

A-Mark Precious Metals Reports Fiscal Fourth Quarter and Full Year 2018 Results

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EL SEGUNDO, Calif., Sept. 18, 2018 (GLOBE NEWSWIRE) -- **A-Mark Precious Metals, Inc. (NASDAQ: AMRK)**, a leading full-service provider of products and services to the global precious metals market, reported results for the fiscal fourth quarter and full year ended June 30, 2018.

Fiscal Q4 2018 Financial Highlights

- Revenues for the three months ended June 30, 2018 increased 33% to \$1.77 billion from \$1.33 billion for the three months ended June 30, 2017 and decreased 11% from \$1.99 billion for the three months ended March 31, 2018
- Gross profit for the three months ended June 30, 2018 decreased 5% to \$5.8 million (0.33% of revenue) from \$6.1 million (0.46% of revenue) for the three months ended June 30, 2017 and decreased 22% from \$7.4 million (0.37% of revenue) for the three months ended March 31, 2018
- Net loss for the three months ended June 30, 2018 totaled \$3.0 million or \$(0.43) per diluted share, as compared to net income of \$1.2 million or \$0.17 per diluted share for the three months ended June 30, 2017 and net loss of \$0.6 million or \$(0.09) per diluted share for the three months ended March 31, 2018
- Gold ounces sold in the three months ended June 30, 2018 increased 98% to 586,000 ounces from 296,000 for the three months ended June 30, 2017 and decreased 5% from 618,000 for the three months ended March 31, 2018
- Silver ounces sold in the three months ended June 30, 2018 decreased 39% to 8.6 million ounces from 14.1 million ounces for the three months ended June 30, 2017 and decreased 24% from 11.4 million from the three months ended March 31, 2018
- As of June 30, 2018, the number of secured loans increased 48% to 3,507 from 2,375 as of June 30, 2017 and increased 12% from 3,124 as of March 31, 2018

Fiscal Q4 2018 Financial Results

Revenues increased 33% to \$1.77 billion from \$1.33 billion in the same year-ago quarter. The increase in revenues was mainly due to an increase in gold ounces sold, gold prices and forward sales, offset by lower silver ounces sold and lower silver prices.

Gross profit decreased 5% to \$5.8 million (0.33% of revenue) from \$6.1 million (0.46% of revenue) in the same year-ago quarter. The decrease in gross profit was primarily due to lower silver sales volume, margins and trading profits compared to the same year-ago quarter, offset by gross profit from the company's Direct Sales segment (Goldline).

Selling, general and administrative expenses increased 38% to \$7.7 million from \$5.6 million in the same year-ago quarter. The increase was primarily due to selling, general and administrative expenses related to the company's Direct Sales segment (Goldline) of \$2.2 million and legal and consulting costs of \$0.3 million, partially offset by a \$0.3 million reduction of relocation and non-recurring investigatory acquisition costs from the same year-ago period.

Interest income increased 62% to \$5.6 million from \$3.5 million in same year-ago quarter, driven primarily by increases in interest rates and the aggregate value of the company's secured loan portfolio. The number of secured loans outstanding increased by 48% to 3,507 from 2,375 in the same year-ago quarter. Interest income also increased due to other finance product income.

Interest expense increased 52% to \$4.2 million from \$2.7 million in same year-ago quarter. The increase was related

primarily to a greater usage of the company's lines of credit, the debt financing agreement associated with the acquisition of Goldline, and higher LIBOR interest rates that went in to effect subsequent to the Federal Reserve rate increases.

The company also incurred a non-recurring \$2.7 million goodwill and intangible asset impairment charge related to the company's Direct Sales segment (Goldline).

Net loss totaled \$3.0 million or \$(0.43) per diluted share, as compared to net income of \$1.2 million or \$0.17 per diluted share in the same year-ago quarter. Included in the net loss was a \$0.2 million income tax provision for both the fourth quarter of 2018 and same year-ago quarter. The \$0.2 million tax provision for the fourth quarter of 2018 included a \$1.0 million one-time revaluation tax charge related to the company's write-down of net deferred tax assets as a result of the Tax Cuts and Jobs Act, which was partially offset by an income tax benefit related to the loss from operations.

Full Year 2018 Financial Highlights

- Revenues for the full year ended June 30, 2018 increased 9% to \$7.61 billion from \$6.99 billion for the full year ended June 30, 2017
- Gross profit for the full year ended June 30, 2018 decreased 6% to \$29.4 million (0.39% of revenue) from \$31.3 million (0.45% of revenue) for the full year ended June 30, 2017
- Net loss for the full year ended June 30, 2018 totaled \$3.4 million or \$(0.48) per diluted share, as compared to net income of \$7.1 million or \$1.00 per diluted share for the full year ended June 30, 2017
- Gold ounces sold in the full year ended June 30, 2018 decreased 12% to 1.9 million ounces from 2.2 million for the full year ended June 30, 2017
- Silver ounces sold in the full year ended June 30, 2018 decreased 42% to 46.5 million ounces from 79.6 million for the full year ended June 30, 2017

Full Year 2018 Financial Results

Revenues increased 9% to \$7.61 billion from \$6.99 billion in the same period last year. The increase was primarily due to higher gold prices and forward sales, offset by a decrease in the total amount of gold and silver ounces sold and silver prices.

Gross profit decreased 6% to \$29.4 million (0.39% of revenue) from \$31.3 million (0.45% of revenue) in the same year-ago period. The decrease in gross profit was primarily due to lower gold and silver sales volume, margins and trading profits compared to the prior fiscal year, offset by gross profit from the company's Direct Sales segment (Goldline).

Selling, general and administrative expenses increased 43% to \$33.4 million from \$23.3 million in the same year-ago period. The increase in selling, general and administrative expenses was primarily due to the Direct Sales segment (Goldline) of \$10.6 million (including \$0.6 million of severance expense), \$0.6 million of non-recurring legal expense and \$0.8 million of professional consulting fees. The increase was partially offset by a \$1.0 million reduction to incentive compensation expense and \$0.3 million of investigatory acquisition costs.

Interest income increased 28% to \$16.1 million from \$12.6 million in the same year-ago period. Interest income from the company's secured loan portfolio increased by \$1.9 million or 25% in comparison to the same year-ago period. The increase in interest income from secured loans was primarily due to increases in interest rates and an increase in the aggregate value of the company's secured loan portfolio. The number of secured loans outstanding increased by 48% to 3,507 from 2,375 at the end of the prior year. Interest income also increased due to other finance product income.

Interest expense increased 37% to \$13.9 million from \$10.1 million in the same year-ago period. The increase was related primarily to greater usage of the company's lines of credit, the debt financing agreement associated with the acquisition of

Goldline, higher LIBOR interest rates that went in to effect subsequent to the Federal Reserve rate increases, as well as increased third-party loan servicing fees.

The company also incurred a non-recurring \$2.7 million goodwill and intangible asset impairment charge related to the company's Direct Sales segment (Goldline).

Net loss totaled \$3.4 million or \$(0.48) per diluted share, as compared to net income of \$7.1 million or \$1.00 per diluted share in the same year-ago period. Included in the net loss was a \$0.0 million and \$3.7 million tax provision for 2018 and the prior year, respectively. The \$0.0 million income tax provision for fiscal 2018 included a \$1.2 million one-time revaluation tax charge related to the company's write-down of net deferred tax assets as a result of the Tax Cuts and Jobs Act, which was offset primarily by an income tax benefit related to the loss from operations.

Management Commentary

"Throughout fiscal 2018, we continued to execute on our long-term strategic plan to expand our platform of products and services and increase our market share in the global precious metals market," said A-Mark CEO Greg Roberts. "Some of the major initiatives in this plan involved introducing several new customer-facing tools and products, including our industry-leading 24/7 trading portal as well as a lead repository program to monetize the customer and marketing leads lists we acquired in our asset purchase of Goldline in the first quarter of 2018. In addition to these new offerings, we also implemented various programs to drive growth and profitability in our Wholesale Trading and Ancillary Services Segment, including promoting unique consignment offerings, developing innovative bullion products through our sovereign mint relationships and producing customer-branded products through our SilverTowne Mint—all of which continue to differentiate A-Mark within the industry.

"Despite the unprecedented low levels of activity that continue to persist in the market, we further diversified our business model to create additional and more predictable sources of income in an effort to enhance our capabilities and profitability when conditions improve. One of the most meaningful examples of this strategy involved building our Secured Lending Segment through our CFC subsidiary, which continues to generate positive results for our overall business. In fact, this segment of our business grew meaningfully in 2018. The number of secured loans increased 48%, which helped drive \$9.6 million of interest income for CFC and contributed to the record \$16.1 million of interest income for the company. Additionally, last week we closed our first asset-based securitization of \$100 million in long-term debt, providing CFC with the necessary capital to more aggressively expand its loan portfolio and suite of complementary products.

"In our Direct Sales Segment, we finalized the integration of all Goldline assets during the fourth quarter, which expanded A-Mark's distribution and marketing capabilities. While the integration of the business was more challenging than originally anticipated, partially due to external market conditions, our efforts to optimize Goldline's structure and expand its marketing programs are proving to be successful, and we look forward to benefiting from these measures in fiscal 2019. As further evidence of our successful streamlining efforts, we dramatically reduced the pre-tax operating loss of the Direct Sales Segment by more than \$2 million compared to fiscal Q3 2018, excluding the non-recurring \$2.7 million goodwill and intangible asset charge. We remain optimistic about the long-term potential for Goldline due to the sales synergies it provides in cross-selling our expanding suite of ancillary services. In fact, we completed the first sale under our new lead repository program in July.

"Looking at our current quarter, we have seen silver and gold prices decrease, which has produced volatility and generated modest incremental demand for A-Mark's physical products. We will continue to act opportunistically in the market, taking advantage of attractive near-term trading opportunities while scaling our business further for the long-term. Today, A-Mark is in the most diversified position in our company's history, with the strongest and most robust platform, customer base, and business model. We are confident these factors will eventually translate into more predictable growth and profitability in the coming quarters and years ahead."

Conference Call

A-Mark will hold a conference call today (September 18, 2018) to discuss these financial results. The company's CEO Greg Roberts, President Thor Gjerdrum and CFO Cary Dickson will host the call at 4:30 p.m. Eastern time (1:30 p.m. Pacific time). A question and answer session will follow management's presentation.

To participate, please dial the appropriate number at least five minutes prior to the start time and ask for the A-Mark Precious Metals conference call.

U.S. dial-in number: 1-877-407-0789

International number: 1-201-689-8562

The conference call will be broadcast simultaneously and available for replay via the Investor Relations section of A-Mark's website at www.amark.com. If you have any difficulty connecting with the conference call or webcast, please contact Liolios at 1-949-574-3860.

A replay of the call will be available after 7:30 p.m. Eastern time through October 2, 2018.

Toll-free replay number: 1-844-512-2921

International replay number: 1-412-317-6671

Conference ID: 13683029

About A-Mark Precious Metals

Founded in 1965, A-Mark Precious Metals, Inc. (NASDAQ: AMRK) is a leading full-service precious metals trading company and wholesaler of gold, silver, platinum and palladium bullion and related products. The company's global customer base includes sovereign and private mints, manufacturers and fabricators, refiners, dealers and online retailers, financial institutions, industrial users, investors, collectors and retail customers. The company conducts its operations through three complementary segments: Wholesale Trading & Ancillary Services, Secured Lending and Direct Sales.

A-Mark operates several business units in its Wholesale Trading & Ancillary Services segment, including Industrial, Coin and Bar, Trading and Finance, Transcontinental Depository Services (TDS), Logistics and Mint. Its Industrial unit services manufacturers and fabricators of products utilizing precious metals, while its Coin and Bar unit deals in over 200 different products for distribution to dealers and other qualified purchasers. As a U.S. Mint-authorized purchaser of gold, silver and platinum coins, A-Mark purchases bullion products directly from the U.S. Mint for sale to customers. A-Mark also has distributorships with other sovereign mints, including in Australia, Austria, Canada, China, Mexico, South Africa and the United Kingdom. Through its [TDS](#) subsidiary, A-Mark provides customers with storage and management solutions for precious metals worldwide. Through its A-M Global Logistics subsidiary, A-Mark provides customers an array of complementary services, including storage, shipping, and delivery of precious metals and custom coins on a secure basis. A-Mark also holds a majority stake in a joint venture that owns the minting operations known as [SilverTowne Mint](#), which enables A-Mark to mint proprietary products as well as provides greater access to fabricated silver products.

The company operates its Secured Lending segment through its wholly-owned subsidiary, [CFC](#). Founded in 2005, CFC is a California licensed finance lender that originates and acquires loans secured by bullion and numismatic coins. Its customers include coin and precious metal dealers, investors and collectors.

A-Mark operates its Direct Sales segment through its wholly-owned subsidiary [Goldline Inc.](#), a direct retailer of precious metals to the investor community. Goldline markets A-Mark's precious metal products through various channels, including radio, television and the Internet.

A-Mark is headquartered in El Segundo, California and with offices and facilities in Vienna, Austria and Las Vegas, Nevada. For more information, visit www.amark.com.

Important Cautions Regarding Forward-Looking Statements

Statements in this press release that relate to future plans, objectives, expectations, performance, events and the like are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the Securities Exchange Act of 1934. Future events, risks and uncertainties, individually or in the aggregate, could cause actual results to differ materially from those expressed or implied in these statements. Factors that could cause actual results to differ include the following: the failure to execute our growth strategy as planned; greater than anticipated costs incurred to execute this strategy; changes in the current international political climate which has favorably contributed to demand and volatility in the precious metals markets; increased competition for our higher margin services, which could depress pricing; the failure of our business model to respond to changes in the market environment as anticipated; general risks of doing business in the commodity markets; and other business, economic, financial and governmental risks as described in in the company's public filings with the Securities and Exchange Commission.

The words "should," "believe," "estimate," "expect," "intend," "anticipate," "foresee," "plan" and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates on which they were made. Additionally, any statements related to future improved performance and estimates of revenues and earnings per share are forward-looking statements. The company undertakes no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

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**A-MARK PRECIOUS METALS, INC.
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except for share data)**

	June 30, 2018	June 30, 2017
ASSETS		
Current assets:		
Cash	\$ 6,291	\$ 13,059
Receivables, net	35,856	39,295
Derivative assets	7,395	17,587
Secured loans receivable	110,424	91,238
Precious metals held under financing arrangements	262,566	—
Inventories:		
Inventories	166,176	149,316
Restricted inventories	113,940	135,343
	280,116	284,659
Income taxes receivable	1,553	—

Prepaid expenses and other assets	2,782	1,183
Total current assets	706,983	447,021
Plant, property and equipment, net	8,018	6,607
Goodwill	8,881	8,881
Intangibles, net	6,861	4,065
Long-term investments	8,388	7,967
Deferred tax assets - non-current	3,870	3,959
Total assets	\$ 743,001	\$ 478,500
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit	\$ 200,000	\$ 180,000
Liability on borrowed metals	280,346	5,625
Product financing arrangements	113,940	135,343
Accounts payable	45,997	41,947
Derivative liabilities	20,457	34,582
Note payable (related party)	—	500
Accrued liabilities	5,129	4,945
Income taxes payable	—	1,418
Total current liabilities	665,869	404,360
Debt obligation (related party)	7,226	—
Other long-term liabilities (related party)	798	1,117
Total liabilities	673,893	405,477
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of June 30, 2018 and 2017	—	—
Common stock, par value \$0.01; 40,000,000 shares authorized; 7,031,450 shares issued and outstanding as of June 30, 2018 and 2017	71	71
Additional paid-in capital	24,717	23,526
Retained earnings	40,910	45,994
Total A-Mark Precious Metals, Inc. stockholders' equity	65,698	69,591
Non-controlling interest	3,410	3,432
Total stockholders' equity	69,108	73,023
Total liabilities, non-controlling interest and stockholders' equity	\$ 743,001	\$ 478,500

A-MARK PRECIOUS METALS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for share and per share data)

Years Ended June 30,	2018	2017
Revenues	\$ 7,606,248	\$ 6,989,624
Cost of sales	7,576,805	6,958,290
Gross profit	29,443	31,334
Selling, general and administrative expenses	(33,398	) (23,343
Goodwill and intangible asset impairment	(2,654) —
Interest income	16,105	12,553
Interest expense	(13,891	) (10,117
Other income	954	298
Unrealized gain on foreign exchange	30	60
Net (loss) income before provision for income taxes	(3,411	) 10,785
Income tax expense	(8	) (3,721
Net (loss) income	(3,419	) 7,064
Add: Net loss attributable to non-controlling interest	(22	) (22
Net (loss) income attributable to the Company	\$ (3,397	) \$ 7,086
 Basic and diluted net (loss) income per share attributable to A-Mark Precious Metals, Inc.:		
Basic	\$ (0.48	) \$ 1.01
Diluted	\$ (0.48	) \$ 1.00
 Dividends per share	 \$ 0.24	 \$ 0.30
 Weighted average shares outstanding:		
Basic	7,031,400	7,029,400
Diluted	7,031,400	7,121,500

A-MARK PRECIOUS METALS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

Years Ended June 30,	2018	2017
Cash flows from operating activities:		
Net (loss) income	\$ (3,419	) \$ 7,064
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,626	1,521
Impairment of intangible assets	2,654	—
Amortization of loan cost	1,463	892
Deferred income taxes	89	(10,780
Interest added to principal of secured loans	(48	) (68
Change in accrued earn-out (non-cash)	(529	) (198

Share-based compensation	1,191	996
Earnings from equity method investment	(421	) (94
Loss on disposal of fixed assets	—	178
Changes in assets and liabilities:		
Receivables	4,044	4,007
Secured loans	385	8,765
Secured loans to Former Parent	(12,523	) 1,370
Derivative assets	11,017	16,145
Income tax receivable	(1,553	) 7,318
Precious metals held under financing arrangements	(262,566) —
Inventories	16,946	(39,602
Prepaid expenses and other assets	(1,779	) (572
Accounts payable	2,221	(4,822
Derivative liabilities	(14,125	) (1,872
Liabilities on borrowed metals	265,772	1,273
Accrued liabilities	(2,381	) (2,923
Receivable from/payables to Former Parent	—	203
Income taxes payable	(1,418	) 1,418
Net cash provided by (used in) operating activities	7,646	(9,781)
Cash flows from investing activities:		
Capital expenditures for property and equipment	(1,317	) (2,265
Secured loans, net	(7,000	) (30,801
Acquisition of subsidiary, net of cash	(9,515	) (3,421
Net cash used in investing activities	(17,832)	(36,487)
Cash flows from financing activities:		
Product financing arrangements, net	(21,403	) 75,985
Dividends	(1,687	) (2,110
Borrowings under lines of credit, net	20,000	(32,000
Proceeds from issuance of debt obligation payable to related party	7,500	—
Repayments on notes payable to related party	(500) —
Stock award grant	—	172
Debt funding fees	(492) —
Excess tax benefit of share-based award	—	138
Net cash provided by financing activities	3,418	42,185
Net decrease in cash, cash equivalents, and restricted cash	(6,768)	(4,083)
Cash, cash equivalents, and restricted cash, beginning of period	13,059	17,142
Cash, cash equivalents, and restricted cash, end of period	\$ 6,291	13,059

Overview of Results of Operations for the Three Months Ended June 30, 2018 and 2017

Condensed Consolidated Results of Operations

The operating results of our business for the three months ended June 30, 2018 and 2017 are as follows:

in thousands, except per share data

Three Months Ended June 30,	2018		2017		\$	%
	\$	% of revenue	\$	% of revenue			Increase/ (decrease)	Increase/ (decrease)
Revenues	\$ 1,766,757	100.000 %	\$ 1,326,765	100.000 %	\$ 439,992	33.2 %
Gross profit	5,794	0.328 %	6,079	0.458 %	\$(285)	(4.7)%
Selling, general and administrative expenses	(7,650)	(0.433)%	(5,559)	(0.419)%	\$ 2,091	37.6 %
Goodwill and intangible asset impairment	(2,654)	(0.150)%	—	—	\$ 2,654	— %
Interest income	5,589	0.316 %	3,452	0.260 %	\$ 2,137	61.9 %
Interest expense	(4,157)	(0.235)%	(2,729)	(0.206)%	\$ 1,428	52.3 %
Other income	143	0.008 %	28	0.002 %	\$ 115	410.7 %
Unrealized gain on foreign exchange	24	0.001 %	48	0.004 %	\$(24)	NM
Net (loss) income before provision for income taxes	(2,911)	(0.165)%	1,319	0.099 %	\$(4,230)	(320.7)%
Income tax expense	(217)	(0.012)%	(239)	(0.018)%	\$(22)	(9.2)%
Net (loss) income	(3,128)	(0.177)%	1,080	0.081 %	\$(4,208)	(389.6)%
Add: Net loss attributable to non-controlling interest	(91)	(0.005)%	(140)	(0.011)%	\$(49)	NM
Net (loss) income attributable to the Company	\$(3,037)	(0.172)%	\$ 1,220	0.092 %	\$(4,257)	(348.9)%

Basic and diluted net (loss) income per share attributable to A-Mark Precious Metals, Inc.:

Per Share Data:

Basic	\$(0.43)	\$0.17	\$(0.60)	(352.9)%
Diluted	\$(0.43)	\$0.17	\$(0.60)	(352.9)%

Overview of Results of Operations for the Twelve Months Ended June 30, 2018 and 2017

Consolidated Results of Operations

The operating results of our business for the years ended June 30, 2018 and 2017 are as follows:

in thousands, except per share data

Years Ended June 30,	2018		2017		\$	%
	\$	% of revenue	\$	% of revenue			Increase/ (decrease)	Increase/ (decrease)
Revenues	\$ 7,606,248	100.000 %	\$ 6,989,624	100.000 %	\$ 616,624	8.8 %
Gross profit	29,443	0.387 %	31,334	0.448 %	\$(1,891)	(6.0)%
Selling, general and administrative expenses	(33,398)	(0.439)%	(23,343)	(0.334)%	\$ 10,055	43.1 %
Goodwill and intangible asset impairment	(2,654)	(0.035)%	—	—	\$ 2,654	— %
Interest income	16,105	0.212 %	12,553	0.180 %	\$ 3,552	28.3 %
Interest expense	(13,891)	(0.183)%	(10,117)	(0.145)%	\$ 3,774	37.3 %
Other income	954	0.013 %	298	0.004 %	\$ 656	220.1 %
Unrealized gain on foreign exchange	30	—	60	0.001 %	\$(30)	NM

Net (loss) income before provision for income taxes	(3,411)	(0.045)%	10,785	0.154 %	\$(14,196)	(131.6)%
Income tax expense	(8)	— %	(3,721)	(0.053)%	\$(3,713)	(99.8)%
Net (loss) income	(3,419)	(0.045)%	7,064	0.101 %	\$(10,483)	(148.4)%
Add: Net loss attributable to non-controlling interest	(22)	— %	(22)	— %	\$—	NM
Net (loss) income attributable to the Company	\$(3,397)	(0.045)%	\$7,086	0.101 %	\$(10,483)	(147.9)%

Basic and diluted net (loss) income per share attributable to A-Mark Precious Metals, Inc.:

Per Share Data:

Basic	\$(0.48)		\$1.01		\$(1.49)	(147.5)%
Diluted	\$(0.48)		\$1.00		\$(1.48)	(148.0)%

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A-Mark Precious Metals