

UNITED STATES
SECURITIES & 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, 2023

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 No. 333-73996

Morgan Group Holding Co.

(Exact name of Registrant as specified in its charter)

Delaware

(State of other jurisdiction of incorporation or organization)

13-4196940

(I.R.S. Employer Identification No.)

401 Theodore Fremd Avenue, Rye, NY

(Address of principle executive offices)

10580

(Zip Code)

(914) 921-5216

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common Stock, par value \$0.01 per share

MGHL

OTC Pink®

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit 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. (Check one):

Large accelerated filer

Accelerated filer

Non-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 Rule 12b-2 of the Exchange Act). 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 October 31, 2023

Common Stock, \$0.01 par value

600,090

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

MORGAN GROUP HOLDING CO.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	September 30, 2023 (Unaudited)	December 31, 2022
ASSETS		
Cash and cash equivalents	\$ 1,289,553	\$ 2,285,501
Receivables from brokers and clearing organizations	170,933	330,621
Receivables from affiliates	22,010	20,190
Deposits with clearing organizations	350,000	350,000
Income taxes receivable (including deferred tax asset of \$0 and \$0, respectively)	18,950	290,785
Fixed assets, net of accumulated depreciation of \$69,683 and \$63,100, respectively	5,189	11,772
Other assets	108,191	128,847
Total assets	<u>\$ 1,964,826</u>	<u>\$ 3,417,716</u>
LIABILITIES AND EQUITY		
Compensation payable	\$ 200,421	\$ 227,098
Payable to affiliates	933	594
Income tax payable	17,583	62,535
Accrued expenses and other liabilities	547,245	1,040,435
Total liabilities	<u>766,182</u>	<u>1,330,662</u>
Commitments and contingencies (Note J)		
Equity		
Common stock, \$0.01 par value; 10,000,000 and 100,000,000 authorized respectively, and 600,090 issued and outstanding, respectively	6,001	6,001
Additional paid-in capital	53,886,180	53,886,180
Accumulated deficit	(52,693,537)	(51,805,127)
Total equity	<u>1,198,644</u>	<u>2,087,054</u>
Total liabilities and equity	<u>\$ 1,964,826</u>	<u>\$ 3,417,716</u>

See accompanying notes.

MORGAN GROUP HOLDING CO.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
Commissions	\$ 462,365	\$ 389,823	\$ 1,366,010	\$ 1,343,225
Principal transactions	(124)	188	(2,108)	7,558
Dividends and interest	24,134	15,545	87,443	29,758
Other revenues	655	7,760	1,865	16,803
Total revenues	487,030	413,316	1,453,210	1,397,344
Expenses				
Compensation and related costs	294,354	274,908	883,538	895,492
Clearing charges	187,573	116,057	613,370	574,067
General and administrative	199,404	190,994	732,306	653,392
Occupancy and equipment	37,669	20,348	112,406	161,829
Total expenses	719,000	602,307	2,341,620	2,284,780
Loss before income tax benefit	(231,970)	(188,991)	(888,410)	(887,436)
Income tax benefit	-	-	-	-
Net loss	\$ (231,970)	\$ (188,991)	\$ (888,410)	\$ (887,436)
Net loss per share				
Basic and diluted	\$ (0.39)	\$ (0.31)	\$ (1.48)	\$ (1.48)
Weighted average shares outstanding:				
Basic and diluted	600,090	600,090	600,090	600,090

See accompanying notes.

MORGAN GROUP HOLDING CO.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
UNAUDITED

	Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at December 31, 2022	600,090	\$ 6,001	\$ 53,886,180	\$ (51,805,127)	\$ 2,087,054
Net loss	-	-	-	(276,437)	(276,437)
Balance at March 31, 2023	600,090	6,001	53,886,180	(52,081,564)	1,810,617
Net loss	-	-	-	(380,003)	(380,003)
Balance at June 30, 2023	600,090	\$ 6,001	\$ 53,886,180	\$ (52,461,567)	\$ 1,430,614
Net loss	-	-	-	(231,970)	(231,970)
Balance at September 30, 2023	600,090	\$ 6,001	\$ 53,886,180	\$ (52,693,537)	\$ 1,198,644

	Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at December 31, 2021	600,090	\$ 6,001	\$ 53,886,180	\$ (50,855,936)	\$ 3,036,245
Net loss	-	-	-	(347,113)	(347,113)
Balance at March 31, 2022	600,090	6,001	53,886,180	(51,203,049)	2,689,132
Net loss	-	-	-	(351,332)	(351,332)
Balance at June 30, 2022	600,090	\$ 6,001	\$ 53,886,180	\$ (51,554,381)	\$ 2,337,800
Net loss	-	-	-	(188,991)	(188,991)
Balance at September 30, 2022	600,090	\$ 6,001	\$ 53,886,180	\$ (51,743,372)	\$ 2,148,809

See accompanying notes.

MORGAN GROUP HOLDING CO. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	Nine months ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (888,410)	\$ (887,436)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	6,583	8,206
(Increase)/decrease in assets:		
Receivables from brokers and clearing organizations	159,688	(159,688)
Receivables from affiliates	(1,820)	(13,367)
Income taxes receivable	271,785	(4,200)
Other assets	20,655	505,340
Increase/(decrease) in liabilities:		
Compensation payable	(26,677)	(251,180)
Payable to affiliates	339	171
Income taxes payable	(44,902)	(1,501)
Accrued expenses and other liabilities	(493,189)	300,065
Total adjustments	(107,538)	383,846
Net cash used in operating activities	(995,948)	(503,590)
Net decrease in cash, cash equivalents, and restricted cash	(995,948)	(503,590)
Cash, cash equivalents, and restricted cash at beginning of period	2,635,501	3,238,897
Cash, cash equivalents, and restricted cash at end of period	\$ 1,639,553	\$ 2,735,307
Reconciliation to cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 1,289,553	\$ 2,385,307
Restricted cash: deposits with clearing organizations	350,000	350,000
Cash, cash equivalents, and restricted cash	\$ 1,639,553	\$ 2,735,307

See accompanying notes.

MORGAN GROUP HOLDING CO. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023
(Unaudited)

Organization and Business Description

Morgan Group Holding Co. (the “Company,” “Morgan Group,” or “Morgan”) was incorporated in November 2001 as a Delaware corporation to serve as a holding company which seeks acquisitions as part of its strategic alternatives. Prior to the October 31, 2019 merger with G.research, LLC (“G.research”), discussed below, Morgan Group had no operating companies.

The Company acquired G.research from Associated Capital Group, Inc. (“AC”), an affiliate of the Company, on October 31, 2019, in exchange for issuing 500,000 shares of the Company’s common stock to AC (the “Merger”). Accordingly, G.research became a wholly owned subsidiary of the Company. Prior to the transaction, G.research was a wholly-owned subsidiary of Institutional Services holdings, LLC, which, in turn, was a wholly-owned subsidiary of AC. After the transaction, AC had an 83.3% ownership interest in the Company. As a result of this common ownership, the transaction was treated as a combination between entities under common control that led to a change in the reporting entity. The recognized assets and liabilities were transferred at their carrying amounts at the date of the transaction.

On March 16, 2020, AC’s Board of Directors approved the spin-off of the Company to AC’s shareholders. Upon execution of the spin-off on August 5, 2020, AC distributed to its shareholders on a pro rata basis the 500,000 shares of Morgan that AC owned.

On May 5, 2020, the Morgan Group board approved a reverse stock split of the issued and outstanding shares of their common stock, par value \$0.01 per share, in a ratio of 1-for-100 that was effective on June 10, 2020.

G.research is a broker-dealer registered with the Securities and Exchange Commission (the “SEC”) and is regulated by the Financial Industry Regulatory Authority (“FINRA”).

The Company generates brokerage commission revenues from securities transactions executed on an agency basis on behalf of institutional clients and mutual funds, private wealth management clients, and retail customers of affiliated companies. The Company generates revenue from syndicated underwriting activities. It primarily participates in the offerings of certain closed-end funds advised by Gabelli Funds, LLC, a wholly-owned subsidiary of GAMCO Investors, Inc. (“GAMI”), an affiliate. The Company also earns investment income generated from its proprietary trading activities.

The Company, through its consolidated subsidiary G.research acts as an introducing broker, and all securities transactions for the Company and its customers are cleared through and carried by three New York Stock Exchange (“NYSE”) member firms on a fully disclosed basis. The Company has Proprietary Accounts of Introducing Brokers (“PAIB”) agreements with these firms. Accordingly, open customer transactions are not reflected in the accompanying Condensed Consolidated Statement of Financial Condition. The Company is exposed to credit losses on these open transactions in the event of nonperformance by its customers, pursuant to conditions of its clearing agreements with its clearing brokers. This exposure is mitigated by the clearing brokers’ policy of monitoring the collateral and credit of the counterparties until the transaction is completed.

The Company’s principal market is in the United States (“U.S”).

1. Significant Accounting Policies

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 and pursuant to the requirements for reporting on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for the fair presentation of financial position, results of operations, and cash flows of Morgan 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 the Company and its wholly-owned subsidiary, G.research. Intercompany accounts and transactions have been eliminated.

These interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2022.

Use of Estimates

The Company’s financial statements are prepared in accordance with U.S. GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

2. Revenue from Contracts with Customers

The Company records revenue from contracts with customers in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (“Topic 606”). Under Topic 606, the Company must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when the Company satisfies a performance obligation.

Significant judgments that affect the amounts and timing of revenue recognition:

The Company’s analysis of the timing of revenue recognition of each revenue stream is based on the provisions of each respective contract. Performance obligations could, however, change from time to time if and when existing contracts are modified or new contracts are entered into. These changes could potentially affect the timing of satisfaction of performance obligations, the determination of the transaction price, and the allocation of the price to performance obligations. In the case of the revenue streams discussed below, the performance obligation is satisfied either at a point in time or over time. The judgments outlined below, where the determination as to these factors is discussed in detail, are continually reviewed and monitored by the Company when new contracts or contract modifications occur. Transaction price is in all instances formulaic and not subject to significant (or any) judgment at the current time.

The Company’s assessment of the recognition of these revenues is as follows:

Revenue from contracts with customers includes commissions, fees earned from affiliated entities pursuant to research services agreements, underwriting fees, and sales manager fees.

Commissions

Brokerage commissions. Acting as agent, the Company buys and sells securities on behalf of its customers. Commissions are charged on the execution of these securities transactions made on behalf of client accounts and are negotiated. The Company recognizes commission revenue when the related securities transactions are executed on the trade date. The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon, and the risks and rewards of ownership have been transferred to/from the customer. Commissions earned are typically collected from the clearing brokers utilized by the Company on a daily or weekly basis.

Hard dollar payments. The Company provides research services to unrelated parties, for which direct payment is received. The Company may, or may not, have contracts for such services. Where a contract for such services is in place, the contractual fee for the period is recognized ratably over the contract period, which is considered the period over which the Company satisfies its performance obligation. For payments where no research contract exists, revenue is not recognized until agreement is reached with the client at which time the performance obligation is considered to have been met and revenue is recognized.

Commission revenues are impacted by the perceived value of the research product provided to clients, the volume of securities transactions, and the acquisition or loss of new client relationships.

Fees earned from affiliated entities pursuant to research services agreements

The Company receives direct payments for research services provided to related parties pursuant to contracts. The contractual fee for the period is fixed and recognized ratably over the contract period, typically a calendar year, which is considered the period over which the Company satisfies its performance obligation. Payments for contracts with affiliated parties are collected monthly.

Underwriting fees

Underwriting fees. The Company acts as underwriter in an agent capacity. Revenues are earned from fees arising from these offerings and the terms are set forth in contracts between the underwriters and the issuer. The Company's underwriting revenue is considered to be conditional revenue because it is subject to reduction to zero once the offsetting syndicate expenses have been quantified by the syndicate manager (i.e., lead underwriter) and allocated to each underwriter in proportion to their participation in the offering. Revenue recognition is therefore delayed until it is probable that a significant reversal in the amount of revenue recognized will not occur. That is, it is recognized only when uncertainty associated with the syndicate expenses is subsequently resolved and final settlement of syndicate accounts is affected by the syndicate manager. Payment is typically received from the syndicate manager within ninety days after settlement date.

Selling concessions. The Company participates as a member of the selling group of underwritten equity offerings and receives compensation based on the difference between what its institutional customers pay for the securities and what the issuer receives. The terms of the selling concessions are set forth in contracts between the Company and the underwriter. Revenue is recognized on the trade date (the date on which the Company purchases the securities from the issuer) for the portion the Company is contracted to buy. The Company believes that the trade date is the appropriate point in time to recognize revenue for securities underwriting transactions as there are no significant actions the Company needs to take subsequent to this date, and the issuer obtains the control and benefit of the capital markets offering at this point. Selling concessions earned are typically collected from the clearing brokers utilized by the Company on a daily or weekly basis.

Sales manager fees

The Company participates as sales manager of at-the-market offerings of certain affiliated closed-end funds and receives a tiered percentage of proceeds as stipulated in agreements between the Company, the funds and the funds' investment adviser. The Company recognizes sales manager fees upon sale of the related closed-end funds. Sales manager fees earned are fixed and typically collected from the clearing brokers utilized by the Company on a daily or weekly basis.

Revenue Disaggregated

Total revenues from contracts with customers by type were as follows for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Commissions	\$ 450,162	\$ 369,171	\$ 1,300,608	\$ 1,249,687
Hard dollar payments	12,203	20,652	65,402	93,538
	<u>\$ 462,365</u>	<u>\$ 389,823</u>	<u>\$ 1,366,010</u>	<u>\$ 1,343,225</u>

3. Related Party Transactions

At September 30, 2023 and December 31, 2022, the Company had an investment of \$1,270,618 and \$2,259,801, respectively in The Gabelli U.S. Treasury Money Market Fund advised by Gabelli Funds, LLC, which is an affiliate of the Company. The amount is recorded in cash and cash equivalents in the Condensed Consolidated Statements of Financial Condition. Income earned from this investment totaled \$18,133 and \$10,668 for the three months ended September 30, 2023 and 2022, respectively, and \$67,628 and \$14,089 for the nine months ended September 30, 2023 and 2022, respectively, and is included in dividends and interest in the Condensed Consolidated Statements of Operations.

For the three months ended September 30, 2023 and 2022, the Company earned \$325,036 and \$248,012 or approximately 70% and 64%, respectively, of its commission revenue from transactions executed on behalf of funds advised by Gabelli Funds, LLC. ("Gabelli Funds") and private wealth management clients advised by GAMCO Asset Management Inc., ("GAMI"), each affiliates of the Company. For the nine months ended September 30, 2023 and 2022, the Company earned \$930,455 and \$785,432 or approximately 68% and 58%, respectively, of its commission revenue from transactions executed on behalf of funds advised by Gabelli Funds and private wealth management clients advised by GAMCO Asset.

The Company's rent is currently being accounted for on a month-to-month basis. GAMI allocates this expense to the Company based on the percentage of square footage occupied by the Company's employees (including pro rata allocation of common space). Pursuant to the arrangement, GAMI and its affiliates shall pay a monthly fixed lease amount for the twelve month period. For the three months ended September 30, 2023 and 2022, the Company paid \$19,544 and \$13,740, respectively, under the sublease agreement. For the nine months ended September 30, 2023 and 2022, the Company paid \$51,275 and \$42,504 respectively, under the sublease agreement. These amounts are included within occupancy and equipment expenses on the Condensed Consolidated Statements of Operations.

4. Fair Value

The carrying amounts of all financial instruments in the Condensed Consolidated Statements of Financial Condition approximate their fair values.

The Company's financial instruments have been categorized based upon a fair value hierarchy:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets include cash equivalents.
- Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. These assets include infrequently traded common stocks.

The following tables present information about the Company's assets and liabilities by major category measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

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

Assets	September 30, 2023			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash equivalents	\$ 1,270,618	\$ -	\$ -	\$ 1,270,618
Total assets at fair value	\$ 1,270,618	\$ -	\$ -	\$ 1,270,618

There were no transfers between any levels during the nine months ended September 30, 2023.

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

Assets	December 31, 2022			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash equivalents	\$ 2,259,801	\$ -	\$ -	\$ 2,259,801
Total assets at fair value	\$ 2,259,801	\$ -	\$ -	\$ 2,259,801

There were no transfers between any levels during the year ended December 31, 2022.

Cash equivalents primarily consist of an affiliated money market mutual fund which is invested solely in U.S. Treasuries and valued based on the net asset value of the fund.

Financial assets disclosed but not carried at fair value

The carrying value of other financial assets and liabilities approximates their fair value based on the short term nature of these items.

5. Retirement Plan

The Company maintains its own incentive savings plan (the "Plan") covering substantially all employees. Company contributions to the Plan are determined annually by Company Board of Directors but may not exceed the amount permitted as a deductible expense under the Internal Revenue Code. There were no amounts expensed for the three months and nine months ended September 30, 2023 and 2022.

6. Income Taxes

The effective tax rate ("ETR") for the three months ended September 30, 2023 and 2022 was 0.0% and 0.0%, respectively, and the ETR for the nine months ended September 30, 2023 and 2022 was 0.0% and 0.0%, respectively. The ETR differs from the U.S. corporate rate of 21% due to the change in the deferred income taxes offset by an increase in the federal and state deferred tax asset valuation allowances.

7. Earnings per Share

Basic earnings per share is computed by dividing net income / (loss) attributable to shareholders by the weighted average number of shares outstanding during the period. There were no dilutive shares outstanding during the periods.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Basic and diluted:				
Net loss attributable to shareholders	\$ (231,970)	\$ (188,991)	\$ (888,410)	\$ (887,436)
Weighted average shares outstanding	600,090	600,090	600,090	600,090
Basic and diluted net loss per share	\$ (0.39)	\$ (0.31)	\$ (1.48)	\$ (1.48)

8. Equity

In conjunction with the Merger on October 31, 2019, the Company issued 50,000,000 shares of common stock to AC. The common stock, additional paid in capital, earnings per share, and accumulated deficit amounts in these consolidated financial statements for the period prior to the Merger have been restated to reflect the recapitalization in accordance with the shares issued as a result of the Merger.

See the Organization and Business Description Note above for detail.

9. Guarantees, Contingencies, and Commitments

The Company has agreed to indemnify its clearing brokers for losses they may sustain from the customer accounts that trade on margin introduced by the Company. At September 30, 2023 and December 31, 2022, the total amount of customer balances subject to indemnification (i.e., unsecured margin debits) was immaterial. The Company also has 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 the Company's obligations under the agreements. The Company has had no claims or payments pursuant to these or prior agreements, and management believes the likelihood of a claim being made is remote, and therefore, an accrual has not been made in the consolidated financial statements.

From time to time, the Company is named in legal actions and proceedings. These actions may seek substantial or indeterminate compensatory as well as punitive damages or injunctive relief. The Company is 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. The Company cannot predict the ultimate outcome of such matters. The consolidated financial statements include the necessary provisions for losses that the Company believes are probable and estimable, if any. Furthermore, the Company evaluates whether losses exist which may be reasonably possible and, if material, makes the necessary disclosures. Such amounts, both those that are probable and those that are reasonably possible, are not considered material to the Company's financial condition, operations, or cash flows.

10. Risks and Uncertainties

Morgan entered into a Loan Agreement ("the Loan") with an affiliate, Associated Capital Group, Inc. on November 20, 2023, set to mature on December 31, 2024. The principal amount of the Loan is \$400,000 at an interest rate of 14% per annum and is unsecured. At present there is no plan to extend the maturity of the Loan. Absent a further extension of the maturity of the Loan or a capital infusion, Morgan may not have the resources from operations to repay the Loan in full at maturity. Accordingly, there is uncertainty as to Morgan's ability to repay this obligation at maturity.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business.

11. Net Capital Requirements

As a registered broker-dealer, G.research is subject to the SEC Uniform Net Capital Rule 15c3-1 (the "Rule"), which specifies, among other requirements, minimum net capital requirements for registered broker-dealers. G.research computes its net capital under the alternative method as permitted by the Rule, which requires that minimum net capital be the greater of \$250,000 or 2% of the aggregate debit items in the reserve formula for those broker-dealers subject to Rule 15c3-3. G.research is exempt from Rule 15c3-3 pursuant to paragraph (k)(2)(ii) of that rule which exempts all customer transactions cleared through another broker-dealer on a fully disclosed basis. In addition, our assets at the clearing broker-dealer are treated as allowable assets for net capital purposes as we have in place PAIB agreements pursuant to Rule 15c3-3. These requirements also provide that equity capital may not be withdrawn, advances to affiliates may not be made, or cash dividends paid if certain minimum net capital requirements are not met. G.research had net capital, as defined, of \$809,545 and \$1,670,152 exceeding the required amount of \$250,000 by \$559,545 and \$1,420,152 as of September 30, 2023 and December 31, 2022, respectively.

12. Subsequent Events

The Company has evaluated subsequent events for adjustment to or disclosure as of November 20, 2023, the date of this report and the Company has not identified any subsequent events not otherwise reported in these financial statements or the notes thereto, that required recognition or additional disclosures in the financial statements.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless indicated otherwise, or the context otherwise requires, references in this report to the "Company," "Morgan Group," "Morgan," "we," "us," and "our" or similar terms are to Morgan Group Holding Co. and its subsidiary.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this Form 10-Q 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. 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.

OVERVIEW

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in Part I, Item 1 of this Form 10-Q. 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 as discussed under "Cautionary Statement Regarding Forward-Looking Statements" appearing elsewhere in this Form 10-Q.

Morgan Group (OTC Pink®: MGHL), through G.research, acts as an underwriter and provides institutional research services. Institutional research services revenues consist of brokerage commissions derived from securities transactions executed on an agency basis or direct payments from institutional clients as well as underwriting profits, selling concessions and management fees associated with underwriting activities. Commission revenues vary directly with the perceived value of the research provided, as well as account activity and new account generation.

RESULTS OF OPERATIONS

The following table (in thousands, except per share data) and discussion of our results of operations are based upon data derived from the Condensed Consolidated Statements of Operations contained in our condensed consolidated financial statements and should be read in conjunction with those statements included in Part I, Item 1 of this Form 10-Q:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenues				
Commissions	\$ 462	\$ 390	\$ 1,366	\$ 1,343
Principal transactions	(0)	0	(2)	8
Dividends and interest	24	16	87	30
Other revenues	1	7	2	17
Total revenues	487	413	1,453	1,397
Expenses				
Compensation and related costs	294	275	884	895
Clearing charges	188	116	613	574
General and administrative	199	191	732	653
Occupancy and equipment	38	20	112	162
Total expenses	719	602	2,341	2,284
Loss before income tax benefit	(232)	(189)	(888)	(887)
Income tax benefit	-	-	-	-
Net loss	\$ (232)	\$ (189)	\$ (888)	\$ (887)
Net loss per share				
Basic and diluted	\$ (0.39)	\$ (0.31)	\$ (1.48)	\$ (1.48)

Three Months Ended September 30, 2023 as Compared to the Three Months Ended September 30, 2022**Revenues**

Institutional research services revenues by revenue component, excluding principal transactions and dividends and interest, were as follows (dollars in thousands):

	Three Months Ended September 30,		Increase (Decrease)	
	2023	2022	\$	%
Commissions	\$ 450	\$ 369	\$ 81	21.9%
Hard dollar payments	12	21	(8)	-40.9%
Total	\$ 462	\$ 390	\$ 73	18.6%

Commissions and hard dollar payments for the three months ended September 30, 2023 were \$0.5 million, a \$0.1 million, or 18.6%, increase from \$0.4 million in the comparable 2022 period. The increase was primarily due to higher brokerage commissions from securities transactions executed on an agency basis. For the three months ended September 30, 2023 and 2022, respectively, G.research earned \$0.3 million and \$0.2 million, or approximately 70% and 64%, of its commission revenue from transactions executed on behalf of funds advised by Gabelli Funds, LLC (“Gabelli Funds”) and clients advised by GAMCO Asset Management Inc. (“GAMCO Asset”).

Principal Transactions

During the three months ended September 30, 2023 revenues (loss) from principal transactions were negligible.

Expenses

Total expenses were \$0.7 million for the three months ended September 30, 2023, an increase of \$0.1 million, or 19.4%, from \$0.6 million in the comparable 2022 period. The increase results primarily from higher clearing and general and administrative expenses increases.

Compensation costs, which includes salaries, bonuses, and benefits, were \$0.3 million for the three months ended September 30, 2023, consistent with the \$0.3 million for the three months ended September 30, 2022.

Income Tax Benefit

The effective tax rate (“ETR”) for the three months ended September 30, 2023 and 2022 was 0.0% and 0.0%, respectively, and the ETR for the nine months ended September 30, 2023 and 2022 was 0.0% and 0.0%, respectively. The ETR differs from the U.S. corporate rate of 21% due to the change in the deferred income taxes offset by an increase in the federal and state valuation allowances.

Net Loss

Net loss for the three months ended September 30, 2023 and September 30, 2022 was \$0.2 million.

Nine Months Ended September 30, 2023 as Compared to the Nine Months Ended September 30, 2022**Revenues**

Institutional research services revenues by revenue component, excluding principal transactions and dividends and interest, were as follows (dollars in thousands):

	Nine Months Ended September 30,		Increase (Decrease)	
	2023	2022	\$	%
Commissions	\$ 1,301	\$ 1,250	\$ 51	4.1%
Hard dollar payments	65	94	(28)	-30.1%
Total	\$ 1,366	\$ 1,343	\$ 23	1.7%

Commissions and hard dollar payments in the 2023 period were \$1.4 million, a \$0.1 million, or 1.7%, increase from \$1.3 million in the comparable 2022 period. The increase was primarily due to higher brokerage commissions from securities transactions executed on an agency basis. For the nine months ended September 30, 2023, respectively, G.research earned \$0.9 million and \$0.8 million, or approximately 68% and 58%, of its commission revenue from transactions executed on behalf of funds advised by Gabelli Funds and clients advised by GAMCO Asset.

Principal Transactions

During the nine months ended September 30, 2023 and 2022, net gains (losses) from principal transactions were negligible.

Interest and dividend income increased by \$0.057 to \$0.087 million over the nine months ended September 30, 2023 from \$0.03 million over the comparable 2022 period due to increasing short-term interest rates.

Expenses

Total expenses were \$2.3 million for the nine months ended September 30, 2023 and September 30, 2022.

Compensation costs, which includes salaries, bonuses, and benefits, were \$0.9 million for the nine months ended September 30, 2023 and the nine months ended September 30, 2022.

Clearing expenses were flat at \$0.6 million for the nine months ended September 30, 2023 over the same period in 2022.

Income Tax Benefit

For the nine months ended September 30, 2023 and 2022, we recorded income tax benefits of \$0.0 million and \$0.0 million, respectively, and the ETR was 0.0% and 0.0%, respectively. The ETR differs from the U.S. corporate rate of 21% due to the change in the deferred income taxes offset by an increase in the federal and state valuation allowances.

Net Loss

Net loss was \$0.9 million for the nine months ended September 30, 2023 and September 30, 2022.

LIQUIDITY AND CAPITAL RESOURCES

Our principal assets are highly liquid in nature and consist of cash and cash equivalents, comprised primarily of a 100% U.S. Treasury money market fund, The Gabelli U.S. Treasury Money Market Fund, advised by Gabelli Funds, LLC, which is an affiliate of the Company. Summary cash flow data for the first nine months of 2023 and 2022 was as follows (in thousands):

	Nine months ended September 30,	
	2023	2022
Cash flows provided by (used in) activities:		
Operating activities	\$ (996)	\$ (504)
Financing activities	-	-
Net decrease in cash and cash equivalents	(996)	(504)
Cash and cash equivalents, beginning of period	2,286	2,889
Cash and cash equivalents, end of period	<u>\$ 1,290</u>	<u>\$ 2,385</u>

As of September 30, 2023 the Company had cash and cash equivalents of \$1.3 million. Net cash used by operating activities was \$1.0 million for the nine months ended September 30, 2023, resulting from a net loss of \$0.9 million. As of September 30, 2022 the Company had cash and cash equivalents of \$2.4 million. Net cash used by operating activities was \$0.5 million for the nine months ended September 30, 2022, resulting from a net loss of \$0.9 million, a net increase in operating liabilities of \$0.1 million and a decrease in operating assets of \$0.3 million.

Critical Accounting Policies

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 dates of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ significantly from those estimates. See Note B in Part II, Item 8, *Financial Statements and Supplementary Data*, and the Company's Critical Accounting Policies in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in Morgan Group's 2022 annual report on Form 10-K filed with the SEC on March 31, 2023 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

The Company maintains a system of disclosure controls and procedures that is designed to provide reasonable assurance that information, which is required to be timely disclosed, is recorded, processed, summarized, and reported to management within the time periods specified in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. The Company's principal executive officer and principal financial officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in the Exchange Act) as of the end of the period covered by this report, have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

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.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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. The Company is 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 that the Company believes are probable and estimable. Furthermore, the Company evaluates whether there exist losses which may be reasonably possible and will, if material, make the necessary disclosures. However, management believes 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, 2023. See also Note 9, *Guarantees, Contingencies, and Commitments*, to the condensed consolidated financial statements in Part I, Item I of this Form 10-Q.

ITEM 1A. RISK FACTORS

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

ITEM 6. EXHIBITS

[31.1](#) Certification of CEO pursuant to Rule 13a-14(a).

[31.2](#) Certification of CAO pursuant to Rule 13a-14(a).

[32.1](#) Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

[32.2](#) Certification of CAO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

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.

MORGAN GROUP HOLDING CO.

(Registrant)

By: /s/ Joseph L. Fernandez

Name: Joseph L. Fernandez

Title: Executive Vice President - Finance

Date: November 20, 2023

Certification

I, Vincent Amabile, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Morgan Group Holding Co.;
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 operations 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 and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; 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; and
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 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 data; 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/ Vincent Amabile, Jr.

Vincent Amabile, Jr.
Chief Executive Officer
(Principal Executive Officer)

Date: November 20, 2023

Certification

I, Joseph L Fernandez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Morgan Group Holding Co.;
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 operations 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 and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; 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; and
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 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 data; 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/ Joseph L Fernandez
Joseph L Fernandez
Executive Vice President – Finance
(Principal Financial Officer)

Date: November 20, 2023

**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 Quarterly Report on Form 10-Q of Morgan Group Holding Co. (the "Company") for the quarterly period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Vincent Amabile, Jr., as Chief Executive Officer (Principal 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 operations of the Company.

/s/ Vincent Amabile, Jr.
Vincent Amabile, Jr.
Chief Executive Officer
(Principal Executive Officer)
November 20, 2023

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 PFO 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 Morgan Group Holding Co. (the "Company") for the quarterly period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Joseph L Fernandez, as Executive Vice President – Finance (Principal Financial 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 operations of the Company.

/s/ Joseph L Fernandez

Joseph L Fernandez

Executive Vice President – Finance

(Principal Financial Officer)

November 20, 2023

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.
