

# **MORGAN GROUP HOLDING CO.**

A Delaware Corporation

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Federal EIN: 13-4196940

SIC code: 6211

## **Issuer's Annual Report** **For the quarter ended March 31, 2024**

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.

Class	Outstanding at December 31, 2023	Outstanding at April 30, 2024
Common Stock, \$0.01 par value (OTC Pink: MGHL)	600,090	600,090

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

**Morgan Group Holding Co. 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.**

## MORGAN GROUP HOLDING CO. AND SUBSIDIARY

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**Item 1: GENERAL COMPANY INFORMATION**

The name of the issuer is Morgan Group Holding Co.

Unless indicated otherwise, or the context otherwise requires, references in this report to “Morgan Group Holding Co.,” “MORGAN” “the Company,” “the Firm,” and “MGHL” or similar terms are to Morgan Group Holding Co, its predecessors, and its subsidiaries.

**Company Description**

(OTC Pink: MGHL), a company incorporated under the laws of Delaware.

It’s subsidiary, G.research generates revenues via direct fees and commissions on securities transactions executed on an agency basis on behalf of clients. Clients include institutional investors (e.g., hedge funds and asset managers) as well as affiliated mutual funds and managed accounts.

The principal executive office and principal place of business is located at 401 Theodore Fremd Avenue, Rye, NY 10580.

Telephone: (914) 921-5150

Website: <https://www.morgangroupholdingco.com>

Email: [vamabile@gabelli.com](mailto:vamabile@gabelli.com)

Jurisdiction: Delaware (active), incorporated November 2001

## **ITEM 2: SHARES OUTSTANDING**

There are two classes of MORGAN stock: Common stock and preferred stock (“Preferred”), each class with par value of \$0.01. Common Stock trades on the OTC Pink market under the symbol MGHL (CUSIP: 61735R203) and has 600,090 issued and outstanding. No preferred stock has been issued.

**Item 3: Unaudited Interim Condensed Consolidated Financial Statements****MORGAN GROUP HOLDING CO. AND SUBSIDIARY  
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	<b>March 31,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,393,107	\$ 1,588,746
Receivables from brokers and clearing organizations	452,274	303,896
Receivables from affiliates	24,481	30,412
Deposits with clearing organizations	350,000	350,000
Income taxes receivable (including deferred tax asset of \$0 and \$0, respectively)	17,000	17,000
Fixed assets, net of accumulated depreciation of \$71,893 and \$70,780 respectively	3,937	5,050
Other assets	98,286	143,718
Total assets	<u>\$ 2,339,085</u>	<u>\$ 2,438,822</u>
<b>LIABILITIES AND EQUITY</b>		
Compensation payable	\$ 151,415	\$ 162,757
Payable to affiliates	681	631
Income tax payable	14,602	14,602
Loans payable	400,000	400,000
Accrued expenses and other liabilities	682,583	621,607
Total liabilities	<u>1,249,281</u>	<u>1,199,597</u>
<b>Commitments and contingencies (Note J)</b>		
<b>Equity</b>		
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	(52,802,377)	(52,652,956)
Total equity	<u>1,089,804</u>	<u>1,239,225</u>
Total liabilities and equity	<u>\$ 2,339,085</u>	<u>\$ 2,438,822</u>

*See notes to consolidated financial statements.*

**MORGAN GROUP HOLDING CO. AND SUBSIDIARY**  
**UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Commissions	\$ 489,377	\$ 467,272
Principal transactions	678	(2,018)
Dividends and interest	25,508	31,189
Sales manager fees	1,434	-
Other revenues	475	755
Total revenues	517,472	497,198
<b>Expenses</b>		
Compensation and related costs	311,155	290,510
Clearing charges	189,258	216,539
General and administrative	131,272	221,252
Occupancy and equipment	35,208	45,334
Total expenses	666,893	773,635
Loss before income tax benefit	(149,421)	(276,437)
Income tax benefit	-	-
Net loss	\$ (149,421)	\$ (276,437)
<b>Net loss per share</b>		
Basic and diluted	\$ (0.25)	\$ (0.46)
<b>Weighted average shares outstanding:</b>		
Basic and diluted	600,090	600,090

*See notes to consolidated financial statements.*

**MORGAN GROUP HOLDING CO. AND SUBSIDIARY**  
**UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
**FOR THE YEAR-TO-DATE MARCH 31<sup>st</sup>**

	Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at December 31, 2023	600,090	\$ 6,001	\$ 53,886,180	\$ (52,652,956)	\$ 1,239,225
Net loss	-	-	-	(149,421)	(149,421)
Balance at March 31, 2024	<u>600,090</u>	<u>6,001</u>	<u>53,886,180</u>	<u>(52,802,377)</u>	<u>1,089,804</u>

	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	<u>600,090</u>	<u>6,001</u>	<u>53,886,180</u>	<u>(52,081,564)</u>	<u>1,810,617</u>

*See notes to consolidated financial statements.*

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

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (149,421)	\$ (276,437)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	1,113	2,572
(Increase)/decrease in assets:		
Receivables from brokers and clearing organizations	(148,378)	(50,361)
Receivables from affiliates	5,931	56
Income taxes receivable	-	271,835
Other assets	45,431	44,831
Increase/(decrease) in liabilities:		
Payable to affiliates	51	37,921
Income taxes payable	-	(44,951)
Compensation payable	(11,342)	3,788
Accrued expenses and other liabilities	60,976	76,070
Total adjustments	(46,218)	341,761
Net cash provided by (used in) operating activities	(195,639)	65,324
Net increase (decrease) in cash and cash equivalents and restricted cash	(195,639)	65,324
Cash, cash equivalents, and restricted cash at beginning of period	1,938,746	2,635,501
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 1,743,107</u>	<u>\$ 2,700,825</u>
<b>Reconciliation to cash, cash equivalents, and restricted cash</b>		
Cash and cash equivalents	\$ 1,393,107	\$ 2,350,825
Restricted cash: deposits from clearing organizations	350,000	350,000
Cash, cash equivalents, and restricted cash	<u>\$ 1,743,107</u>	<u>\$ 2,700,825</u>

*See notes to consolidated financial statements.*



**MORGAN GROUP HOLDING CO. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2024**  
**(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 may generate 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 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. 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 for the year ended December 31, 2023.

## Use of Estimates

The Company's consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

## Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*. This ASU requires greater disaggregation of income tax disclosures related to a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of this guidance on the financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*, which improves reportable segment disclosure requirements. The new standard will require enhanced disclosures about a public company's significant segment expenses and more timely and detailed segment information reporting throughout the fiscal period, including for companies with a single reportable segment. The standard is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024, and early adoption is permitted. The Company is currently evaluating the impact of this guidance on the financial statements.

## 2. Revenue from Contracts with Customers

Revenue from contracts with customers includes commissions and fees earned from affiliated entities pursuant to research services agreements. 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 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 service provided to clients, the volume of securities transactions, and the acquisition or loss of new client relationships.

Total revenues from contracts with customers by type were as follows for the three months ended March 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Commissions	\$ 478,671	\$ 442,138
Hard dollar payments	10,706	25,134
<b>Total</b>	<b>\$ 489,377</b>	<b>\$ 467,272</b>

### 3. Related Party Transactions

At March 31, 2024 and December 31, 2023, the Company had an investment of \$1,373,396 and \$1,570,588, 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 \$18,412 and \$24,291 for the three months ended March 31, 2024 and 2023, respectively, and is included in dividends and interest revenues in the Condensed Consolidated Statements of Operations.

For the three months ended March 31, 2024 and 2023, the Company earned \$334,082 and \$329,070, or approximately 68% and 70%, 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., (“GAMCO Asset”), each affiliates of the Company.

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 March 31, 2024 and 2023, the Company paid \$19,491 and \$14,054, respectively, under the rent arrangement. These amounts are included within occupancy and equipment expenses on the consolidated statements of operations.

GAMCO provides the Company with shared office space, human resources and payroll services, information technology support, the cost and expense of which are determined pursuant to an allocation schedule that is periodically reviewed.

MGHL is dependent on the operations of G.research for its day-to-day funding needs. MGHL’s ability to continue as a going concern is dependent on its ability to satisfy its obligations under the AC Loan and the Related Party Loan (collectively, “the Loans”). Absent a further extension of the maturity dates of the Loans or a capital infusion, MGHL will rely on the operations of G.research to provide the funds needed to repay the Loans when they mature. While G.research expects to have sufficient funds to meet operating obligations, there is uncertainty as to MGHL’s ability to repay the Loans at their stated maturity dates.

The accompanying 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.

### 4. Fair Value

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 March 31, 2024 and December 31, 2023 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 March 31, 2024:**

Assets	March 31, 2024			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	Cash equivalents	\$ 1,373,396	\$ -	
<b>Total assets at fair value</b>	<b>\$ 1,373,396</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,373,396</b>

There were no transfers between any levels during the quarter ended March 31, 2024.

**Assets Measured at Fair Value on a Recurring Basis as of December 31, 2023:**

Assets	December 31, 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	\$ 1,570,588	\$ -	
<b>Total assets at fair value</b>	<b>\$ 1,570,588</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,570,588</b>

There were no transfers between any levels during the year ended December 31, 2023.

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. During the three months ended March 31, 2024 and March 31, 2023, respectively, no amounts were expensed.

**6. Income Taxes**

The effective tax rate for the three months ended March 31, 2024 and 2023 was 00% and 0.00% respectively. For the three months ended March 31, 2024 the impact to the effective tax rate was related to current state taxes and the change in the deferred income taxes offset by an increase in the federal and state 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:

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Basic and diluted:		
Net loss attributable to shareholders	\$ (149,421)	\$ (276,437)
Weighted average shares outstanding	600,090	600,090
Basic and diluted net loss per share	<u>\$ (0.25)</u>	<u>\$ (0.46)</u>

## 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 March 31, 2024 and December 31, 2023, 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. 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 not be made, or cash dividends paid if certain minimum net capital requirements are not met. G.research had net capital, as defined, of \$1,062,564 and \$1,228,714 exceeding the required amount of \$250,000 by \$812,564 and \$978,714 at March 31, 2024 and December 31, 2023, respectively.

## 11. Subsequent Events

The Company has evaluated subsequent events for adjustment to or disclosure through May 17, 2024, 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.

Morgan entered into a Loan Agreement with a related party on April 3, 2024, set to mature on August 31, 2025 ("the Related Party Loan"). The principal amount of the Related Party Loan is \$225,000 at an interest rate of 14% per annum and is unsecured. All principal and interest on the Related Party Loan is due and payable at maturity.

## ITEM 4: MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes thereto included in "Financial Statements and Supplementary Data." This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to those described in Part C of this Annual Report "Risk Factors." Our actual results could differ materially from those anticipated by such forward-looking statements due to factors discussed under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" appearing elsewhere in this Annual Report.

### Overview

Through G.research, we provide 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 and may from time to time include underwriting profits, selling concessions, and management fees associated with underwriting activities. Commission revenues vary directly with the perceived value of the services provided, as well as account activity and new account generation.

### Operating Results for the Three Months Ended March 31, 2024 as Compared to the Three Months Ended March 31, 2023

#### Revenues

Institutional research service revenues were \$489.4 thousand for the three months ended March 31, 2024, \$22.1 thousand, or 4.7%, higher than total revenues of \$467.3 thousand for the three months ended March 31, 2023. Institutional research services revenues by revenue component, excluding principal transactions, were as follows (dollars in thousands):

	Three Months Ended March 31,		Increase (Decrease)	
	2024	2023	\$	%
Commissions	\$ 479	\$ 442	\$ 37	8.3%
Hard dollar payments	11	25	(14)	-57.4%
Total	<u>\$ 489</u>	<u>\$ 467</u>	<u>\$ 22</u>	<u>4.7%</u>

Commissions and hard dollar payments for the three months March 31, 2024 were \$489.4 thousand and a \$22.1 thousand, or 4.7%, increase from \$467.3 million in 2023. The increase was primarily due to higher brokerage commissions from securities transactions executed on an agency basis. For each of the three months ended March 31, 2024 and 2023, G.research earned \$334.1 thousand and \$329.1 thousand, respectively or approximately 68% and 70%, respectively, of its commission revenue from transactions executed on behalf of funds advised by Gabelli Funds, LLC and clients advised by GAMCO Asset Management Inc.

#### Principal Transactions

For the three months ended March 31, 2024, net gains from principal transactions were \$0.7 thousand, versus net loss from principal transactions of \$2.0 thousand for the three months ended March 31, 2023.

Interest and dividend income decreased to \$25.5 thousand for the three months ended March 31, 2024 from \$ 31.2 thousand for the three months ended March 31, 2023, primarily due to a drop in cash balances.

#### Expenses

Total expenses were \$665.6 thousand and \$773.6 thousand for the three months ended March 31, 2024 and March 31, 2023, respectively. Clearing costs decreased due to reductions in execution costs. Occupancy and equipment expenses declined due to savings in financial information services.

Compensation costs, which includes salaries, bonuses, and benefits, were \$ 311.1 thousand and \$290.5 thousand for the three months ended March 31, 2024 and March 31, 2023, respectively. Salaries increased due to an increase in headcount and an increase in commission expense.

### *Income Tax Expense*

For the three months ended March 31, 2024 and 2023, we recorded income tax expense of \$0.0 and \$0.0 thousand, respectively, for an effective tax rate of 0.0% and 00.0%, respectively.

### *Net Loss*

Net loss for the three months ended March 31, 2024 was \$149.4 thousand versus \$276.4 thousand for the three months ended March 31, 2023.

### **Liquidity and Capital Resources**

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

Net cash provided by operating activities was \$0.07 million for the three months ended March 31, 2023, resulting from a net loss of \$0.3 million and net increase in operating liabilities of \$0.1 million offset by and a decrease in operating assets of \$0.3 million. Net cash provided by operating activities was less than \$0.1 million for the three months ended March 31, 2022, resulting from a net loss of \$0.3 million less a net decrease in operating liabilities of \$0.1 million offset by a net decrease in operating assets of \$0.5 million.

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows provided by (used in):		
Operating activities	\$ (196)	\$ 65
Net increase (decrease) in cash and cash equivalents	(196)	65
Cash and cash equivalents at beginning of period	1,938	2,636
Cash and cash equivalents at end of period	\$ 1,742	\$ 2,701

Net cash used by operating activities was \$ 195.6 thousand for the three months ended March 31, 2024, resulting from a net loss of \$149.4 thousand and net increase in operating liabilities of \$49.7 thousand and an increase in operating assets of \$97.0 thousand. Net cash provided by operating activities was \$65.3 million for the three months ended March 31, 2023, resulting from a net loss of \$276.4 thousand and net increase in operating liabilities of \$72.8 thousand offset by and a decrease in operating assets of \$266.4 thousand.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

### **Critical Accounting Policies**

The preparation of the interim condensed consolidated financial statements in conformity with U.S. 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 dates of the interim 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 Part D, Management Discussion and Analysis in Morgan's Annual Report for the year ended December 31, 2023, for details on Critical Accounting Policies.

### **ITEM 5: LEGAL PROCEEDINGS**

We are currently not aware of any pending legal proceedings to which we are a party, nor are we aware of any such proceedings that are contemplated by any governmental authority. From time to time, we may be named in legal actions and proceedings. These actions may seek substantial or indeterminate compensatory as well as punitive damages or injunctive relief. We are also subject to governmental or regulatory examinations or investigations. Examinations or investigations can result in adverse judgments, settlements, fines, injunctions, restitutions or other relief. For any such matters, the Company's financial statements include the necessary provisions for losses that we believe are probable and estimable. Furthermore, we evaluate whether there exist losses which may be reasonably possible and, if material, make the necessary disclosures. There are currently no such matters pending that the Company believes could have a material adverse effect on its consolidated financial condition, results of operations, or its cash flows at March 31, 2024.

**ITEM 6. OTHER INFORMATION**

Not applicable.

**ITEM 7. EXHIBITS**

No exhibits.



## ITEM 8. CERTIFICATIONS

### Certification by the principal executive officer

I, Vincent Amabile, Jr. certify that:

1. I have reviewed this quarterly disclosure statement of Morgan Group Holding Co.;
2. Based on our knowledge, this disclosure statement 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 disclosure statement; and
3. Based on our knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, 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 disclosure statement.

Date: May 17, 2024

/s/ Vincent Amabile, Jr.

Name: Vincent Amabile, Jr.

Title: Chief Executive Officer (Principal Executive Officer)

### Certification by the principal financial officer

I, Joseph L Fernandez, certify that:

1. I have reviewed this quarterly disclosure statement of Morgan Group Holding Co.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, 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 disclosure statement.

Date: May 17, 2024

/s/ Joseph L Fernandez

Name: Joseph L Fernandez

Title: Executive Vice President – Finance (Principal Financial Officer)