by \$21 million for the quarter ended March 31, 2026 primarily due to net investor inflows of \$19 million.

Liquidity and Capital Resources

Our principal assets consist of cash and cash equivalents; treasury securities; marketable securities, primarily equities, including 0.3 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. Our investment in GAMCO is subject to key person risk, the loss of Mr. Gabelli's services could have a material adverse effect on the performance of our \$8.4 million investment in GAMCO.

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

	Three Months Ended March 31,	
	2026	2025
Cash flows provided by/(used in):		
Operating activities	\$ 60,246	\$ (8,141)
Investing activities	(12,239)	1,220
Financing activities	(3,894)	(1,427)
Net increase/(decrease) in cash, cash equivalents and restricted cash	44,113	(8,348)
Cash, cash equivalents and restricted cash at beginning of period	276,521	325,703
Cash, cash equivalents and restricted cash at end of period	<u>\$ 320,634</u>	<u>\$ 317,355</u>

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 March 31, 2026, we had cash and cash equivalents of \$301.8 million, Investments in U.S. Treasury Bills of \$51.8 million and \$179.5 million of investments net of securities sold, not yet purchased of \$4.8 million. Included in cash and cash equivalents as of March 31, 2026 is \$7.7 million which is held by consolidated investment funds and may not be readily available for the Company to access.

Net cash provided by operating activities was \$60.2 million for the three months ended March 31, 2026. Operating cash flows in 2026 are driven by \$56.3 million of net decreases in securities, net receivables/payables of \$4.9 million and adjustments for noncash items, primarily gains on investments securities and partnership investments and deferred taxes, of \$3.4 million. These were offset partially by our net loss before noncontrolling interests of \$1.0 million and net contributions to investment partnerships of \$3.4 million. Net cash used in investing activities was \$12.2 million primarily due to the purchase of a building for \$15.2 million and purchases of securities of \$0.1 million, partially offset by proceeds from sales of securities of \$3.0 million and return of capital on securities of \$0.1 million. Net cash used in financing activities was \$3.9 million resulting primarily from dividends paid of \$2.1 million and stock buyback payments of \$1.8 million.

Net cash used in operating activities was \$8.1 million for the three months ended March 31, 2025. Operating cash flows in 2025 are driven by \$7.7 million of net decreases in securities, adjustments for noncash items, primarily gains on investments securities and partnership investments and deferred taxes of \$6.7 million, and \$3.8 million of net receivables/payables, offset partially by our net income of \$7.8 million and net distributions from investment partnerships of \$2.3 million. Net cash provided by investing activities was \$1.2 million primarily due to proceeds from sales of securities of \$0.6 million and return of capital on securities of \$0.6 million. Net cash used in financing activities was \$1.4 million resulting from stock buyback payments of \$1.4 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 1 in AC's 2025 annual report filed with the OTC on March 31, 2026 for details on Significant Accounting Policies.

ITEM 5. LEGAL PROCEEDINGS

The information required with respect to this item can be found in Note 11, *Commitments and Contingencies* of the notes to the Company's unaudited interim condensed consolidated financial statements contained in this Quarterly Report, and such information is incorporated by reference into this Item 5.

ITEM 6. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 7. OTHER INFORMATION

Not applicable.

ITEM 8. EXHIBITS

No exhibits.

Purchases of equity securities by the issuer and affiliated purchasers were included in Item 2 of this Quarterly Report.

ITEM 9. CERTIFICATIONS

Certification by the co-principal executive officers

I, Patrick B. Huvane, certify that:

1. I have reviewed this Quarterly Report of Associated Capital Group, Inc.;
2. Based on my knowledge, this Quarterly 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 Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Date: May 15, 2026

/s/ Patrick B. Huvane

Name: Patrick B. Huvane

Title: Interim Chief Executive Officer (Principal Executive Officer)

Certification by the principal financial officer

I, Ian J. McAdams, certify that:

1. I have reviewed this Quarterly Report of Associated Capital Group, Inc.;
2. Based on my knowledge, this Quarterly 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 Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Date: May 15, 2026

/s/ Ian J. McAdams

Name: Ian J. McAdams

Title: Chief Financial Officer (Principal Financial Officer)