UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2024

OR

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

For the transition period from ________ to ________

Commission File Number: 001-36347

A-MARK PRECIOUS METALS, INC.
A Leader In Precious Metals Since 1965

A-MARK PRECIOUS METALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**11-2464169**
(State of Incorporation)	(IRS Employer I.D. No.)

2121 Rosecrans Ave., Suite 6300, El Segundo, CA 90245
(Address of principal executive offices) (Zip code)
(310) 587-1477
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	AMRK	NASDAQ Global Select Market

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

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

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

Large accelerated filer	☐	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. ☑

As of May 3, 2024, the registrant had 22,894,814 shares of common stock, par value $0.01 per share outstanding.

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended March 31, 2024

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A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share data)

	March 31, 2024 (unaudited)	June 30, 2023
ASSETS		
Current assets		
Cash[1]	$ 35,167	$ 39,318
Receivables, net	53,229	35,243
Derivative assets	30,875	77,881
Secured loans receivable[1]	115,645	100,620
Precious metals held under financing arrangements[1]	12,772	25,530
Inventories:		
Inventories[1]	579,398	645,812
Restricted inventories	510,237	335,831
	1,089,635	981,643
Income tax receivable	4,332	—
Prepaid expenses and other assets[1]	7,536	6,956
Total current assets	1,349,191	1,267,191
Operating lease right of use assets	5,130	5,119
Property, plant, and equipment, net	16,234	12,513
Goodwill	120,956	100,943
Intangibles, net	74,917	62,630
Long-term investments	93,735	88,535
Other long-term assets	9,324	8,640
Total assets	$ 1,669,487	$ 1,545,571
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Lines of credit	$ —	$ 235,000
Liabilities on borrowed metals	26,167	21,642
Product financing arrangements	510,237	335,831
Accounts payable and other payables	9,598	25,465
Deferred revenue and other advances	150,875	181,363
Derivative liabilities	51,146	8,076
Accrued liabilities[1]	16,786	20,418
Income tax payable	—	958
Notes payable [1]	—	95,308
Total current liabilities	764,809	924,061
Lines of credit	290,000	—
Notes payable	3,994	—
Deferred tax liabilities	16,717	16,677
Other liabilities	6,967	4,440
Total liabilities	1,082,487	945,178
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of March 31, 2024 or June 30, 2023	—	—
Common stock, par value $0.01; 40,000,000 shares authorized; 23,893,516 and 23,672,122 shares issued and 22,881,480 and 23,336,387 shares outstanding as of March 31, 2024 and June 30, 2023, respectively	239	237
Treasury stock, 1,012,036 and 335,735 shares at cost as of March 31, 2024 and June 30, 2023, respectively	(28,277)	(9,762)
Additional paid-in capital	171,612	169,034
Accumulated other comprehensive loss	(898)	(1,025)
Retained earnings	440,490	440,639
Total A-Mark Precious Metals, Inc. stockholders' equity	583,166	599,123
Noncontrolling interest	3,834	1,270
Total stockholders' equity	587,000	600,393
Total liabilities, noncontrolling interest and stockholders' equity	$ 1,669,487	$ 1,545,571

(1) Includes amounts of the consolidated variable interest entity as of June 30, 2023, which are presented separately in the table below.

See accompanying Notes to the Condensed Consolidated Financial Statements

(in thousands; unaudited)

In September 2018, AM Capital Funding, LLC (“AMCF”), a wholly-owned subsidiary of Collateral Finance Corporation ("CFC”), completed an issuance of Secured Senior Term Notes, Series 2018-1, Class A in the aggregate principal amount of $72.0 million and Secured Subordinated Term Notes, Series 2018-1, Class B in the aggregate principal amount of $28.0 million (collectively, the "AMCF Notes"). In December 2023, the AMCF Notes were repaid in full, and AMCF became inactive.

The Company consolidates a variable interest entity ("VIE") if the Company is considered to be the primary beneficiary. AMCF is a VIE because its initial equity investment may be insufficient to maintain its ongoing collateral requirements without additional financial support from the Company. The Company is the primary beneficiary of this VIE because the Company has the right to determine the type of collateral (i.e., cash, secured loans, or precious metals), has the right to receive (and has received) the proceeds from the securitization transaction, earn ongoing interest income from the secured loans (subject to collateral requirements), and has the obligation to absorb losses should AMCF's interest expense and other costs exceed its interest income.

The following table presents the assets and liabilities of this VIE, which are included in the condensed consolidated balance sheets above. Due to the repayment of the AMCF Notes in December 2023, the VIE did not have assets or liabilities as of March 31, 2024. When outstanding, the holders of the AMCF Notes had a first priority security interest in the assets as shown in the table below, which were in excess of the AMCF Notes' aggregate principal amount. Additionally, the liabilities of the VIE included intercompany balances, which were eliminated in consolidation. (See Note 15.)

	March 31, 2024	June 30, 2023
ASSETS OF THE CONSOLIDATED VIE		
Cash	$ —	$ 1,915
Secured loans receivable	—	46,368
Precious metals held under financing arrangements	—	14,950
Inventories	—	56,841
Prepaid expenses and other assets	—	7
Total assets of the consolidated variable interest entity	$ —	$ 120,081
LIABILITIES OF THE CONSOLIDATED VIE		
Deferred payment obligations(1)	$ —	$ 30,083
Accrued liabilities	—	551
Notes payable(2)	—	99,762
Total liabilities of the consolidated variable interest entity	$ —	$ 130,396

(1) This is an intercompany balance which is eliminated in consolidation and not shown on the condensed consolidated balance sheets.
(2) As of June 30, 2023, $5.0 million of the AMCF Notes were held by the Company which were eliminated in consolidation and not shown on the condensed consolidated balance sheets.

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except for share and per share data; unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Revenues	$ 2,610,651	$ 2,317,150	$ 7,174,084	$ 6,167,206
Cost of sales	2,575,813	2,241,652	7,043,800	5,951,147
Gross profit	34,838	75,498	130,284	216,059
Selling, general, and administrative expenses	(22,854)	(23,841)	(67,095)	(62,438)
Depreciation and amortization expense	(2,949)	(3,340)	(8,552)	(9,784)
Interest income	6,682	6,087	19,095	16,167
Interest expense	(9,907)	(9,237)	(29,898)	(22,603)
Earnings (losses) from equity method investments	(206)	(70)	3,280	7,276
Other income, net	763	641	1,605	2,001
Unrealized gains on foreign exchange	73	35	84	250
Net income before provision for income taxes	6,440	45,773	48,803	146,928
Income tax expense	(1,286)	(9,775)	(10,705)	(32,096)
Net income	5,154	35,998	38,098	114,832
Net income attributable to noncontrolling interest	141	78	492	306
Net income attributable to the Company	$ 5,013	$ 35,920	$ 37,606	$ 114,526
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:				
Basic	$ 0.22	$ 1.53	$ 1.63	$ 4.89
Diluted	$ 0.21	$ 1.46	$ 1.56	$ 4.64
Weighted-average shares outstanding:				
Basic	22,847,200	23,421,300	23,098,000	23,435,700
Diluted	23,822,800	24,655,400	24,140,500	24,690,900

See accompanying Notes to the Condensed Consolidated Financial Statements

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for share data; unaudited)

	Common Stock		Additional Paid-in	Retained	Accumulated other comprehensive	Treasury Stock		Total A-Mark Precious Metals, Inc. Stockholders'	Non-controlling	Total Stockholders'
	Shares	Amount	Capital	Earnings	income (loss)	Shares	Amount	Equity	Interest	Equity
Balance, June 30, 2022	23,379,888	$ 234	$ 166,526	$ 321,849	$ —	—	$ —	$ 488,609	$ 1,862	$ 490,471
Net income	—	—	—	45,125	—	—	—	45,125	112	45,237
Share-based compensation	—	—	535	—	—	—	—	535	—	535
Earnings distribution paid to noncontrolling interest	—	—	—	—	—	—	—	—	(1,001)	(1,001)
Cumulative translation adjustment, net of tax	—	—	—	—	52	—	—	52	—	52
Common stock issued as employee compensation	10,500	—	293	—	—	—	—	293	—	293
Exercise of share-based awards	3,333	—	63	—	—	—	—	63	—	63
Net settlement of share-based awards	59,618	1	(1,606)	—	—	—	—	(1,605)	—	(1,605)
Dividends declared	—	—	3	(28,158)	—	—	—	(28,155)	—	(28,155)
Balance, September 30, 2022	23,453,339	235	165,814	338,816	52	—	—	504,917	973	505,890
Net income	—	—	—	33,481	—	—	—	33,481	116	33,597
Share-based compensation	—	—	534	—	—	—	—	534	—	534
Cumulative translation adjustment, net of tax	—	—	—	—	(1,103)	—	—	(1,103)	—	(1,103)
Exercise of share-based awards	73,336	1	661	—	—	—	—	662	—	662
Net settlement of share-based awards	3,296	—	—	—	—	—	—	—	—	—
Balance, December 31, 2022	23,529,971	236	167,009	372,297	(1,051)	—	—	538,491	1,089	539,580
Net income	—	—	—	35,920	—	—	—	35,920	78	35,998
Share-based compensation	—	—	538	—	—	—	—	538	—	538
Cumulative translation adjustment, net of tax	—	—	—	—	(178)	—	—	(178)	—	(178)
Exercise of share-based awards	66,370	—	700	—	—	—	—	700	—	700
Repurchases of common stock	—	—	—	—	—	(335,735)	(9,762)	(9,762)	—	(9,762)
Dividends declared	—	—	6	(4,744)	—	—	—	(4,738)	—	(4,738)
Balance, March 31, 2023	23,596,341	$ 236	$ 168,253	$ 403,473	$ (1,229)	(335,735)	$ (9,762)	$ 560,971	$ 1,167	$ 562,138
Balance, June 30, 2023	23,672,122	$ 237	$ 169,034	$ 440,639	$ (1,025)	(335,735)	$ (9,762)	$ 599,123	$ 1,270	$ 600,393
Net income	—	—	—	18,827	—	—	—	18,827	156	18,983
Share-based compensation	—	—	664	—	—	—	—	664	—	664
Cumulative translation adjustment, net of tax	—	—	—	—	187	—	—	187	—	187
Exercise of share-based awards	159,999	2	958	—	—	—	—	960	—	960
Net settlement of share-based awards	10,556	—	(307)	—	—	—	—	(307)	—	(307)
Repurchases of common stock	—	—	—	—	—	(171,268)	(5,016)	(5,016)	—	(5,016)
Dividends declared	—	—	8	(32,787)	—	—	—	(32,779)	—	(32,779)
Balance, September 30, 2023	23,842,677	239	170,357	426,679	(838)	(507,003)	(14,778)	581,659	1,426	583,085
Net income	—	—	—	13,766	—	—	—	13,766	195	13,961
Share-based compensation	—	—	482	—	—	—	—	482	—	482
Cumulative translation adjustment, net of tax	—	—	—	—	(123)	—	—	(123)	—	(123)
Net settlement of share-based awards	5,571	—	(23)	—	—	—	—	(23)	—	(23)
Repurchases of common stock	—	—	—	—	—	(440,092)	(12,002)	(12,002)	—	(12,002)
Balance, December 31, 2023	23,848,248	239	170,816	440,445	(961)	(947,095)	(26,780)	583,759	1,621	585,380
Net income	—	—	—	5,013	—	—	—	5,013	141	5,154
Share-based compensation	—	—	456	—	—	—	—	456	—	456
Common stock issued for acquisition	—	—	—	(367)	—	139,455	3,881	3,514	—	3,514
Noncontrolling ownership interest contribution	—	—	—	—	—	—	—	—	2,072	2,072
Cumulative translation adjustment, net of tax	—	—	—	—	63	—	—	63	—	63
Net settlement of share-based awards	45,268	—	338	—	—	—	—	338	—	338
Repurchases of common stock	—	—	—	—	—	(204,396)	(5,378)	(5,378)	—	(5,378)
Dividends declared	—	—	2	(4,601)	—	—	—	(4,599)	—	(4,599)
Balance, March 31, 2024	23,893,516	$ 239	$ 171,612	$ 440,490	$ (898)	(1,012,036)	$ (28,277)	$ 583,166	$ 3,834	$ 587,000

See accompanying Notes to the Condensed Consolidated Financial Statements

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands; unaudited)

	Nine Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	$ 38,098	$ 114,832
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	8,552	9,784
Amortization of loan cost	1,828	1,628
Share-based compensation	1,602	1,607
Earnings from equity method investments	(3,280)	(7,276)
Dividends and distributions received from equity method investees	361	551
Other	(74)	(249)
Changes in assets and liabilities:		
Receivables, net	(8,503)	6,964
Secured loans receivable	—	1,012
Secured loans made to affiliates	(5,024)	—
Derivative assets	47,048	33,287
Income tax receivable	(4,332)	(861)
Precious metals held under financing arrangements	12,758	55,752
Inventories	(91,185)	(226,500)
Prepaid expenses and other assets	(1,443)	(1,488)
Accounts payable and other payables	(16,325)	4,037
Deferred revenue and other advances	(42,049)	78,143
Derivative liabilities	42,951	7,550
Liabilities on borrowed metals	4,525	(33,687)
Accrued liabilities	(6,066)	(1,455)
Income tax payable	(1,358)	(382)
Net cash (used in) provided by operating activities	(21,916)	43,249
Cash flows from investing activities:		
Capital expenditures for property, plant, and equipment	(4,518)	(3,227)
Acquisition of a business, net of cash acquired	(32,888)	—
Purchase of long-term investments	(2,113)	(5,540)
Purchase of intangible assets	(8,515)	(4,500)
Secured loans receivable, net	(9,987)	28,359
Other	(487)	—
Net cash (used in) provided by investing activities	(58,508)	15,092
Cash flows from financing activities:		
Product financing arrangements, net	174,406	9,433
Dividends paid	(37,265)	(32,794)
Distributions paid to noncontrolling interest	—	(1,001)
Net borrowings and repayments under lines of credit	55,000	15,000
Repayment of notes	(95,000)	—
Proceeds from notes payable to related party	3,448	3,887
Repayments on notes payable to related party	—	(2,135)
Repurchases of common stock	(22,307)	(9,762)
Debt funding issuance costs	(2,975)	(471)
Proceeds from the exercise of share-based awards	1,298	1,425
Payments for tax withholding related to net settlement of share-based awards	(332)	(1,605)
Net cash provided by (used in) financing activities	76,273	(18,023)
Net (decrease) increase in cash	(4,151)	40,318
Cash, beginning of period	39,318	37,783
Cash, end of period	$ 35,167	$ 78,101
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest paid	$ 25,233	$ 20,829
Income taxes paid	$ 16,388	$ 33,725
Income taxes refunded	$ 413	$ 117
Non-cash investing and financing activities:		
Declared distributions and unpaid dividends	$ 111	$ 98
Common stock issued for acquisitions	$ 3,514	$ —
Loss on reissuance of treasury stock	$ 367	$ —
Addition of right of use assets under lease obligations	$ 957	$ —
Consideration payable for acquisition of business	$ 2,800	$ —

See accompanying Notes to the Condensed Consolidated Financial Statements

1. DESCRIPTION OF BUSINESS

Basis of Presentation

The condensed consolidated financial statements comprise those of A-Mark Precious Metals, Inc. ("A-Mark", also referred to as "we", "us", and the "Company"), its wholly-owned consolidated subsidiaries (including a wholly-owned variable interest entity), and its joint venture in which the Company has a controlling interest.

Business Segments

The Company conducts its operations in three reportable segments: (i) Wholesale Sales & Ancillary Services, (ii) Direct-to-Consumer, and (iii) Secured Lending. See Note 19 for further information regarding our reportable segments.

Wholesale Sales & Ancillary Services

The Company operates its Wholesale Sales & Ancillary Services segment directly and through its wholly-owned subsidiaries, A-Mark Trading AG (“AMTAG”), Transcontinental Depository Services, LLC ("TDS" or “Storage”), A-M Global Logistics, LLC (“AMGL” or "Logistics"), AM&ST Associates, LLC ("AMST" or the "Silver Towne Mint"), and AM/LPM Ventures, LLC, which we formed in February 2024 to acquire LPM Group Limited ("LPM").

The Wholesale Sales & Ancillary Services segment operates as a full-service precious metals company. We offer gold, silver, platinum, and palladium in the form of bars, plates, powder, wafers, grain, ingots, and coins. Our Industrial unit services manufacturers and fabricators of products utilizing or incorporating precious metals. Our Coin and Bar unit deals in over 1,800 coin and bar products in a variety of weights, shapes, and sizes for distribution to dealers and other qualified purchasers. We have a marketing support office in Vienna, Austria, a numismatics showroom in Hong Kong, and a trading center in El Segundo, California. The trading center, for buying and selling precious metals, is available to receive orders 24 hours every day, even when many major world commodity markets are closed. In addition to Wholesale Sales activity, A-Mark offers its customers a variety of ancillary services, including financing, storage, consignment, logistics, and various customized financial programs. As a U.S. Mint-authorized purchaser of gold, silver, platinum, and palladium coins, A-Mark purchases product directly from the U.S. Mint, and it also purchases product from other sovereign mints, for sale to its customers.

Through its wholly-owned subsidiary AMTAG, the Company promotes its products and services to the international market. Through our wholly-owned subsidiary TDS, we offer a variety of managed storage options for precious metals products to financial institutions, dealers, investors, and collectors around the world.

The Company's wholly-owned subsidiary AMGL is based in Las Vegas, Nevada, and provides our customers an array of complementary services, including receiving, handling, inventorying, processing, packing, and shipping of precious metals and custom coins on a secure basis.

Through its wholly-owned subsidiary AMST, the Company designs and produces minted silver products. Our Silver Towne Mint operations allow us to provide greater product selection to our customers as well as to gain increased access to silver during volatile market environments, which have historically created higher demand for precious metals products.

LPM

On February 26, 2024 (the "Acquisition Date"), through our wholly-owned subsidiary AM/LPM Ventures, LLC, we acquired 100% of the issued and outstanding equity interests of LPM, a precious metals dealer with primary operations in Asia, for total upfront consideration of $41.4 million, consisting of $37.9 million in cash and 139,455 shares of A-Mark common stock that had a fair value of $3.5 million on the date of transfer. On the Acquisition Date, we entered into a number of related agreements, including (i) a consulting agreement with Cerberus Limited to provide consulting services to LPM through 2028, subject to earlier termination under certain circumstances, and (ii) a lock-up agreement with the selling stockholder of LPM that restricts the sale or transfer of the A-Mark common stock for 270 days after the Acquisition Date, subject to customary exceptions.

Effective as of the Acquisition Date, Aquila Holding LLC, a company affiliated with Cerberus Limited, purchased a 5% interest in AM/LPM Ventures, LLC for $2.1 million.

We incurred $2.8 million of transaction costs related to the acquisition of LPM, which are shown as a component of selling, general, and administrative expenses in our condensed consolidated statements of income. The financial results of LPM were included in our consolidated financial statements as of the Acquisition Date; these amounts were not material to our consolidated financial statements.

We may be required to pay contingent consideration up to $37.5 million in cash in connection with the acquisition of LPM if certain earnings before interest, taxes, depreciation, and amortization ("EBITDA") targets are met for 2024, 2025, and 2026. As of the Acquisition Date, the fair value of this contingent consideration was $2.8 million. The material factors that may impact the fair value of the contingent consideration, and therefore, this liability, are the probabilities and timing of achieving the related targets, which are estimated at each reporting date with changes reflected as selling, general, and administrative expense. As of March 31, 2024, the fair value of the contingent consideration remained at $2.8 million, $0.4 million of which was classified as accrued liabilities and the remainder as other liabilities on our consolidated balance sheet.

Assets acquired and liabilities assumed were recorded based on valuations derived from estimated fair value assessment and assumptions used by us. While we believe that our estimates and assumptions underlying the valuations are reasonable, different estimates or assumptions could result in different valuations assigned to the individual assets acquired and liabilities assumed, and the resulting amount of goodwill. The following table summarizes the purchase price recorded and fair values of assets acquired and liabilities assumed through our acquisition of LPM as of the Acquisition Date (in thousands):

Cash	$	37,921
Contingent consideration		2,800
Common stock		3,514
Total purchase price	$	44,235
Cash	$	5,033
Receivables, net		4,411
Inventories		16,807
Other current assets		359
Property, plant, and equipment, net		1,306
Trade names		3,500
Existing customer relationships		6,800
Other long-term assets		944
Total identifiable assets acquired		39,160
Accounts payable and other payables		(458)
Deferred revenue and other advances		(11,561)
Accrued liabilities		(2,275)
Other liabilities		(644)
Net identifiable assets acquired		24,222
Goodwill		20,013
Total purchase price	$	44,235

Based on the guidance provided in Accounting Standards Codification ("ASC") 805, *Business Combinations,* we accounted for the acquisition of LPM as a business combination and determined that (i) LPM was a business which combines inputs and processes to create outputs, and (ii) substantially all of the fair value of gross assets acquired was not concentrated in a single identifiable asset or group of similar identifiable assets.

Our purchase price allocation for the acquisition of LPM is preliminary and subject to revision as additional information about fair value of assets and liabilities becomes available, primarily related to information pertaining to working capital and tax balances. Additional information that existed as of the acquisition date but at the time was unknown to us may become known to us during the remainder of the remeasurement period, a period not to exceed 12 months from the Acquisition Date. Pro forma financial information has not been provided for our acquisition of LPM as it was not deemed to be material to these consolidated financial statements.

We measured the identifiable assets and liabilities assumed at their acquisition date fair values separately from goodwill. Through the acquisition of LPM, we acquired intangible assets representing existing customer relationships and trade names. The existing customer relationships acquired were determined to have a weighted-average useful life of 7.2 years. The fair value of the customer relationships was estimated using an attrition methodology which considers the estimated future discounted cash flows to be derived from the existing customers as of the Acquisition Date. The fair value of the trade names was estimated using a relief-from-royalty approach.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The acquisition of LPM resulted in the recognition of $20.0 million of goodwill, which we believe relates primarily to the resulting synergies of utilizing A-Mark's established integrated precious metals platform with LPM's underlying customer base and our ability to expand operations within the region. The goodwill created as a result of the acquisition of LPM is deductible for tax purposes.

The following unaudited pro forma consolidated results of operations for the three and nine months ended March 31, 2024 and 2023 assumes that the acquisition of LPM occurred as of July 1, 2022 (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Revenues	$ 2,627,425	$ 2,395,531	$ 7,266,569	$ 6,484,987
Net income	$ 6,901	$ 36,967	$ 39,028	$ 115,427

The above pro forma supplemental information does not purport to be indicative of what the Company's operations would have been had these transactions occurred on July 1, 2022, and should not be considered indicative of future operating results. The Company believes the assumptions used provide a reasonable basis for reflecting the significant pro forma effects directly attributable to the acquisition of LPM. The unaudited pro forma information accounts for: (i) the elimination of transactions between the Company and LPM, and (ii) adjustments to the amortization expense resulting from the estimated fair value of the acquired finite-lived intangible assets, acquisition costs, consulting fees, share-based compensation expense, and the resulting impact to the income tax provision.

Direct-to-Consumer

The Company operates its Direct-to-Consumer segment through its wholly-owned subsidiaries JM Bullion, Inc. ("JMB") and Goldline, Inc. ("Goldline"). As of March 31, 2024, JMB had six wholly-owned subsidiaries: Buy Gold and Silver Corp. ("BGASC"), BX Corporation ("BullionMax"), Gold Price Group, Inc. ("GPG"), Silver.com, Inc. ("Silver.com"), Provident Metals Corp. ("PMC"), and CyberMetals Corp. ("CyberMetals"). Goldline, Inc. owns 100% of AMIP, LLC ("AMIP"), and has a 50% ownership interest in Precious Metals Purchasing Partners, LLC ("PMPP"). As the context requires, references in these Notes to JMB may include BGASC, BullionMax, GPG, Silver.com, PMC, and CyberMetals, and references to Goldline may include AMIP and PMPP.

JM Bullion, Inc.

JMB is a leading e-commerce retailer providing access to a broad array of gold, silver, copper, platinum, and palladium products through its websites. As of March 31, 2024, JMB operated nine separately branded, company-owned websites targeting specific niches within the precious metals retail market, including JMBullion.com, ProvidentMetals.com, Silver.com, BGASC.com, CyberMetals.com, BullionMax.com, Gold.com, GoldPrice.org, and SilverPrice.org. Typically, JMB offers approximately 4,900 different products during a fiscal year, measured by stock keeping units or SKUs, on its websites. This number can vary over time, particularly when demand is high and certain SKUs may be out of stock.

In April 2022, JMB commercially launched the CyberMetals online platform, where customers can purchase and sell fractional shares of digital gold, silver, platinum, and palladium bars in a range of denominations. CyberMetals' customers have the option to convert their digital holdings to fabricated precious metals products via an integrated redemption flow with JMB. These products may be designated by the customer for storage by the Company or shipped directly to the customer.

Goldline, Inc.

The Company acquired Goldline in August 2017 through an asset purchase transaction with Goldline, LLC, which had been in operation since 1960. Goldline is a direct retailer of precious metals to the investor community, and markets its precious metal products on television, radio, and the internet, as well as through customer service outreach. Goldline's subsidiary AMIP manages its intellectual property. PMPP was formed in fiscal 2019 pursuant to terms of a joint venture agreement, for the purpose of purchasing precious metals from the partners' retail customers, and then reselling the acquired products back to affiliates of the partners. PMPP commenced its operations in fiscal 2020.

Secured Lending

The Company operates its Secured Lending segment through its wholly-owned subsidiary, Collateral Finance Corporation, LLC, including its wholly-owned subsidiary, CFC Alternative Investments ("CAI") (collectively "CFC").

CFC is a California licensed finance lender that originates and acquires commercial loans secured primarily by bullion and numismatic coins. CFC's customers include coin and precious metal dealers, investors, and collectors.

CAI is a holding company that has a 50%-ownership stake in Collectible Card Partners, LLC ("CCP"). CCP provides capital to fund commercial loans secured by graded sports cards and sports memorabilia. (See Note 14.)

AM Capital Funding, LLC ("AMCF"), a wholly-owned subsidiary of CFC, was formed for the purpose of securitizing eligible secured loans of CFC. AMCF issued and administered the AMCF Notes; the AMCF Notes were repaid in full in December 2023. AMCF is currently inactive. (See Note 15.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated financial statements reflect the financial condition, results of operations, statements of stockholders' equity, and cash flows of the Company, and were prepared using accounting principles generally accepted in the United States ("U.S. GAAP"). The Company consolidates its subsidiaries that are wholly-owned, and majority owned, and entities that are variable interest entities where the Company is determined to be the primary beneficiary. In addition to A-Mark, our consolidated financial statements include the accounts of: AMTAG, TDS, AMGL, AMST, AM/LPM Ventures, JMB, Goldline, and CFC. Intercompany accounts and transactions are eliminated.

Comprehensive Income

Our other comprehensive income and losses are comprised of unrealized gains and losses associated with the translation of foreign-based equity method investments which are shown in our condensed consolidated statements of stockholders' equity.

Use of Estimates

The preparation of 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 date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. These estimates include, among others, determination of fair value (primarily, with respect to precious metal inventory, derivatives, assets and liabilities acquired in business combinations, certain financial instruments, and certain investments); impairment assessments of property, plant and equipment, long-term investments, and intangible assets; valuation allowance determination on deferred tax assets; determining the incremental borrowing rate for calculating right of use assets and lease liabilities; and revenue recognition judgments. Actual results could materially differ from these estimates.

Unaudited Interim Financial Information

The accompanying interim condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for interim financial reporting. These interim condensed consolidated financial statements are unaudited and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments and accruals) necessary to present fairly the condensed consolidated balance sheets, condensed consolidated statements of income, condensed consolidated statements of stockholders’ equity, and condensed consolidated statements of cash flows for the periods presented in accordance with U.S. GAAP. Operating results for the three and nine months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2024 or for any other interim period during such fiscal year. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. GAAP have been omitted in accordance with the rules and regulations of the SEC. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (the “2023 Annual Report”), as filed with the SEC. Amounts related to disclosure of June 30, 2023 balances within these interim condensed consolidated financial statements were derived from the audited consolidated financial statements and notes thereto included in the 2023 Annual Report.

Stock Split in the Form of a Dividend

On April 28, 2022, the Company’s board of directors declared a two-for-one split of A-Mark’s common stock in the form of a stock dividend. Each stockholder of record at the close of business on May 23, 2022 received a dividend of one additional share of common stock for every share held on the record date, which was distributed on June 6, 2022. All share and per share amounts (except par value) have been retroactively adjusted to reflect the stock split in the form of a stock dividend for all periods presented.

Dividends are recorded if and when they are declared by the board of directors (See Note 17.)

Fair Value Measurement

The *Fair Value Measurements and Disclosures* Topic 820 of the ASC ("ASC 820") creates a single definition of fair value for financial reporting. The rules associated with ASC 820 state that valuation techniques consistent with the market approach, income approach, and/or cost approach should be used to estimate fair value. Selection of a valuation technique, or multiple valuation techniques, depends on the nature of the asset or liability being valued, as well as the availability of data. (See Note 3.)

Concentration of Credit Risk

Cash is maintained at financial institutions, and, at times, balances may exceed federally insured limits. The Company has not experienced any losses related to these balances.

Assets that potentially subject the Company to concentrations of credit risk consist principally of receivables, loans of inventory to customers, and inventory hedging transactions. Based on an assessment of credit risk, the Company typically grants collateralized credit to its customers. Credit risk with respect to loans of inventory to customers is minimal. The Company enters into inventory hedging transactions, principally utilizing metals commodity futures contracts traded on national futures exchanges or forward contracts with credit worthy financial institutions. All of our commodity derivative contracts are under master netting arrangements and include both asset and liability positions. Substantially all of these transactions are secured by the underlying metals positions.

Foreign Currency

The functional currency of the Company is the United States dollar ("USD"). All transactions in foreign currencies are recorded in US dollars at the then-current exchange rate(s). Upon settlement of the underlying transaction, all amounts are remeasured to US dollars at the current exchange rate on date of settlement. All unsettled foreign currency transactions that remain in accounts receivable and trade account payables are remeasured to US dollars at the period end exchange rates. All remeasurement gains and losses are recorded in the current period net income.

The Company has two wholly-owned foreign subsidiaries that generate remeasurement gains and losses: AMTAG and LPM. AMTAG functions as the Company's international sales and marketing support and LPM functions as the Company's Asia headquarters. Because both entities have a functional currency of USD, remeasurement gains and losses from these foreign subsidiaries are recorded in the current period net income.

For the Company's foreign-based equity method investments, the proportionate share of the investee's income is translated into USD at the average exchange rate for the period and the investment is translated using the exchange rate as of the end of the reporting period. The unrealized gains and losses associated with the translation of the investment are deferred in accumulated other comprehensive income on the Company's condensed consolidated balance sheets.

To manage the effect of foreign currency exchange fluctuations, the Company utilizes foreign currency forward contracts. These derivatives generate gains and losses when settled and/or marked-to-market.

Business Combinations

The Company accounts for business combinations by applying the acquisition method in accordance with *Business Combinations* Topic 805 of the ASC ("ASC 805"). The Company evaluates each purchase transaction to determine whether the acquired assets meet the definition of a business. Transaction costs related to the acquisition of a business are expensed as incurred and excluded from the fair value of consideration transferred. The identifiable assets acquired, liabilities assumed and noncontrolling interests, if any, in an acquired entity are recognized and measured at their estimated fair values. The excess of the fair value of consideration transferred over the fair values of identifiable assets acquired, liabilities assumed and noncontrolling interests, if any, in an acquired entity is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets and liabilities. Net cash paid to acquire a business is classified as investing activities on the accompanying condensed consolidated statements of cash flows.

In circumstances where an acquisition involves a contingent consideration arrangement that meets the definition of a liability under ASC Topic 480, *Distinguishing Liabilities from Equity*, we recognize a liability equal to the fair value of the expected contingent payments as of the acquisition date. We remeasure this liability each reporting period, with the resulting changes recorded as selling, general, and administrative expenses. The assumptions used in estimating fair value of contingent consideration liabilities require significant judgment; the use of different assumptions and judgments could result in a materially different estimate of fair value which may have a material impact on our results from operations and financial position.

Variable Interest Entity

A variable interest entity ("VIE") is a legal entity that has either (i) a total equity investment that is insufficient to finance its activities without additional subordinated financial support or (ii) whose equity investors as a group lack the ability to control the entity's activities or lack the ability to receive expected benefits or absorb obligations in a manner that is consistent with their investment in the entity.

A VIE is consolidated for accounting purposes by its primary beneficiary, which is the party that has both the power to direct the activities that most significantly impact the VIE's economic performance, and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company consolidates VIEs when it is deemed to be the primary beneficiary. Management regularly reviews and re-evaluates its previous determinations regarding whether it holds a variable interest in potential VIEs, the status of an entity as a VIE, and whether the Company is required to consolidate such VIEs in its condensed consolidated financial statements.

AMCF, a wholly-owned subsidiary of CFC, is a special purpose entity ("SPE") formed as part of a securitization transaction in order to isolate certain assets and distribute the cash flows from those assets to investors. AMCF was structured to insulate investors from claims on AMCF's assets by creditors of other entities. Prior to the repayment of the AMCF Notes in December 2023, the Company had various forms of involvement with AMCF, which included (i) holding senior or subordinated interests in AMCF; (ii) acting as loan servicer for a portfolio of loans held by AMCF; and (iii) providing administrative services to AMCF. AMCF is required to maintain separate books and records. The assets and liabilities of this VIE as of March 31, 2024 and June 30, 2023 are indicated on the table that follows the condensed consolidated balance sheets. AMCF had no assets or liabilities as of March 31, 2024, and is currently inactive.

AMCF is a VIE because its initial equity investment may be insufficient to maintain its ongoing collateral requirements without additional financial support from the Company. The Company is the primary beneficiary of this VIE because the Company has the right to determine the type of collateral (i.e., cash, secured loans, or precious metals), has the right to receive (and has received) the proceeds from the securitization transaction, earn ongoing interest income from the secured loans (subject to collateral requirements), and has the obligation to absorb losses should AMCF's interest expense and other costs exceed its interest income. (See Note 15.)

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less, when purchased, to be cash equivalents. The Company did not have any cash equivalents as of March 31, 2024 and June 30, 2023.

Allowance for Credit Losses

On July 1, 2022, the Company adopted Accounting Standards Update No. 2016-13, *Financial Instruments-Credit Losses* Topic 326: Measurement of Credit Losses on Financial Instruments ("ASC 326"), which introduced a new credit reserving methodology known as the Current Expected Credit Loss ("CECL") model. The CECL model applies to financial assets measured at amortized cost, including accounts receivable, contract assets and held-to-maturity loan receivables. Under the CECL model, we identify allowances for credit losses based on future expected losses when accounts receivable, contract assets or held-to-maturity loan receivables are created rather than when losses are probable.

The Company sets credit and position risk limits based on management's judgments of the customer's creditworthiness and regularly monitors its credit arrangements. These limits include gross position limits for counterparties engaged in sales and purchase transactions with the Company. They also include collateral limits for different types of sale and purchase transactions that counterparties may engage in from time to time.

ASC 326 provides a practical expedient for assets secured by collateral when repayment is expected to be provided substantially through the sale of the collateral in the event of the borrower's financial difficulty. In these arrangements, a reporting entity may estimate the expected credit losses by comparing the fair value of the collateral as of the balance sheet date to the asset’s amortized cost basis. In situations when the fair value of the collateral is equal to or greater than the amortized cost, a reporting entity may determine that there are no expected credit losses. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for its secured loan receivables activity. The Company has not historically experienced credit losses related to its lending activity, and since it does not expect any future losses, no allowance has been recorded for this asset class. We expect trends and business practices to continue in a manner consistent with historical activity.

The Company has not historically experienced credit losses related to its other receivables activity; including (i) customer trade receivables, (ii) wholesale trade advances, and (iii) due from brokers, and, accordingly, no allowance has been recorded for these asset classes.

Precious Metals Held Under Financing Arrangements

The Company enters into arrangements with certain customers under which it purchases precious metals from the customers which are subject to repurchase by the customer at the spot value of the product on the repurchase date. The precious metals purchased under these arrangements consist of rare and unique items, and therefore the Company accounts for these transactions as precious metals held under financing arrangements, which generate financing income rather than revenue earned from precious metals inventory sales. In these repurchase arrangements, the Company holds legal title to the metals and earns financing income for the duration of the agreement.

These arrangements are typically terminable by either party upon 14 days' notice. Upon termination, the customer’s right to repurchase any remaining precious metal is forfeited, and the related precious metals are reclassified as inventory held for sale. The Company’s precious metals held under financing arrangements are marked-to-market.

Inventories

The Company's inventory, which consists primarily of bullion and bullion coins, is acquired and initially recorded at cost and then marked to fair market value. The fair market value of the bullion and bullion coins comprises two components: (i) published market values attributable to the cost of the raw precious metal, and (ii) the premium paid at acquisition of the metal, which is attributable to the incremental value of the product in its finished goods form. The market value attributable solely to such premium is readily determinable by reference to multiple sources.

The Company’s inventory, except for certain lower of cost or net realizable value basis products (as discussed below), are subsequently recorded at their fair market values, that is, "marked-to-market." The daily changes in the fair market value of our inventory are offset by daily changes in the fair market value of hedging derivatives that are taken with respect to our inventory positions; both the change in the fair market value of the inventory and the change in the fair market value of these derivative instruments are recorded in cost of sales in the condensed consolidated statements of income.

While the premium component of our bullion coins included in inventory is marked-to-market, our commemorative coin inventory, including its premium component, is held at the lower of cost or net realizable value, because the value of commemorative coins is influenced more by supply and demand determinants than on the underlying spot price of the precious metal content of the commemorative coins. Unlike our bullion coins, the value of commemorative coins is not subject to the same level of volatility as bullion coins because our commemorative coins typically carry a substantially higher premium over the spot metal price than bullion coins. Neither the commemorative coin inventory nor the premium component of our inventory is hedged. (See Note 6.)

Leased Right of Use Assets

We lease warehouse space, office facilities, and equipment. Our operating leases with terms longer than twelve months are recorded at the sum of the present value of the lease's fixed minimum payments as operating lease right of use assets ("ROU assets") in the Company’s condensed consolidated balance sheets. Lease terms include all periods covered by renewal and termination options where the Company is reasonably certain to exercise the renewal options or not to exercise the termination options. Our lease agreements do not contain any significant residual value guarantees or material restrictive covenants. Our finance leases are another type of ROU asset, but are classified in the Company’s condensed consolidated balance sheets as a component of property, plant, and equipment at the present value of the lease payments. Finance leases were not material during any period presented.

The ROU asset amounts include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by lease incentives. We use our incremental borrowing rate as the discount rate to determine the present value of the lease payments for leases, as our leases do not have readily determinable implicit discount rates. Our incremental borrowing rate is the rate of interest that we would incur to borrow on a collateralized basis over a similar term and amount in a similar economic environment.

Operating lease cost is recognized on a straight-line basis over the lease term. The depreciable life of ROU assets is limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. (See Note 7.)

For a lease modification, an evaluation is performed to determine if it should be treated as either a separate lease or a change in the accounting of an existing lease. Any amounts related to a modified lease are reflected as an operating lease ROU asset or related operating lease liability in our condensed consolidated balance sheet.

Property, Plant, and Equipment

Property, plant, and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using a straight-line method based on the estimated useful lives of the related assets, ranging from three years to twenty-five years. Depreciation and amortization commence when the related assets are placed into service. Internal-use software development costs are capitalized during the application development stage. Internal-use software costs incurred during the preliminary project stage are expensed as incurred. Land is recorded at historical cost and is not depreciated. Repair and maintenance costs are expensed as incurred. We have no major planned maintenance activities related to our plant assets associated with our minting operations.

The Company reviews the carrying value of these assets for impairment whenever events and circumstances indicate that the carrying value of the asset may not be recoverable. In evaluating for impairment, the carrying value of each asset or group of assets is compared to the undiscounted estimated future cash flows expected to result from its use and eventual disposition. An impairment loss is recognized for the difference when the carrying value exceeds the discounted estimated future cash flows. The factors considered by the Company in performing this assessment include current and projected operating results, trends and prospects, the manner in which these assets are used, and the effects of obsolescence, demand and competition, as well as other economic factors.

Finite-lived Intangible Assets

Finite-lived intangible assets consist primarily of customer relationships, non-compete agreements, and employment contracts. Certain existing customer relationships intangible assets are amortized in a non-linear manner which best reflects our estimate of the pattern in which the economic benefits of the assets are consumed. All other intangible assets subject to amortization are amortized using the straight-line method over their useful lives, which are estimated to be one year to fifteen years. We review our finite-lived intangible assets for impairment under the same policy described above for property, plant, and equipment; that is, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill and Indefinite-lived Intangible Assets

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Goodwill and other indefinite-lived intangibles (such as trade names, trademarks, and domain names) are not subject to amortization, but are evaluated for impairment at least annually. For tax purposes, goodwill acquired in connection with a taxable asset acquisition is generally deductible.

The Company evaluates its goodwill and other indefinite-lived intangibles for impairment in the fourth quarter of the fiscal year (or more frequently if indicators of potential impairment exist) in accordance with ASC 350. Goodwill is reviewed for impairment at a reporting unit level, which for the Company, corresponds to the Company's operating segments.

Evaluation of goodwill for impairment

The Company has the option to first qualitatively assess whether relevant events and circumstances make it more likely than not that the fair value of the reporting unit's goodwill is less than its carrying value. A qualitative assessment includes analyzing current economic indicators associated with a particular reporting unit such as changes in economic, market and industry conditions, business strategy, cost factors, and financial performance, among others, to determine if there would be a significant decline to the fair value of a particular reporting unit. If the qualitative assessment indicates it is not more likely than not that goodwill is impaired, no further testing is required.

If, based on this qualitative assessment, management concludes that goodwill is more likely than not to be impaired, or elects not to perform the qualitative assessment, then it is required to perform a quantitative analysis to determine the fair value of the business, and compare the calculated fair value of the reporting unit with its carrying amount, including goodwill. If through this quantitative analysis the Company determines the fair value of a reporting unit exceeds its carrying amount, the goodwill of the reporting unit is considered not to be impaired. If the Company concludes that the fair value of the reporting unit is less than its carrying value, a goodwill impairment loss will be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. (See Note 9.)

Evaluation of indefinite-lived intangible assets for impairment

The Company evaluates its indefinite-lived intangible assets (i.e., trade names, trademarks, and domain names) for impairment. In assessing its indefinite-lived intangible assets for impairment, the Company has the option to first perform a qualitative assessment to determine whether events or circumstances exist that lead to a determination that it is unlikely that the fair value of the indefinite-lived intangible asset is less than its carrying amount. If the Company determines that it is unlikely that the fair value of an indefinite-lived intangible asset is less than its carrying amount, the Company is not required to perform any additional tests in assessing the asset for impairment. However, if the Company concludes otherwise or elects not to perform the qualitative assessment, then it is required to perform a quantitative analysis to determine if the fair value of an indefinite-lived intangible asset is less than its carrying value. If through this quantitative analysis the Company determines the fair value of an indefinite-lived intangible asset exceeds its carrying amount, the indefinite-lived intangible asset is considered not to be impaired. If the Company concludes that the fair value of an indefinite-lived intangible asset is less than its carrying value, an impairment loss will be recognized for the amount by which the carrying amount exceeds the indefinite-lived intangible asset's fair value.

The methods used to estimate the fair value measurements of the Company's reporting units and indefinite-lived intangible assets include those based on the income approach (including the discounted cash flow and relief-from-royalty methods) and those based on the market approach (primarily the guideline transaction and guideline public company methods). (See Note 9.)

Long-Term Investments

Investments in privately-held entities are accounted for using the equity method when the Company has significant influence, but not control, over the investee. Significant influence is generally deemed to exist if the Company's ownership interest in the voting stock of the investee ranges between 20% and 50%, although other factors are considered in determining whether the equity method of accounting is appropriate. Under the equity method, the carrying values of these investments are adjusted to reflect our proportionate share of the investee's net income or loss, any unrealized gain or loss resulting from the translation of foreign-denominated financial statements into U.S. dollars, and dividends received. We use the cumulative earnings approach for classifying dividends received in the statements of cash flows. Under the cumulative earnings approach, we compare the distributions received to cumulative equity method earnings since inception. Any distributions received up to the amount of cumulative equity earnings are considered a return on investment and classified in operating activities. Any excess distributions are considered a return of capital and classified in investing activities. The basis difference between the carrying value and our proportionate share of the equity method investment's book value is primarily related to consideration paid in excess of the stepped-up basis of assets and liabilities on the date of purchase.

Investments in privately-held entities for which the Company has little or no influence over the investee are initially recorded at cost. Because the investments do not have a readily determinable fair value, the Company has elected to measure the investments at cost minus impairments, if any, with changes recognized in net income. If the Company identifies observable price changes in orderly transactions for an identical or a similar investment, the Company's investment will be measured at fair value as of the date the observable transaction occurs.

We evaluate our long-term investments for impairment quarterly or whenever events or changes in circumstances indicate that a decline in the fair value of these assets is determined to be other-than-temporary. Additionally, the Company performs an ongoing evaluation of the investments with which the Company has variable interests to determine if any of these entities are VIEs that are required to be consolidated. None of the Company's long-term investments were VIEs as of March 31, 2024 and June 30, 2023.

Other Long-Term Assets

On June 27, 2022, the Company acquired an additional 40% interest in Silver Gold Bull, Inc. (See Note 10.) Also included in this acquisition was an option, which is exercisable between December 2023 and September 2024, to purchase an additional 27.6% of the outstanding equity of Silver Gold Bull, Inc. to bring the Company's ownership interest up to 75.0%. As of March 31, 2024 and June 30, 2023, the fair value of the option was $5.3 million and $5.3 million, respectively. As of March 31, 2024, this option remained unexercised.

Accumulated Other Comprehensive Income

For the Company's foreign-based equity method investments, the proportionate share of the investee's income is translated into U.S. dollars at the average exchange rate for the period and the investment is translated using the exchange rate as of the end of the reporting period. Foreign currency translation gains and losses associated with this activity are deferred and included as a component of accumulated other comprehensive income in the accompanying condensed consolidated balance sheets.

Treasury Stock

The Company periodically purchases its own common stock that is traded on public markets as part of announced stock repurchase programs. The repurchased common stock is classified as treasury stock on the consolidated balance sheets and held at cost. The direct costs incurred to acquire treasury stock are treated like stock issue costs and added to the cost of the treasury stock, which includes applicable fees and taxes. Other than the shares issued to acquire LPM in February 2024 (see Note 1), there have been no reissuances of treasury stock.

Noncontrolling Interest

The Company's condensed consolidated financial statements include entities in which the Company has a controlling financial interest. Noncontrolling interest is the portion of equity (net assets) in an entity in which the Company has a controlling financial interest that is not attributable, directly or indirectly, to the Company. Such noncontrolling interest is reported on the condensed consolidated balance sheets within equity, separately from the Company's equity. On the condensed consolidated statements of income, revenues, expenses and net income or loss from the less-than-wholly owned subsidiary are reported at their consolidated amounts, including both the amounts attributable to the Company and the noncontrolling interest. Income or loss is allocated to the noncontrolling interest based on its weighted-average ownership percentage for the applicable period. The condensed consolidated statements of equity include beginning balances, activity for the period and ending balances for each component of stockholders' equity, noncontrolling interest and total equity.

Revenue Recognition

Settlement Date Accounting

Substantially all of the Company's sales of precious metals are conducted using sales contracts that meet the definition of derivative instruments in accordance with *Derivatives and Hedging* Topic 815 of the ASC ("ASC 815"). The contract underlying the Company's commitment to deliver precious metals is referred to as a "fixed-price forward commodity contract" because the price of the commodity is fixed at the time the order is placed. Revenue is recognized on the settlement date, which is defined as the date on which: (i) the quantity, price, and specific items being purchased have been established, (ii) metals have been delivered to the customer, and (iii) payment has been received or is covered by the customer's established credit limit with the Company.

All derivative instruments are marked-to-market during the interval between the order date and the settlement date, with the changes in the fair value charged to cost of sales. The Company's hedging strategy to mitigate the market risk associated with its sales commitments is described separately below under the caption "Hedging Activities."

Types of Orders that are Physically Delivered

The Company's contracts to sell precious metals to customers are usually settled with the physical delivery of metals to the customer, although net settlement (i.e., settlement at an amount equal to the difference between the contract value and the market price of the metal on the settlement date) is permitted. Below is a summary of the Company's major order types and the key factors that determine when settlement occurs and when revenue is recognized for each type:

- ***Traditional physical orders —*** The quantity, specific product, and price are determined on the order date. Payment or sufficient credit is verified prior to delivery of the metals on the settlement date.
- ***Consignment orders —*** The Company delivers the items requested by the customer prior to establishing a firm order with a price. Settlement occurs and revenue is recognized once the customer confirms its order (quantity, specific product, and price) and remits full payment for the sale.
- ***Provisional orders —*** The quantity and type of metal is established at the order date, but the price is not set. The customer commits to purchasing the metals within a specified time period, usually within one year, at the then-current market price. The Company delivers the metal to the customer after receiving the customer's deposit, which is typically based on 110% of the prevailing current spot price. The unpriced metal is subject to a margin call if the deposit falls below 105% of the value of the unpriced metal. The purchase price is established, and revenue is recognized at the time the customer notifies the Company that it desires to purchase the metal.
- ***Margin orders —*** The quantity, specific product, and price are determined at the order date; however, the customer is allowed to finance the transaction through the Company and to defer delivery by committing to remit a partial payment (approximately 20%) of the total order price. With the remittance of the partial payment, the customer locks in the purchase price for a specified time period (usually up to two years from the order date). Revenue on margin orders is recognized when the order is paid in full and delivered to the customer.
- ***Borrowed precious metals orders for unallocated positions —*** Customers may purchase unallocated metal positions in the Company's inventory, which includes precious metals held for CyberMetals' customers. The quantity and type of metal is established at the order date, but the specific product is not yet determined*.* Revenue is not recognized until the customer selects the specific precious metal product it wishes to purchase, full payment is received, and the product is delivered to the customer.

In general, unshipped orders for which a customer advance has been received by the Company are classified as advances from customers. Orders that have been paid for and shipped, but not yet delivered to the customer are classified as deferred revenue. Both customer advances and deferred revenue are shown, in the aggregate, as deferred revenue and other advances in the condensed consolidated financial statements. (See Note 11.)

Hedging Activities

The value of our inventory and our purchase and sale commitments are linked to the prevailing price of the underlying precious metal commodity. The Company seeks to minimize the effect of price changes of the underlying commodity and enters into inventory hedging transactions, principally utilizing metals commodity forward contracts with credit worthy financial institutions or futures contracts traded on national futures exchanges. The Company hedges by each commodity type (gold, silver, platinum, and palladium). All of our commodity derivative contracts are under master netting arrangements and include both asset and liability positions.

Commodity forward and futures contracts entered into for hedging purposes are recorded at fair value on the trade date and are marked-to-market each period. The difference between the original contract values and the market values of these contracts are reflected as derivative assets or derivative liabilities in the condensed consolidated balance sheets at fair value, with the corresponding unrealized gains or losses included as a component of cost of sales. When these contracts are net settled, the unrealized gains and losses are reversed and the realized gains and losses for forward contracts are recorded in revenue and cost of sales, and the net realized gains and losses for futures are recorded in cost of sales.

The Company enters into forward and futures contracts solely for the purpose of hedging our inventory holding risk, and not for speculative market purposes. The Company's gains and losses on derivative instruments are substantially offset by the changes in the fair market value of the underlying precious metals inventory, which is also recorded in cost of sales in the condensed consolidated statements of income. (See Note 12.)

Other Sources of Revenue

The Company recognizes its storage, logistics, licensing, and other services revenues in accordance with ASC 606, *Revenue from Contracts with Customers*, which follows five basic steps to determine whether revenue can be recognized: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company recognizes revenue when (or as) it satisfies its obligation by transferring control of the good or service to the customer. This is either satisfied over time or at a point in time. A performance obligation is satisfied over time if one of the following criteria are met: (i) the customer simultaneously receives and consumes the benefits as the Company performs, (ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or (iii) the Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right for payment of performance completed-to-date. When none of those is met, a performance obligation is satisfied at a point-in-time.

The Company recognizes storage revenue as the customer simultaneously receives and consumes the storage services (e.g., fixed storage fees based on the passage of time). The Company recognizes logistics (i.e., fulfillment) revenue when the customer receives the benefit of the services. The Company recognizes advertising and consulting revenues when the service is performed, and the benefit of the service is received by the customer. In aggregate, these types of service revenues account for less than 1% of the Company's consolidated revenues.

Interest Income

In accordance with *Interest* Topic 835 of the ASC ("ASC 835"), the following are interest income generating activities of the Company:

- ***Secured Loans —*** The Company uses the effective interest method to recognize interest income on its secured loans transactions. The Company maintains a security interest in the precious metals and records interest income over the terms of the secured loan receivable. Recognition of interest income is suspended, and the loan is placed on non-accrual status when management determines that collection of future interest income is not probable. The interest income accrual is resumed, and previously suspended interest income is recognized, when the loan becomes contractually current and/or collection doubts are resolved. Cash receipts on impaired loans are recorded first against the principal and then to any unrecognized interest income. (See Note 5.)
- ***Margin accounts —*** The Company earns a fee (interest income) under financing arrangements related to margin orders over the period during which customers have opted to defer making full payment on the purchase of metals.
- ***Repurchase agreements —*** Repurchase agreements represent a form of secured financing whereby the Company sets aside specific metals for a customer and charges a fee on the outstanding value of these metals. The customer is granted the option (but not the obligation) to repurchase these metals at any time during the open reacquisition period. This fee is earned over the duration of the open reacquisition period and is classified as interest income.
- ***Spot deferred orders —*** Spot deferred orders are a special type of forward delivery order that enable customers to purchase or sell certain precious metals from/to the Company at an agreed upon price but, are allowed to delay remitting or taking delivery up to a maximum of two years from the date of order. Even though the contract allows for physical delivery, it rarely occurs for this type of order. As a result, revenue is not recorded from these transactions. Spot deferred orders are considered a type of financing transaction, where the Company earns a fee (interest income) under spot deferred arrangements over the period in which the order is open.

Interest Expense

The Company accounts for interest expense on the following arrangements in accordance with ASC 835:

- ***Borrowings —*** The Company incurs interest expense from its lines of credit, its debt obligations, and notes payable using the effective interest method. (See Note 15.) Additionally, the Company amortizes capitalized loan costs to interest expense over the period of the loan agreement.
- ***Loan servicing fees —*** When the Company purchases loan portfolios, the Company may have the seller service the loans that were purchased. The Company incurs a fee based on total interest charged to borrowers over the period the loans are outstanding. The servicing fee incurred by the Company is charged to interest expense.
- ***Product financing arrangements —*** The Company incurs financing fees (classified as interest expense) from its product financing arrangements (also referred to as reverse-repurchase arrangements) with third-party finance companies for the transfer and subsequent option to reacquire its precious metal inventory at a later date. These arrangements are accounted for as secured borrowings. During the term of this type of agreement, the third-party charges a monthly fee as a percentage of the market value of the designated inventory, which the Company intends to reacquire in the future. No revenue is generated from these arrangements. The Company enters this type of transaction for additional liquidity.

- ***Borrowed and leased metals fees —*** The Company may incur financing costs from its borrowed metal arrangements. The Company borrows precious metals (usually in the form of pool metals) from its suppliers and customers under short-term arrangements using other precious metals as collateral. Typically, during the term of these arrangements, the third-party charges a monthly fee as a percentage of the market value of the metals borrowed (determined at the spot price) plus certain processing and other fees.

  Leased metal transactions are a similar type of transaction, except the Company is not required to pledge other precious metal as collateral for the precious metal received. The fees charged by the third-party are based on the spot value of the pool metal received.

  Both borrowed and leased metal transactions provide an additional source of liquidity, as the Company usually monetizes the metals received under such arrangements. Repayment is usually in the same form as the metals advanced, but may be settled in cash.

Amortization of Debt Issuance Costs

Debt issuance costs incurred in connection with the issuance of the AMCF Notes have been included as a component of the carrying amount of the debt, and Trading Credit Facility debt issuance costs are included in prepaid expenses and other assets in the Company's condensed consolidated balance sheets. Debt issuance costs are amortized to interest expense over the contractual term of the debt. Debt issuance costs of the Trading Credit Facility are amortized on a straight-line basis, while all other debt issuance costs are amortized using the effective interest method. Amortization of debt issuance costs included in interest expense was $0.6 million and $0.5 million for the three months ended March 31, 2024 and 2023, respectively, and $1.8 million and $1.6 million for the nine months ended March 31, 2024 and 2023, respectively.

Earnings from Equity Method Investments

The Company's proportional interest in the reported earnings from equity method investments is shown on the condensed consolidated statements of income as earnings (losses) from equity method investments.

Other Income, Net

The Company's other income, net is comprised of royalty and consulting income, which is recognized when earned, as well as gains on other investments.

Advertising

Advertising and marketing costs consist primarily of internet advertising, online marketing, direct mail, print media, and television commercials and are expensed when incurred. Advertising costs totaled $3.5 million and $3.9 million for the three months ended March 31, 2024 and 2023, respectively, and $11.3 million and $11.6 million for the nine months ended March 31, 2024 and 2023, respectively. Costs associated with the marketing and promotion of the Company's products are included within selling, general, and administrative expenses. Advertising costs associated with the operation of our SilverPrice.org and GoldPrice.org websites, which provide price information on silver, gold, and cryptocurrencies, are not included within selling, general, and administrative expenses, but are included in cost of sales in the condensed consolidated statements of income.

Shipping and Handling Costs

Shipping and handling costs represent costs associated with shipping product to customers and receiving product from vendors and are included in cost of sales in the condensed consolidated statements of income. Shipping and handling costs totaled $5.5 million and $6.8 million for the three months ended March 31, 2024 and 2023, respectively, and $16.2 million and $20.6 million for the nine months ended March 31, 2024 and 2023, respectively.

Share-Based Compensation

Equity-based awards

The Company accounts for equity awards under the provisions of *Compensation - Stock Compensation* Topic 718 of the ASC ("ASC 718"), which establishes fair value-based accounting requirements for share-based compensation to employees. ASC 718 requires the Company to recognize the grant-date fair value of stock options and other equity-based compensation issued to employees as expense over the service period in the Company's consolidated financial statements. The expense is adjusted (excluding awards settleable in cash) for actual forfeitures of unvested awards as they occur. For equity awards that contain a performance condition other than market condition, when the outcome of the performance condition is determined to be not probable, no compensation expense is recognized, and any previously recognized compensation expense is reversed. (See Note 17.)

Liability-based awards

The Company has granted a cash-incentive award based on the total shareholder return of the Company's common stock determined at the end of the award's performance period. Because the award will be settled in cash, the Company accounts for it as a liability-based award and, as such, expense relating to this award is required to be measured at fair value at each reporting date until the date of settlement. (See Note 17.)

Income Taxes

As part of the process of preparing its condensed consolidated financial statements, the Company is required to estimate its provision for income taxes in each of the tax jurisdictions in which it conducts business, in accordance with *Income Taxes* Topic 740 of the ASC ("ASC 740"). The Company computes its annual tax rate based on the statutory tax rates and tax planning opportunities available to it in the various jurisdictions in which it earns income. Significant judgment is required in determining the Company's annual tax rate and in evaluating uncertainty in its tax positions. The Company has adopted the provisions of ASC 740-10, which clarifies the accounting for uncertain tax positions. ASC 740-10 requires that the Company recognizes the impact of a tax position in the financial statements if the position is not more likely than not to be sustained upon examination based on the technical merits of the position. The Company recognizes interest and penalties related to certain uncertain tax positions as a component of income tax expense and the accrued interest and penalties are included in deferred and income taxes payable in the Company’s condensed consolidated balance sheets. See Note 13 for more information on the Company’s accounting for income taxes.

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some portion or all of the net deferred tax assets will not be realized. The factors used to assess the likelihood of realization include the Company's forecast of the reversal of temporary differences, future taxable income, and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in applicable tax jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in the Company's effective tax rate on future earnings. Based on our assessment, it appears more likely than not that all of the net deferred tax assets will be realized through future taxable income.

Earnings per Share ("EPS")

The Company calculates basic EPS by dividing net income by the weighted-average number of common shares outstanding during the year. Diluted EPS is calculated by dividing net income by the weighted-average number of common shares outstanding during the year, adjusted for the potentially dilutive effect of stock options, restricted stock units (“RSUs"), and deferred stock units (“DSUs") using the treasury stock method.

The Company considers participating securities in its calculation of EPS. Under the two-class method of calculating EPS, earnings are allocated to both common shares and participating securities. The Company’s participating securities include vested RSU and DSU awards. Unvested RSU and DSU awards are not considered participating securities as they are forfeitable until the vesting date.

A reconciliation of shares used in calculating basic and diluted earnings per common share is presented below (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Basic weighted-average shares of common stock outstanding	22,847	23,421	23,098	23,436
Effect of common stock equivalents	976	1,234	1,043	1,255
Diluted weighted-average shares outstanding	23,823	24,655	24,141	24,691

The anti-dilutive shares excluded from the table above were 30,220 and 10,000 for the three months ended March 31, 2024 and 2023, respectively, and 27,101 and 23,025 for the nine months ended March 31, 2024 and 2023, respectively. Actual common shares outstanding totaled 22,881,480 and 23,260,606 as of March 31, 2024 and 2023, respectively.

Recent Accounting Pronouncements

From time to time, the Financial Accounting Standards Board ("FASB") or other standards setting bodies issue new accounting pronouncements. Updates to the FASB ASC are communicated through issuance of an Accounting Standards Update ("ASU").

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which updates the guidance on segment disclosures to require entities to disclose significant segment expenses and other segment items, as well as the title and position of its chief operating decision maker. This update will be applied retrospectively and is effective for the Company for its fiscal year beginning on July 1, 2024; early adoption is permitted. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which updates the guidance on income tax disclosures to require entities to disclose specific categories within the rate reconciliation, provide additional information for reconciling items that meet certain quantitative thresholds, and provide additional information about income taxes paid. This update is effective for the Company for its fiscal year beginning on July 1, 2025; early adoption is permitted. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting pronouncement if currently adopted would have a material effect on the Company's consolidated financial statements.

3. ASSETS AND LIABILITIES, AT FAIR VALUE

Fair Value of Financial Instruments

A financial instrument is defined as cash, evidence of an ownership interest in an entity, or a contract that creates a contractual obligation or right to deliver or receive cash or another financial instrument from a second entity. The fair value of financial instruments represents amounts that would be received upon the sale of those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Company based on the best information available in the circumstances, including expected cash flows and appropriately risk adjusted discount rates, and available observable and unobservable inputs.

For most of the Company's financial instruments, the carrying amount approximates fair value. The carrying amounts of cash, receivables, secured loans receivable, accounts payable and other current liabilities, accrued liabilities, and income taxes payable approximate fair value due to their short-term nature. The carrying amounts of derivative assets and derivative liabilities, liabilities on borrowed metals and product financing arrangements are marked-to-market on a daily basis to fair value. The carrying amounts of lines of credit approximate fair value based on the borrowing rates currently available to the Company for bank loans with similar terms and average maturities.

Valuation Hierarchy

In determining the fair value of its financial instruments, the Company employs a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. ASC 820 established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- ***Level 1 —*** inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- ***Level 2 —*** inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- ***Level 3 —*** inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The significant assumptions used to determine the carrying value and the related fair value of the assets and liabilities measured at fair value on a recurring basis are described below:

Inventories. The Company's inventory, which consists primarily of bullion and bullion coins, is acquired and initially recorded at cost and then marked to fair market value. The fair market value of the bullion and bullion coins comprises two components: (i) published market values attributable to the cost of the raw precious metal, and (ii) the premium paid at acquisition of the metal, which is attributable to the incremental value of the product in its finished goods form. The market value attributable solely to such premium is readily determinable by reference to multiple sources. Except for commemorative coin inventory, which are included in inventory at the lower of cost or net realizable value, the Company's inventory is subsequently recorded at their fair market values on a daily basis. The fair value for commodities inventory (i.e., inventory excluding commemorative coins) is determined using pricing data derived from the markets on which the underlying commodities are traded. Precious metals commodities inventory is classified in Level 1 of the valuation hierarchy.

Precious Metals Held Under Financing Arrangements. The Company enters into arrangements with certain customers under which A-Mark purchases precious metals from the customers which are subject to repurchase by the customer at the spot value of the product on the repurchase date. The precious metals purchased under these arrangements consist of rare and unique items, and therefore the Company accounts for these transactions as precious metals held under financing arrangements, which generate financing income rather than revenue earned from precious metals inventory sales. In these repurchase arrangements, the Company holds legal title to the metals and earns financing income for the duration of the agreement. The fair value for precious metals held under financing arrangements (a commodity, like inventory above) is determined using pricing data derived from the markets on which the underlying commodities are traded. Precious metals held under financing arrangements are classified in Level 1 of the valuation hierarchy.

Derivatives. Futures contracts, forward contracts, and open sale and purchase commitments are valued at their fair values, based on the difference between the quoted market price and the contractual price (i.e., intrinsic value) and are included within Level 1 of the valuation hierarchy.

Margin and Borrowed Metals Liabilities. Margin and borrowed metals liabilities consist of the Company's commodity obligations to margin customers and suppliers, respectively. Margin liabilities and borrowed metals liabilities are carried at fair value, which is determined using quoted market pricing and data derived from the markets on which the underlying commodities are traded. Margin and borrowed metals liabilities are classified in Level 1 of the valuation hierarchy.

Product Financing Arrangements. Product financing arrangements consist of financing agreements for the transfer and subsequent re-acquisition of the sale of gold and silver at an agreed-upon price based on the spot price with a third-party. Such transactions allow the Company to repurchase this inventory upon demand. The third-party charges monthly interest as a percentage of the market value of the outstanding obligation, which is carried at fair value. The obligation is stated at the amount required to repurchase the outstanding inventory. Fair value is determined using quoted market pricing and data derived from the markets on which the underlying commodities are traded. Product financing arrangements are classified in Level 1 of the valuation hierarchy.

Option to Purchase Interests in a Long-term Investment. The fair value of the option to purchase additional ownership interest in Silver Gold Bull, Inc, which is exercisable between December 2023 and September 2024, was determined by an independent third-party valuation firm and was recorded as a component of other long-term assets on the condensed consolidated balance sheets. This option is classified in Level 3 of the valuation hierarchy.

The value of the option was determined using a Monte Carlo Simulation model ("MCS model"). The MCS model includes inputs based on significant assumptions related to management's forecasts of the investee's earnings before interest, taxes, depreciation, and amortization ("EBITDA") and corresponding future total equity simulations, where an early exercise multiple is calibrated to maximize the fair value of the option during the exercise period. For each simulation path, option payoffs are calculated based on the contractual terms, and then discounted at the term-matched risk-free rate, where the value of the option is calculated as the average present value over all simulated paths. We used the historical volatility of comparable companies to make certain assumptions in the MCS model, which resulted in an expected EBITDA volatility of 70.0% and an equity volatility of 70.0%, with these two inputs having a correlation factor of 70.0%. A 4.1% risk-free interest rate was used, which was based on U.S. treasury yields for a time period corresponding to the remaining contractual life of the option. Lastly, the MCS model assumed an EBITDA risk premium of 12.4%.

Acquisition-related Contingent Consideration. The contingent consideration liability related to our acquisition of LPM is measured at fair value at each reporting period using a MCS model with Level 3 unobservable inputs including estimated future cash flows generated by LPM, discount rates, and earnings volatility. See Note 1 for more further information regarding our contingent consideration.

The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis, aggregated by each fair value hierarchy level (in thousands):

	March 31, 2024			
	Quoted Price in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Inventories[1]	$ 1,085,908	$ —	$ —	$ 1,085,908
Precious metals held under financing arrangements	12,772	—	—	12,772
Derivative assets — open sale and purchase commitments, net	29,996	—	—	29,996
Derivative assets — forward contracts	879	—	—	879
Option to purchase interest in a long-term investment	—	—	5,300	5,300
Total assets, valued at fair value	$ 1,129,555	$ —	$ 5,300	$ 1,134,855
Liabilities:				
Liabilities on borrowed metals	$ 26,167	$ —	$ —	$ 26,167
Product financing arrangements	510,237	—	—	510,237
Derivative liabilities — open sale and purchase commitments, net	6,081	—	—	6,081
Derivative liabilities — margin accounts	3,053	—	—	3,053
Derivative liabilities — futures contracts	4,262	—	—	4,262
Derivative liabilities — forward contracts	37,750	—	—	37,750
Acquisition-related contingent consideration	—	—	2,800	2,800
Total liabilities, valued at fair value	$ 587,550	$ —	$ 2,800	$ 590,350

(1) Commemorative coin inventory totaling $3.7 million was held at lower of cost or realizable value, and thus is excluded from the inventories balance shown in this table.

	June 30, 2023			
	Quoted Price in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Inventories[1]	$ 980,695	$ —	$ —	$ 980,695
Precious metals held under financing arrangements	25,530	—	—	25,530
Derivative assets — open sale and purchase commitments, net	37,957	—	—	37,957
Derivative assets — futures contracts	832	—	—	832
Derivative assets — forward contracts	39,092	—	—	39,092
Option to purchase interest in a long-term investment	—	—	5,300	5,300
Total assets, valued at fair value	$ 1,084,106	$ —	$ 5,300	$ 1,089,406
Liabilities:				
Liabilities on borrowed metals	$ 21,642	$ —	$ —	$ 21,642
Product financing arrangements	335,831	—	—	335,831
Derivative liabilities — open sale and purchase commitments, net	853	—	—	853
Derivative liabilities — margin accounts	4,441	—	—	4,441
Derivative liabilities — futures contracts	1,161	—	—	1,161
Derivative liabilities — forward contracts	1,621	—	—	1,621
Total liabilities, valued at fair value	$ 365,549	$ —	$ —	$ 365,549

(1) Commemorative coin inventory totaling $0.9 million was held at lower of cost or net realizable value, and thus is excluded from the inventories balance shown in this table.

There were no transfers in or out of Level 2 or 3 from other levels within the fair value hierarchy during the reported periods.

Assets Measured at Fair Value on a Non-Recurring Basis

Certain assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only under certain circumstances. These include (i) investments in private companies when there are identifiable events or changes in circumstances that may have a significant adverse impact on the fair value of these assets, (ii) equity method investments that are remeasured to the acquisition-date fair value upon the Company obtaining a controlling interest in the investee during a step acquisition, (iii) property, plant, and equipment and definite-lived intangibles, (iv) goodwill, and (v) indefinite-lived intangibles, all of which are written down to fair value when they are held for sale or determined to be impaired.

Our non-recurring valuations use significant unobservable inputs and significant judgments and therefore fall under Level 3 of the fair value hierarchy. The valuation inputs include assumptions on the appropriate discount rates, long-term growth rates, relevant comparable company earnings multiples, and the amount and timing of expected future cash flows. The cash flows employed in the analyses are based on the Company's estimated outlook and various growth rates. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the respective equity method investment, asset group, or reporting unit. In assessing the reasonableness of its determined fair values, the Company evaluates its results against other value indicators, such as comparable transactions and comparable public company trading values.

4. RECEIVABLES, NET

Receivables, net consisted of the following (in thousands):

	March 31, 2024	June 30, 2023
Customer trade receivables	$ 20,606	$ 5,031
Wholesale trade advances	14,692	13,679
Due from brokers and other	17,931	16,533
	$ 53,229	$ 35,243

Customer Trade Receivables. Customer trade receivables represent short-term, non-interest bearing amounts due from precious metal sales, advances related to financing products, and other secured interests in assets of the customer.

Wholesale Trade Advances. Wholesale trade advances represent advances of various bullion products and cash advances for purchase commitments of precious metal inventory. Typically, these advances are unsecured, short-term, and non-interest bearing, and are made to wholesale metals dealers and government mints.

Due from Brokers and Other. Due from brokers and other consists of the margin requirements held at brokers related to open futures contracts (see Note 12) and other receivables.

5. SECURED LOANS RECEIVABLE

Below is a summary of the carrying value of our secured loans (in thousands):

	March 31, 2024	June 30, 2023
Secured loans originated	$ 92,048	$ 68,630
Secured loans originated - with a related party	5,024	—
	97,072	68,630
Secured loans acquired	18,573	31,990
	$ 115,645	$ 100,620

Secured Loans - Originated: Secured loans include short-term loans, which include a combination of on-demand lines and short-term facilities. These loans are fully secured by the customer's assets, which predominantly include bullion, numismatic, and semi-numismatic material, and are typically held in safekeeping by the Company. See Note 14 for further information regarding our secured loans made to related parties.

Secured Loans - Acquired: Secured loans also include short-term loans, which include a combination of on-demand lines and short-term facilities that are purchased from our customers. The Company acquires a portfolio of their loan receivables at a price that approximates the outstanding balance of each loan in the portfolio, as determined on the effective transaction date. Each loan in the portfolio is fully secured by the borrower's assets, which could include bullion, numismatic or semi-numismatic material, and are typically held in safekeeping by the Company. The seller of the loan portfolio generally retains the responsibility for the servicing and administration of the loans.

As of March 31, 2024 and June 30, 2023, our secured loans carried weighted-average effective interest rates of 10.4% and 10.4%, respectively, and mature in periods ranging typically from on-demand to one year.

The secured loans that the Company generates with its active customers are reflected as an operating activity on the condensed consolidated statements of cash flows. The secured loans that the Company generates with borrowers that are not active customers are reflected as an investing activity on the condensed consolidated statements of cash flows as secured loans receivables, net. For the secured loans that (i) are reflected as an investing activity and have terms that allow the borrowers to increase their loan balance (at the discretion of the Company) based on the excess value of their collateral compared to their aggregate principal balance of loan, and (ii) are repayable on demand or in the short-term, the borrowings and repayments are netted on the condensed consolidated statements of cash flows.

Credit Quality of Secured Loans Receivables and Allowance for Credit Losses

General

The Company's secured loan receivables portfolio comprises loans with similar credit risk profiles, which enables the Company to apply a standard methodology to determine the credit quality for each loan and the allowance for credit losses, if any.

The credit quality of each loan is generally determined by the collateral value assessment, loan-to-value ("LTV") ratio (that is, the principal amount of the loan divided by the estimated value of the collateral) and the type (or class) of secured material. All loans are fully secured by precious metal bullion, numismatic and semi-numismatic collateral, or graded sports cards and sports memorabilia, which remains in the physical custody of the Company for the duration of the loan. The term of the loans is generally 180 days, however loans are typically renewed prior to maturity and therefore remain outstanding for a longer period of time. Interest earned on a loan is billed monthly and is typically due and payable within 20 days and, if not paid after all applicable grace periods, is added to the outstanding principal balance, and late fees and default interest rates are assessed.

When an account is in default or if a margin call has not been met on a timely basis, the Company has the right to liquidate the borrower's collateral in order to satisfy the unpaid balance of the outstanding loans, including accrued and unpaid interest.

Class and Credit Quality of Loans

The three classes of secured loan receivables are defined by collateral type: (i) bullion, (ii) numismatic and semi-numismatic and (iii) graded sports cards and sports memorabilia. The Company required LTV ratios vary with the class of loans. Typically, the Company requires an LTV ratio of approximately 75% for bullion, 65% for numismatic and semi-numismatic collateral, and 50% for graded sports cards and sports memorabilia. The LTV ratio for loans collateralized by numismatic and semi-numismatic collateral is typically lower on a percentage basis than bullion collateralized loans because a higher value of the numismatic and semi-numismatic collateral relates to its premium value, rather than its underlying commodity value. The LTV ratio for loans collateralized by graded sports cards and sports memorabilia is lower because the underlying collateral is not as liquid as bullion and numismatic and semi-numismatic collateral.

The Company's secured loans by portfolio class, which align with internal management reporting, were as follows (in thousands):

	March 31, 2024		June 30, 2023	
Bullion	$ 59,710	51.6 %	$ 52,165	51.8 %
Numismatic and semi-numismatic	51,923	44.9 %	47,856	47.6 %
Graded sports cards and sports memorabilia	4,012	3.5 %	599	0.6 %
	$ 115,645	100.0 %	$ 100,620	100.0 %

Due to the nature of market fluctuations of precious metal commodity prices, the Company monitors the bullion collateral value of each loan on a daily basis, based on spot price of precious metals. Numismatic and graded sports cards and sports memorabilia collateral values are updated by numismatic and graded sports cards and sports memorabilia specialists typically within every 90 days and when loan terms are renewed.

Generally, we initiate the margin call process when the outstanding loan balance is in excess of 85% of the current value of the underlying collateral. In the event that a borrower fails to meet a margin call to reestablish the required LTV ratio, the loan is considered in default. The collateral material (either bullion, numismatic or graded sports cards and sports memorabilia) underlying such loans is then sold by the Company to satisfy all amounts due under the loan.

Loans with LTV ratios of less than 75% are generally considered to be higher quality loans. Below is summary of aggregate outstanding secured loan balances bifurcated into (i) loans with an LTV ratio of less than 75% and (ii) loans with an LTV ratio of 75% or more (in thousands):

	March 31, 2024		June 30, 2023	
Loan-to-value of less than 75%	$ 107,023	92.5 %	$ 90,378	89.8 %
Loan-to-value of 75% or more	8,622	7.5 %	10,242	10.2 %
	$ 115,645	100.0 %	$ 100,620	100.0 %

The Company had no loans with an LTV ratio in excess of 100% as of March 31, 2024 and June 30, 2023.

Non-Performing Loans/Impaired Loans

Historically, the Company has not established an allowance for any credit losses because the Company has liquidated the collateral to satisfy the amount due before any loan becomes non-performing or impaired.

Non-performing loans have the highest probability for credit loss. The allowance for secured loan credit losses attributable to non-performing loans is based on the most probable source of repayment, which is normally the liquidation of collateral. Due to the accelerated liquidation terms of the Company's loan portfolio, past due loans are generally liquidated within 90 days of default. In the event a loan were to become non-performing, the Company would determine a reserve to reduce the carrying balance to its estimated net realizable value. As of March 31, 2024 and June 30, 2023, the Company had no allowance for secured loan losses or loans classified as non-performing.

A loan is considered impaired if it is probable, based on current information and events, that the Company will be unable to collect all amounts due according to the contractual terms of the loan. Customer loans are reviewed for impairment and include loans that are past due or non-performing, or if the customer is in bankruptcy. In the event of an impairment, recognition of interest income would be suspended, and the loan would be placed on non-accrual status at the time. Accrual would be resumed, and previously suspended interest income would be recognized, when the loan becomes contractually current and/or collection doubts are removed. Cash receipts on impaired loans are recorded first against the principal and then to any unrecognized interest income. For the three and nine months ended March 31, 2024 and 2023, the Company incurred no loan impairment costs and no loans were placed on a non-accrual status.

6. INVENTORIES

Our inventory consists of the precious metals that the Company has physically received, and inventory held by third-parties, which, at the Company's option, it may or may not receive. The following table summarizes the components of our inventory (in thousands):

	March 31, 2024	June 30, 2023
Inventory held for sale	$ 337,289	$ 437,670
Repurchase arrangements with customers	209,614	181,751
Consignment arrangements with customers	2,601	3,801
Commemorative coins, held at lower of cost or net realizable value	3,727	948
Borrowed precious metals	26,167	21,642
Product financing arrangements	510,237	335,831
	$ 1,089,635	$ 981,643

__Inventory Held for Sale__. Inventory held for sale represents precious metals, excluding commemorative coin inventory, that have been received by the Company and are not subject to repurchase by or consignment arrangements with third parties, borrowed precious metals, or product financing arrangements. As of March 31, 2024 and June 30, 2023, inventory held for sale totaled $337.3 million and $437.7 million, respectively.

__Repurchase Arrangements with Customers__. The Company enters into arrangements with certain customers under which A-Mark sells and then purchases precious metals from the customer which are subject to repurchase by the customer at the fair value of the product on the repurchase date. These initial transactions with the customer do not qualify as sales and are excluded from revenue. Under these arrangements, the Company, which holds legal title to the metals, earns financing income until the time the arrangement is terminated, or the material is repurchased by the customer. In the event of a repurchase by the customer, the Company records a sale.

These arrangements are typically terminable by either party upon 14 days' notice. Upon termination, the customer’s rights to repurchase any remaining inventory is forfeited. As of March 31, 2024 and June 30, 2023, included within inventories is $209.6 million and $181.8 million, respectively, of precious metals products subject to repurchase arrangements with customers.

__Consignment Arrangements with Customers__. The Company periodically loans metals to customers on a short-term consignment basis. Inventory loaned under consignment arrangements to customers as of March 31, 2024 and June 30, 2023 totaled $2.6 million and $3.8 million, respectively. Such transactions are recorded as sales and are removed from the Company's inventory at the time the customer elects to price and purchase the precious metals.

__Commemorative Coins__. Our commemorative coin inventory, including its premium component, is held at the lower of cost or net realizable value, because the value of commemorative coins is influenced more by supply and demand determinants than on the underlying spot price of the precious metal content of the commemorative coins. The value of commemorative coins is not subject to the same level of volatility as bullion coins because our commemorative coins typically carry a substantially higher premium over the spot metal price than bullion coins. Our commemorative coins are not hedged and totaled $3.7 million and $0.9 million as of March 31, 2024 and June 30, 2023, respectively.

Borrowed Precious Metals. Borrowed precious metals inventory include: (i) metals held by suppliers as collateral on advanced pool metals, (ii) metals due to suppliers for the use of their consigned inventory, (iii) unallocated metal positions held by customers in the Company's inventory, and (iv) shortages in unallocated metal positions held by the Company in the supplier's inventory. Unallocated or pool metal represents an unsegregated inventory position that is due on demand, in a specified physical form, based on the total ounces of metal held in the position. Amounts due under these arrangements require delivery either in the form of precious metals or cash. The Company's inventory included borrowed precious metals with market values totaling $26.2 million and $21.6 million as of March 31, 2024 and June 30, 2023, respectively, with a corresponding offsetting obligation reflected as liabilities on borrowed metals on the condensed consolidated balance sheets.

Product Financing Arrangements. This inventory represents amounts held as security by lenders for obligations under product financing arrangements. The Company enters into a product financing agreement for the transfer and subsequent re-acquisition of gold and silver at an agreed-upon price based on the spot price with a third-party finance company. This inventory is restricted and is held at a custodial storage facility in exchange for a financing fee, paid to the third-party finance company. During the term of the financing, the third-party finance company holds the inventory as collateral, and both parties intend for the inventory to be returned to the Company at an agreed-upon price based on the spot price on the finance arrangement repurchase date. These transactions do not qualify as sales and have been accounted for as financing arrangements in accordance with ASC 470-40 *Product Financing Arrangements*. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing arrangements and the underlying inventory are carried at fair value, with changes in fair value included in cost of sales in the condensed consolidated statements of income. Such obligations totaled $510.2 million and $335.8 million as of March 31, 2024 and June 30, 2023, respectively.

The Company mitigates market risk of its physical inventory and open commitments through commodity hedge transactions. (See Note 12.) As of March 31, 2024 and June 30, 2023, the unrealized gains or losses resulting from the difference between market value and cost of physical inventory were gains of $54.5 million and losses of $4.6 million, respectively.

Premium Component of Inventory

The premium component, at market value, included in the inventory as of March 31, 2024 and June 30, 2023 totaled $36.1 million and $29.4 million, respectively.

7. LEASES

Components of operating lease expense were as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Operating lease costs	$ 401	$ 366	$ 1,133	$ 1,094
Variable lease costs	155	148	366	367
Short term lease costs	10	29	63	78
	$ 566	$ 543	$ 1,562	$ 1,539

For the nine months ended March 31, 2024, we made cash payments of $1.2 million for operating lease obligations. These payments are included in operating cash flows. As of March 31, 2024, the weighted-average remaining lease term under our capitalized operating leases was 3.8 years, while the weighted-average discount rate for our operating leases was approximately 4.9%.

The future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities as of March 31, 2024 for our operating leases were as follows (in thousands):

Year ending June 30,	Operating Leases
2024 (remainder of year)	$ 556
2025	2,045
2026	1,534
2027	823
2028	700
Thereafter	626
Total lease payments	6,284
Imputed interest	(588)
Total operating lease liability	$ 5,696 (1)
Operating lease liability - current	$ 1,749 (2)
Operating lease liability - long-term	3,947 (3)
	$ 5,696 (1)

(1) Represents the present value of the operating lease liabilities as of March 31, 2024.
(2) Current operating lease liabilities are presented within accrued liabilities on our condensed consolidated balance sheets.
(3) Long-term operating lease liabilities are presented within other liabilities on our condensed consolidated balance sheets.

The Company has one related party lease; for information on this lease refer to Note 14.

8. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following (in thousands):

	March 31, 2024	June 30, 2023
Computer software	$ 9,229	$ 7,442
Plant equipment	10,090	8,477
Leasehold improvements	4,195	3,969
Office furniture, and fixtures	3,308	2,960
Computer equipment	2,253	1,713
Building	1,242	857
Total depreciable assets	30,317	25,418
Less: Accumulated depreciation and amortization	(15,577)	(13,553)
Property and equipment not placed in service	1,088	242
Land	406	406
Property, plant, and equipment, net	$ 16,234	$ 12,513

Property, plant and equipment depreciation and amortization expense was $0.8 million and $0.6 million for the three months ended March 31, 2024 and 2023, respectively, and $2.0 million and $1.6 million for the nine months ended March 31, 2024 and 2023, respectively. For the periods presented, depreciation and amortization expense allocable to cost of sales was not significant.

9. GOODWILL AND INTANGIBLE ASSETS

Goodwill is an intangible asset that arises when a company acquires an existing business or assets (net of assumed liabilities) which comprise a business. In general, the amount of goodwill recorded in an acquisition is calculated as the purchase price of the business minus the fair market value of the tangible assets and the identifiable intangible assets, net of the assumed liabilities. Goodwill and intangibles can also be established by push-down accounting. Below is a summary of the significant transactions that generated our goodwill and intangible assets:

- In connection with the Company's formation of AMST in August 2016, the Company recorded $2.5 million and $4.3 million of identifiable intangible assets and goodwill, respectively; these values were based upon an independent appraisal and represent their fair values at the acquisition date.
- In connection with the Company's acquisition of Goldline in August 2017, the Company recorded $5.0 million and $1.4 million of additional identifiable intangible assets and goodwill, respectively; these values were based upon an independent appraisal and represent their fair values at the acquisition date.
- In March 2021, the Company acquired 100% ownership of JMB, in which we previously held a 20.5% equity interest. At the acquisition date we measured the value of identifiable intangible assets and goodwill at $98.0 million and $92.1 million, respectively. These values represent their fair values at the acquisition date.
- In October 2022, JMB acquired $4.5 million of intangible assets that included: BGASC’s website, domain name, trademarks, logos, customer list, and all intellectual property.
- In connection with the Company's acquisition of LPM in February 2024, we recorded $10.3 million and $20.0 million of identifiable intangible assets and goodwill, respectively. These values represent their fair values at the acquisition date.
- In March 2024, JMB acquired $8.5 million of intangible assets that included Gold.com's domain name.

Carrying Value

The carrying value of goodwill and other purchased intangibles are described below (dollar amounts in thousands):

	Estimated Useful Lives (Years)	Remaining Weighted-Average Amortization Period (Years)	March 31, 2024 Gross Carrying Amount	March 31, 2024 Accumulated Amortization	March 31, 2024 Accumulated Impairment	March 31, 2024 Net Book Value	June 30, 2023 Gross Carrying Amount	June 30, 2023 Accumulated Amortization	June 30, 2023 Accumulated Impairment	June 30, 2023 Net Book Value
Identifiable intangible assets:										
Existing customer relationships	5 - 15	4.9	$ 62,568	$ (50,924)	$ —	$ 11,644	$ 55,768	$ (46,465)	$ —	$ 9,303
Developed technology	4	1.2	11,036	(8,146)	—	2,890	11,036	(6,077)	—	4,959
Non-compete and other	3 - 5	3.5	2,310	(2,300)	—	10	2,310	(2,300)	—	10
Employment agreement	1 - 3	0.0	295	(295)	—	—	295	(295)	—	—
Intangibles subject to amortization			76,209	(61,665)	—	14,544	69,409	(55,137)	—	14,272
Trade names and trademarks	Indefinite	Indefinite	53,148	—	(1,290)	51,858	49,648	—	(1,290)	48,358
Domain name	Indefinite	Indefinite	8,515	—	—	8,515	—	—	—	—
Identifiable intangible assets			$ 137,872	$ (61,665)	$ (1,290)	$ 74,917	$ 119,057	$ (55,137)	$ (1,290)	$ 62,630
Goodwill	Indefinite	Indefinite	$ 122,320	$ —	$ (1,364)	$ 120,956	$ 102,307	$ —	$ (1,364)	$ 100,943

The Company's intangible assets are subject to amortization except for trade names, trademarks, and domain names, which have indefinite lives. Amortization expense related to the Company's intangible assets was $2.2 million and $2.7 million for the three months ended March 31, 2024 and 2023, respectively, and $6.5 million and $8.2 million for the nine months ended March 31, 2024 and 2023, respectively. For the presented periods, amortization expense allocable to cost of sales was not significant.

The changes in the carrying amounts of goodwill were as follows (in thousands):

Balance as of June 30, 2023	$ 100,943
Goodwill acquired - LPM	20,013
Balance as of March 31, 2024	$ 120,956

Impairment

We recorded a non-recurring impairment charge of $2.7 million (goodwill and indefinite-lived intangible assets) in fiscal 2018 related to Goldline. Other than the impairment charge related to Goldline, we have not recorded any impairment of goodwill or indefinite-lived intangible assets.

Estimated Amortization

Estimated annual amortization expense related to definite-lived intangible assets for the succeeding five years is as follows (in thousands):

Fiscal Year Ending June 30,	Amount
2024 (remainder of year)	$ 1,899
2025	5,962
2026	1,763
2027	1,339
2028	951
Thereafter	2,630
	$ 14,544

10. LONG-TERM INVESTMENTS

As of March 31, 2024, the Company had eight investments in privately-held entities. The following table shows the carrying value and ownership percentage of the Company's investment in each entity (in thousands):

	March 31, 2024		June 30, 2023	
Investee	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Silver Gold Bull, Inc.	$ 43,753	47.4 %	$ 44,699	47.4 %
Pinehurst Coin Exchange, Inc.	16,994	49.0 %	15,999	49.0 %
Sunshine Minting, Inc.	19,356	44.9 %	17,719	44.9 %
Company A	283	33.3 %	233	33.3 %
Company B	2,015	50.0 %	2,005	50.0 %
Texas Precious Metals, LLC	6,734	12.0 %	5,465	12.0 %
Atkinsons Bullion & Coins	2,537	25.0 %	2,415	25.0 %
APS Investment, LLC	2,063	33.3 % (1)	—	— %
	$ 93,735		$ 88,535	

(1) APS Investment, LLC is a holding company that owns a 10% equity interest in AMS Holding, LLC. Pinehurst Coin Exchange, Inc. and Stack's Bowers Numismatics, LLC also each own a one-third equity interest in APS Investment, LLC.

We consider all of our equity method investees to be related parties. See Note 14 for a summary of the Company's aggregate balances and activity with these related party entities. All of the Company's investees are accounted for using the equity method, with the exception of Company A, which is accounted for using the cost method and is not considered a related party.

11. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities consisted of the following (in thousands):

	March 31, 2024	June 30, 2023
Trade payables to customers	$ 3,602	$ 20,512
Other accounts payable	5,996	4,953
Accounts payable and other payables	$ 9,598	$ 25,465
Deferred revenue	$ 10,039	$ 7,419
Advances from customers	140,836	173,944
Deferred revenue and other advances	$ 150,875	$ 181,363

12. DERIVATIVE INSTRUMENTS AND HEDGING TRANSACTIONS

The Company is exposed to market risk, such as changes in commodity prices and foreign exchange rates. To manage the volatility related to these exposures, the Company enters into various derivative products, such as forward and futures contracts. By policy, the Company historically has entered into derivative financial instruments for the purpose of hedging substantially all of Company's market exposure to precious metals prices, and not for speculative purposes. The Company's gains (losses) on derivative instruments are substantially offset by the changes in the fair market value of the underlying precious metals inventory, both of which are recorded in cost of sales in the condensed consolidated statements of income.

Commodity Price Management

The Company manages the value of certain assets and liabilities of its trading business, including trading inventory, by employing a variety of hedging strategies. These strategies include the management of exposure to changes in the market values of the Company's trading inventory through the purchase and sale of a variety of derivative instruments, such as forward and futures contracts.

The Company enters into derivative transactions solely for the purpose of hedging its inventory subject to price risk, and not for speculative market purposes. Due to the nature of the Company's global hedging strategy, the Company is not using hedge accounting as defined under ASC 815, whereby the gains or losses would be deferred and included as a component of other comprehensive income. Instead, gains or losses resulting from the Company's forward and futures contracts and open sale and purchase commitments are reported in the condensed consolidated statements of income as unrealized gains or losses on commodity contracts (a component of cost of sales), with the related unrealized amounts due from or to counterparties reflected as derivative assets or liabilities on the condensed consolidated balance sheets.

The Company's trading inventory and purchase and sale transactions consist primarily of precious metal products. The value of these assets and liabilities are marked-to-market daily to the prevailing closing price of the underlying precious metals. The Company's precious metals inventory is subject to fluctuations in market value, resulting from changes in the underlying commodity prices. Inventory purchased or borrowed by the Company is subject to price changes. Inventory borrowed is considered a natural hedge, since changes in value of the metal held are offset by the obligation to return the metal to the supplier.

Open sale and purchase commitments are subject to changes in value between the date the purchase or sale price is fixed (the trade date) and the date the metal is received or delivered (the settlement date). The Company seeks to minimize the effect of price changes of the underlying commodity through the use of forward and futures contracts. The Company’s open sale and purchase commitments typically settle within 2 business days, and for those commitments that do not have stated settlement dates, the Company has the right to settle the positions upon demand.

The Company's policy is to substantially hedge its inventory position, net of open sale and purchase commitments that are subject to price risk, and regularly enters into precious metals commodity forward and futures contracts with financial institutions to hedge against this risk. The Company uses futures contracts, which typically settle within 30 days, for its shorter-term hedge positions, and forward contracts, which may remain open for up to 6 months, for its longer-term hedge positions. The Company has access to all of the precious metals markets, allowing it to place hedges. The Company also maintains relationships with major market makers in every major precious metal dealing center.

The Company’s management sets credit and position risk limits. These limits include gross position limits for counterparties engaged in sales and purchase transactions with the Company. They also include collateral limits for different types of sale and purchase transactions that counterparties may engage in from time to time.

Derivative Assets and Liabilities

The Company's derivative assets and liabilities represent the net fair value of the difference (or intrinsic value) between market values and trade values at the trade date for open precious metals sale and purchase contracts, as adjusted on a daily basis for changes in market values of the underlying metals, until settled. The Company's derivative assets and liabilities also include the net fair value of open precious metals forward and futures contracts. The precious metals forward and futures contracts are settled at the contract settlement date.

All of our commodity derivative contracts are under master netting arrangements and include both asset and liability positions (i.e., offsetting derivative instruments). As such, for the Company's derivative contracts with the same counterparty, the receivables and payables have been netted on the condensed consolidated balance sheets. Such derivative contracts include open sale and purchase commitments, futures, forward and margin accounts. The aggregate gross and net derivative receivables and payables balances by contract type and type of hedge, were as follows (in thousands):

	March 31, 2024				June 30, 2023			
	Gross Derivative	Amounts Netted	Cash Collateral Pledge	Net Derivative	Gross Derivative	Amounts Netted	Cash Collateral Pledge	Net Derivative
Nettable derivative assets:								
Open sale and purchase commitments	$ 32,051	$ (2,055)	$ —	$ 29,996	$ 53,924	$ (15,967)	$ —	$ 37,957
Futures contracts	—	—	—	—	832	—	—	832
Forward contracts	879	—	—	879	39,092	—	—	39,092
	$ 32,930	$ (2,055)	$ —	$ 30,875	$ 93,848	$ (15,967)	$ —	$ 77,881
Nettable derivative liabilities:								
Open sale and purchase commitments	$ 8,086	$ (2,005)	$ —	$ 6,081	$ 2,271	$ (1,418)	$ —	$ 853
Margin accounts	19,838	—	(16,785)	3,053	17,681	—	(13,240)	4,441
Futures contracts	4,262	—	—	4,262	1,161	—	—	1,161
Forward contracts	37,750	—	—	37,750	1,621	—	—	1,621
	$ 69,936	$ (2,005)	$ (16,785)	$ 51,146	$ 22,734	$ (1,418)	$ (13,240)	$ 8,076

Gains or Losses on Derivative Instruments

The Company records the derivative at the trade date with corresponding unrealized gains or losses shown as a component of cost of sales in the condensed consolidated statements of income. The Company adjusts the derivatives to fair value on a daily basis until the transactions are settled. When these contracts are net settled, the unrealized gains and losses are reversed, and the realized gains and losses for forward contracts are recorded in revenue and cost of sales, and the net realized gains and losses for futures contracts are recorded in cost of sales.

Below is a summary of the net gains (losses) on derivative instruments (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Gains (losses) on derivative instruments:				
Unrealized (losses) gains on open futures commodity and forward contracts and open sale and purchase commitments, net	$ (17,349)	$ 36,654	$ (91,327)	$ (39,907)
Realized (losses) gains on futures commodity contracts, net	(1,331)	12,826	4,852	44,007
	$ (18,680)	$ 49,480	$ (86,475)	$ 4,100

The Company's net gains (losses) on derivative instruments, as shown in the table above, were substantially offset by the changes in the fair market value of the underlying precious metals inventory, which were also recorded in cost of sales in the condensed consolidated statements of income.

Summary of Hedging Positions

In a hedging relationship, the change in the value of the derivative financial instrument is offset to a great extent by the change in the value of the underlying hedged item. The following table summarizes the results of our hedging activities, which shows the precious metal commodity inventory position, net of open sale and purchase commitments, that was subject to price risk (in thousands):

	March 31, 2024	June 30, 2023
Inventories	$ 1,089,635	$ 981,643
Precious metals held under financing arrangements	12,772	25,530
	1,102,407	1,007,173
Less unhedgeable inventories:		
Commemorative coin inventory, held at lower of cost or net realizable value	(3,727)	(948)
Premium on metals position	(36,128)	(29,358)
Precious metal value not hedged	(39,855)	(30,306)
Commitments at market:		
Open inventory purchase commitments	750,149	921,108
Open inventory sales commitments	(356,489)	(587,392)
Margin sale commitments	(19,838)	(17,682)
In-transit inventory no longer subject to market risk	(10,401)	(5,505)
Unhedgeable premiums on open commitment positions	11,863	11,224
Borrowed precious metals	(26,167)	(21,642)
Product financing arrangements	(510,237)	(335,831)
Advances on industrial metals	596	698
	(160,524)	(35,022)
Precious metal subject to price risk	902,028	941,845
Precious metal subject to derivative financial instruments:		
Precious metals forward contracts at market values	754,420	767,767
Precious metals futures contracts at market values	149,799	170,466
Total market value of derivative financial instruments	904,219	938,233
Net precious metals subject to commodity price risk	$ (2,191)	$ 3,612

Notional Balances of Derivatives

The notional balances of the Company's derivative instruments, consisting of contractual metal quantities, are expressed at current spot prices of the underlying precious metal commodity. As of March 31, 2024 and June 30, 2023, the Company had the following outstanding commitments and open forward and futures contracts (in thousands):

	March 31, 2024	June 30, 2023
Purchase commitments	$ 750,149	$ 921,108
Sales commitments	$ (356,489)	$ (587,392)
Margin sales commitments	$ (19,838)	$ (17,682)
Open forward contracts	$ 754,420	$ 767,767
Open futures contracts	$ 149,799	$ 170,466

The contract amounts (i.e., notional balances) of the Company's forward and futures contracts and the open sales and purchase commitments are not reflected in the accompanying condensed consolidated balance sheets. The Company records the difference between the market price of the underlying metal or contract and the trade amount at fair value.

The Company is exposed to the risk of failure of the counterparties to its derivative contracts. Significant judgment is applied by the Company when evaluating the fair value implications. The Company regularly reviews the creditworthiness of its major counterparties and monitors its exposure to concentrations. As of March 31, 2024, the Company believes its risk of counterparty default is mitigated as a result of such evaluation and the short-term duration of these arrangements.

Foreign Currency Exchange Rate Management

The Company utilizes foreign currency forward contracts to manage the effect of foreign currency exchange fluctuations on its sale and purchase transactions. These contracts generally have maturities of less than one week. The market values (fair values) of the Company's foreign exchange forward contracts and the net open sale and purchase commitment transactions, denominated in foreign currencies, outstanding were as follows (in thousands):

	March 31, 2024	June 30, 2023
Foreign exchange forward contracts	$ 7,327	$ 7,101
Open sale and purchase commitment transactions, net	$ 3,788	$ 5,611

13. INCOME TAXES

Net income from operations before provision for income taxes is shown below (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
U.S.	$ 6,403	$ 45,766	$ 48,753	$ 146,895
Foreign	37	7	50	33
	$ 6,440	$ 45,773	$ 48,803	$ 146,928

The Company files a consolidated federal income tax return based on a June 30 tax year end. The provision for income tax expense by jurisdiction and the effective tax rate are shown below (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Current:				
Federal	$ 1,089	$ 9,171	$ 9,441	$ 29,074
State and local	182	606	1,239	3,000
Foreign	15	(2)	25	22
Income tax expense	$ 1,286	$ 9,775	$ 10,705	$ 32,096
Effective income tax rate	20.0 %	21.4 %	21.9 %	21.8 %

Our provision for income taxes varied from the tax computed at the U.S. federal statutory income tax rates for the three and nine months ended March 31, 2024 and 2023 primarily due to the excess tax benefit from share-based compensation and the foreign derived intangible income special deduction, partially offset by Section 162(m) executive compensation disallowance, state taxes (net of federal tax benefit), and other normal course non-deductible expenditures.

Income Taxes Receivable and Payable

As of March 31, 2024 and June 30, 2023, we had an income tax receivable of $4.3 million and payable of $1.0 million, respectively.

Deferred Tax Assets and Liabilities

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized by evaluating both positive and negative evidence. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As of March 31, 2024 and June 30, 2023, management concluded that it was more likely than not that the Company would be able to realize the benefit of the U.S. federal and state deferred tax assets. We based this conclusion on historical and projected operating performance, as well as our expectation that our operations will generate sufficient taxable income in future periods to realize the tax benefits associated with the deferred tax assets. A tax valuation allowance was considered unnecessary, as management concluded that it was more likely than not that the Company would be able to realize the benefit of the U.S. federal and state deferred tax assets.

As of March 31, 2024, the condensed consolidated balance sheet reflects the deferred tax items for each tax-paying component (i.e., federal and state), resulting in a federal deferred tax liability of $14.5 million and a state deferred tax liability of $2.3 million. As of June 30, 2023, the condensed consolidated balance sheet reflects the deferred tax items for each tax-paying component (i.e., federal and state), resulting in a federal deferred tax liability of $14.4 million and a state deferred tax liability of $2.3 million.

Unrecognized Tax Benefits

The Company has taken or expects to take certain tax benefits on its income tax return filings that it has not recognized as a tax benefit (i.e., an unrecognized tax benefit) on its condensed consolidated statements of income. The Company's measurement of its uncertain tax positions is based on management's assessment of all relevant information, including, but not limited to prior audit experience, audit settlement, or lapse of the applicable statute of limitations. As of March 31, 2024, there have been no material changes to our unrecognized tax benefits or any related interest or penalties since June 30, 2023.

14. RELATED PARTY TRANSACTIONS

Related parties include entities which the Company controls or has the ability to significantly influence, and entities which are under common control with the Company. Related parties also include persons who are affiliated with related entities or the Company who are in a position to influence corporate decisions (such as owners, executives, board members and their families). In the normal course of business, we enter into transactions with our related parties. Below is a list of related parties with whom we have had significant transactions during the presented periods:

1) *Stack's Bowers Numismatics, LLC ("Stack's Bowers Galleries")*. Stack's Bowers Galleries is a wholly-owned subsidiary of Spectrum Group International, Inc. ("SGI"). SGI and the Company have a common chief executive officer, and the chief executive officer and the general counsel of the Company are board members of SGI.

2) *Equity method investees.* As of March 31, 2024, the Company had seven investments in privately-held entities which have been determined to be equity method investees and related parties.

Our related party transactions primarily include (i) sales and purchases of precious metals, (ii) financing activities, (iii) repurchase arrangements, and (iv) hedging transactions. Below is a summary of our related party transactions. The amounts presented for each period reflect each entity's related party status for that period.

Balances with Related Parties

Receivables and Payables, Net

Our related party net receivables and payables balances were as shown below (in thousands):

	March 31, 2024		June 30, 2023	
	Receivables	Payables	Receivables	Payables
Stack's Bowers Galleries	$ 6,212 (1)	$ —	$ 534 (2)	$ —
Equity method investees	4,127 (2)	4,485 (3)	737 (2)	2,977 (3)
Other	—	54 (3)	—	—
	$ 10,339	$ 4,539	$ 1,271	$ 2,977

(1) Balance includes trade receivables, secured loans receivables, and other receivables, net
(2) Balance includes trade receivables and other receivables, net
(3) Balance includes note payables, trade payables, and other payables, net

Long-term Investments

As of March 31, 2024 and June 30, 2023, the aggregate carrying balance of the equity method investments was $93.5 million and $88.3 million, respectively. (See Note 10.)

Other Long-term Assets

As of March 31, 2024 and June 30, 2023, the fair value of the option to purchase an additional 27.6% ownership interest in Silver Gold Bull, Inc. was $5.3 million and $5.3 million, respectively. This option was acquired in June 2022 in conjunction with the Company's acquisition of an additional 40% ownership interest in Silver Gold Bull, Inc., and is exercisable between December 2023 and September 2024. As of March 31, 2024, this option remained unexercised. (See Note 10.)

Notes Payable

On April 1, 2021, CCP entered into a loan agreement ("CCP Note") with CFC, which provides CFC with up to $4.0 million to fund commercial loans secured by graded sports cards and sports memorabilia to its borrowers. All loans to be funded using the proceeds from the CCP Note are subject to CCP’s prior written approval. In March 2024, the expiration date for the CCP Note was amended to expire on April 1, 2026; the CCP Note may be further extended by mutual agreement. As of March 31, 2024 and June 30, 2023, the outstanding principal balance of the CCP Note was $4.0 million and $0.5 million, respectively.

Activity with Related Parties

Sales and Purchases

Our sales and purchases with companies deemed to be related parties were as follows (in thousands):

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2024		2023		2024		2023	
	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases
Stack's Bowers Galleries	$ 47,377	$ 16,988	$ 33,723	$ 6,337	$ 118,315	$ 39,858	$ 97,978	$ 22,441
Equity method investees	286,998	40,038	282,833	13,915	931,201	62,626	703,548	29,023
	$ 334,375	$ 57,026	$ 316,556	$ 20,252	$ 1,049,516	$ 102,484	$ 801,526	$ 51,464

Interest Income

We earned interest income from related parties as set forth below (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Interest income from secured loans receivables	$ 24	$ —	$ 24	$ —
Interest income from finance products and repurchase arrangements	2,560	2,275	7,702	5,708
	$ 2,584	$ 2,275	$ 7,726	$ 5,708

Selling, General, and Administrative

The Company incurred selling, general, and administrative expense related to its subleasing agreement with Stack's Bowers Galleries and consulting agreement with Cerberus Limited of $66,000 and $12,000 during the three months ended March 31, 2024 and 2023, respectively, and $90,000 and $22,000 during the nine months ended March 31, 2024 and 2023, respectively.

Interest Expense

The Company incurred interest expense related to its note with CCP of $20,000 and $9,000 during the three months ended March 31, 2024 and 2023, respectively, and $32,000 and $32,000 during the nine months ended March 31, 2024 and 2023, respectively.

Equity Method Investments — Earnings, Dividends and Distributions Received

The Company's proportional share of our equity method investee's earnings were net losses of $0.2 million and $0.1 million during the three months ended March 31, 2024 and 2023, respectively, and net income of $3.3 million and $7.3 million, during the nine months ended March 31, 2024 and 2023, respectively.

The Company received dividend and distribution payments from our equity method investees that totaled, in the aggregate, $0.1 million and $0.0 million during the three months ended March 31, 2024 and 2023, respectively, and $0.4 million and $0.6 million during the nine months ended March 31, 2024 and 2023, respectively.

Other Income

The Company earned royalty and consulting services income from related parties that totaled $0.4 million and $0.6 million during the three months ended March 31, 2024 and 2023, respectively, and $1.0 million and $2.0 million during the nine months ended March 31, 2024 and 2023, respectively.

15. FINANCING AGREEMENTS

Lines of Credit - Trading Credit Facility

On December 21, 2021, the Company entered into a three-year committed facility provided by a syndicate of financial institutions (the "Trading Credit Facility"), with a total current revolving commitment of up to $350.0 million and with a termination date of December 21, 2024. In September 2023, this Trading Credit Facility was amended to add a new lender, a new subsidiary loan party and guarantor and modify certain terms and conditions of the Trading Credit Facility, including increasing the incremental facility feature to $190 million, eliminating provisions whereby lenders under certain conditions could require repayment of all obligations outstanding under the Trading Credit Facility within 10 days on demand, and updating the maturity date to September 20, 2025. As a result, the Trading Credit Facility was reclassified to long-term during the three months ended September 30, 2023.

The Trading Credit Facility is secured by substantially all of the Company's assets on a first priority basis and is guaranteed by all of the Company's subsidiaries, with the exception of AMCF. The Trading Credit Facility currently bears interest at the daily SOFR rate plus an applicable margin of 236 basis points. As of March 31, 2024, the interest rate on our Trading Credit Facility was approximately 7.7% and the daily SOFR rate was approximately 5.3%.

The Trading Credit Facility provides the Company with the liquidity to buy and sell billions of dollars of precious metals annually. We routinely use funds drawn under the Trading Credit Facility to purchase metals from our suppliers and for operating cash flow purposes. Our CFC subsidiary also uses the funds drawn under the Trading Credit Facility to finance certain of its lending activities.

Borrowings totaled $290.0 million and $235.0 million at March 31, 2024 and June 30, 2023, respectively. The amounts available under the respective lines of credit are determined at the end of each week and at each month end following a specified borrowing base formula. The Company is able to access additional credit as needed to finance operations, subject to the overall limits of the borrowing facilities and lender approval of the borrowing base calculation. Based on the month end borrowing bases in effect, the availability under the Trading Credit Facility, after taking into account current borrowings, totaled $60.0 million and $115.0 million as determined on March 31, 2024 and June 30, 2023, respectively. As of March 31, 2024 and June 30, 2023, the remaining unamortized balance of loan costs was approximately $3.7 million and $2.4 million, respectively.

The Trading Credit Facility contains various covenants, all of which the Company was in compliance with as of March 31, 2024.

Interest expense related to the Company's Trading Credit Facility totaled $6.3 million and $5.1 million which represents 63.9% and 54.8% of the total interest expense recognized for the three months ended March 31, 2024 and 2023, respectively. The Trading Credit Facility carried a daily weighted-average effective interest rate of 8.56% and 7.46% for the three months ended March 31, 2024 and 2023, respectively.

Interest expense related to the Company's Trading Credit Facility totaled $18.0 million and $11.1 million which represents 60.1% and 49.0% of the total interest expense recognized for the nine months ended March 31, 2024 and 2023, respectively. The Trading Credit Facility carried a daily weighted-average effective interest rate of 8.48% and 6.79% for the nine months ended March 31, 2024 and 2023, respectively.

Notes Payable - AMCF Notes

In September 2018, AM Capital Funding, LLC ("AMCF"), a wholly-owned subsidiary of CFC, completed an issuance of Secured Senior Term Notes (collectively, the "AMCF Notes"): Series 2018-1, Class A (the "Class A Notes") in the aggregate principal amount of $72.0 million and Secured Subordinated Term Notes, Series 2018-1, Class B (the "Class B Notes") in the aggregate principal amount of $28.0 million. The Class A Notes bore interest at a rate of 4.98% and the Class B Notes bore interest at a rate of 5.98%. The AMCF Notes were repaid in full in December 2023.

For the three months ended March 31, 2024 and 2023, interest expense related to the AMCF Notes (including loan amortization costs) totaled $0.0 million and $1.4 million, which represents 0.0% and 14.7% of the total interest expense recognized by the Company, respectively. For the three months ended March 31, 2024 and 2023, the AMCF Notes' weighted-average effective interest rate was 5.88% and 5.88%, respectively.

For the nine months ended March 31, 2024 and 2023, interest expense related to the AMCF Notes (including loan amortization costs) totaled $2.5 million and $4.3 million, which represents 8.3% and 19.0% of the total interest expense recognized by the Company, respectively. For the nine months ended March 31, 2024 and 2023, the AMCF Notes' weighted-average effective interest rate was 5.88% and 5.88%, respectively.

Notes Payable — Related Party

See Note 14.

Liabilities on Borrowed Metals

The Company recorded liabilities on borrowed metals with market values totaling $26.2 million as of March 31, 2024, with corresponding metals totaling $0.0 million and $26.2 million included in precious metals held under financing arrangements and inventories, respectively, on the condensed consolidated March 31, 2024 balance sheet. The Company recorded liabilities on borrowed metals with market values totaling $21.6 million as of June 30, 2023 with corresponding metals totaling $0.0 million and $21.6 million included in precious metals held under financing arrangements and inventories, respectively, on the condensed consolidated June 30, 2023 balance sheet.

For the three months ended March 31, 2024 and 2023, the interest expense related to liabilities on borrowed metals totaled $0.5 million and $0.5 million, which represents 4.9% and 4.9% of the total interest expense recognized by the Company, respectively. For the nine months ended March 31, 2024 and 2023, the interest expense related to liabilities on borrowed metals totaled $1.4 million and $1.3 million, which represents 4.7% and 5.9% of the total interest expense recognized by the Company, respectively.

Advanced Pool Metals

The Company borrows precious metals from its suppliers and customers under short-term agreements using other precious metals from its inventory as collateral. The Company has the ability to sell the metals advanced. These arrangements can be settled by repayment in similar metals or in cash. Once the obligation is settled, the metals held as collateral are released back to the Company.

Liabilities on Borrowed Metals — Other

Liabilities may also arise from: (i) unallocated metal positions held by customers in the Company's inventory, (ii) amounts due to suppliers for the use of their consigned inventory, and (iii) shortages in unallocated metal positions held by the Company in the supplier's inventory. Unallocated or pool metal represents an unsegregated inventory position that is due on demand, in a specified physical form, based on the total ounces of metal held in the position. Amounts due under these arrangements require delivery either in the form of precious metals or in cash.

Product Financing Arrangements

The Company has agreements with third-party financial institutions which allow the Company to transfer its gold and silver inventory at an agreed-upon price, which is based on the spot price. Such agreements allow the Company to repurchase this inventory upon demand at an agreed-upon price based on the spot price on the repurchase date. The third-party charges a monthly fee as a percentage of the market value of the outstanding obligation; such monthly charges are classified in interest expense. These transactions do not qualify as sales, and therefore have been accounted for as financing arrangements and are reflected in the condensed consolidated balance sheet as product financing arrangements. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing obligation and the underlying inventory (which is entirely restricted) are carried at fair value, with changes in fair value recorded as a component of cost of sales in the condensed consolidated statements of income. Such obligations totaled $510.2 million and $335.8 million as of March 31, 2024 and June 30, 2023, respectively.

For the three months ended March 31, 2024 and 2023, the interest expense related to product financing arrangements totaled $2.9 million and $2.0 million, which represents 29.2% and 22.2% of the total interest expense recognized by the Company, respectively. For the nine months ended March 31, 2024 and 2023, the interest expense related to product financing arrangements totaled $7.4 million and $4.9 million, which represents 24.6% and 21.7% of the total interest expense recognized by the Company, respectively.

16. COMMITMENTS AND CONTINGENCIES

Refer to Note 16 of the Notes to Consolidated Financial Statements in the 2023 Annual Report for information relating to employment contracts and other commitments. Other than the contingent consideration liability we recorded upon the acquisition of LPM as detailed in Note 1, the Company is not aware of any material changes to commitments as summarized in the 2023 Annual Report.

Legal Matters

The Company is from time-to-time party to various lawsuits, claims and other proceedings, that arise in the ordinary course of its business.

Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on current information, including our assessment of the merits of particular claims, we do not expect that these legal proceedings or claims will have any material adverse impact on our future consolidated financial position, results of operations, or cash flows.

In accordance with U.S. GAAP, we review the need to accrue for any loss contingency and establish a liability when, in the opinion of management, it is probable that a matter would result in a liability and the amount of loss, if any, can be reasonably estimated. We do not believe that the resolution of any currently pending lawsuits, claims and proceedings, either individually or in the aggregate, will have a material adverse effect on financial position, results of operations or liquidity. However, the outcomes of any currently pending lawsuits, claims and proceedings cannot be predicted, and therefore, there can be no assurance that this will be the case.

Additionally, we record receivables for insurance recoveries relating to litigation-related losses and expenses if and when such amounts are covered by insurance and recovery of such losses or expenses are due.

17. STOCKHOLDERS' EQUITY

Shelf Registration Statement

On September 25, 2020, the Company filed a universal shelf registration statement on Form S-3, which was declared effective by the Securities and Exchange Commission (the "SEC") on March 4, 2021, on which the Company registered for sale up to $150.0 million of any combination of its debt securities, shares of common stock, shares of preferred stock, rights, warrants, units and/or purchase contracts from time to time and at prices and on terms that the Company may determine. After a public offering of common stock in March 2021, approximately $69.5 million of securities remained available for issuance, but this shelf registration statement expired in March 2024. Therefore, no further securities may be offered or sold under this registration statement.

Dividends

On July 5, 2023, the Company's board of directors declared a regular dividend of $0.20 per share of common stock to stockholders of record at the close of business on July 17, 2023. The dividend was paid on July 28, 2023 and totaled $4.7 million.

On August 17, 2023, the Company's board of directors declared a non-recurring special dividend of $1.00 per share of common stock to stockholders of record at the close of business on September 12, 2023. The dividend was paid on September 26, 2023 and totaled $23.4 million.

On August 17, 2023, the Company's board of directors also declared a regular cash dividend of $0.20 per share of common stock to stockholders of record at the close of business on October 10, 2023. The dividend was paid on October 24, 2023 and totaled $4.6 million.

On January 4, 2024, the Company's board of directors declared a regular dividend of $0.20 per share of common stock to stockholders of record at the close of business on January 16, 2024. The dividend was paid on January 29, 2024 and totaled $4.6 million.

Share Repurchase Program

In April 2018, the Company's board of directors approved a share repurchase program which authorized the Company to purchase up to 1.0 million shares (as adjusted for the two-for-one split of A-Mark's common stock in the form of a stock dividend in fiscal 2022) of its common stock. Prior to fiscal 2023, no shares were repurchased under our share repurchase program. In fiscal 2023, we repurchased a total of 335,735 shares under the program for $9.8 million. In the fourth quarter of fiscal 2023, the board revised the repurchase program to authorize the purchase of up to 1.0 million shares of our common stock, in addition to the shares previously repurchased, and extended the expiration date from June 30, 2023 to June 30, 2028. In November 2023, the Company's board of directors further amended the share repurchase program to authorize an additional 1.2 million shares to be repurchased under the program, resulting in a total of 2.0 million shares authorized for repurchase, after taking into account the shares previously purchased at that date. As of March 31, 2024, 848,509 shares remain authorized for repurchase under the program.

During the nine months ended March 31, 2024, we repurchased 815,756 shares under the program for $22.4 million. From inception of the program through March 31, 2024, we repurchased a total of 1,151,491 shares for $32.2 million.

Under the share repurchase program, we may repurchase shares of our common stock from time to time at prevailing market prices, depending on market conditions, through open market or privately negotiated transactions. Subject to applicable corporate securities laws, repurchases may be made at such times and prices and in amounts as management deems appropriate. We are not obligated to repurchase any shares under the program, and repurchases under the program may be discontinued if management determines that additional repurchases are not warranted.

2014 Stock Award and Incentive Plan

The Company's amended and restated 2014 Stock Award and Incentive Plan (the "2014 Plan") was approved most recently on October 27, 2022 by the Company's stockholders. As of March 31, 2024, 1,701,243 shares were available for issuance of new awards under the 2014 Plan.

Under the 2014 Plan, the Company may grant options and other equity awards as a means of attracting and retaining officers, employees, non-employee directors and consultants, to provide incentives to such persons, and to align the interests of such persons with the interests of stockholders by providing compensation based on the value of the Company's stock. Awards under the 2014 Plan may be granted in the form of incentive or non-qualified stock options, stock appreciation rights ("SARs"), restricted stock, RSUs, dividend equivalent rights, other stock-based awards (which may include outright grants of shares) and cash incentive awards. The 2014 Plan also authorizes grants of awards with performance-based conditions and market-based conditions. The 2014 Plan is administered by the Compensation Committee of the board of directors, which, in its discretion, may select officers and other employees, directors (including non-employee directors) and consultants to the Company and its subsidiaries to receive grants of awards. The board of directors itself may perform any of the functions of the Compensation Committee under the 2014 Plan.

Under the 2014 Plan, the exercise price of options and base price of SARs, as set by the Compensation Committee, generally may not be less than the fair market value of the shares on the date of grant, and the maximum term of stock options and SARs is ten years. The 2014 Plan limits the number of share-denominated awards that may be granted to any one eligible person in any fiscal year to 500,000 shares plus the participant's unused annual limit at the close of the previous year. Also, in the case of non-employee directors, the 2014 Plan limits the maximum grant-date fair value at $300,000 of stock-denominated awards granted to a director in a given fiscal year, except for a non-employee Chairman of the Board whose grant-date fair value maximum is $600,000 per fiscal year. The 2014 Plan will terminate when no shares remain available for issuance and no awards remain outstanding; however, the authority to grant new awards will terminate on October 27, 2032.

Stock Options

The Company measures the compensation cost of stock options using the Black-Scholes option pricing model, which uses various inputs such as the market price per share of common stock and estimates that include the risk-free interest rate, volatility, expected life and dividend yield.

The Company incurred compensation expense related to stock options of $0.2 million and $0.3 million during the three months ended March 31, 2024 and 2023, and $0.6 million and $0.9 million during the nine months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, there was total remaining compensation expense of $0.2 million related to employee stock options, which will be recorded over a weighted-average vesting period of approximately 0.5 years.

The following table summarizes stock option activity:

	Options	Weighted-Average Exercise Price Per Share	Aggregate Intrinsic Value (in thousands)	Weighted-Average Grant Date Fair Value Per Award
Fiscal 2023				
Outstanding at June 30, 2022	1,779,460	$ 7.84 [1]	$ 43,433	$ 3.51
Granted	10,000	$ 39.69	$ — [2]	$ 16.56
Exercises	(275,040)	$ 6.67	$ 6,511	$ 3.63
Outstanding at March 31, 2023	1,514,420	$ 7.09	$ 41,786	$ 3.57
Exercisable at March 31, 2023	981,931	$ 5.70	$ 28,429	$ 2.75
Fiscal 2024				
Outstanding at June 30, 2023	1,446,260	$ 7.11	$ 43,882	$ 3.58
Exercises	(223,396)	$ 6.26	$ 5,909	$ 3.66
Outstanding at March 31, 2024	1,222,864	$ 7.26	$ 28,736	$ 3.57
Exercisable at March 31, 2024	1,056,196	$ 5.38	$ 26,728	$ 2.74

(1) On September 9, 2022 a required adjustment to the outstanding options was triggered as a result of the non-recurring special divided that lowered the exercise strike price by $1.00.

(2) The Company issued the options with an exercise price per share not less than the closing market price of common stock on the grant date.

The following table summarizes information about stock options as of March 31, 2024:

Exercise Price Ranges		Options Outstanding			Options Exercisable		
From	To	Number of Underlying Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Underlying Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price
$ —	$ 5.00	584,862	5.41	$ 1.99	584,862	5.41	$ 1.99
$ 5.01	$ 7.50	16,000	2.55	$ 6.31	16,000	2.55	$ 6.31
$ 7.51	$ 12.50	400,000	1.89	$ 8.83	400,000	1.89	$ 8.83
$ 12.51	$ 30.00	212,002	6.66	$ 17.40	55,334	5.77	$ 16.08
$ 30.01	$ 50.00	10,000	8.85	$ 39.69	—	—	$ —
		1,222,864	4.46	$ 7.26	1,056,196	4.05	$ 5.38

The following table summarizes nonvested stock option activity:

	Options	Weighted-Average Grant Date Fair Value Per Award
Nonvested outstanding at June 30, 2023	270,669	$ 8.14
Vested	(104,001)	$ 7.09
Nonvested outstanding at March 31, 2024	166,668	$ 8.80

Restricted Stock Units

RSUs granted by the Company are not transferable and automatically convert to shares of common stock on a one-for-one basis as the awards vest or at a specified date after vesting. RSUs granted to a non-US citizen are referred to as "deferred stock units" or "DSUs". The Company measures the compensation cost of RSUs based on the closing price of the underlying shares at the grant date.

The Company incurred compensation expense related to RSUs of $0.3 million and $0.2 million during the three months ended March 31, 2024 and 2023, and $1.0 million and $0.7 million during the nine months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, there is $1.3 million remaining compensation expense related to RSUs, which will be recorded over a weighted-average vesting period of approximately 1.7 years.

The following table summarizes RSU activity:

	Awards Outstanding	Weighted-Average Fair Value per Unit at Grant Date
Fiscal 2023		
Nonvested outstanding at June 30, 2022	56,093	$ 32.58
Granted	16,435	$ 29.21
Vested & delivered	(3,296)	$ 36.38
Vested & deferred (1)	(10,147)	$ 35.46
Nonvested outstanding at March 31, 2023	59,085	$ 30.93
Vested but subject to deferred settlement at March 31, 2023 (1)	29,341	$ 24.53
Outstanding at March 31, 2023	88,426	$ 28.81
Fiscal 2024		
Nonvested outstanding at June 30, 2023 (2)	63,587	$ 32.37
Granted	26,651	$ 25.28
Vested & delivered	(10,481)	$ 30.53
Vested & deferred (1)	(12,540)	$ 28.71
Nonvested outstanding at March 31, 2024 (2)	67,217	$ 30.53
Vested but subject to deferred settlement at March 31, 2024 (1)	41,910	$ 25.76
Outstanding at March 31, 2024 (2)	109,127	$ 28.70

(1) Certain RSU holders elected to defer settlement of the RSUs to a specified date. The DSU holder is contractually obligated to defer settlement of the DSUs to a specified date following the holder's termination of service.

(2) Includes 9,397 RSUs that vest based on continuous employment and achievement of non-market performance goals through June 30, 2024, 2025, and 2026.

Cash Incentive Bonus Award

Effective in the first quarter of fiscal 2024, a cash incentive bonus is payable at the end of the fiscal 2024-2027 employment term of our chief executive officer ("CEO") (subject to acceleration in the event of certain terminations of employment or a change in control) equal to two percent of the total stockholder return on the outstanding shares at June 30, 2023, including dividends paid during the employment term, minus the total salary and annual cash bonuses that were paid to our CEO for services during the employment term. This award is analogous to a cash-settled stock appreciation right with a base price that is at a premium over the market price of our shares at the grant date, such premium being measured by the direct cash compensation paid to the CEO during the four-year term. The award is generally equivalent to stock appreciation rights on 466,728 shares with a base price of $36.32, including dividend equivalents but subject to adjustment for the specified compensation offsets.

The fair value of this liability award is estimated with a Black-Scholes valuation model that uses certain assumptions, such as expected volatility, risk-free interest rate, life of the award, dividend rate and strike price. The Company also estimates the most probable aggregate total of the performance bonus to be paid over the performance period in determining the strike price of the award. The grant date fair value of this liability award was $5.7 million. The fair value of this liability award was $3.1 million as of March 31, 2024 resulting from the following assumptions: a performance bonus estimate of $4.0 million to be paid over the four-year term, a risk-free rate of 4.4%, and an equity volatility of 50.0%.

Compensation expense is recognized on a straight-line basis over the performance period, with the amount recognized fluctuating due to remeasurement of fair value at the end of each reporting period because the award is classified as a liability. During the three and nine months ended March 31, 2024, the Company recognized $0.2 million and $0.6 million of compensation expense related to this cash incentive bonus award, respectively.

Certain Anti-Takeover Provisions

The Company's certificate of incorporation and by-laws contain certain anti-takeover provisions that could have the effect of making it more difficult for a third-party to acquire, or of discouraging a third-party from attempting to acquire, control of the Company without negotiating with its board of directors. Such provisions could limit the price that investors might be willing to pay in the future for the Company's securities. Certain of such provisions allow the Company to issue preferred stock with rights senior to those of the common stock or impose various procedural and other requirements which could make it more difficult for stockholders to effect certain corporate actions.

18. CUSTOMER AND SUPPLIER CONCENTRATIONS

Customer Concentrations

The following customers provided 10 percent or more of the Company's revenues (in thousands):

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2024		2023		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Total revenue	$ 2,610,651	100.0 %	$ 2,317,150	100.0 %	$ 7,174,084	100.0 %	$ 6,167,206	100.0 %
Customer concentrations								
Morgan Stanley[(1)]	$ 485,924	18.6 %	$ 205,370	8.9 %	$ 861,693	12.0 %	$ 545,052	8.8 %
HSBC Bank [(1)]	$ 572,054	21.9 %	$ 328,465	14.2 %	$ 1,628,466	22.7 %	$ 751,828	12.2 %

(1) Sales with this trading partner include sales on forward contracts that are entered into for hedging purposes rather than sales characterized with the physical delivery of precious metal product. This sales activity has been reported within the Wholesale Sales and Ancillary Services segment.

The following customer provided 10 percent or more of the Company's accounts receivable balances (in thousands):

	March 31, 2024		June 30, 2023	
	Amount	Percent	Amount	Percent
Total accounts receivable	$ 53,229	100.0 %	$ 35,243	100.0 %
Customer concentrations				
Morgan Stanley	$ 6,960	13.1 %	$ —	— %

The following customer accounted for 10 percent or more of the Company's secured loans receivable (in thousands):

	March 31, 2024		June 30, 2023	
	Amount	Percent	Amount	Percent
Total secured loans	$ 115,645	100.0 %	$ 100,620	100.0 %
Customer concentrations				
Customer A	$ 13,500	11.7 %	$ 13,500	13.4 %

Supplier Concentrations

The Company buys precious metals from a variety of sources, including through brokers and dealers, from sovereign and private mints, from refiners and directly from customers. The Company believes that no one supplier or small group of suppliers is critical to its business, since other sources of supply are available that provide similar products on comparable terms.

19. SEGMENTS AND GEOGRAPHIC INFORMATION

The Company evaluates segment reporting in accordance with *Segment Reporting* Topic 280 of the ASC ("ASC 280"), each reporting period, including evaluating the organizational structure and the reporting package that is reviewed by the chief operating decision makers. The Company's operations are organized under three business segments (i) Wholesale Sales & Ancillary Services, (ii) Direct-to-Consumer, and (iii) Secured Lending. The Wholesale Sales & Ancillary Services segment includes the consolidating eliminations of inter-segment transactions and unallocated segment adjustments. See Note 1 for a description of the types of products and services from which each reportable segment derives its revenues.

Revenue

in thousands	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Revenue by segment [1]				
Wholesale Sales & Ancillary Services	$ 2,517,536	$ 2,204,422	$ 6,866,354	$ 5,819,421
Eliminations of inter-segment sales	(242,559)	(409,282)	(724,121)	(1,052,440)
Wholesale Sales & Ancillary Services, net of eliminations [2]	2,274,977	1,795,140	6,142,233	4,766,981
Direct-to-Consumer	335,674 [a]	522,010 [b]	1,031,851 [c]	1,400,225 [d]
	$ 2,610,651	$ 2,317,150	$ 7,174,084	$ 6,167,206

(1) The Secured Lending segment earns interest income from its lending activity and earns no revenue from the sales of precious metals. Therefore, no amounts are shown for the Secured Lending segment in the above table.
(2) The eliminations of inter-segment sales are reflected in the Wholesale Sales & Ancillary Services segment.
(a) Includes $2.9 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(b) Includes $2.1 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(c) Includes $6.2 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(d) Includes $2.7 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.

in thousands	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Revenue by geographic region				
United States	$ 1,130,113	$ 1,365,078	$ 3,468,807	$ 3,686,828
Europe	1,340,189	719,519	3,276,250	1,836,949
North America, excluding United States	127,189	218,810	390,985	613,454
Asia Pacific	12,329	13,065	34,831	22,846
Africa	12	—	12	—
Australia	819	678	3,199	7,129
	$ 2,610,651	$ 2,317,150	$ 7,174,084	$ 6,167,206

Gross Profit and Gross Margin Percentage

in thousands	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Gross profit by segment [1]				
Wholesale Sales & Ancillary Services	$ 16,323	$ 25,943	$ 64,650	$ 93,236
Eliminations and adjustments	511	6,343	4,415	972
Wholesale Sales & Ancillary Services, net of eliminations and adjustments	16,834	32,286	69,065	94,208
Direct-to-Consumer, net of eliminations	18,004	43,212	61,219	121,851
	$ 34,838	$ 75,498	$ 130,284	$ 216,059
Gross margin percentage by segment				
Wholesale Sales & Ancillary Services	0.648 %	1.177 %	0.942 %	1.602 %
Wholesale Sales & Ancillary Services, net of eliminations and adjustments	0.740 %	1.799 %	1.124 %	1.976 %
Direct-to-Consumer	5.364 %	8.278 %	5.933 %	8.702 %
Consolidated gross margin percentage	1.334 %	3.258 %	1.816 %	3.503 %

(1) The Secured Lending segment earns interest income from its lending activity and earns no gross profit from the sales of precious metals. Therefore, no amounts are shown for the Secured Lending segment in the above table.

Operating Income and (Expenses)

in thousands	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Operating income (expenses) by segment				
Wholesale Sales & Ancillary Services	$ (15,954)	$ (14,990)	$ (40,603)	$ (26,889)
Eliminations	(22)	(64)	(90)	(178)
Wholesale Sales & Ancillary Services, net of eliminations	$ (15,976)	$ (15,054)	$ (40,693)	$ (27,067)
Wholesale Sales & Ancillary Services, net of eliminations				
Selling, general, and administrative expenses	$ (12,202)	$ (12,428)	$ (33,366)	$ (29,377)
Depreciation and amortization expense	(474)	(247)	(1,084)	(703)
Interest income	3,676	3,601	10,657	9,081
Interest expense	(7,266)	(5,979)	(20,989)	(13,696)
Earnings (losses) from equity method investments	(223)	(72)	3,269	7,272
Other income, net	440	36	736	106
Unrealized gains on foreign exchange	73	35	84	250
	$ (15,976)	$ (15,054)	$ (40,693)	$ (27,067)
Direct-to-Consumer				
Selling, general, and administrative expenses	$ (10,259)	$ (10,900)	$ (32,569)	$ (31,625)
Depreciation and amortization expense	(2,392)	(3,005)	(7,209)	(8,817)
Interest expense	(580)	(1,287)	(2,475)	(3,020)
Other income (expense), net	5	—	5	(12)
	$ (13,226)	$ (15,192)	$ (42,248)	$ (43,474)
Secured Lending				
Selling, general, and administrative expenses	$ (393)	$ (513)	$ (1,160)	$ (1,436)
Depreciation and amortization expense	(83)	(88)	(259)	(264)
Interest income	3,006	2,486	8,438	7,086
Interest expense	(2,061)	(1,971)	(6,434)	(5,887)
Earnings from equity method investments	17	2	11	4
Other income, net	318	605	864	1,907
	$ 804	$ 521	$ 1,460	$ 1,410

Net Income Before Provision for Income Taxes

in thousands	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Net income before provision for income taxes by segment				
Wholesale Sales & Ancillary Services	$ 858	$ 17,232	$ 28,372	$ 67,141
Direct-to-Consumer	4,778	28,020	18,971	78,377
Secured Lending	804	521	1,460	1,410
	$ 6,440	$ 45,773	$ 48,803	$ 146,928

Advertising Expense

in thousands	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Advertising expense by segment				
Wholesale Sales & Ancillary Services	$ (585)	$ (384)	$ (1,870)	$ (975)
Direct-to-Consumer	(2,889)	(3,424)	(9,261)	(10,455)
Secured Lending	(59)	(56)	(170)	(184)
	$ (3,533)	$ (3,864)	$ (11,301)	$ (11,614)

Capital Expenditures for Property, Plant, and Equipment

in thousands	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Capital expenditures for property, plant, and equipment by segment				
Wholesale Sales & Ancillary Services	$ (676)	$ (313)	$ (3,821)	$ (1,827)
Direct-to-Consumer	(18)	(252)	(697)	(1,400)
	$ (694)	$ (565)	$ (4,518)	$ (3,227)

Precious Metals Held Under Financing Arrangements

in thousands

	March 31, 2024	June 30, 2023
Precious metals held under financing arrangements by segment		
Wholesale Sales & Ancillary Services	$ 12,772	$ 10,580
Secured Lending	—	14,950
	$ 12,772	$ 25,530

Inventories

in thousands

	March 31, 2024	June 30, 2023
Inventories by segment		
Wholesale Sales & Ancillary Services	$ 965,595	$ 815,576
Direct-to-Consumer	124,040	109,226
Secured Lending	—	56,841
	$ 1,089,635	$ 981,643

in thousands

	March 31, 2024	June 30, 2023
Inventories by geographic region		
United States	$ 1,010,237	$ 938,177
North America, excluding United States	18,470	20,787
Europe	22,621	18,454
Asia	38,307	4,139
Australia	—	86
	$ 1,089,635	$ 981,643

Total Assets

in thousands

	March 31, 2024	June 30, 2023
Total assets by segment		
Wholesale Sales & Ancillary Services	$ 1,254,692	$ 1,110,615
Eliminations	(208,839)	(214,009)
Wholesale Sales & Ancillary Services, net of eliminations	1,045,853	896,606
Direct-to-Consumer	505,200	471,796
Secured Lending	118,434	177,169
	$ 1,669,487	$ 1,545,571

in thousands

	March 31, 2024	June 30, 2023
Total assets by geographic region		
United States	$ 1,540,939	$ 1,500,555
North America, excluding United States	18,470	20,787
Europe	28,509	20,004
Asia	81,569	4,139
Australia	—	86
	$ 1,669,487	$ 1,545,571

Long-term Assets

in thousands

	March 31, 2024	June 30, 2023
Long-term assets by segment		
Wholesale Sales & Ancillary Services	$ 156,810	$ 116,189
Direct-to-Consumer	161,461	159,918
Secured Lending	2,025	2,273
	$ 320,296	$ 278,380

in thousands

	March 31, 2024	June 30, 2023
Long-term assets by geographic region		
United States	$ 287,905	$ 278,378
Europe	2	2
Asia	32,389	—
	$ 320,296	$ 278,380

Goodwill

in thousands

		March 31, 2024		June 30, 2023
Goodwill by segment				
Wholesale Sales & Ancillary Services	$	28,894	$	8,881
Direct-to-Consumer[1]		92,062		92,062
	$	120,956	$	100,943

(1) Direct-to-Consumer segment's goodwill balance is net of $1.4 million accumulated impairment losses.

Intangible assets

in thousands

		March 31, 2024		June 30, 2023
Intangible assets by segment				
Wholesale Sales & Ancillary Services	$	12,853	$	2,687
Direct-to-Consumer[1]		62,064		59,943
	$	74,917	$	62,630

(1) Direct-to-Consumer segment's intangible asset balance is net of $1.3 million accumulated impairment losses.

20. SUBSEQUENT EVENTS

On April 29, 2024, the Company paid a regular cash dividend of $0.20 per share to stockholders of record as of April 16, 2024.

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

CAUTIONARY STATEMENT PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Quarterly Report on Form 10-Q ("Form 10-Q") contains statements that are considered forward-looking statements. Forward-looking statements give the Company's current expectations and forecasts of future events. All statements other than statements of current or historical fact contained in this Quarterly Report, including statements regarding the Company's future financial position, business strategy, budgets, projected costs and plans, and objectives of management for future operations, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "plan," and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. These statements are based on the Company's current plans, estimates and beliefs, and the Company's actual future activities and results of operations may be materially different from those set forth in the forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. Any or all of the forward-looking statements in this Quarterly Report may turn out to be inaccurate. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, and financial needs. The forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events occurring after the date hereof. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained in this Form 10-Q.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and notes contained elsewhere in this Form 10-Q, and in the consolidated financial statements and notes contained in the Form 10-K for the fiscal year ended June 30, 2023. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this Quarterly Report, particularly in "Risk Factors."

INTRODUCTION

Management's discussion and analysis of financial condition and results of operations is provided as a supplement to the accompanying condensed consolidated financial statements and related notes to aid in the understanding of our results of operations and financial condition. Our discussion is organized as follows:

- *Executive overview*. This section provides a general description of our business, as well as significant transactions and events that we believe are important in understanding the results of operations.
- *Results of operations*. This section provides an analysis of our results of operations presented in the accompanying condensed consolidated statements of income by comparing the results for the respective periods presented. Included in our analysis is a discussion of seven performance metrics:
  - (i) ounces of gold and silver sold,
  - (ii) Wholesale Sales ticket volume,
  - (iii) Direct-to-Consumer ticket volume:
    - (a) Direct-to-Consumer ticket volume from new customers,
    - (b) Direct-to-Consumer ticket volume from pre-existing customers,
    - (c) Direct-to-Consumer total ticket volume,
  - (iv) Direct-to-Consumer and JMB average order value,
  - (v) number of Direct-to-Consumer customers:
    - (a) Direct-to-Consumer number of new customers,
    - (b) Direct-to-Consumer number of active customers,
    - (c) Direct-to-Consumer total customers,
  - (vi) inventory turnover ratio, and
  - (vii) number of secured loans at period-end.
- *Segment results of operations*. This section provides an analysis of our results of operations presented for our three segments:
  - *Wholesale Sales & Ancillary Services,*
  - *Direct-to-Consumer*, and
  - *Secured Lending*

  for the comparable periods.
- *Non-GAAP Measures*. This section provides an analysis of our non-GAAP measures with a reconciliation to the most directly comparable U.S. Generally Accepted Accounting Principles ("U.S. GAAP") measure reported on the condensed consolidated financial statements. The Company uses the following two non-GAAP measures:
  - "adjusted net income before provision for income taxes", and
  - "earnings before interest, taxes, depreciation, and amortization", or "EBITDA".
- *Liquidity and financial condition*. This section provides an analysis of our cash flows, as well as a discussion of our outstanding debt as of March 31, 2024, sources of liquidity and the amount of financial capacity available to fund our future commitments and other financing arrangements.

- *Critical accounting policies and estimates*. This section discusses critical accounting policies that are considered both important to our financial condition and results of operations and require management to make significant judgment and estimates. All of our significant accounting policies, including the critical accounting policies, are also summarized in Note 2 to the Company's condensed consolidated financial statements.
- *Recent accounting pronouncements*. This section discusses new accounting pronouncements, dates of implementation, and their expected impact on our accompanying condensed consolidated financial statements.

EXECUTIVE OVERVIEW

Our Business

The Company conducts its operations in three reportable segments: (i) Wholesale Sales & Ancillary Services, (ii) Direct-to-Consumer, and (iii) Secured Lending.

Wholesale Sales & Ancillary Services Segment

The Company operates its Wholesale Sales & Ancillary Services segment directly and through its wholly-owned subsidiaries, A-Mark Trading AG ("AMTAG"), Transcontinental Depository Services, LLC ("TDS" or "Storage"), A-M Global Logistics, LLC ("AMGL" or "Logistics"), AM&ST Associates, LLC ("AMST" or the "Silver Towne Mint"), and AM/LPM Ventures, LLC, which we formed in February 2024 to acquire LPM Group Limited ("LPM").

The Wholesale Sales & Ancillary Services segment operates as a full-service precious metals company. We offer gold, silver, platinum, and palladium in the form of bars, plates, powder, wafers, grain, ingots, and coins. Our Industrial unit services manufacturers and fabricators of products utilizing or incorporating precious metals. Our Coin and Bar unit deals in over 1,800 coin and bar products in a variety of weights, shapes, and sizes for distribution to dealers and other qualified purchasers. We have a marketing support office in Vienna, Austria, a numismatics showroom in Hong Kong, and a trading center in El Segundo, California. The trading center, for buying and selling precious metals, is available to receive orders 24 hours every day, even when many major world commodity markets are closed. In addition to Wholesale Sales activity, A-Mark offers its customers a variety of ancillary services, including financing, storage, consignment, logistics, and various customized financial programs. As a U.S. Mint-authorized purchaser of gold, silver, platinum, and palladium coins, A-Mark purchases product directly from the U.S. Mint, and it also purchases product from other sovereign mints, for sale to its customers.

Through its wholly-owned subsidiary AMTAG, the Company promotes its products and services to the international market. Through our wholly-owned subsidiary TDS, we offer a variety of managed storage options for precious metals products to financial institutions, dealers, investors, and collectors around the world.

The Company's wholly-owned subsidiary AMGL is based in Las Vegas, Nevada, and provides our customers an array of complementary services, including receiving, handling, inventorying, processing, packing, and shipping of precious metals and custom coins on a secure basis.

Through its wholly-owned subsidiary AMST, the Company designs and produces minted silver products. Our Silver Towne Mint operations allow us to provide greater product selection to our customers and greater pricing stability within the supply chain, as well as to gain increased access to fabricated silver products during volatile market environments, which have historically created higher demand for precious metals products.

In February 2024, the Company acquired LPM, one of Asia's largest precious metals dealers. Headquartered in Hong Kong, LPM extends A-Mark's global reach by offering its full-service precious metals products and services in Asia and internationally.

Direct-to-Consumer

The Company operates its Direct-to-Consumer segment through its wholly-owned subsidiaries JM Bullion, Inc. ("JMB") and Goldline, Inc. ("Goldline"). JMB currently has six wholly-owned subsidiaries: Buy Gold and Silver Corp. ("BGASC"), BX Corporation ("BullionMax"), Gold Price Group, Inc. ("GPG"), Silver.com, Inc. ("Silver.com"), Provident Metals Corp. ("PMC"), and CyberMetals Corp. ("CyberMetals"). Goldline, Inc. owns 100% of AMIP, LLC ("AMIP"), and has a 50% ownership interest in Precious Metals Purchasing Partners, LLC ("PMPP"). As the context requires, references to JMB may include BGASC, BullionMax, GPG, Silver.com, PMC, and CyberMetals, and references to Goldline may include AMIP and PMPP.

JMB is a leading e-commerce retailer providing access to a broad array of gold, silver, copper, platinum, and palladium products through its websites. JMB currently operates nine separately branded, company-owned websites targeting specific niches within the precious metals retail market, including JMBullion.com, ProvidentMetals.com, Silver.com, BGASC.com, CyberMetals.com, BullionMax.com, Gold.com, GoldPrice.org, and SilverPrice.org.

In April 2022, JMB commercially launched the CyberMetals online platform, where customers can purchase and sell fractional shares of digital gold, silver, platinum, and palladium bars in a range of denominations. CyberMetals' customers have the option to convert their digital holdings to fabricated precious metals products via an integrated redemption flow with JMB. These products may be designated for storage by the Company or shipped directly to the customer.

The Company acquired Goldline in August 2017 through an asset purchase transaction with Goldline, LLC, which had been in operation since 1960. Goldline is a direct retailer of precious metals to the investor community, and markets its precious metal products on television, radio, and the internet, as well as through customer service outreach. AMIP manages Goldline's intellectual property.

PMPP was formed in fiscal 2019 pursuant to terms of a joint venture agreement, for the purpose of purchasing precious metals from the partners' retail customers, and then reselling the acquired products back to affiliates of the partners. PMPP commenced operations in fiscal 2020.

Secured Lending

The Company operates its Secured Lending segment through its wholly-owned subsidiary, Collateral Finance Corporation, LLC, including its wholly-owned subsidiary, CFC Alternative Investments ("CAI") (collectively "CFC").

CFC is a California licensed finance lender that originates and acquires commercial loans secured primarily by bullion and numismatic coins. CFC's customers include coin and precious metal dealers, investors, and collectors. As of March 31, 2024, CFC had approximately $115.6 million in secured loans outstanding, of which approximately 16.1% were acquired from third parties (some of which may be customers of A-Mark) and approximately 83.9% were originated by CFC.

CAI is a holding company that has an equity method interest in Collectible Card Partners, LLC ("CCP"). CCP provides capital to fund commercial loans secured by graded sports cards and sports memorabilia. CCP commenced operations in fiscal 2022.

AM Capital Funding, LLC ("AMCF"), a wholly-owned subsidiary of CFC, was formed for the purpose of securitizing eligible secured loans of CFC. AMCF issued and administered Secured Senior Term Notes: Series 2018-1, Class A, with an aggregate principal amount of $72.0 million and Secured Subordinated Term Notes, Series 2018-1, Class B in the aggregate principal amount of $28.0 million (collectively referred to as the "AMCF Notes"). The AMCF Notes were repaid in full in December 2023. AMCF is currently inactive. See Note 15 to the Company's condensed consolidated financial statements for additional information.

Our Strategy

The Company was formed in 1965 and has grown into a significant participant in the bullion and coin markets, with $9.3 billion in revenues for fiscal year 2023. We have remained active in seeking investment opportunities to strategically enhance our business, and also continue to focus on growth in the volume of our business, our geographic presence, the scope of complementary products, services, and technological tools that we offer to our customers. In doing so, we seek to leverage off the strengths of our existing integrated operations, which span trading, distribution, logistics, minting, storage, hedging, financing, and consignment products and services, including:

- our expertise in e-commerce and marketing;
- the depth of our customer relationships and our ability to acquire and retain new customers;
- our long-standing relationships with the United States Mint and other sovereign and private mints;
- our access to market makers and suppliers;
- our global trading systems;
- our network of precious metals dealers;
- our depository relationships around the world;
- our design and production of minted silver products;
- our ability to obtain more favorable pricing and financing terms due to our size;
- our ability to manage exposure to commodity price risk through our experienced traders;
- our distribution, storage and logistics capabilities;
- our knowledge of secured lending; and

- the quality and experience of our management team.

Our Customers

Our customers include financial institutions, bullion retailers, industrial manufacturers and fabricators, sovereign mints, refiners, coin and metal dealers, investors, collectors, and e-commerce and other retail customers. The Company makes a two-way market in its wholesale operations, which results in many customers also operating as our suppliers in that segment. This diverse base of wholesale customers purchases a variety of products from the Company in a multitude of grades, primarily in the form of coins and bars. Our Direct-to-Consumer segment sells to (and, through JMB and PMPP, buys from) retail customers, with JMB focusing on e-commerce operations and Goldline marketing through various traditional and e-commerce channels to the investor community. The Direct-to-Consumer segment offers these customers a variety of gold, silver, copper, platinum, and palladium products.

Factors Affecting Revenues, Gross Profit, Interest Income, and Interest Expense

Set forth below are the key factors affecting the Company's revenues, gross profit, interest income, and interest expense. These factors can result from both the Company's ongoing business activities as well as from Company acquisitions.

Revenues. The Company enters into transactions to sell and deliver gold, silver, platinum, and palladium to industrial and commercial users, coin and bullion dealers, mints, and financial institutions. The metals are investment or industrial grade and are sold in a variety of shapes and sizes.

The Company also sells and delivers gold, silver, platinum, palladium, and copper products directly to customers and the investor community through its Direct-to Consumer segment. Customers may place orders online at one of the Company's websites or over the phone.

The Company sells precious metals on forward contracts at a fixed price based on current prevailing precious metal spot prices with a certain delivery date in the future (up to six months from inception date of the forward contract). The Company also uses other derivative products (primarily futures contracts) or combinations thereof to hedge commodity risks. We enter into these forward and futures contracts as part of our hedging strategy to mitigate our price risk of holding inventory; they are not entered into for speculative purposes.

Forward sales contracts by their nature are required to be included in revenues, unlike futures contracts which do not impact the Company's revenue. The decision to use a forward contract versus another derivative type of product (e.g., a futures contract) for hedging purposes is based on the economics of the transaction. Since the volume of hedging can be significant, the movement in and out of forwards can substantially impact revenues, either positively or negatively, from period to period. For this reason, the Company believes ounces sold (excluding ounces sold on forward sales contracts) is a meaningful metric to assess our top line performance.

In addition, the Company earns revenue by providing storage solutions for precious metals and numismatic coins for financial institutions, dealers, investors, and collectors worldwide and by providing storage and order-fulfillment services to our retail customers. The Company also earns revenue from advertisements placed on our Direct-to-Consumer websites. These revenue streams represent less than 1% of the Company's consolidated revenues.

The Company operates in a high volume/low margin industry. Revenues are impacted by three primary factors: product volume, market prices, and market volatility. A material change in any one or more of these factors may result in a significant change in the Company's revenues. A significant increase or decrease in revenues can occur simply based on changes in the underlying commodity prices and may not be reflective of an increase or decrease in the volume of products sold.

Gross Profit. Gross profit is the difference between our revenues and the cost of our products sold. Since we quote prices based on the current commodity market prices for precious metals, we enter into a combination of forward and futures contracts to effect a hedge position equal to the underlying precious metal commodity value, which substantially represents inventory subject to price risk. We enter into these derivative transactions solely for the purpose of hedging our inventory, and not for speculative purposes. Our gross profit includes the gains and losses resulting from these derivative instruments. However, the gains and losses on the derivative instruments are substantially offset by the gains and losses on the corresponding changes in the market value of our precious metals inventory. As a result, our results of operations generally are not materially impacted by changes in commodity prices.

Volatility also affects our gross profit. Although conditions may fluctuate from period to period, greater volatility typically causes the premium spreads to widen resulting in an increase in the gross profit. Product supply constraints during extended periods of higher volatility have historically resulted in a heightening of wider premium spreads and increases in gross profit.

Interest Income. The Company enters into secured loans and secured financing structures with its customers under which it charges interest. CFC originates loans and acquires loan portfolios that are secured by precious metal bullion and numismatic material owned by the borrowers and held by the Company for the term of the loan. Additionally, AMCF acquired certain loans from CFC that were secured by precious metal bullion to meet the collateral requirements of the AMCF Notes. Also, the Company offers a number of secured financing options to its customers to finance their precious metals purchases including consignments and other structured inventory finance products whereby the Company earns a fee based on the underlying value of the precious metal ("repurchase arrangements with customers").

Interest Expense. The Company incurs interest expense associated with its lines of credit, notes payable, product financing agreements for the transfer and subsequent re-acquisition of gold, silver, and platinum at a fixed price with a third-party finance company ("product financing arrangements"), and short-term precious metal borrowing arrangements with our suppliers ("liabilities on borrowed metals").

Performance Metrics

In addition to financial statement indicators, management also utilizes key operational metrics to assess the performance of our business.

Gold and Silver Ounces Sold and Delivered to Customers. A key performance metric we utilize is the number of ounces of gold and silver sold and delivered to our customers (excluding ounces recorded on forward contracts). These metrics reflect our business volume without regard to changes in commodity pricing, which also impacts revenue, but can mask actual business trends.

The primary purpose of entering into forward sales transactions is to hedge commodity price risk. Although the revenues realized from these forward sales transactions are often significant, they generally have negligible impact on gross margins. As a result, the Company excludes the ounces recorded on forward contracts from its performance metrics as the Company does not enter into forward sales transactions for speculative purposes.

Wholesale Sales Ticket Volume. Another measure of our business that is unaffected by changes in commodity pricing is ticket volume (or number of orders processed). Ticket volume for the Wholesale Sales & Ancillary Services segment measures the total number of wholesale orders processed during the period. In periods of higher volatility, there is generally increased trading in the commodity markets, causing increased demand for our products, resulting in higher business volume. During periods of heightened demand, order size per ticket may increase.

Direct-to-Consumer Customers. We are focused on attracting new customers and retaining existing customers to drive revenue growth. We use the following three metrics as revenue growth indicators when assessing our customer base:

- *New Direct-to-Consumer Customers* means the number of customers that have registered or set up a new account or made a purchase for the first time during the period.
- *Active Direct-to-Consumer Customers* means the number of customers that have made a purchase during any month during the period.
- *Total Direct-to-Consumer Customers* means the aggregate number of customers that have registered or set up an account or have made a purchase in the past.

Direct-to-Consumer Ticket Volume. Ticket volume for the Direct-to-Consumer segment measures the number of product orders processed during the period. In periods of higher volatility, there is generally increased consumer demand for our products, resulting in higher business volume. We use the following three metrics indicators when assessing our ticket volume:

- *Ticket Volume from New Direct-to-Consumer Customers* means the number of product orders from new customers (refer to the definition of new customers above) processed by JMB, Goldline, and PMPP during the period.
- *Ticket Volume from Pre-existing Direct-to-Consumer Customers* means the number of product orders from pre-existing customers, processed by JMB, Goldline, and PMPP during the period.
- *Total Ticket Volume from Direct-to-Consumer Customers* means the aggregate number of product orders processed by JMB, Goldline, and PMPP during the period.

Average Order Value. Average order value for the Direct-to-Consumer segment and JMB measures the average dollar value of product orders (excluding accumulation program orders) delivered to the customer during the period.

Inventory Turnover. Inventory turnover is another performance measure on which we are focused and is calculated as the cost of sales divided by the average inventory during the relevant period. Inventory turnover is a measure of how quickly inventory has moved during the period. A higher inventory turnover ratio, which we typically experience during periods of higher volatility when trading is more robust, typically reflects a more efficient use of our capital.

The period of time that inventory is held by the Company varies depending upon the nature of our inventory commitments with customers and suppliers. See Note 6 to the Company's condensed consolidated financial statements for a description of our classifications of inventory by type. When management analyzes inventory turnover on a period over period basis, consideration is given to each inventory type and its corresponding impact on the inventory turnover calculation. For example:

- The Company enters into various structured borrowing arrangements that commit the Company's inventory (such as product financing arrangements or liabilities on borrowed metals) for an unspecified period of time. While the Company is able to obtain access to this inventory on demand, this type of inventory tends not to turn over as quickly as other types of inventory.
- The Company enters into repurchase arrangements with customers under which it holds precious metals which are subject to repurchase for an unspecified period of time. While the Company has legal title to this inventory, the Company is required to hold this inventory (or like-kind inventory) for the customer until the arrangement is terminated or the material is repurchased by the customer. As a result, this type of inventory tends not to turn over as quickly as other types of inventory.

Additionally, our inventory turnover ratio can be affected by hedging activity, as the period over period change of the inventory turnover ratio may be significantly impacted by a period over period change in hedging volume. For example, if trading activity were to remain constant over two periods, but there were significantly higher forward sales in the current period compared to a prior period, the calculated inventory turnover ratio would increase notwithstanding the constancy of the trading volume.

Number of Secured Loans. Finally, as a measure of the size of our Secured Lending segment, we utilize the number of outstanding secured loans to customers that are primarily collateralized by precious metals at the end of each quarter.

The Company calculates a loan-to-value ("LTV") ratio for each loan as the principal amount of the loan divided by the liquidation value of the collateral, which is based on daily spot market prices of precious metal bullion. When the market price of the pledged collateral decreases and thereby increases the LTV ratio of a loan above a prescribed maximum ratio, usually 85%, the Company has the option to make a margin call on the loan. As a result, a decline of precious metal market prices may cause a decrease in the number of loans outstanding in a period.

Non-GAAP Measures

In addition to key operational metrics that are used to assess the performance of our business, management also uses non-GAAP financial performance and liquidity measures. We believe "adjusted net income before provision for income taxes" and "EBITDA" can provide useful information to evaluate our financial performance and liquidity position. Non-GAAP measures do not have standardized definitions and should not be a substitute for measures that are prepared in accordance with U.S. GAAP. For a reconciliation of these non-GAAP measures to the most directly comparable U.S. GAAP measure reported in our condensed consolidated statements of income and condensed consolidated statements of cash flows and a discussion of certain limitations inherent in such measures, refer to the "Non-GAAP Measures" section below.

Fiscal Year

Our fiscal year end is June 30 each year.

Macroeconomic Volatility

Continued macroeconomic uncertainty and the volatility in the financial markets in recent years have positively affected the Company's trading revenues and gross profit as the volatility of the price of precious metals and numismatics typically results in an increase in the spread between bid and ask prices on these products. Although conditions may fluctuate from period to period, when volatility is high, we historically experience increased demand for products in each of our coin and bar, industrial, and retail businesses. While macroeconomic uncertainty continues to impact our business, its effects have been less pronounced in the current fiscal year. The Company cannot predict the periods during which such increased volatility will occur or the level of such increased volatility, the effect of such volatility and macroeconomic uncertainty on the Company, or whether other effects on the Company and its businesses will materialize in the short or long term.

Recent Development

On May 6, 2024, the Company amended A-Mark's Code of Ethics and Business Conduct applicable to directors, officers and other employees, making the following changes:

- Stating that, when conflicts of interest arise, decisions on behalf of the Company must be made by disinterested persons having full information as to the circumstances;
- Strengthening prohibitions on (i) misleading or coercing the Company’s independent public auditors to render financial statements inaccurate, (ii) money laundering and (iii) human rights labor violations by the Company or suppliers;
- Authorizing the Company, when a prohibited gift has been directed to an individual, to donate it to charity;
- Clarifying that a person running for office or engaging in public advocacy may disclose their affiliation with the Company as a credential but not state that the Company is endorsing a candidacy or policy position;
- Stating the Company's intention to hire individuals from diverse cultures and backgrounds with wide ranging experience and academic achievement; and
- Clarifying and making more specific the wording of various provisions consistent with the substance of those provisions.

RESULTS OF OPERATIONS

Overview of Results of Operations

Consolidated Results of Operations for the Three Months Ended March 31, 2024 and 2023

The operating results of our business were as follows (in thousands, except per share and performance metrics data):

Three Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 2,610,651	100.000 %	$ 2,317,150	100.000 %	$ 293,501	12.7 %
Gross profit	34,838	1.334 %	75,498	3.258 %	$ (40,660)	(53.9 %)
Selling, general, and administrative expenses	(22,854)	(0.875 %)	(23,841)	(1.029 %)	$ (987)	(4.1 %)
Depreciation and amortization expense	(2,949)	(0.113 %)	(3,340)	(0.144 %)	$ (391)	(11.7 %)
Interest income	6,682	0.256 %	6,087	0.263 %	$ 595	9.8 %
Interest expense	(9,907)	(0.379 %)	(9,237)	(0.399 %)	$ 670	7.3 %
Losses from equity method investments	(206)	(0.008 %)	(70)	(0.003 %)	$ 136	194.3 %
Other income, net	763	0.029 %	641	0.028 %	$ 122	19.0 %
Unrealized gains on foreign exchange	73	0.003 %	35	0.002 %	$ 38	108.6 %
Net income before provision for income taxes	6,440	0.247 %	45,773	1.975 %	$ (39,333)	(85.9 %)
Income tax expense	(1,286)	(0.049 %)	(9,775)	(0.422 %)	$ (8,489)	(86.8 %)
Net income	5,154	0.197 %	35,998	1.554 %	$ (30,844)	(85.7 %)
Net income attributable to noncontrolling interest	141	0.005 %	78	0.003 %	$ 63	80.8 %
Net income attributable to the Company	$ 5,013	0.192 %	$ 35,920	1.550 %	$ (30,907)	(86.0 %)
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:						
Per Share Data:						
Basic	$ 0.22		$ 1.53		$ (1.31)	(85.6 %)
Diluted	$ 0.21		$ 1.46		$ (1.25)	(85.6 %)
Performance Metrics:[1]						
Gold ounces sold[2]	446,000		659,000		(213,000)	(32.3 %)
Silver ounces sold[3]	25,722,000		36,906,000		(11,184,000)	(30.3 %)
Inventory turnover ratio[4]	2.3		2.4		(0.1)	(4.2 %)
Number of secured loans at period end[5]	675		963		(288)	(29.9 %)

(1) See "Results of Segments" for a description of additional metrics not listed above.
(2) Gold ounces sold represents the ounces of gold product sold and delivered to the customer during the period, excluding ounces of gold recorded on forward contracts.
(3) Silver ounces sold represents the ounces of silver product sold and delivered to the customer during the period, excluding ounces of silver recorded on forward contracts.
(4) Inventory turnover ratio is the cost of sales divided by average inventory for the period presented above. This calculation excludes precious metals held under financing arrangements, which are not classified as inventory on the condensed consolidated balance sheets.
(5) Number of outstanding secured loans to customers that are primarily collateralized by precious metals at the end of the period.

Consolidated Results of Operations for the Nine Months Ended March 31, 2024 and 2023

The operating results of our business were as follows (in thousands, except per share and performance metrics data):

Nine Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 7,174,084	100.000 %	$ 6,167,206	100.000 %	$ 1,006,878	16.3 %
Gross profit	130,284	1.816 %	216,059	3.503 %	$ (85,775)	(39.7 %)
Selling, general, and administrative expenses	(67,095)	(0.935 %)	(62,438)	(1.012 %)	$ 4,657	7.5 %
Depreciation and amortization expense	(8,552)	(0.119 %)	(9,784)	(0.159 %)	$ (1,232)	(12.6 %)
Interest income	19,095	0.266 %	16,167	0.262 %	$ 2,928	18.1 %
Interest expense	(29,898)	(0.417 %)	(22,603)	(0.367 %)	$ 7,295	32.3 %
Earnings from equity method investments	3,280	0.046 %	7,276	0.118 %	$ (3,996)	(54.9 %)
Other income, net	1,605	0.022 %	2,001	0.032 %	$ (396)	(19.8 %)
Unrealized gains on foreign exchange	84	0.001 %	250	0.004 %	$ (166)	(66.4 %)
Net income before provision for income taxes	48,803	0.680 %	146,928	2.382 %	$ (98,125)	(66.8 %)
Income tax expense	(10,705)	(0.149 %)	(32,096)	(0.520 %)	$ (21,391)	(66.6 %)
Net income	38,098	0.531 %	114,832	1.862 %	$ (76,734)	(66.8 %)
Net income attributable to noncontrolling interest	492	0.007 %	306	0.005 %	$ 186	60.8 %
Net income attributable to the Company	$ 37,606	0.524 %	$ 114,526	1.857 %	$ (76,920)	(67.2 %)
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:						
Per Share Data:						
Basic	$ 1.63		$ 4.89		$ (3.26)	(66.7 %)
Diluted	$ 1.56		$ 4.64		$ (3.08)	(66.4 %)
Performance Metrics:[1]						
Gold ounces sold[2]	1,391,000		1,853,000		(462,000)	(24.9 %)
Silver ounces sold[3]	82,675,000		110,960,000		(28,285,000)	(25.5 %)
Inventory turnover ratio[4]	6.8		7.0		(0.2)	(2.9 %)
Number of secured loans at period end[5]	675		963		(288)	(29.9 %)

(1) See "Results of Segments" for a description of additional metrics not listed above.
(2) Gold ounces sold represents the ounces of gold product sold and delivered to the customer during the period, excluding ounces of gold recorded on forward contracts.
(3) Silver ounces sold represents the ounces of silver product sold and delivered to the customer during the period, excluding ounces of silver recorded on forward contracts.
(4) Inventory turnover ratio is the cost of sales divided by average inventory for the period presented above. This calculation excludes precious metals held under financing arrangements, which are not classified as inventory on the condensed consolidated balance sheets.
(5) Number of outstanding secured loans to customers that are primarily collateralized by precious metals at the end of the period.

Revenues

in thousands, except performance metrics Three Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 2,610,651	100.000 %	$ 2,317,150	100.000 %	$ 293,501	12.7 %
Performance Metrics						
Gold ounces sold	446,000		659,000		(213,000)	(32.3 %)
Silver ounces sold	25,722,000		36,906,000		(11,184,000)	(30.3 %)

Revenues for the three months ended March 31, 2024 increased $293.5 million, or 12.7%, to $2.611 billion from $2.317 billion in 2023. Excluding an increase of $622.1 million of forward sales, our revenues decreased $328.6 million, or 19.6%, which was due to a decrease in gold and silver ounces sold, partially offset by higher average selling prices of gold and silver.

Gold ounces sold for the three months ended March 31, 2024 decreased 213,000 ounces, or 32.3%, to 446,000 ounces from 659,000 ounces in 2023. Silver ounces sold for the three months ended March 31, 2024 decreased 11,184,000 ounces, or 30.3%, to 25,722,000 ounces from 36,906,000 ounces in 2023. On average, the selling prices for gold increased by 8.3% and selling prices for silver increased by 3.8% during the three months ended March 31, 2024 as compared to the prior year.

JMB's revenue represented 11.9% and 20.4% of the Company's consolidated revenue for the three months ended March 31, 2024 and 2023, respectively.

in thousands, except performance metrics Nine Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 7,174,084	100.000 %	$ 6,167,206	100.000 %	$ 1,006,878	16.3 %
Performance Metrics						
Gold ounces sold	1,391,000		1,853,000		(462,000)	(24.9 %)
Silver ounces sold	82,675,000		110,960,000		(28,285,000)	(25.5 %)

Revenues for the nine months ended March 31, 2024 increased $1.007 billion, or 16.3%, to $7.174 billion from $6.167 billion in 2023. Excluding an increase of $1.514 billion of forward sales, our revenues decreased $506.9 million, or 11.0%, which was due to a decrease in gold and silver ounces sold, partially offset by higher average selling prices of gold and silver.

Gold ounces sold for the nine months ended March 31, 2024 decreased 462,000 ounces, or 24.9%, to 1,391,000 ounces from 1,853,000 ounces in 2023. Silver ounces sold for the nine months ended March 31, 2024 decreased 28,285,000 ounces, or 25.5%, to 82,675,000 ounces from 110,960,000 ounces in 2023. On average, the selling prices for gold increased by 10.4% and selling prices for silver increased by 10.3% during the nine months ended March 31, 2024 as compared to the prior year.

JMB's revenue represented 13.2% and 20.7% of the Company's consolidated revenue for the nine months ended March 31, 2024 and 2023, respectively.

Gross Profit

in thousands, except performance metric Three Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Gross profit	$ 34,838	1.334 %	$ 75,498	3.258 %	$ (40,660)	(53.9 %)
Performance Metric						
Inventory turnover ratio	2.3		2.4		(0.1)	(4.2 %)

Gross profit for the three months ended March 31, 2024 decreased $40.7 million, or 53.9%, to $34.8 million from $75.5 million in 2023. The overall gross profit decrease was due to lower gross profits earned from both the Wholesale Sales & Ancillary Services and Direct-to-Consumer segments.

The Company’s overall gross margin percentage for the three months ended March 31, 2024 decreased by 192.4 basis points to 1.334% from 3.258% in 2023. Excluding an increase of $622.1 million of forward sales that had a negligible impact to the amount of gross profit, our gross margin percentage for the three months ended March 31, 2024 decreased by 191.7 basis points to 2.580% from 4.497%, which was primarily due to lower premium spreads, partially offset by higher trading profits. JMB’s retail market activity represented 45.0% and 47.1%, respectively, of the Company’s consolidated gross profit for the three months ended March 31, 2024 and 2023.

Our inventory turnover rate for the three months ended March 31, 2024 decreased by 4.2% to 2.3 from 2.4 in 2023. The decrease in our inventory turnover ratio was primarily due to higher average inventory balances held under product financing arrangements, partially offset by higher forward sales.

in thousands, except performance metric						
Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 130,284	1.816 %	$ 216,059	3.503 %	$ (85,775)	(39.7 %)
Performance Metric						
Inventory turnover ratio	6.8		7.0		(0.2)	(2.9 %)

Gross profit for the nine months ended March 31, 2024 decreased $85.8 million, or 39.7%, to $130.3 million from $216.1 million in 2023. The overall gross profit decrease was due to lower gross profits earned from both the Wholesale Sales & Ancillary Services and Direct-to-Consumer segments.

The Company's overall gross margin percentage for the nine months ended March 31, 2024 decreased by 168.7 basis points to 1.816% from 3.503% in 2023. Excluding an increase of $1.514 billion of forward sales that had a negligible impact to the amount of gross profit, our gross margin percentage for the nine months ended March 31, 2024 decreased by 151.1 basis points to 3.172% from 4.683%, which was primarily due to lower premium spreads, partially offset by higher trading profits. JMB's retail market activity represented 40.1% and 48.5%, respectively, of the Company's consolidated gross profit for the nine months ended March 31, 2024 and 2023.

Our inventory turnover ratio for the nine months ended March 31, 2024 decreased by 2.9% to 6.8 from 7.0 in 2023. The decrease in our inventory turnover ratio was primarily due to higher average inventory balances held under product financing arrangements, partially offset by higher forward sales.

Selling, General, and Administrative Expense

in thousands						
Three Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general, and administrative expenses	$ (22,854)	(0.875 %)	$ (23,841)	(1.029 %)	$ (987)	(4.1 %)

Selling, general, and administrative expenses for the three months ended March 31, 2024 decreased $1.0 million, or 4.1%, to $22.9 million from $23.8 million in 2023. The change was primarily due to: (i) a decrease in compensation expense (including performance-based accruals) of $2.2 million, (ii) a decrease in insurance costs of $0.9 million and (iii) lower advertising costs of $0.4 million, partially offset by (iv) higher consulting and professional fees of $2.2 million and (v) an increase in information technology costs of $0.2 million.

in thousands						
Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general, and administrative expenses	$ (67,095)	(0.935 %)	$ (62,438)	(1.012 %)	$ 4,657	7.5 %

Selling, general, and administrative expenses for the nine months ended March 31, 2024 increased $4.7 million, or 7.5%, to $67.1 million from $62.4 million in 2023. The change was primarily due to: (i) an increase in consulting and professional fees of $4.8 million, (ii) an increase in information technology costs of $0.8 million, and (iii) an increase in compensation expense (including performance-based accruals) of $0.4 million, partially offset by (iv) a decrease in insurance costs of $1.4 million.

Depreciation and Amortization Expense

in thousands						
Three Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Depreciation and amortization expense	$ (2,949)	(0.113 %)	$ (3,340)	(0.144 %)	$ (391)	(11.7 %)

Depreciation and amortization expense for the three months ended March 31, 2024 decreased $0.4 million, or 11.7%, to $2.9 million from $3.3 million in 2023 primarily due to a $0.6 million decrease in JMB's intangible asset amortization expense.

in thousands						
Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Depreciation and amortization expense	$ (8,552)	(0.119 %)	$ (9,784)	(0.159 %)	$ (1,232)	(12.6 %)

Depreciation and amortization expense for the nine months ended March 31, 2024 decreased $1.2 million, or 12.6%, to $8.6 million from $9.8 million in 2023 primarily due to a $1.7 million decrease in JMB's intangible asset amortization expense.

Interest Income

in thousands, except performance metric

Three Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest income	$ 6,682	0.256 %	$ 6,087	0.263 %	$ 595	9.8 %
Performance Metric						
Number of secured loans at period-end	675		963		(288)	(29.9 %)

Interest income for the three months ended March 31, 2024 increased $0.6 million, or 9.8%, to $6.7 million from $6.1 million in 2023. The aggregate increase in interest income was primarily due to a increase in other finance product income of $0.1 million and a increase in interest income earned by our Secured Lending segment of $0.5 million.

The interest income from our Secured Lending segment increased by $0.5 million, or 20.9%, compared with the prior year period. The increase in interest income earned from the segment's secured loan portfolio was primarily due to an increase in interest rates and higher average monthly loan balances, partially offset by fewer loans outstanding. The number of secured loans outstanding decreased by 29.9% to 675 as of March 31, 2024, from 963 as of March 31, 2023.

in thousands, except performance metric

Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest income	$ 19,095	0.266 %	$ 16,167	0.262 %	$ 2,928	18.1 %
Performance Metric						
Number of secured loans at period-end	675		963		(288)	(29.9 %)

Interest income for the nine months ended March 31, 2024 increased $2.9 million, or 18.1%, to $19.1 million from $16.2 million in 2023. The aggregate increase in interest income was primarily due to an increase in other finance product income of $1.6 million and an increase in interest income earned by our Secured Lending segment of $1.4 million.

The interest income from our Secured Lending segment increased by $1.4 million, or 19.1%, compared with the prior year period. The increase in interest income earned from the segment's secured loan portfolio was primarily due to an increase in interest rates and higher average monthly loan balances, partially offset by fewer loans outstanding. The number of secured loans outstanding decreased by 29.9% to 675 as of March 31, 2024, from 963 as of March 31, 2023.

Interest Expense

in thousands

Three Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (9,907)	(0.379 %)	$ (9,237)	(0.399 %)	$ 670	7.3 %

Interest expense for the three months ended March 31, 2024 increased $0.7 million, or 7.3%, to $9.9 million from $9.2 million in 2023. The increase in interest expense was primarily due to (i) an increase of $1.3 million associated with our Trading Credit Facility due to an increase in interest rates as well as increased borrowings and (ii) an increase of $0.9 million related to product financing arrangements, partially offset by (iii) a decrease of $1.4 million related to the AMCF Notes (including amortization of debt issuance costs) due to the repayment in December 2023.

in thousands

Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (29,898)	(0.417 %)	$ (22,603)	(0.367 %)	$ 7,295	32.3 %

Interest expense for the nine months ended March 31, 2024 increased $7.3 million, or 32.3%, to $29.9 million from $22.6 million in 2023. The increase in interest expense was primarily driven by each of the following components: (i) an increase of $6.9 million associated with our Trading Credit Facility due to an increase in interest rates as well as increased borrowings and (ii) an increase of $2.5 million related to product financing arrangements, partially offset by (iii) a decrease of $1.8 million related to the AMCF Notes (including amortization of debt issuance costs) due to the repayment in December 2023 and (iv) a $0.3 million decrease in loan servicing fees.

Earnings (Losses) from Equity Method Investments

in thousands

Three Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Losses from equity method investments	$ (206)	(0.008 %)	$ (70)	(0.003 %)	$ 136	194.3 %

Losses from equity method investments for the three months ended March 31, 2024 increased $0.1 million, or 194.3%, to $0.2 million from $0.1 million in 2023 due to decreased earnings of our equity method investees.

in thousands **Nine Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Earnings from equity method investments	$ 3,280	0.046 %	$ 7,276	0.118 %	$ (3,996)	(54.9 %)

Earnings from equity method investments for the nine months ended March 31, 2024 decreased $4.0 million, or 54.9%, to $3.3 million from $7.3 million in 2023 due to decreased earnings of our equity method investees.

Other Income, Net

in thousands **Three Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Other income, net	$ 763	0.029 %	$ 641	0.028 %	$ 122	19.0 %

Other income, net for the three months ended March 31, 2024 increased $0.1 million, or 19.0%, to $0.8 million from $0.6 million in 2023. The change in other income, net was not significant.

in thousands **Nine Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Other income, net	$ 1,605	0.022 %	$ 2,001	0.032 %	$ (396)	(19.8 %)

Other income, net for the nine months ended March 31, 2024 decreased $0.4 million, or 19.8%, to $1.6 million from $2.0 million in 2023. The decrease in other income, net was primarily due to a decrease in royalties earned of $1.0 million, partially offset by a $0.6 million increase in gains on other investments.

Income Tax Expense

in thousands **Three Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Income tax expense	$ (1,286)	(0.049 %)	$ (9,775)	(0.422 %)	$ (8,489)	(86.8 %)

Our income tax expense was $1.3 million and $9.8 million for the three months ended March 31, 2024 and 2023, respectively. Our effective tax rate was approximately 20.0% and 21.4% for the three months ended March 31, 2024 and 2023, respectively. For the three months ended March 31, 2024 and 2023, our effective tax rate differed from the federal statutory rate primarily due to the foreign derived intangible income special deduction and the excess tax benefit from share-based compensation, partially offset by Section 162(m) executive compensation disallowance, state taxes (net of federal tax benefit), and other normal course non-deductible expenditures.

in thousands **Nine Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Income tax expense	$ (10,705)	(0.149 %)	$ (32,096)	(0.520 %)	$ (21,391)	(66.6 %)

Our income tax expense was $10.7 million and $32.1 million for the nine months ended March 31, 2024 and 2023, respectively. Our effective tax rate was approximately 21.9% and 21.8% for the nine months ended March 31, 2024 and 2023, respectively. For the nine months ended March 31, 2024 and 2023, our effective tax rate differed from the federal statutory rate primarily due to the foreign derived intangible income special deduction and the excess tax benefit from share-based compensation, partially offset by Section 162(m) executive compensation disallowance, state taxes (net of federal tax benefit), and other normal course non-deductible expenditures.

SEGMENT RESULTS OF OPERATIONS

The Company conducts its operations in three reportable segments: (i) Wholesale Sales & Ancillary Services, (ii) Direct-to-Consumer, and (iii) Secured Lending.

Results of Operations — Wholesale Sales & Ancillary Services Segment

The Company operates its Wholesale Sales & Ancillary Services segment directly and through its wholly-owned subsidiaries, A-Mark Trading AG ("AMTAG"), Transcontinental Depository Services ("TDS"), A-M Global Logistics, LLC ("Logistics"), AM&ST Associates, LLC ("AMST" or "Silver Towne" or the "Mint"), and AM/LPM Ventures, LLC which we formed in February 2024 to acquire LPM Group Limited ("LPM"). The Wholesale Sales & Ancillary Services segment includes the consolidating eliminations of inter-segment transactions and unallocated segment adjustments.

Overview of Results of Operations for the Three Months Ended March 31, 2024 and 2023

— Wholesale Sales & Ancillary Services Segment

The operating results of our Wholesale Sales & Ancillary Services segment were as follows (in thousands, except performance metrics data):

Three Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 2,274,977 [a]	100.000 %	$ 1,795,140 [b]	100.000 %	$ 479,837	26.7 %
Gross profit	16,834	0.740 % [c]	32,286	1.799 % [d]	$ (15,452)	(47.9 %)
Selling, general, and administrative expenses	(12,202)	(0.536 %)	(12,428)	(0.692 %)	$ (226)	(1.8 %)
Depreciation and amortization expense	(474)	(0.021 %)	(247)	(0.014 %)	$ 227	91.9 %
Interest income	3,676	0.162 %	3,601	0.201 %	$ 75	2.1 %
Interest expense	(7,266)	(0.319 %)	(5,979)	(0.333 %)	$ 1,287	21.5 %
Losses from equity method investments	(223)	(0.010 %)	(72)	(0.004 %)	$ 151	209.7 %
Other income, net	440	0.019 %	36	0.002 %	$ 404	1,122.2 %
Unrealized gains on foreign exchange	73	0.003 %	35	0.002 %	$ 38	108.6 %
Net income before provision for income taxes	$ 858	0.038 %	$ 17,232	0.960 %	$ (16,374)	(95.0 %)
Performance Metrics:						
Gold ounces sold[1]	339,000		484,000		(145,000)	(30.0 %)
Silver ounces sold[2]	22,545,000		30,843,000		(8,298,000)	(26.9 %)
Wholesale Sales ticket volume[3]	26,150		28,914		(2,764)	(9.6 %)

(a) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $242.6 million. This segment's gross sales before eliminations of inter-segment activity totaled $2.518 billion.

(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $409.3 million. This segment's gross sales before eliminations of inter-segment activity totaled $2.204 billion.

(c) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 0.648% for the period.

(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.177% for the period.

(1) Gold ounces sold represents the ounces of gold product sold and delivered to the customer during the period, excluding ounces of gold recorded on forward contracts.

(2) Silver ounces sold represents the ounces of silver product sold and delivered to the customer during the period, excluding ounces of silver recorded on forward contracts.

(3) Wholesales Sales ticket volume represents the total number of product orders processed.

Overview of Results of Operations for the Nine Months Ended March 31, 2024 and 2023

— Wholesale Sales & Ancillary Services Segment

The operating results of our Wholesale Sales & Ancillary Services segment were as follows (in thousands, except performance metrics data):

Nine Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 6,142,233 [a]	100.000 %	$ 4,766,981 [b]	100.000 %	$ 1,375,252	28.8 %
Gross profit	69,065	1.124 % [c]	94,208	1.976 % [d]	$ (25,143)	(26.7 %)
Selling, general, and administrative expenses	(33,366)	(0.543 %)	(29,377)	(0.616 %)	$ 3,989	13.6 %
Depreciation and amortization expense	(1,084)	(0.018 %)	(703)	(0.015 %)	$ 381	54.2 %
Interest income	10,657	0.174 %	9,081	0.190 %	$ 1,576	17.4 %
Interest expense	(20,989)	(0.342 %)	(13,696)	(0.287 %)	$ 7,293	53.2 %
Earnings from equity method investments	3,269	0.053 %	7,272	0.153 %	$ (4,003)	(55.0 %)
Other income, net	736	0.012 %	106	0.002 %	$ 630	594.3 %
Unrealized gains on foreign exchange	84	0.001 %	250	0.005 %	$ (166)	(66.4 %)
Net income before provision for income taxes	$ 28,372	0.462 %	$ 67,141	1.408 %	$ (38,769)	(57.7 %)
Performance Metrics:						
Gold ounces sold[1]	1,051,000		1,395,000		(344,000)	(24.7 %)
Silver ounces sold[2]	72,711,000		92,804,000		(20,093,000)	(21.7 %)
Wholesale Sales ticket volume[3]	73,456		76,133		(2,677)	(3.5 %)

(a) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $724.1 million. This segment's gross sales before eliminations of inter-segment activity totaled $6.866 billion.
(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $1.052 billion. This segment's gross sales before eliminations of inter-segment activity totaled $5.819 billion.
(c) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 0.942% for the period.
(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.602% for the period.
(1) Gold ounces sold represents the ounces of gold product sold and delivered to the customer during the period, excluding ounces of gold recorded on forward contracts.
(2) Silver ounces sold represents the ounces of silver product sold and delivered to the customer during the period, excluding ounces of silver recorded on forward contracts.
(3) Wholesales Sales ticket volume represents the total number of product orders processed.

Revenues — Wholesale Sales & Ancillary Services

in thousands, except performance metrics

Three Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 2,274,977 [a]	100.000 %	$ 1,795,140 [b]	100.000 %	$ 479,837	26.7 %
Performance Metrics						
Gold ounces sold	339,000		484,000		(145,000)	(30.0 %)
Silver ounces sold	22,545,000		30,843,000		(8,298,000)	(26.9 %)
Wholesale Sales ticket volume	26,150		28,914		(2,764)	(9.6 %)

(a) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $242.6 million. This segment's gross sales before eliminations of inter-segment activity totaled $2.518 billion.
(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $409.3 million. This segment's gross sales before eliminations of inter-segment activity totaled $2.204 billion.

Revenues for the three months ended March 31, 2024 increased $479.8 million, or 26.7%, to $2.275 billion from $1.795 billion in 2023. Excluding an increase in forward sales of $622.1 million, our revenues decreased $142.3 million, which was due to a decrease in gold and silver ounces sold, partially offset by higher average selling prices of gold and silver.

Gold ounces sold for the three months ended March 31, 2024 decreased 145,000 ounces, or 30.0%, to 339,000 ounces from 484,000 ounces in 2023. Silver ounces sold for the three months ended March 31, 2024 decreased 8,298,000 ounces, or 26.9%, to 22,545,000 ounces from 30,843,000 ounces in 2023. On average, the selling prices for gold and silver increased by 8.8% and 4.4%, respectively, during the three months ended March 31, 2024 as compared to the prior year.

The Wholesale Sales ticket volume for the three months ended March 31, 2024 decreased by 2,764 tickets, or 9.6% to 26,150 tickets from 28,914 tickets in 2023.

in thousands, except performance metrics

Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 6,142,233 [(a)]	100.000 %	$ 4,766,981 [(b)]	100.000 %	$ 1,375,252	28.8 %
Performance Metrics						
Gold ounces sold	1,051,000		1,395,000		(344,000)	(24.7 %)
Silver ounces sold	72,711,000		92,804,000		(20,093,000)	(21.7 %)
Wholesale Sales ticket volume	73,456		76,133		(2,677)	(3.5 %)

(a) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $724.1 million. This segment's gross sales before eliminations of inter-segment activity totaled $6.866 billion.
(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $1.052 billion. This segment's gross sales before eliminations of inter-segment activity totaled $5.819 billion.

Revenues for the nine months ended March 31, 2024 increased $1.375 billion, or 28.8%, to $6.142 billion from $4.767 billion in 2023. Excluding an increase in forward sales of $1.514 billion, our revenues decreased $138.5 million, which was due to a decrease in gold and silver ounces sold, partially offset by higher average selling prices of gold and silver.

Gold ounces sold for the nine months ended March 31, 2024 decreased 344,000 ounces, or 24.7%, to 1,051,000 ounces from 1,395,000 ounces in 2023. Silver ounces sold for the nine months ended March 31, 2024 decreased 20,093,000 ounces, or 21.7%, to 72,711,000 ounces from 92,804,000 ounces in 2023. On average, the selling prices for gold increased by 11.1% and selling prices for silver increased by 11.3% during the nine months ended March 31, 2024 as compared to the prior year.

The Wholesale Sales ticket volume for the nine months ended March 31, 2024 decreased by 2,677 tickets, or 3.5% to 73,456 tickets from 76,133 tickets in 2023.

Gross Profit — Wholesale Sales & Ancillary Services

in thousands

Three Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 16,834	0.740 % [(c)]	$ 32,286	1.799 % [(d)]	$ (15,452)	(47.9 %)

(c) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 0.648% for the period.
(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.177% for the period.

Gross profit for the three months ended March 31, 2024 decreased $15.5 million, or 47.9%, to $16.8 million from $32.3 million in 2023. The overall gross profit decrease was primarily due to lower premium spreads, partially offset by higher trading profit.

This segment's profit margin percentage decreased by 105.9 basis points to 0.740% from 1.799% in 2023. The decrease in gross margin percentage was mainly attributable to lower premium spreads and the impact of increased forward sales, partially offset by higher trading profits.

Excluding an increase of $622.1 million of forward sales that had a negligible impact to the amount of gross profit, this segment's gross margin percentage for the three months ended March 31, 2024 decreased by 113.1 basis points to 1.660% from 2.791%. Forward sales increase revenues but are associated with negligible gross profit. The Company enters into forward contracts to hedge its precious metals price risk exposure and not for speculative purposes.

in thousands

Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 69,065	1.124 % [(c)]	$ 94,208	1.976 % [(d)]	$ (25,143)	(26.7 %)

(c) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 0.942% for the period.
(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.602% for the period.

Gross profit for the nine months ended March 31, 2024 decreased $25.1 million, or 26.7%, to $69.1 million from $94.2 million in 2023. The gross profit decrease was primarily due to lower premium spreads, partially offset by higher trading profits.

This segment's profit margin percentage decreased by 85.2 basis points to 1.124% from 1.976% in 2023. The decrease in gross margin percentage was mainly attributable to the impact of increased forward sales and lower premium spreads, partially offset by higher trading profits.

Excluding an increase of $1.514 billion of forward sales that had a negligible impact to the amount of gross profit, this segment's gross margin percentage for the nine months ended March 31, 2024 decreased by 68.5 basis points to 2.246% from 2.931% in the prior year. Forward sales increase revenues but are associated with negligible gross profit. The Company enters into forward contracts to hedge its precious metals price risk exposure and not for speculative purposes.

Selling, General, and Administrative Expenses — Wholesale Sales & Ancillary Services

in thousands **Three Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general, and administrative expenses	$ (12,202)	(0.536%)	$ (12,428)	(0.692%)	$ (226)	(1.8%)

Selling, general, and administrative expenses for the three months ended March 31, 2024 decreased $0.2 million, or 1.8%, to $12.2 million from $12.4 million in 2023. The change was primarily due to: (i) a decrease in compensation expense (including performance-based accruals) of $2.0 million and (ii) a decrease in insurance costs of $0.9 million, partially offset by (iii) higher consulting and professional fees of $2.3 million and (iv) an increase in advertising costs of $0.2 million.

in thousands **Nine Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general, and administrative expenses	$ (33,366)	(0.543%)	$ (29,377)	(0.616%)	$ 3,989	13.6%

Selling, general, and administrative expenses for the nine months ended March 31, 2024 increased $4.0 million, or 13.6%, to $33.4 million from $29.4 million in 2023. The change was primarily due to: (i) an increase in consulting and professional fees of $4.8 million, (ii) an increase in advertising costs of $0.9 million, and (iii) an increase in information technology costs of $0.3 million, partially offset by (iv) a decrease in insurance costs of $1.5 million and (v) a decrease in compensation expense (including performance-based accruals) of $0.6 million.

Interest Income — Wholesale Sales & Ancillary Services

in thousands **Three Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest income	$ 3,676	0.162%	$ 3,601	0.201%	$ 75	2.1%

Interest income for the three months ended March 31, 2024 increased $0.1 million, or 2.1%, to $3.7 million from $3.6 million in 2023. The overall increase in interest income was not significant.

in thousands **Nine Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest income	$ 10,657	0.174%	$ 9,081	0.190%	$ 1,576	17.4%

Interest income for the nine months ended March 31, 2024 increased $1.6 million, or 17.4%, to $10.7 million from $9.1 million in 2023. The overall increase was primarily due to an increase in interest earned from repurchase arrangements with customers of $1.7 million.

Interest Expense — Wholesale Sales & Ancillary Services

in thousands **Three Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (7,266)	(0.319%)	$ (5,979)	(0.333%)	$ 1,287	21.5%

Interest expense for the three months ended March 31, 2024 increased $1.3 million, or 21.5%, to $7.3 million from $6.0 million in 2023. The overall increase was primarily due to (i) higher interest and fees from product financing arrangements of $0.8 million, (ii) higher inter-segment eliminations related to JMB's product financing activity with A-Mark of $0.7 million, and (iii) an increase of $0.3 million in connection with our Trading Credit Facility (due to an increase in interest rates as well as increased borrowings), partially offset by (iv) a decrease of $0.6 million related to our AMCF Notes (including amortization of debt issuance costs) due to the repayment in December 2023.

in thousands **Nine Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (20,989)	(0.342%)	$ (13,696)	(0.287%)	$ 7,293	53.2%

Interest expense for the nine months ended March 31, 2024 increased $7.3 million, or 53.2%, to $21.0 million from $13.7 million in 2023. The overall increase was primarily due to (i) an increase of $4.3 million in connection with our Trading Credit Facility (due to an increase in interest rates as well as increased borrowings), (ii) higher interest and fees from product financing arrangements of $2.5 million, and (iii) an increase in inter-segment eliminations related to JMB's product financing activity with A-Mark of $0.6 million.

Earnings (Losses) from Equity Method Investments — Wholesale Sales & Ancillary Services

in thousands

Three Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Losses from equity method investments	$ (223)	(0.010 %)	$ (72)	(0.004 %)	$ 151	209.7 %

Losses from equity method investments for the three months ended March 31, 2024 increased $0.2 million, or 209.7%, to $0.2 million from $0.1 million in 2023 due to decreased earnings of our equity method investees.

in thousands

Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Earnings from equity method investments	$ 3,269	0.053 %	$ 7,272	0.153 %	$ (4,003)	(55.0 %)

Earnings from equity method investments for the nine months ended March 31, 2024 decreased $4.0 million, or 55.0%, to $3.3 million from $7.3 million in 2023 due to decreased earnings of our equity method investees.

Other Income, Net — Wholesale Sales & Ancillary Services

in thousands

Three Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Other income, net	$ 440	0.019 %	$ 36	0.002 %	$ 404	1,122.2 %

Other income, net for the three months ended March 31, 2024 increased by $0.4 million primarily due to an increase in gains on other investments of $0.4 million.

in thousands

Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Other income, net	$ 736	0.012 %	$ 106	0.002 %	$ 630	594.3 %

Other income, net for the nine months ended March 31, 2024 increased by $0.6 million primarily due to an increase in gains on other investments of $0.6 million.

Results of Operations — Direct-to-Consumer Segment

The Company operates its Direct-to-Consumer segment through our wholly-owned subsidiaries: JM Bullion, Inc. (“JMB”), Goldline, Inc. (“Goldline”), and through our 50%-owned subsidiary Precious Metals Purchasing Partners, LLC ("PMPP").

Overview of Results of Operations for the Three Months Ended March 31, 2024 and 2023

— Direct-to-Consumer Segment

The operating results of our Direct-to-Consumer ("DTC") segment were as follows (in thousands, except performance metrics data):

Three Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 335,674 [a]	100.000 %	$ 522,010 [b]	100.000 %	$ (186,336)	(35.7 %)
Gross profit	18,004	5.364 % [c]	43,212	8.278 % [d]	$ (25,208)	(58.3 %)
Selling, general, and administrative expenses	(10,259)	(3.056 %)	(10,900)	(2.088 %)	$ (641)	(5.9 %)
Depreciation and amortization expense	(2,392)	(0.713 %)	(3,005)	(0.576 %)	$ (613)	(20.4 %)
Interest expense	(580)	(0.173 %)	(1,287)	(0.247 %)	$ (707)	(54.9 %)
Other income, net	5	0.001 %	—	— %	$ 5	— %
Net income before provision for income taxes	$ 4,778	1.423 %	$ 28,020	5.368 %	$ (23,242)	(82.9 %)
Performance Metrics:						
Gold ounces sold[1]	107,000		175,000		(68,000)	(38.9 %)
Silver ounces sold[2]	3,177,000		6,063,000		(2,886,000)	(47.6 %)
Number of new customers[3]	56,600		64,700		(8,100)	(12.5 %)
Number of active customers[4]	126,000		147,400		(21,400)	(14.5 %)
Number of total customers[5]	2,496,500		2,257,900		238,600	10.6 %
DTC ticket volume from new customers[6]	39,150		42,781		(3,631)	(8.5 %)
DTC ticket volume from pre-existing customers[7]	120,836		172,906		(52,070)	(30.1 %)
DTC total ticket volume[8]	159,986		215,687		(55,701)	(25.8 %)
DTC average order value[9]	$ 2,133		$ 2,452		$ (319)	(13.0 %)
JMB average order value[9]	$ 2,003		$ 2,252		$ (249)	(11.1 %)

(a) Includes $2.9 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(b) Includes $2.1 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(c) Gross profit percentage, excluding inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment, was 5.390% for the period.
(d) Gross profit percentage, excluding inter-segment company sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment, was 8.301% for the period.
(1) Gold ounces sold represents the ounces of gold product sold and delivered during the period.
(2) Silver ounces sold represents the ounces of silver product sold and delivered during the period.
(3) Number of new customers represents the number of customers that have registered or set up a new account or made a purchase for the first time during the period.
(4) Number of active customers represents the number of customers that have made a purchase during any month during the period.
(5) Number of total customers represents the aggregate number of customers that have registered or set up an account or have made a purchase in the past.
(6) Ticket volume from new customers represents the number of product orders from new customers processed by JMB, Goldline, and PMPP during the period.
(7) Ticket volume from pre-existing customers represents the total number of product orders from pre-existing customers processed by JMB, Goldline, and PMPP during the period.
(8) Total ticket volume represents the total number of product orders processed by JMB, Goldline, and PMPP during the period.
(9) Average Order Value ("AOV") represents the average dollar value of product orders (excluding accumulation program orders) delivered to the customer during the period.

Overview of Results of Operations for the Nine Months Ended March 31, 2024 and 2023

— Direct-to-Consumer Segment

The operating results of our Direct-to-Consumer ("DTC") segment were as follows (in thousands, except performance metrics data):

Nine Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 1,031,851 [a]	100.000 %	$ 1,400,225 [b]	100.000 %	$ (368,374)	(26.3 %)
Gross profit	61,219	5.933 % [c]	121,851	8.702 % [d]	$ (60,632)	(49.8 %)
Selling, general, and administrative expenses	(32,569)	(3.156 %)	(31,625)	(2.259 %)	$ 944	3.0 %
Depreciation and amortization expense	(7,209)	(0.699 %)	(8,817)	(0.630 %)	$ (1,608)	(18.2 %)
Interest expense	(2,475)	(0.240 %)	(3,020)	(0.216 %)	$ (545)	(18.0 %)
Other income (expense), net	5	0.000 %	(12)	(0.001 %)	$ 17	141.7 %
Net income before provision for income taxes	$ 18,971	1.839 %	$ 78,377	5.597 %	$ (59,406)	(75.8 %)
Performance Metrics:						
Gold ounces sold[1]	340,000		458,000		(118,000)	(25.8 %)
Silver ounces sold[2]	9,964,000		18,156,000		(8,192,000)	(45.1 %)
Number of new customers[3]	148,200		244,900		(96,700)	(39.5 %)
Number of active customers[4]	368,800		342,500		26,300	7.7 %
Number of total customers[5]	2,496,500		2,257,900		238,600	10.6 %
DTC ticket volume from new customers[6]	100,403		106,933		(6,530)	(6.1 %)
DTC ticket volume from pre-existing customers[7]	365,687		486,887		(121,200)	(24.9 %)
DTC total ticket volume[8]	466,090		593,820		(127,730)	(21.5 %)
DTC average order value[9]	$ 2,253		$ 2,394		$ (141)	(5.9 %)
JMB average order value[9]	$ 2,093		$ 2,216		$ (123)	(5.6 %)

(a) Includes $6.2 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(b) Includes $2.7 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(c) Gross profit percentage, excluding inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment, was 5.956% for the period.
(d) Gross profit percentage, excluding inter-segment company sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment, was 8.711% for the period.
(1) Gold ounces sold represents the ounces of gold product sold and delivered during the period.
(2) Silver ounces sold represents the ounces of silver product sold and delivered during the period.
(3) Number of new customers represents the number of customers that have registered or set up a new account or made a purchase for the first time during the period.
(4) Number of active customers represents the number of customers that have made a purchase during any month during the period.
(5) Number of total customers represents the aggregate number of customers that have registered or set up an account or have made a purchase in the past.
(6) Ticket volume from new customers represents the number of product orders from new customers processed by JMB, Goldline, and PMPP during the period.
(7) Ticket volume from pre-existing customers represents the total number of product orders from pre-existing customers processed by JMB, Goldline, and PMPP during the period.
(8) Total ticket volume represents the total number of product orders processed by JMB, Goldline, and PMPP during the period.
(9) Average Order Value ("AOV") represents the average dollar value of product orders (excluding accumulation program orders) delivered to the customer during the period.

Revenues — Direct-to-Consumer

in thousands, except performance metrics

Three Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 335,674	100.000 %	$ 522,010	100.000 %	$ (186,336)	(35.7 %)
Performance Metrics:						
Gold ounces sold	107,000		175,000		(68,000)	(38.9 %)
Silver ounces sold	3,177,000		6,063,000		(2,886,000)	(47.6 %)
Number of new customers	56,600		64,700		(8,100)	(12.5 %)
Number of active customers	126,000		147,400		(21,400)	(14.5 %)
Number of total customers	2,496,500		2,257,900		238,600	10.6 %
DTC ticket volume from new customers	39,150		42,781		(3,631)	(8.5 %)
DTC ticket volume from pre-existing customers	120,836		172,906		(52,070)	(30.1 %)
DTC total ticket volume	159,986		215,687		(55,701)	(25.8 %)
DTC average order value	$ 2,133		$ 2,452		$ (319)	(13.0 %)
JMB average order value	$ 2,003		$ 2,252		$ (249)	(11.1 %)

Revenues for the three months ended March 31, 2024 decreased $186.3 million, or 35.7%, to $335.7 million from $522.0 million in 2023. The decrease in revenue was due to a decrease in gold and silver ounces sold, partially offset by an increase in average selling prices of gold and silver. For the three months ended March 31, 2024, JMB's revenue decreased $161.6 million, while revenue of Goldline and PMPP, in the aggregate, decreased by $24.7 million as compared to the prior year.

Gold ounces sold for the three months ended March 31, 2024 decreased 68,000 ounces, or 38.9%, to 107,000 ounces from 175,000 ounces in 2023. Silver ounces sold for the three months ended March 31, 2024 decreased 2,886,000 ounces, or 47.6%, to 3,177,000 ounces from 6,063,000 ounces in 2023.

Gold ounces sold by JMB decreased 61,000 ounces for the three months ended March 31, 2024 compared to 2023. Gold ounces sold by Goldline and PMPP, in the aggregate, decreased 7,000 ounces compared to 2023. Silver ounces sold by JMB decreased 2,685,000 ounces for the three months ended March 31, 2024 compared to 2023. Silver ounces sold by Goldline and PMPP, in the aggregate, decreased 201,000 ounces compared to 2023.

On average, selling prices for gold increased by 8.8% and selling prices for silver increased by 3.8% during the three months ended March 31, 2024 as compared to the prior year.

The number of new customers for the three months ended March 31, 2024 decreased 8,100, or 12.5% to 56,600 from 64,700 in 2023. The number of active customers for the three months ended March 31, 2024 decreased 21,400, or 14.5% to 126,000 from 147,400 in 2023. The number of total customers as of March 31, 2024 increased 238,600, or 10.6% to 2,496,500 from 2,257,900 as of March 31, 2023. These changes in customer-based metrics were primarily due to JMB's activity.

As of March 31, 2024, the number of total CyberMetals customers was 28,100, and CyberMetals customer assets under management were $6.8 million.

For the three months ended March 31, 2024, the Direct-to-Consumer ticket volume related to new customers decreased by 3,631 tickets, or 8.5%, to 39,150 tickets from 42,781 tickets in 2023. For the three months ended March 31, 2024, Direct-to-Consumer ticket volume related to pre-existing customers decreased by 52,070 tickets, or 30.1%, to 120,836 tickets from 172,906 tickets in 2023. For the three months ended March 31, 2024, the Direct-to-Consumer total ticket volume decreased by 55,701 tickets, or 25.8%, to 159,986 tickets from 215,687 tickets in 2023.

For the three months ended March 31, 2024, the Direct-to-Consumer average order value decreased by $319, or 13.0%, to $2,133 from $2,452 in 2023.

in thousands, except performance metrics

Nine Months Ended March 31,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 1,031,851	100.000 %	$ 1,400,225	100.000 %	$ (368,374)	(26.3 %)
Performance Metrics:						
Gold ounces sold	340,000		458,000		(118,000)	(25.8 %)
Silver ounces sold	9,964,000		18,156,000		(8,192,000)	(45.1 %)
Number of new customers	148,200		244,900		(96,700)	(39.5 %)
Number of active customers	368,800		342,500		26,300	7.7 %
Number of total customers	2,496,500		2,257,900		238,600	10.6 %
DTC ticket volume from new customers	100,403		106,933		(6,530)	(6.1 %)
DTC ticket volume from pre-existing customers	365,687		486,887		(121,200)	(24.9 %)
DTC total ticket volume	466,090		593,820		(127,730)	(21.5 %)
DTC average order value	$ 2,253		$ 2,394		$ (141)	(5.9 %)
JMB average order value	$ 2,093		$ 2,216		$ (123)	(5.6 %)

Revenues for the nine months ended March 31, 2024 decreased $368.4 million, or 26.3%, to $1.032 billion from $1.400 billion in 2023. The decrease in revenue was due to a decrease in gold and silver ounces sold, partially offset by higher average selling prices of gold and silver. For the nine months ended March 31, 2024, JMB's revenue decreased $334.1 million and revenue of Goldline and PMPP, in the aggregate, decreased by $34.3 million as compared to the prior year.

Gold ounces sold for the nine months ended March 31, 2024 decreased 118,000 ounces, or 25.8%, to 340,000 ounces from 458,000 ounces in 2023. Silver ounces sold for the nine months ended March 31, 2024 decreased 8,192,000 ounces, or 45.1%, to 9,964,000 ounces from 18,156,000 ounces in 2023.

Gold ounces sold by JMB decreased 109,000 ounces for the nine months ended March 31, 2024 compared to 2023. Gold ounces sold by Goldline and PMPP, in the aggregate, decreased 9,000 ounces compared to 2023. Silver ounces sold by JMB decreased 7,624,000 ounces for the nine months ended March 31, 2024 compared to 2023. Silver ounces sold by Goldline and PMPP, in the aggregate, decreased 568,000 ounces compared to 2023.

On average, selling prices for gold increased by 8.7% and selling prices for silver increased by 9.4% during the nine months ended March 31, 2024 as compared to the prior year.

The number of new customers for the nine months ended March 31, 2024 decreased 96,700, or 39.5%, to 148,200 from 244,900 in 2023. The number of active customers for the nine months ended March 31, 2024 increased 26,300, or 7.7% to 368,800 from 342,500 in 2023. The number of total customers as of March 31, 2024 increased 238,600, or 10.6% to 2,496,500 from 2,257,900 as of March 31, 2023. These changes in customer-based metrics were primarily due to JMB's activity.

As of March 31, 2024, the number of total CyberMetals customers was 28,100, and CyberMetals customer assets under management were $6.8 million.

For the nine months ended March 31, 2024, the Direct-to-Consumer ticket volume related to new customers decreased by 6,530 tickets, or 6.1%, to 100,403 tickets from 106,933 tickets in 2023. For the nine months ended March 31, 2024, Direct-to-Consumer ticket volume related to pre-existing customers decreased by 121,200 tickets, or 24.9%, to 365,687 tickets from 486,887 tickets in 2023. For the nine months ended March 31, 2024, the Direct-to-Consumer total ticket volume decreased by 127,730 tickets, or 21.5%, to 466,090 tickets from 593,820 tickets in 2023.

For the nine months ended March 31, 2024, the Direct-to-Consumer average order value decreased by $141, or 5.9%, to $2,253 from $2,394 in 2023.

Gross Profit — Direct-to-Consumer

in thousands Three Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Gross profit	$ 18,004	5.364 %	$ 43,212	8.278 %	$ (25,208)	(58.3 %)

Gross profit for the three months ended March 31, 2024 decreased by $25.2 million, or 58.3%, to $18.0 million from $43.2 million in 2023. The decrease in gross profit was mainly due to a decreased gross profit margin percentage as well as a lower ticket volume during the period.

For the three months ended March 31, 2024, the Direct-to-Consumer segment's profit margin percentage decreased by 291.4 basis points to 5.364% from 8.278% in 2023. The decrease in the gross profit margin percentage was primarily due to the lower gross profit percentages of JMB, but also to lower gross profit percentages of Goldline and PMPP.

in thousands Nine Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Gross profit	$ 61,219	5.933 %	$ 121,851	8.702 %	$ (60,632)	(49.8 %)

Gross profit for the nine months ended March 31, 2024 decreased by $60.6 million, or 49.8%, to $61.2 million from $121.9 million in 2023. The decrease in gross profit was mainly due to a decreased gross profit margin percentage as well as a lower ticket volume during the period.

For the nine months ended March 31, 2024, the Direct-to-Consumer segment's profit margin percentage decreased by 276.9 basis points to 5.933% from 8.702% in 2023. The decrease in the gross profit margin percentage was primarily due to the lower gross profit percentages of JMB, but also to lower gross profit percentages of Goldline and PMPP.

Selling, General, and Administrative Expense — Direct-to-Consumer

in thousands Three Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Selling, general, and administrative expenses	$ (10,259)	(3.056 %)	$ (10,900)	(2.088 %)	$ (641)	(5.9 %)

Selling, general, and administrative expenses for the three months ended March 31, 2024 decreased $0.6 million, or 5.9%, to $10.3 million from $10.9 million in 2023. The change was primarily due to a decrease in advertising costs of $0.6 million.

in thousands Nine Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Selling, general, and administrative expenses	$ (32,569)	(3.156 %)	$ (31,625)	(2.259 %)	$ 944	3.0 %

Selling, general, and administrative expenses for the nine months ended March 31, 2024 increased $0.9 million, or 3.0%, to $32.6 million from $31.6 million in 2023. The change was primarily due to (i) an increase in compensation expense (including performance-based accruals) of $1.1 million and (ii) an increase in information technology costs of $0.5 million, partially offset by (iii) a decrease in advertising costs of $1.3 million.

Depreciation and Amortization Expense — Direct-to-Consumer

in thousands Three Months Ended March 31,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Depreciation and amortization expense	$ (2,392)	(0.713 %)	$ (3,005)	(0.576 %)	$ (613)	(20.4 %)

Depreciation and amortization expense for the three months ended March 31, 2024, decreased $0.6 million, or 20.4%, to $2.4 million from $3.0 million in 2023 primarily due to a $0.6 million decrease in JMB's intangible asset amortization expense.

in thousands Nine Months Ended March 31,	2024 $	2024 % of revenue	2023 $	2023 % of revenue	Change $	Change %
Depreciation and amortization expense	$ (7,209)	(0.699 %)	$ (8,817)	(0.630 %)	$ (1,608)	(18.2 %)

Depreciation and amortization expense for the nine months ended March 31, 2024, decreased $1.6 million, or 18.2%, to $7.2 million from $8.8 million in 2023 primarily due to a $1.7 million decrease in JMB's intangible asset amortization expense.

Interest expense — Direct-to-Consumer

in thousands Three Months Ended March 31,	2024 $	2024 % of revenue	2023 $	2023 % of revenue	Change $	Change %
Interest expense	$ (580)	(0.173 %)	$ (1,287)	(0.247 %)	$ (707)	(54.9 %)

Interest expense for the three months ended March 31, 2024 decreased $0.7 million to $0.6 million from $1.3 million in 2023. The decrease is related to JMB's reduced product financing activity with A-Mark.

in thousands Nine Months Ended March 31,	2024 $	2024 % of revenue	2023 $	2023 % of revenue	Change $	Change %
Interest expense	$ (2,475)	(0.240 %)	$ (3,020)	(0.216 %)	$ (545)	(18.0 %)

Interest expense for the nine months ended March 31, 2024 decreased $0.5 million to $2.5 million from $3.0 million in 2023. The decrease is related to JMB's reduced product financing activity with A-Mark.

Results of Operations — Secured Lending Segment

The Company operates its Secured Lending segment through its wholly-owned subsidiaries, Collateral Finance Corporation, LLC ("CFC") and CFC Alternative Investments ("CAI"). AM Capital Funding, LLC ("AMCF"), a wholly-owned subsidiary of CFC, was formed for the issuance of certain notes, which were repaid in December 2023. AMCF is currently inactive.

Overview of Results of Operations for the Three Months Ended March 31, 2024 and 2023

— *Secured Lending Segment*

The operating results of our Secured Lending segment were as follows (in thousands, except performance metrics data):

Three Months Ended March 31,	2024 $	2024 % of interest income	2023 $	2023 % of interest income	Change $	Change %
Interest income	$ 3,006	100.000 %	$ 2,486	100.000 %	$ 520	20.9 %
Interest expense	(2,061)	(68.563 %)	(1,971)	(79.284 %)	$ 90	4.6 %
Selling, general, and administrative expenses	(393)	(13.074 %)	(513)	(20.636 %)	$ (120)	(23.4 %)
Depreciation and amortization expense	(83)	(2.761 %)	(88)	(3.540 %)	$ (5)	(5.7 %)
Earnings from equity method investments	17	0.566 %	2	0.080 %	$ 15	750.0 %
Other income, net	318	10.579 %	605	24.336 %	$ (287)	(47.4 %)
Net income before provision for income taxes	$ 804	26.747 %	$ 521	20.957 %	$ 283	54.3 %
Performance Metric:						
Number of secured loans at period end[(1)]	675		963		(288)	(29.9 %)

(1) Number of outstanding secured loans to customers at the end of the period.

Overview of Results of Operations for the Nine Months Ended March 31, 2024 and 2023

— Secured Lending Segment

The operating results of our Secured Lending segment were as follows (in thousands, except performance metrics data):

Nine Months Ended March 31,	2024		2023		Change	
	$	% of interest income	$	% of interest income	$	%
Interest income	$ 8,438	100.000 %	$ 7,086	100.000 %	$ 1,352	19.1 %
Interest expense	(6,434)	(76.250 %)	(5,887)	(83.079 %)	$ 547	9.3 %
Selling, general, and administrative expenses	(1,160)	(13.747 %)	(1,436)	(20.265 %)	$ (276)	(19.2 %)
Depreciation and amortization expense	(259)	(3.069 %)	(264)	(3.726 %)	$ (5)	(1.9 %)
Earnings from equity method investments	11	0.130 %	4	0.056 %	$ 7	175.0 %
Other income, net	864	10.239 %	1,907	26.912 %	$ (1,043)	(54.7 %)
Net income before provision for income taxes	$ 1,460	17.303 %	$ 1,410	19.898 %	$ 50	3.5 %
<u>Performance Metric:</u>						
Number of secured loans at period end[(1)]	675		963		(288)	(29.9 %)

(1) Number of outstanding secured loans to customers at the end of the period.

Interest Income — Secured Lending

<u>in thousands, except performance metric</u>

Three Months Ended March 31,	2024		2023		Change	
	$	% of interest income	$	% of interest income	$	%
Interest income	$ 3,006	100.000 %	$ 2,486	100.000 %	$ 520	20.9 %
<u>Performance Metric</u>						
Number of secured loans at period-end	675		963		(288)	(29.9 %)

Interest income for the three months ended March 31, 2024 increased $0.5 million, or 20.9%, to $3.0 million from $2.5 million in 2023. The increase in interest income earned from the segment's secured loan portfolio was primarily due to an increase in interest rates and higher average monthly loan balances, partially offset by fewer loans outstanding. The number of secured loans outstanding decreased by 288, or 29.9%, to 675 from 963 as of March 31, 2023.

<u>in thousands, except performance metric</u>

Nine Months Ended March 31,	2024		2023		Change	
	$	% of interest income	$	% of interest income	$	%
Interest income	$ 8,438	100.000 %	$ 7,086	100.000 %	$ 1,352	19.1 %
<u>Performance Metric</u>						
Number of secured loans at period-end	675		963		(288)	(29.9 %)

Interest income for the nine months ended March 31, 2024 increased $1.4 million, or 19.1%, to $8.4 million from $7.1 million in 2023. The increase in interest income earned from the segment's secured loan portfolio was primarily due to an increase in interest rates and higher average monthly loan balances, partially offset by fewer loans outstanding. The number of secured loans outstanding decreased by 288, or 29.9% to 675 from 963 as of March 31, 2023.

Interest Expense — Secured Lending

<u>in thousands</u>

Three Months Ended March 31,	2024		2023		Change	
	$	% of interest income	$	% of interest income	$	%
Interest expense	$ (2,061)	(68.563 %)	$ (1,971)	(79.284 %)	$ 90	4.6 %

Interest expense for the three months ended March 31, 2024 increased $0.1 million, or 4.6%, to $2.1 million from $2.0 million in 2023. The change in interest expense was not significant.

<u>in thousands</u>

Nine Months Ended March 31,	2024		2023		Change	
	$	% of interest income	$	% of interest income	$	%
Interest expense	$ (6,434)	(76.250 %)	$ (5,887)	(83.079 %)	$ 547	9.3 %

Interest expense for the nine months ended March 31, 2024 increased $0.5 million, or 9.3%, to $6.4 million from $5.9 million in 2023. The increase in interest expense was primarily due to (i) an increase of $2.6 million associated with our Trading Credit Facility due to an increase in interest rates as well as increased borrowings, partially offset by (ii) a decrease of $1.7 million related to the AMCF

Notes (including amortization of debt issuance costs) due to the repayment in December 2023 and (iii) a $0.3 million decrease in loan servicing fees.

Selling, General, and Administrative Expenses — Secured Lending

in thousands **Three Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Selling, general, and administrative expenses	$ (393)	(13.074%)	$ (513)	(20.636%)	$ (120)	(23.4%)

Selling, general, and administrative expenses for the three months ended March 31, 2024 decreased $0.1 million, or 23.4%, to $0.4 million from $0.5 million in 2023. The change in selling, general, and administrative expenses was not significant.

in thousands **Nine Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Selling, general, and administrative expenses	$ (1,160)	(13.747%)	$ (1,436)	(20.265%)	$ (276)	(19.2%)

Selling, general, and administrative expenses for the nine months ended March 31, 2024 decreased $0.3 million, or 19.2%, to $1.2 million from $1.4 million in 2023. The change in selling, general, and administrative expenses was not significant.

Other Income, Net — Secured Lending

in thousands **Three Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Other income, net	$ 318	10.579%	$ 605	24.336%	$ (287)	(47.4%)

Other income, net for the three months ended March 31, 2024 decreased $0.3 million, or 47.4%, to $0.3 million from $0.6 million in 2023 primarily due to lower royalties earned.

in thousands **Nine Months Ended March 31,**	**2024**		**2023**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Other income, net	$ 864	10.239%	$ 1,907	26.912%	$ (1,043)	(54.7%)

Other income, net for the nine months ended March 31, 2024 decreased $1.0 million, or 54.7%, to $0.9 million from $1.9 million in 2023 primarily due to lower royalties earned.

NON-GAAP MEASURES

Adjusted net income before provision for income taxes

Overview

In addition to our results determined in accordance with U.S. GAAP, we believe the below non-GAAP measure is useful in evaluating our operating performance. We use the financial measure "adjusted net income before provision for income taxes" to present our pre-tax earnings from core business operations. This measure does not have standardized definitions and is not prepared in accordance with U.S. GAAP. The items excluded from this financial measure may have a material impact on our financial results. Certain of those items are non-recurring, while others are non-cash in nature. Accordingly, this non-GAAP financial performance measure should be considered in addition to, and not as a substitute for or superior to, the comparable measures prepared in accordance with U.S. GAAP.

Reconciliation

We calculate this non-GAAP financial performance measure by eliminating from net income before provision for income taxes the impact of items we do not consider indicative of our core operating performance. We eliminate the impact of the following three items: (i) acquisition expenses; (ii) amortization expenses related to intangible assets acquired; and (iii) depreciation expense.

The following tables reconcile this non-GAAP financial performance measure to its most closely comparable U.S. GAAP measure on our financial statements (in thousands):

Three Months Ended March 31,	2024	2023	Change	
	$	$	$	%
Net income before provision for income taxes	$ 6,440	$ 45,773	$ (39,333)	(85.9 %)
Adjustments:				
Acquisition costs	2,222	38	$ 2,184	5,747.4 %
Amortization of acquired intangibles	2,198	2,719	$ (521)	(19.2 %)
Depreciation expense	751	621	$ 130	20.9 %
Adjusted net income before provision for income taxes (non-GAAP)	$ 11,611	$ 49,151	$ (37,540)	(76.4 %)

Nine Months Ended March 31,	2024	2023	Change	
	$	$	$	%
Net income before provision for income taxes	$ 48,803	$ 146,928	$ (98,125)	(66.8 %)
Adjustments:				
Acquisition costs	2,763	184	$ 2,579	1,401.6 %
Amortization of acquired intangibles	6,528	8,193	$ (1,665)	(20.3 %)
Depreciation expense	2,024	1,591	$ 433	27.2 %
Adjusted net income before provision for income taxes (non-GAAP)	$ 60,118	$ 156,896	$ (96,778)	(61.7 %)

Adjustments

Acquisition costs. We incur expenses for professional services rendered in connection with business combinations, which are included as a component of selling, general, and administrative expenses in the Company's condensed consolidated statements of income. Acquisition expenses are recorded in the periods in which the costs are incurred, and the services are received. We exclude acquisition expenses when we evaluate our core operating performance and to facilitate comparison of period-to-period operating performance.

Amortization of purchased intangibles. Amortization expense of purchased intangibles varies in amount and frequency and is significantly impacted by the timing and size of our acquisitions. Due to amortization expense being non-cash in nature, management finds it useful to exclude these charges from our operating expenses to assist in the review of a measure that more closely corresponds to cash operating income generated from our business. Amortization of purchased intangible assets will recur in future periods. For additional information about the amortization of our purchased intangibles. See Note 9 to the Company's condensed consolidated financial statements.

Depreciation expense. Depreciation expense is calculated using a straight-line method based on the estimated useful lives of the related assets, ranging from three years to twenty-five years. Due to depreciation expense being non-cash in nature, management finds it useful to exclude these charges from our operating expenses to assist in the review of a measure that more closely corresponds to cash operating income generated from our business. See Note 8 to the Company's condensed consolidated financial statements.

Earnings Before Interest, Taxes, Depreciation, and Amortization

Overview

In addition to the non-GAAP financial performance measure discussed in the section above, we use the non-GAAP liquidity measure "earnings before interest, taxes, depreciation, and amortization" or "EBITDA" to evaluate our business operations before investing activities, interest, and income taxes. Management and external users of our condensed consolidated financial statements, such as industry analysts and investors, may use EBITDA to compare business operations with other publicly traded companies.

Reconciliation

We calculate EBITDA by eliminating from net income the following five items: (i) interest income; (ii) interest expense; (iii) amortization expenses related to intangible assets acquired; (iv) depreciation expense; and (v) income tax expense.

Management believes the most directly comparable GAAP financial measure is "net cash provided by or used in operating activities" presented in the condensed consolidated statement of cash flows. Below is the reconciliation of net cash provided by or used in operating activities to EBITDA (in thousands):

Three Months Ended March 31,	**2024**	**2023**	**Change**	
	$	**$**	**$**	**%**
Net income	$ 5,154	$ 35,998	$ (30,844)	(85.7%)
Adjustments:				
Interest income	(6,682)	(6,087)	$ 595	9.8%
Interest expense	9,907	9,237	$ 670	7.3%
Amortization of acquired intangibles	2,198	2,719	$ (521)	(19.2%)
Depreciation expense	751	621	$ 130	20.9%
Income tax expense	1,286	9,775	$ (8,489)	(86.8%)
	7,460	16,265	$ (8,805)	(54.1%)
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 12,614	$ 52,263	$ (39,649)	(75.9%)
Reconciliation of Operating Cash Flows to EBITDA:				
Net cash provided by operating activities	$ 79,751	$ 91,767	$ (12,016)	(13.1%)
Changes in operating working capital	(70,511)	(52,003)	$ 18,508	35.6%
Interest expense	9,907	9,237	$ 670	7.3%
Interest income	(6,682)	(6,087)	$ 595	9.8%
Income tax expense	1,286	9,775	$ (8,489)	(86.8%)
Dividends and distributions received from equity method investees	(92)	—	$ 92	—%
Losses from equity method investments	(206)	(70)	$ 136	194.3%
Share-based compensation	(456)	(538)	$ (82)	(15.2%)
Amortization of loan cost	(614)	(488)	$ 126	25.8%
Other	231	670	$ (439)	(65.5%)
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 12,614	$ 52,263	$ (39,649)	(75.9%)
Cash Flow Data:				
Net cash provided by operating activities	$ 79,751	$ 91,767	$ (12,016)	(13.1%)
Net cash (used in) provided by investing activities	$ (47,849)	$ 12	$ (47,861)	(398,841.7%)
Net cash used in financing activities	$ (25,230)	$ (86,177)	$ (60,947)	(70.7%)

Nine Months Ended March 31,	**2024**	**2023**	**Change**	
	$	**$**	**$**	**%**
Net income	$ 38,098	$ 114,832	$ (76,734)	(66.8%)
Adjustments:				
Interest income	(19,095)	(16,167)	$ 2,928	18.1%
Interest expense	29,898	22,603	$ 7,295	32.3%
Amortization of acquired intangibles	6,528	8,193	$ (1,665)	(20.3%)
Depreciation expense	2,024	1,591	$ 433	27.2%
Income tax expense	10,705	32,096	$ (21,391)	(66.6%)
	30,060	48,316	$ (18,256)	(37.8%)
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 68,158	$ 163,148	$ (94,990)	(58.2%)
Reconciliation of Operating Cash Flows to EBITDA:				
Net cash (used in) provided by operating activities	$ (21,916)	$ 43,249	$ (65,165)	(150.7%)
Changes in operating working capital	69,003	77,628	$ (8,625)	(11.1%)
Interest expense	29,898	22,603	$ 7,295	32.3%
Interest income	(19,095)	(16,167)	$ 2,928	18.1%
Income tax expense	10,705	32,096	$ (21,391)	(66.6%)
Dividends and distributions received from equity method investees	(361)	(551)	$ (190)	(34.5%)
Earnings from equity method investments	3,280	7,276	$ (3,996)	(54.9%)
Share-based compensation	(1,602)	(1,607)	$ (5)	(0.3%)
Amortization of loan cost	(1,828)	(1,628)	$ 200	12.3%
Other	74	249	$ (175)	(70.3%)
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 68,158	$ 163,148	$ (94,990)	(58.2%)
Cash Flow Data:				
Net cash (used in) provided by operating activities	$ (21,916)	$ 43,249	$ (65,165)	(150.7%)
Net cash (used in) provided by investing activities	$ (58,508)	$ 15,092	$ (73,600)	(487.7%)
Net cash provided by (used in) financing activities	$ 76,273	$ (18,023)	$ 94,296	523.2%

LIQUIDITY AND FINANCIAL CONDITION

Primary Sources and Uses of Cash

Overview

Liquidity refers to the availability to the Company of amounts of cash to meet all of our cash needs. Our sources of liquidity principally include cash from operations, Trading Credit Facility (see "Lines of Credit" below), and product financing arrangements.

A substantial portion of our assets are liquid. As of March 31, 2024, approximately 80.1% of our assets consisted of cash, receivables, derivative assets, secured loans receivables, precious metals held under financing arrangements, and inventories, measured at fair value. Cash generated from the sales or financing of our precious metals products is our primary source of operating liquidity. Among other things, these include our product financing arrangements and liabilities on borrowed metals. Typically, the Company acquires its inventory by: (i) purchasing inventory from its suppliers by utilizing our own capital and lines of credit; (ii) borrowing precious metals from its suppliers under short-term arrangements which may bear interest at a designated rate, and (iii) repurchasing inventory at an agreed-upon price based on the spot price on the specified repurchase date.

In addition to selling inventory, the Company generates cash from earning interest income. The Company enters into secured loans and secured financing structures with its customers under which it charges interest. The loans are secured by precious metals and numismatic material, and graded sports cards and sports memorabilia owned by the borrowers and held by the Company as security for the term of the loan. The Company also offers a number of secured financing options to its customers to finance their precious metals purchases including consignments and other structured inventory finance products. Furthermore, our customers may enter into agreements whereby the customer agrees to repurchase our precious metals at the prevailing spot price for delivery of the product at a specific point in time in the future; interest income is earned from the contract date until the material is delivered and paid for in full.

We may also raise funds through the public or private offering of equity or debt securities, although there is no assurance that we will be able to do so at the times and in the amounts required.

We continually review our overall credit and capital needs to ensure that our capital base, both stockholders' equity and available credit facilities, can appropriately support our anticipated financing needs. The Company also continually monitors its current and forecasted cash requirements and draws upon and pays down its lines of credit so as to minimize interest expense. See Note 15 to the Company's condensed consolidated financial statements.

Lines of Credit

in thousands

	March 31, 2024	June 30, 2023	Change
Lines of credit - short term	$ —	$ 235,000	$ (235,000)
Lines of credit - long-term	290,000	—	290,000
	$ 290,000	$ 235,000	$ 55,000

Effective December 21, 2021, A-Mark entered into a committed borrowing facility (the "Trading Credit Facility") with CIBC Bank USA, as agent and joint lead arranger, and a syndicate of banks. As of March 31, 2024, the Trading Credit Facility provided the Company with access up to $350.0 million and has a maturity date of September 20, 2025. The Trading Credit Facility was reclassified to long-term during the three months ended September 30, 2023 due to the elimination of provisions whereby lenders under certain conditions could require repayment of all obligations outstanding under the Trading Credit Facility within 10 days on demand. (See Note 15.)

A-Mark routinely uses funds drawn under the Trading Credit Facility to purchase metals from its suppliers and for other operating cash flow purposes. Our CFC subsidiary also uses the funds drawn under the Trading Credit Facility to finance certain of its lending activities.

Notes Payable

in thousands

	March 31, 2024	June 30, 2023	Change
Notes payable — short-term	$ —	$ 95,308	$ (95,308)
Notes payable — long-term	3,994	—	3,994
	$ 3,994	$ 95,308	$ (91,314)

In September 2018, AMCF, a wholly-owned subsidiary of CFC, completed an issuance of Secured Senior Term Notes, Series 2018-1, Class A in the aggregate principal amount of $72.0 million and Secured Subordinated Term Notes, Series 2018-1, Class B in the aggregate principal amount of $28.0 million (collectively, the "AMCF Notes".) The AMCF Notes were repaid in full in December 2023.

In April 2021, CCP entered into a loan agreement ("CCP Note") with CFC, which provides CFC with up to $4.0 million to fund commercial loans secured by graded sports cards and sports memorabilia to its borrowers. All loans to be funded using the proceeds from the CCP Note are subject to CCP's prior written approval. The term of the CCP Note expires on April 1, 2026 and may be extended by mutual agreement. As of March 31, 2024 and June 30, 2023 the outstanding principal balance of the CCP Note was $4.0 million and $0.5 million. See Note 14 to the Company's condensed consolidated financial statements.

Liabilities on Borrowed Metals

in thousands	March 31, 2024	June 30, 2023	Change
Liabilities on borrowed metals	$ 26,167	$ 21,642	$ 4,525

We borrow precious metals from our suppliers and customers under short-term arrangements using other precious metal from our inventory or precious metals held under financing arrangements as collateral. Amounts under these arrangements require repayment either in the form of precious metals or cash. Liabilities also arise from unallocated metal positions held by customers in our inventory. Typically, these positions are due on demand, in a specified physical form, based on the total ounces of metal held in the position.

Product Financing Arrangements

in thousands	March 31, 2024	June 30, 2023	Change
Product financing arrangements	$ 510,237	$ 335,831	$ 174,406

The Company has agreements with financial institutions and other third parties that allow the Company to transfer its gold and silver inventory to the third-party at an agreed-upon price based on the spot price, which provides alternative sources of liquidity. During the term of the agreement both parties intend for inventory to be returned at an agreed-upon price based on the spot price on the repurchase date. The third parties charge monthly interest as a percentage of the market value of the outstanding obligation; such monthly charges are classified as interest expense. These transactions do not qualify as sales and therefore are accounted for as financing arrangements and reflected in the Company's condensed consolidated balance sheets as product financing arrangements. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing arrangements and the underlying inventory (which is entirely restricted) are carried at fair value, with changes in fair value included as a component of cost of sales.

Secured Loans Receivable

in thousands	March 31, 2024	June 30, 2023	Change
Secured loans receivable	$ 115,645	$ 100,620	$ 15,025

CFC is a California licensed finance lender that makes and acquires commercial loans secured by bullion and numismatic coins, and graded sports cards and sports memorabilia that affords our customers a convenient means of financing their inventory or collections. See Note 5 to the Company's condensed consolidated financial statements. AMCF also purchased and held secured loans from CFC to meet its collateral requirements related to the AMCF Notes. See Note 15 to Company's condensed consolidated financial statements. Most of the Company's secured loans are short-term in nature. The renewal of these secured loans is at the discretion of the Company and, as such, provides us with some flexibility in regard to our capital deployment strategies.

Dividends

The Company's board of directors has adopted a regular quarterly cash dividend policy of $0.20 per common share ($0.80 per share on an annual basis). The declaration of regular cash dividends in the future is subject to the determination each quarter by the board of directors. Below is a summary of dividends paid to stockholders in the nine months ended March 31, 2024.

- On July 5, 2023, the Company's board of directors declared a regular dividend of $0.20 per share of common stock to stockholders of record at the close of business on July 17, 2023. The dividend was paid to stockholders on July 28, 2023 and totaled $4.7 million.
- On August 17, 2023, the Company's board of directors declared a non-recurring special dividend of $1.00 per share of common stock to share to stockholders of record at the close of business on September 12, 2023. The dividend to stockholders was paid on September 26, 2023 and totaled $23.4 million. On the same date, the Company's board of directors declared a regular dividend of $0.20 per share of common stock to stockholders of record at the close of business on October 10, 2023. The dividend was paid to stockholders on October 24, 2023 and totaled $4.6 million.
- On January 4, 2024, the Company's board of directors declared a regular dividend of $0.20 per share of common stock to stockholders of record at the close of business on January 16, 2024. The dividend was paid to stockholders on January 29, 2024 and totaled $4.6 million.

See Note 20 to the Company's condensed consolidated financial statements for more information regarding our dividends.

Cash Flows

The majority of the Company's trading activities involve two-day value trades under which payment is received in advance of delivery or product is received in advance of payment. The combination of sales volume, inventory turnover, and precious metals price volatility can cause material changes in the sources of cash used in or provided by operating activities on a daily basis. The Company manages these variances through its liquidity forecasts and counterparty limits by maintaining a liquidity reserve to meet the Company's cash needs. The Company uses various short-term financial instruments to manage the cycle of our trading activities from customer purchase order to cash collections and product delivery, which can cause material changes in the amount of cash used in or provided by financing activities on a daily basis.

The following summarizes components of our consolidated statements of cash flows (in thousands):

Nine Months Ended	March 31, 2024	March 31, 2023	Change
Net cash (used in) provided by operating activities	$ (21,916)	$ 43,249	$ (65,165)
Net cash (used in) provided by investing activities	$ (58,508)	$ 15,092	$ (73,600)
Net cash provided by (used in) financing activities	$ 76,273	$ (18,023)	$ 94,296

For the periods presented, our principal capital requirements have been to fund (i) working capital and (ii) financing activity. Our working capital requirements fluctuated with market conditions, the availability of precious metals, and the volatility of precious metals commodity pricing.

Net Cash Flows From Operating Activities

Operating activities used $21.9 million and provided $43.2 million in cash for the nine months ended March 31, 2024 and 2023, respectively, representing a $65.2 million change compared to the nine months ended March 31, 2023. The period over period change was primarily due to net changes in working capital, which includes deferred revenue and other advances, accounts payable and other payables, precious metals held under financing arrangements, receivables, net, liabilities on borrowed metals, and inventories, as well as a decrease in net income adjusted for noncash items.

Net Cash Flows From Investing Activities

Investing activities used $58.5 million and provided $15.1 million in cash for the nine months ended March 31, 2024 and 2023, respectively, representing a $73.6 million change compared to the nine months ended March 31, 2023. This period over period change was primarily due to (i) higher outflows of $38.3 million associated with the net originations of secured loans in the current period and (ii) $32.9 million of net cash paid to acquire LPM in February 2024, (iii) an increase in purchases of intangible assets of $4.0 million, and (iv) a $1.3 million increase in capital expenditures for property, plant and equipment, partially offset by (v) a decrease in purchases of long-term investments of $3.4 million.

Net Cash Flows From Financing Activities

Financing activities provided $76.3 million and used $18.0 million in cash for the nine months ended March 31, 2024 and 2023, respectively, representing a $94.3 million change compared to the nine months ended March 31, 2023. This period over period change was primarily due to (i) an increase in cash provided of $165.0 million related to our product financing arrangements, (ii) an increase in cash provided from our net borrowings and repayments of $40.0 million under our Trading Credit Facility, (iii) an increase of $1.7 million on net borrowings on related party notes, (iv) an increase in cash provided of $1.1 million related to the exercise and taxes related to share-based awards, and (v) a $1.0 million decrease in distributions paid to PMPP's noncontrolling interest holder. These increases in cash provided were partially offset by (i) the $95.0 million repayment of our AMCF Notes in December 2023, (ii) an increase of $12.5 million cash used to repurchase of our common stock under our share repurchase program, (iii) an increase in cash paid for dividends of $4.5 million, and (iv) an increase in debt issuance costs paid in the current year of $2.5 million primarily related to our Trading Credit Facility.

Capital Resources

We believe that our current cash availability under the Trading Credit Facility, product financing arrangements, financing derived from borrowed metals and the cash we anticipate generating from operating activities will provide us with sufficient liquidity to satisfy our working capital needs, capital expenditures, investment requirements, and commitments through at least the next twelve months.

CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS

Counterparty Risk

We face counterparty risks in our Wholesale Sales and Ancillary Services segment. We manage these risks by setting credit and position risk limits with our trading counterparties, including gross position limits for counterparties engaged in sales and purchase transactions and inventory consignment transactions with us, as well as collateral limits for different types of sale and purchase transactions that counterparties may engage in from time to time.

Commodities Risk and Derivatives

We use a variety of strategies to manage our risk including fluctuations in commodity prices for precious metals. Our inventory consists of, and our trading activities involve, precious metals and precious metal products, for which prices are linked to the corresponding precious metal commodity prices. The Company's precious metals inventory is subject to fluctuations in market value, resulting from changes in the underlying commodity prices. Inventory purchased or borrowed by us is subject to price changes. Inventory borrowed is a natural hedge, since changes in value of the metal held are offset by the obligation to return the metal to the supplier or deliver metals to the customer.

Open sale and purchase commitments in our trading activities are subject to changes in value between the date the purchase or sale price is fixed (the trade date) and the date the metal is received or delivered (the settlement date). We seek to minimize the effect of price changes of the underlying commodity through the use of forward and futures contracts. Our open sale and purchase commitments generally settle within 2 business days, and for those commitments that do not have stated settlement dates, we have the right to settle the positions upon demand.

Our policy is to substantially hedge our inventory position, net of open sale and purchase commitments that are subject to price risk. We regularly enter into precious metals commodity forward and futures contracts with financial institutions to hedge against this risk. We use futures contracts, which typically settle within 30 days, for our shorter-term hedge positions, and forward contracts, which may remain open for up to six months, for our longer-term hedge positions. We have access to all of the precious metals markets, allowing us to place hedges. We also maintain relationships with major market makers in every major precious metals dealing center.

The Company enters into these derivative transactions solely for the purpose of hedging our inventory holding risk, and not for speculative market purposes. Due to the nature of our hedging strategy, we are not using hedge accounting as defined under *Derivatives and Hedging* Topic 815 of the ASC ("ASC 815"). Unrealized gains or losses resulting from our forward and futures contracts are reported as cost of sales with the related amounts due from or to counterparties reflected as derivative assets or liabilities. The Company adjusts the derivatives to fair value on a daily basis until the transactions are settled. When these contracts are net settled, the unrealized gains and losses are reversed and the realized gains and losses for forward contracts are recorded in revenue and cost of sales and the net realized gains and losses for futures are recorded in cost of sales.

The Company’s net gains and losses on derivative instruments totaled losses of $18.7 million and gains of $49.5 million for the three months ended March 31, 2024 and 2023, respectively, and losses of $86.5 million and gains of $4.1 million, for the nine months ended March 31, 2024 and 2023, respectively. These were substantially offset by the changes in fair market value of the underlying precious metals inventory and open sale and purchase commitments, which is also recorded in cost of sales in the condensed consolidated statements of income.

The purpose of the Company's hedging policy is to substantially match the change in the value of the derivative financial instrument to the change in the value of the underlying hedged item. The following table summarizes the results of our hedging activities, showing the precious metal commodity inventory position, net of open sale and purchase commitments, which is subject to price risk, compared to change in the value of the derivative instruments (in thousands):

	March 31, 2024	June 30, 2023
Inventories	$ 1,089,635	$ 981,643
Precious metals held under financing arrangements	12,772	25,530
	1,102,407	1,007,173
Less unhedgeable inventories:		
Commemorative coin inventory, held at lower of cost or net realizable value	(3,727)	(948)
Premium on metals position	(36,128)	(29,358)
Precious metal value not hedged	(39,855)	(30,306)
Commitments at market:		
Open inventory purchase commitments	750,149	921,108
Open inventory sales commitments	(356,489)	(587,392)
Margin sale commitments	(19,838)	(17,682)
In-transit inventory no longer subject to market risk	(10,401)	(5,505)
Unhedgeable premiums on open commitment positions	11,863	11,224
Borrowed precious metals	(26,167)	(21,642)
Product financing arrangements	(510,237)	(335,831)
Advances on industrial metals	596	698
	(160,524)	(35,022)
Precious metal subject to price risk	902,028	941,845
Precious metal subject to derivative financial instruments:		
Precious metals forward contracts at market values	754,420	767,767
Precious metals futures contracts at market values	149,799	170,466
Total market value of derivative financial instruments	904,219	938,233
Net precious metals subject to commodity price risk	$ (2,191)	$ 3,612

We are exposed to the risk of default of the counterparties to our derivative contracts. Significant judgment is applied by us when evaluating the fair value implications. We regularly review the creditworthiness of our major counterparties and monitor our exposure to concentrations. As of March 31, 2024, we believe our risk of counterparty default is mitigated based on our evaluation of the creditworthiness of our major counterparties, the strong financial condition of our counterparties, and the short-term duration of these arrangements.

We had the following outstanding sale and purchase commitments and open forward and futures contracts, which are normal and recurring, in nature (in thousands):

	March 31, 2024	June 30, 2023
Purchase commitments	$ 750,149	$ 921,108
Sales commitments	$ (356,489)	$ (587,392)
Margin sales commitments	$ (19,838)	$ (17,682)
Open forward contracts	$ 754,420	$ 767,767
Open futures contracts	$ 149,799	$ 170,466
Foreign exchange forward contracts	$ 7,327	$ 7,101

The notional amounts of the commodity forward and futures contracts and the open sales and purchase orders, as shown in the table above, are not reflected at the notional amounts in the condensed consolidated balance sheets. The Company records commodity forward and futures contracts at the fair value, which is the difference between the market price of the underlying metal or contract measured on the reporting date and the trade amount measured on the date the contract was transacted. The fair value of the open derivative contracts is shown as a component of derivative assets or derivative liabilities in the accompanying condensed consolidated balance sheets.

The Company enters into the derivative forward and future transactions solely for the purpose of hedging its inventory holding risk, and not for speculative market purposes. The Company's gains and losses on derivative instruments are substantially offset by the changes in fair market value of the underlying precious metals inventory position, including our open sale and purchase commitments. The Company records the derivatives at the trade date, and any corresponding unrealized gains or losses are shown as a component of cost of sales in the condensed consolidated statements of income. We adjust the carrying value of the derivatives to fair value on a daily basis until the transactions are physically settled. See Note 12 to the Company's condensed consolidated financial statements.

Commitments and Contingencies

Refer to Note 16 to the Company's condensed consolidated financial statements for information relating Company's commitments and contingencies.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). In connection with the preparation of our financial statements, we are required to make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that we believe to be relevant at the time the Company's condensed consolidated financial statements are prepared. On a regular basis, we review our accounting policies, assumptions, estimates and judgments to ensure that the Company's condensed consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could materially differ from our estimates.

Our significant accounting policies are discussed in Note 2 to the Company's condensed consolidated financial statements. We believe that the following accounting policies are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. We have reviewed these critical accounting estimates and related disclosures with the Audit Committee of our board of directors.

Revenue Recognition

The Company accounts for its metals and sales contracts using settlement date accounting. Pursuant to such accounting, the Company recognizes the sale or purchase of the metals at settlement date. During the period between the trade and settlement dates, the Company enters into forward contracts that meet the definition of a derivative in accordance with the *Derivatives and Hedging* Topic 815 of the ASC ("ASC 815"). The Company records the derivative at the trade date with any corresponding unrealized gain (loss), shown as component of cost of sales in the condensed consolidated statements of income. The Company adjusts the derivatives to fair value on a daily basis until the transactions are settled. When these contracts are settled, the unrealized gains and losses are reversed, and revenue is recognized for contracts that are physically settled. For contracts that are net settled, the realized gains and losses are recorded in cost of sales, with the exception of forward contracts, where their associated realized gains and losses are recorded in revenue and cost of sales, respectively.

Also, the Company recognizes its storage, logistics, licensing, advertising revenue, and other services revenues in accordance with ASC 606, *Revenue from Contracts with Customers*, which follows five basic steps to determine whether revenue can be recognized: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Inventories

The Company's inventory, which primarily consists of bullion and bullion coins, is acquired and initially recorded at cost and then marked to fair market value. The fair market value of the bullion and bullion coins comprises two components: (i) published market values attributable to the cost of the raw precious metal, and (ii) the premium paid at acquisition of the metal, which is attributable to the incremental value of the product in its finished goods form. The market value attributable solely to such premium is readily determinable by reference to multiple sources. The precious metal component of the inventory may be hedged through the use of precious metal commodity positions, while the premium component of our inventory is not a commodity that may be hedged.

The Company's inventory, except for certain lower of cost or net realizable value basis products (as described below), is subsequently recorded at their fair market values. The daily changes in the fair market value of our inventory are offset by daily changes in the fair market value of hedging derivatives that are taken with respect to our inventory positions; both the change in the fair market value of the inventory and the change in the fair market value of these derivative instruments are recorded in cost of sales in the condensed consolidated statements of income.

While the premium component included in inventory is marked-to-market, our commemorative coin inventory, including its premium component, is held at the lower of cost or net realizable value, because the value of commemorative coins is influenced more by supply and demand determinants than on the underlying spot price of the precious metal content of the commemorative coins. Unlike our bullion coins, the value of commemorative coins is not subject to the same level of volatility as bullion coins because our commemorative coins typically carry a substantially higher premium over the spot metal price than bullion coins. Additionally, neither the commemorative coin inventory nor the premium component of our inventory is hedged.

Inventory includes amounts borrowed from suppliers and customers arising from various arrangements including unallocated metal positions held by customers in the Company's inventory, amounts due to suppliers for the use of consigned inventory, metals held by suppliers as collateral on advanced pool metals, as well as shortages in unallocated metal positions held by the Company in the supplier's inventory. Unallocated or pool metal represents an unsegregated inventory position that is due on demand, in a specified physical form, based on the total ounces of metal held in the position. Amounts under these arrangements require delivery either in the form of precious metals or cash. The Company mitigates market risk of its physical inventory and open commitments through commodity hedge transactions. See Note 12 to the Company's condensed consolidated financial statements.

The Company enters into product financing agreements for the transfer and subsequent option or obligation to reacquire its gold and silver inventory at an agreed-upon price based on the spot price with a third-party finance company. This inventory is restricted and is held at a custodial storage facility in exchange for a financing fee, charged by the third-party finance company. During the term of the financing agreement, the third-party company holds the inventory as collateral, and both parties intend for the inventory to be returned to the Company at an agreed-upon price based on the spot price on the repurchase date. The third-party charges a monthly fee as percentage of the market value of the outstanding obligation; such monthly charge is classified as interest expense. These transactions do not qualify as sales and have been accounted for as financing arrangements in accordance with ASC 470-40 *Product Financing Arrangements,* and are reflected in the Company's condensed consolidated balance sheets as product financing arrangements. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing and the underlying inventory (which is restricted) are carried at fair value, with changes in fair value included in cost of sales in the Company's condensed consolidated statements of income.

The Company periodically loans metals to customers on a short-term consignment basis. Such inventory is removed at the time the customer elects to price and purchase the metals, and the Company records a corresponding sale and receivable.

The Company enters into financing arrangements with certain customers under which A-Mark purchases precious metals products that are subject to repurchase by the customer at the fair value of the product on the repurchase date. The Company or the counterparty may typically terminate any such arrangement with 14 days' notice. Upon termination the customer's rights to repurchase any remaining inventory is forfeited.

Business Combinations

The accounting for a business combination requires tangible and intangible assets acquired and liabilities assumed to be recorded at estimated fair value. We value intangible assets at their estimated fair values at the acquisition date based upon assumptions related to the future cash flows and discount rates utilizing the then currently available information, and in some cases, valuation results from independent valuation specialists. The use of a discounted cash flow analysis requires significant judgment to estimate the future cash flows derived from the asset and the expected period of time over which those cash flows will occur and to determine an appropriate discount rate.

We make certain judgments and estimates when determining the fair value of assets acquired and liabilities assumed in a business combination. Those judgments and estimates also include determining the lives assigned to acquired intangibles, the resulting amortization period, what indicators will trigger an impairment, whether those indicators are other than temporary, what economic or competitive factors affect valuation, valuation methodology, and key assumptions including discount rates and cash flow estimates. In circumstances where an acquisition involves a contingent consideration arrangement, we recognize a liability equal to the fair value of the expected contingent payments as of the acquisition date. We remeasure this liability each reporting period, with the resulting changes recorded in earnings. The assumptions used in estimating fair value of contingent consideration liabilities require significant judgment; the use of different assumptions and judgments could result in a materially different estimate of fair value which may have a material impact on our results from operations and financial position.

Goodwill and Other Purchased Intangible Assets

We evaluate goodwill and other indefinite-lived intangibles for impairment annually in the fourth quarter of the fiscal year (or more frequently if indicators of potential impairment exist) in accordance with the *Intangibles - Goodwill and Other* Topic 350 of the ASC ("ASC 350"). Other finite-lived intangible assets are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be recoverable. We may first qualitatively assess whether relevant events and circumstances make it more likely than not that the fair value of the reporting unit's goodwill is less than its carrying value. If, based on this qualitative assessment, we determine that goodwill is more likely than not to be impaired, a quantitative impairment test is performed. This step requires us to determine the fair value of the business and compare the calculated fair value of a reporting unit with its carrying amount, including goodwill. If through this quantitative analysis the Company determines the fair value of a reporting unit exceeds its carrying amount, the goodwill of the reporting unit is considered not to be impaired. If the Company concludes that the fair value of the reporting unit is less than its carrying value, a goodwill impairment will be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value.

The Company also performs impairment reviews on its indefinite-lived intangible assets (i.e., trade names, trademarks and domain names). In assessing its indefinite-lived intangible assets for impairment, the Company has the option to first perform a qualitative assessment to determine whether events or circumstances exist that lead to a determination that it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount. If the Company determines that it is not more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, the Company is not required to perform any additional tests in assessing the asset for impairment. However, if the Company concludes otherwise or elects not to perform the qualitative assessment, then it is required to perform a quantitative analysis to determine if the fair value of an indefinite-lived intangible asset is less than its carrying value. If through a quantitative analysis the Company determines the fair value of an indefinite-lived intangible asset exceeds its carrying amount, the indefinite-lived intangible asset is considered not to be impaired. If the Company concludes that the fair value of an indefinite-lived intangible asset is less than its carrying value, an impairment will be recognized for the amount by which the carrying amount exceeds the indefinite-lived intangible asset's fair value.

Income Taxes

As part of the process of preparing the Company's condensed consolidated financial statements, the Company is required to estimate its provision for income taxes in each of the tax jurisdictions in which it conducts business, in accordance with *Income Taxes* Topic 740 of the ASC ("ASC 740"). The Company computes its annual tax rate based on the statutory tax rates and tax planning opportunities available to it in the various jurisdictions in which it earns income. Significant judgment is required in determining the Company's annual tax rate and in evaluating uncertainty in its tax positions. The Company has adopted the provisions of ASC 740-10, which clarifies the accounting for uncertain tax positions. ASC 740-10 requires that the Company recognizes the impact of a tax position in the financial statements if the position is not more likely than not to be sustained upon examination based on the technical merits of the position. The Company recognizes interest and penalties related to certain uncertain tax positions as a component of income tax expense and the accrued interest and penalties are included in deferred and income taxes payable in the Company's condensed consolidated balance sheets. See Note 13 to the Company's condensed consolidated financial statements for more information on the Company's accounting for income taxes.

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some portion or all of the net deferred tax assets will not be realized. The factors used to assess the likelihood of realization include the Company's forecast of the reversal of temporary differences, future taxable income, and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in applicable tax jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in the Company's effective tax rate on future earnings. Based on our assessment, it appears more likely than not that all of the net deferred tax assets will be realized through future taxable income.

RECENT ACCOUNTING PRONOUNCEMENTS

For a description of accounting changes and recent accounting standards, including the expected dates of adoption and estimated effects, if any, on our financial position or results of operations, see Note 2 to the Company's condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities, or otherwise negatively impact earnings. The Company is exposed to market risk related to changes in commodity prices.

The Company's precious metals inventory is subject to fluctuations in market value, resulting from changes in the underlying commodity prices. Inventory purchased or borrowed by the Company is subject to price changes. Open sale and purchase commitments are subject to changes in value between the date the purchase or sale price is fixed (the trade date) and the date the metal is received or delivered (the settlement date).

To manage the volatility related to this exposure, the Company enters into precious metals commodity forward and futures contracts. Our policy is to substantially hedge our inventory position, net of open sale and purchase commitments that are subject to price risk. We similarly seek to minimize the effect of price changes on our open sale and purchase commitments through hedging activity. Inventory borrowed is considered a natural hedge, since changes in value of the metal held are offset by the obligation to return the metal to the supplier.

We generally use futures contracts for our shorter-term hedge positions, and forward contracts, which may remain open for up to six months, for our longer-term hedge positions. We have access to all of the precious metals markets, allowing us to place hedges. We also maintain relationships with major market makers in every major precious metals dealing center. We enter into these derivative contracts for the purpose of hedging substantially all of our market exposure to precious metals prices, and not for speculative purposes. As a result of these hedging strategies, we do not believe we have a material exposure to market risk.

The Company is exposed to the risk of failure of the counterparties to its derivative contracts. The Company regularly reviews the creditworthiness of its major counterparties and monitors its exposure to concentrations. The Company believes its risk of counterparty default is mitigated as a result of such evaluation and the short-term duration of these arrangements.

See Note 12 to the Company's condensed consolidated financial statements, “Derivative Instruments and Hedging Transactions”.

Foreign Exchange Risk

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in currencies other than the U.S. dollar. The types of instruments exposed to this risk include foreign currency denominated receivables and payables and future cash flows in foreign currencies arising from foreign exchange transactions.

To manage the effect of foreign currency exchange fluctuations on its sale and purchase transactions, the Company utilizes foreign currency forward contracts with maturities of generally less than one week. Because of these hedging policies, we do not believe our exposure to foreign exchange risk is material.

See Note 12 to the Company’s condensed consolidated financial statements, “Derivative Instruments and Hedging Transactions—Foreign Currency Exchange Rate Management.”

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our product financing arrangements and Trading Credit Facility. We are subject to fluctuations in interest rates based on the variable interest terms of these arrangements, and we do not utilize derivative contracts to hedge the interest rate fluctuation. See Note 15 to the Company's condensed consolidated financial statements, "Financing Agreements".

We manage the interest rate risks related to our interest income generating activities by increasing our secured loan interest rates and finance product pricing in response to rising interest rates. While our weighted-average effective interest rates on these products increased during the year, the rate increases only partially mitigated the effect of higher interest rates related to our product financing arrangements and Trading Credit Facility. We do not believe our exposure to interest rate risk is material.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our "Certifying Officers"), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based on the foregoing, our Certifying Officers concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report.

Disclosure controls and procedures are controls and other procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Certifying Officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During our most recent fiscal quarter, there has not been any change in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are from time to time involved in legal proceedings, claims, or investigations that are incidental to the conduct of our business.

Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on current information, including our assessment of the merits of the particular claim, we do not expect that these legal proceedings or claims will have any material adverse impact on our future consolidated financial position, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

Risks Relating to Market Trends and Global Events

The demand for our products and our profitability ultimately depends on preferences and perceptions regarding the desirability of owning precious metals, but those preferences and perceptions are subject to change.

While the Company operates at both the wholesale and direct-to-consumer levels, the demand for our products is dependent upon the perceptions and preferences in the global market regarding the ownership of precious metals and numismatics. These perceptions and preferences depend on a variety of factors, including world events (as discussed more fully below), business and economic conditions, inflationary and other currency related trends and alternative investment opportunities. All such factors may change over time and as a consequence the results of our operations, profitability and stock price may vary over both the short and the long term.

In recent times, our profitability rose to historically unprecedented levels, but may in the future revert to more normalized levels.

Global and macroeconomic events have had an overall positive effect on the demand for our products and ancillary services, the margins that we are able to realize on our products and services and our overall profitability. Our stock price has responded favorably to these unprecedented circumstances as well. Although our profits and the price of our stock have retreated from their all time highs, our profitability and stock price remain well above their pre-pandemic levels. While it is not possible to predict with any accuracy future market trends, our business may revert at some point to levels more closely in line with industry activity prior to such events, particularly in the direct-to-consumer business of the Company. If that were to occur our profitability and the price of our stock could return to prior levels as well.

We regularly seek to innovate and to anticipate market changes, but there is no assurance that we will be successful in doing so.

We are alert to the special sensitivity of our business to economic, social and political trends and events, and we attempt to project their effects on our business over the long term. For example, we have placed increasing emphasis on our direct-to-consumer business, in anticipation that the economic uncertainties, market volatilities and global challenges that we face will continue to make investment in precious metals and numismatics more attractive to individual consumers. There can be no assurance, however, that we will be correct in our assessments of market trends or evolving business and consumer preferences, or that, even if our judgments are correct, our response to projected trends and preferences will be timely or effective. Moreover, because of the sensitivity of our business to macro-economic, social and political circumstances, there may be no effective strategy to insulate us from the adverse effects that these circumstances could have on our business.

Risks Relating to our Operations

Our business is heavily dependent on our credit facility.

Our business depends substantially on our ability to obtain financing for our operations. On December 21, 2021, we entered into a committed facility provided by a syndicate of financial institutions (the "Trading Credit Facility"), with a total current revolving commitment of up to $350.0 million and with a termination date of September 20, 2025. The Trading Credit Facility provides the Company with the liquidity to buy and sell billions of dollars of precious metals annually. A-Mark routinely uses funds drawn under the Trading Credit Facility to purchase metals from its suppliers and for operating cash flow purposes. Our CFC subsidiary also uses the funds drawn under the Trading Credit Facility to finance certain of its lending activities.

The Trading Credit Facility requires us to comply with customary affirmative and negative covenants, and with a variety of financial covenants, including a minimum working capital requirement; a fixed charge coverage ratio; a ratio of total recourse debt to consolidated tangible net worth; and limitations on the amount of ownership-based financings (as defined). Owing to the cyclicality of our business, we sometimes are required to request limited waivers of compliance with certain financial covenants under the Trading Credit Facility. Our lenders, many of whom have been lenders to the Company for an extended period of time, understand our business and have provided such waivers in the past, but there can be no assurance that they will do so in the future. Upon the occurrence of an event of default under the Trading Credit Facility that was not cured or waived pursuant to the terms of the Trading Credit Facility, the lenders under the Trading Credit Facility could elect to declare all amounts outstanding under the Trading Credit Facility to be due and payable immediately.

If we are unable to access funds under the Trading Credit Facility, we may be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments, including the Trading Credit Facility, upon acceleration or at maturity, or that we would be able to refinance or restructure the payments under the Trading Credit Facility. Our failure to renew or replace the Trading Credit Facility under such circumstances would reduce the financing available to us and could limit our ability to conduct our business, including certain lending activity of our CFC subsidiary. There can be no assurance that we could procure replacement financing on commercially acceptable terms on a timely basis, or at all. We have pledged a significant portion of our assets as collateral under the Trading Credit Facility, and if we were unable to repay the amounts outstanding thereunder, the administrative agent under the Trading Credit Facility could proceed against the collateral securing such indebtedness.

We are subject to fluctuations in interest rates based on the variable interest terms of the Trading Credit Facility, and we may not be able to pass along to our customers and borrowers some or any part of an increase in the interest that we are required to pay under the Trading Credit Facility.

Loans under our credit facility may bear interest based on SOFR, but experience with SOFR based loans is limited.

Revolving loans under the Trading Credit Facility are at our option either Based Rate Loans that bear interest at a base rate plus a prescribed margin, or SOFR Loans that bear interest at rates selected by us based on the Secured Overnight Financing Rate published by the Federal Reserve Bank of New York (SOFR) plus prescribed margins. The use of SOFR based rates replaced rates based on the London interbank offered rate (LIBOR), and reflects the cessation of the publication of LIBOR rates by regulators in the United Kingdom and the discontinuation of the use of LIBOR in the financial markets. The use of SOFR based rates may result in interest rates and/or payments that are higher or lower than the rates and payments that we experienced under our prior Trading Credit Facility, where interest rates were based on LIBOR. Also, the use of SOFR based rates is relatively new, and there could be unanticipated difficulties or disruptions with the calculation and publication of SOFR based rates. In particular, if the agent under the Trading Credit Facility determines that SOFR Rates cannot be determined or the agent or the lenders determine that SOFR based rates do not adequately reflect the cost of funding the SOFR Loans, outstanding SOFR Loans will be converted into Base Rate Loans. This could result in increased borrowing costs for the Company.

We could suffer losses with our financing operations.

We engage in a variety of financing activities with our customers:

- Receivables from our customers with whom we trade in precious metal products are effectively short-term, non-interest bearing extensions of credit that are, in certain cases, secured by the related products maintained in the Company's possession or by a letter of credit issued on behalf of the customer. On average, these receivables are outstanding up to 10 days.
- We make advances to our customers on unrefined metals secured by materials received from the customer. These advances are limited to a portion of the materials received.
- The Company makes unsecured, short-term, non-interest bearing advances to wholesale metals dealers and government mints.
- The Company periodically extends short-term credit through the issuance of notes receivable to approved customers at interest rates determined on a customer-by-customer basis.
- The Company operates a financing business through CFC which makes secured loans at loan-to-value ratios—principal loan amount divided by the liquidation value, as conservatively estimated by management, of the collateral—of, in most cases, 50% to 85%. These loans are both variable and fixed interest rate loans, with some maturities on-demand and others from three to twelve months.

Our ability to minimize losses on the credit that we extend to our customers depends on a variety of factors, including:

- our loan underwriting and other credit policies and controls designed to assure repayment, which may prove inadequate to prevent losses;
- our ability to sell collateral upon customer defaults for amounts sufficient to offset credit losses, which can be affected by a number of factors outside of our control, including (i) changes in economic conditions, (ii) increases in market rates of interest and (iii) changes in the condition or value of the collateral; and
- the reserves we establish for loan losses, which may prove insufficient.

Liquidity constraints may limit our ability to grow our business.

We will require adequate sources of liquidity to fund both our existing business and our strategy for expansion, evidenced by our acquisition of JMB and other acquisition activity. Currently, our main sources of liquidity are the cash that we generate from operations, and our borrowing availability under the Trading Credit Facility. There can be no assurance that our sources of liquidity will be adequate to support the growth that we are hoping to achieve or that additional sources of financing for this purpose, in the form of additional debt or equity financing, will be available to us, on satisfactory terms or at all. Also, the Trading Credit Facility contains, and any future debt financing is likely to contain, various financial and other restrictive covenants. The need to comply with these covenants may limit our ability to implement our growth initiatives.

We may experience supply chain disruptions in our operations.

As a result of various macro-economic factors, including in recent times the COVID-19 pandemic, businesses in a variety of industries have experienced difficulty in obtaining the source materials required for their operations. We require coin and other bullion products, particularly products manufactured by government mints, for resale to our customers, and silver for the productions of bullion bars and rounds by our Silver Towne Mint. We have multiple sources for obtaining the bullion products which we resell to our customers, and our relationships with major refiners have to date provided us with an adequate source of material for our minting operations. We also maintain a supply of metal in case we experience a shortage of raw materials for our Silver Towne Mint. However, while we do not currently anticipate that our business will suffer as a consequence of problems in the national and global supply chains, we cannot assure you that this will continue to be the case. Our operations could be adversely impacted if we did not have an adequate source of supply for our Silver Towne Mint, particularly if we expand our minting operations to meet increased demand, or if supply chain disruptions significantly interfered with our sources of coin and bullion for resale. If significant supply chain constraints were to occur, we might be required to cut back on our minting operations or we might be unable to timely satisfy customer requirements for coin and bullion products. This could lead to a loss of sales and could adversely impact our reputation.

We are dependent on our key management personnel and our trading experts.

Our strategic vision and performance are dependent on Gregory Roberts, our Chief Executive Officer, other members of our senior management and certain other key employees. We have an employment agreement with Mr. Roberts which expires in June 2027. We also have employment agreements with Thor Gjerdrum, our President, and Brian Aquilino, our Chief Operating Officer, which expire in June 2025, and Robert Pacelli, Chief Executive Officer and President of JMB, which expires in June 2026.

These and other employees have expertise in the trading markets, e-commerce operations and digital marketing; have industry-wide reputations; and perform critical functions for our business. We cannot offer assurance that we will be able to negotiate acceptable terms for the renewal of the employment agreements or otherwise retain our key employees. Also, there is significant competition for skilled precious metals traders and other industry professionals. The loss of our current key officers and employees, without the ability to replace them, would have a materially adverse effect on our business.

We rely extensively on computer systems to execute trades and process transactions, and we could suffer substantial damages if the operation of these systems were interrupted.

We rely on our computer and communications hardware and software systems to execute a large volume of trading transactions each year. Our dependence on computer and communications technology increased with the acquisition of JMB, whose sales are conducted exclusively through the internet. It is therefore critical that we maintain uninterrupted operation of these systems, and we have invested considerable resources to protect our systems from physical compromise and security breaches and to maintain backup and redundancy. Nevertheless, our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, including breaches of our transaction processing or other systems, catastrophic events such as fires, tornadoes and hurricanes, and usage errors by our employees. Breaches, damage or malfunctions affecting our systems may require significant investment for repair or replacement, and could interrupt our ability to provide quotations or trading services, or to conduct our e-commerce business.

We are also subject to ransomware attacks, in which malicious actors seek to deprive us of access to our computer systems unless we pay them a fee, which could be substantial. If personal data were compromised, we could be subject to costly litigation or government fines. See also "Risk Factors of General Applicability—If our customer data were breached, we could suffer damages and loss of reputation;" and "—New rules have recently become effective that will require the Company to provide disclosures regarding cybersecurity management and events."

Risks Related to World Events

Our business is influenced by political conditions and world events.

The precious metals business is especially subject to global political conditions and world events. Precious metals are viewed by some as a secure financial investment in times of political upheaval or unrest, particularly in developing economies, which may drive up pricing. The volatility of the commodity prices for precious metals is also likely to increase in politically uncertain times. Conversely, during periods of relative international calm precious metal volatility is likely to decrease, along with demand, and the prices of precious metals may retreat. Because our business is dependent on the volatility and pricing of precious metals, we are likely to be influenced by world events more than businesses in other economic sectors.

Russia is continuing to engage in its military action against Ukraine. In response, the U.S. and certain other countries imposed significant sanctions and export controls, and could impose further sanctions and controls, against Russia, Belarus and certain individuals and entities connected to Russian or Belarusian political, business, and financial organizations. The conflict has also created uncertainty regarding, and potential shortages of, grain and fossil fuel supplies in Europe and elsewhere. It is not possible to predict the broader consequences of this conflict, which could materially adversely affect global trade, currency exchange rates, regional economies and the global economy, and its impact on us. We could benefit from the resulting uncertainty and instability, as it may encourage investors to seek perceived safety in the ownership of precious metals. On the other hand, we have a marketing support operation in Austria and have significant business in Germany and other parts of Europe that could be materially and adversely affected by the continuing or expanded military activity in that region. Hamas' attack on Israel and Israel's response have the potential for further disruption of economic markets, particularly as hostilities expand to include other state and non-state actors. The Company has no operations in the Middle East at the current time. However, events there could result in political turmoil in Europe, which could directly affect our operations there, and could adversely affect the business that we conduct with customers in the Middle East and other parts of the world. Also, the turmoil in the Middle East could have global economic effects that are the same as or more severe than those of the war in the Ukraine, with similar consequences for our business. In particular, a depressing effect on the global economy as a consequence of the military action in Ukraine and the Middle East could dampen our business activity and reduce the demand for our products and services.

The Company experienced outsized growth in its revenues and operating profits following the onset of the COVID-19 pandemic, but there can be no assurance that this level of performance is sustainable.

The recent growth of the business of the Company generally, and the business of its JMB subsidiary in particular, may be attributed to the unprecedented uncertainties and volatility in the financial markets resulting from the COVID-19 pandemic, its effects on the economy and the related government responses. Other contemporary events and circumstances, including political polarization, macroeconomic uncertainty, volatility in the financial markets, military activity, and global instability, have also been contributing factors to the recent growth of the business of the Company. In this environment, consumers may have sought perceived financial safety in precious coins and metals.

There can be no assurance that the recent growth in the precious metals business will continue in future periods. Consumer perceptions with respect to precious coins and metals could shift, these commodities may no longer be viewed as secure investments and the demand for the Company's products could substantially decline. Our business in the past has been subject to cyclical fluctuations, and we are beginning to experience to a degree a return to cyclicality in our more recent operating results. Slower precious metals markets with lower volatility and greater supply, as we have experienced recently, have had and could continue to have the effect of decreasing the volume of products sold and also adversely impact our product premiums, which are a key driver of our overall performance. A sustained decline in our revenues and earnings would have adverse effects on our operations and would likely cause our stock price to decline. Moreover, because of the nature of the current business and financial environment, particularly in regards to the precious metal industry, it is difficult to create with any acceptable measure of precision customary financial projections and forecasts for our business over the next several years. This could adversely affect our ability to engage in financial and operational planning for the future.

We derive significant revenues from business outside the United States.

We derive a significant portion of our revenues from business outside the United States, including from customers in developing countries. Business operations outside the U.S. are subject to political, economic and other risks inherent in operating in foreign countries. These include risks of general applicability, such as the need to comply with multiple regulatory regimes; trade protection measures and import or export licensing requirements; and fluctuations in equity, revenues and profits due to changes in foreign currency exchange rates. Currently, we do not conduct substantial business with customers in developing countries. However, if our business in these areas of the world were to increase, we would also face risks that are particular to developing countries, including the difficulty of enforcing agreements, collecting receivables, protecting inventory and other assets through foreign legal systems, limitations on the repatriation of earnings, currency devaluation and manipulation of exchange rates, and high levels of inflation.

We try to manage these risks by monitoring current and anticipated political, economic, legal and regulatory developments in the countries outside the United States in which we operate or have customers and adjusting operations as appropriate, but there can be no assurance that the measures we adopt will be successful in protecting the Company’s business interests.

The Company’s recent acquisition of LPM, a precious metals business located in Hong Kong, reflects the Company’s efforts to increase its presence in Asia, particularly the Far East. There can be no assurance that the Company’s expansion efforts in the Far East will be successful. Moreover, there are particular regulatory and other challenges to the conduct of business in the Peoples Republic of China, and as a result certain foreign businesses have recently been decreasing their presence there. The Company may encounter similar challenges, which may impede the Company’s expansion efforts in the region.

The current inflationary and high interest rate environment may adversely affect our costs and expenses and the demand for our products.

The United States and other world economies are currently experiencing high interest rates and have recently experienced high levels of inflation, although this has eased in recent months. Certain investors, including customers of our Direct-to-Consumer segment, may regard precious metal products as a hedge against inflation and high interest rates, which could positively affect demand for our goods and services. However, inflation may also increase our expenses of operations, which because of the nature of our business we cannot generally pass along to our customers. Our Trading Credit Facility bears interest at a variable rate of interest, so that higher interest rates will also increase our cost of borrowing under that facility, and rising interest rates may also increase the costs under our product financing arrangements. We may be unable to compensate for these increases through higher interest income and other fees and charges received from our counterparties. Also, inflation, together with high interest rates, may reduce discretionary spending among consumers, thereby reducing product demand in the retail sector.

Risks Related to our Wholesale Sales & Ancillary Services Segment

Our business is dependent on a concentrated customer base.

One of A-Mark's key assets is the customer base of its Wholesale Sales & Ancillary Services segment. This customer base provides deep distribution of product and makes A-Mark a desirable trading partner for precious metals product manufacturers, including sovereign mints seeking to distribute precious metals coinage or large refiners seeking to sell large volumes of physical precious metals. In any given quarter, our sales in this segment may be derived from a small number of significant customers. If our relationships with these customers deteriorated, or if we were to lose these customers, our business could be materially adversely affected.

The loss of a government purchaser/distributorship arrangement could materially adversely affect our business.

A-Mark’s business is heavily dependent on its purchaser/distributorship arrangements with various governmental mints. Our ability to offer numismatic coins and bars to our customers on a competitive basis is based on the ability to purchase products directly from a government source. The arrangements with the governmental mints may be discontinued by them at any time. The loss of an authorized purchaser/distributor relationship, including with the U.S. Mint, could have a material adverse effect on our business.

We operate in a highly competitive industry.

The business of buying and selling precious metals is global and highly competitive. The Company competes with precious metals firms and banks throughout North America, Europe and elsewhere in the world, some of whom have greater financial and other resources, and greater name recognition, than the Company. We believe that, as a full-service firm devoted exclusively to precious metals trading, we offer pricing, product availability, execution, financing alternatives and storage options that are attractive to our customers and allow us to compete effectively. We also believe that our purchaser/distributorship arrangements with various governmental mints give us a competitive advantage in our coin distribution business. However, given the global reach of the precious metals business, the absence of intellectual property protections and the availability of numerous, evolving platforms for trading in precious metals, we cannot assure you that A-Mark will be able to continue to compete successfully or that future developments in the industry will not create additional competitive challenges.

The Company is subject to risks relating to its AMST operations.

Our AMST subsidiary, which operates our Silver Towne Mint, depends on critical pieces of equipment which may be out of service occasionally for scheduled upgrades or maintenance or as a result of unanticipated failures or business interruptions. AMST's facilities are subject to equipment failures and the risk of catastrophic loss due to unanticipated events such as fires, earthquakes, accidents or violent weather conditions. AMST has insurance to cover certain of the risks associated with equipment damage and resulting business interruption, but there are certain events that would not be covered by insurance, and there can be no assurance that insurance will continue to be available on acceptable terms. One such casualty event recently occurred as a result of a tornado, which although covered by insurance, temporarily interrupted operations at the mint.

AMST's ability to continue to expand the scope of its services and customer base depends in part on its ability to increase the size of its skilled labor force. In the past, the demand for skilled personnel has been high and the supply limited. The inability to employ or retain skilled technical personnel could adversely affect AMST's operating results.

We have in the past engaged, and continue to engage, in transactions with Stack's Bowers, an affiliate of the Company, which could be perceived as not being made at arms-length.

Stack's-Bowers Numismatics, LLC ("Stack's Bowers"), which is primarily engaged in the business of auctions of high-value and rare coins and in coin retailing, is a wholly-owned subsidiary of Spectrum Group International, Inc. ("SGI"), our former parent and a related party. We have engaged in the past, and continue to engage, in transactions with Stack's Bowers. These transactions include secured lending transactions in which Stack's Bowers is the borrower, and other transactions involving the purchase and sale of rare coins, including with JMB. SGI and the Company have a common chief executive officer, and the chief executive officer and the general counsel of the Company are board members of SGI. In addition, a majority of the board of directors of the Company have an ownership interest in SGI that in the aggregate represents a controlling interest in SGI. All transactions between the Company and Stack's Bowers are approved by our Audit Committee, and we believe that all such transactions are on terms no less favorable to the Company than would be obtained from an unaffiliated third-party. Nonetheless, these transactions could be perceived as being conflicted.

The materials held by A-Mark are subject to loss, damage, theft or restriction on access.

A-Mark has significant quantities of high-value precious metals at its Logistics facilities, at third-party depositories and in transit. There is a risk that gold and other precious metals held by A-Mark, whether on its own behalf or on behalf of its customers, could be lost, damaged or stolen. In addition, access to A-Mark's precious metals could be restricted by natural events (such as an earthquake) or human actions (such as a terrorist attack). Although we maintain insurance on terms and conditions that we consider appropriate, we may not have adequate sources of recovery if our precious metals inventory is lost, damaged, stolen or destroyed, and recovery may be limited. Among other things, our insurance policies exclude coverage in the event of loss as a result of terrorist attacks or civil unrest.

Our Logistics depository is subject to authorization by our lenders.

Our lenders under our Trading Credit Facility have approved our Logistics facilities as an authorized depository. If that approval were to be withdrawn for any reason, we would no longer be able to keep inventory at that location, which would substantially limit our ability to conduct business from that facility.

Risks Related to our Direct-to Consumer Segment

Our Direct-to-Consumer businesses could be subject to accusations of improper sales practices.

Through our JMB and Goldline subsidiaries, the Company sells precious metals and numismatics directly to the retail investor community. JMB markets its products over the internet. Goldline markets its precious metal products on television, radio, and over the internet, and through customer service outreach. Prior to its acquisition by the Company, Goldline had been accused of improper sales practices, and was the subject of a state enforcement action that was subsequently settled. Other retailers of precious metal products have similarly been the subject of accusations regarding their sales practices, including claims of misrepresentation, excessive product markups, pressured sales tactics and product switching. The Company believes that the sales practices of its Goldline subsidiary conform to applicable legal and ethical standards, and that there is no material basis for claims against Goldline in this regard. Nevertheless, given the nature of the retail precious metals business, the possibility that investors in precious metals may lose a substantial portion of their investment as a result of adverse market trends and the vulnerability of certain retail precious metal investors to economic loss, there can be no assurance that claims will not be made regarding business practices of Goldline or JMB or that, if made, such claims will not attract the attention of governmental and private sector consumer advocates. Were this to occur, the Company could suffer adverse publicity, be subject to governmental enforcement actions or be forced to modify the sales and marketing practices of its direct-to-consumer business.

Our Direct-to-Consumer businesses operate in a highly competitive environment.

JMB and Goldline face competition from other specialty online precious metal and coin sites, as well as from traditional precious metal retail brokers and coin stores. In addition, certain general online merchandisers such as eBay also offer collectible coins and bullion for sale, and other major online retailers, with financial and marketing resources, name recognition and a customer base that are far greater than those that are available to JMB and Goldline, may in the future enter this market. Competition is based upon the availability of coin and bullion product, price, delivery times, convenience and customer service. There can be no assurance that JMB and Goldline will be able to compete effectively with other retail sources and channels for precious coin and bullion, especially if the demand for these products were to contract from its current record high levels.

We intend to continue to pursue selective acquisitions and investments to complement our organic growth, which may not be successful.

As part of our Direct-to-Consumer operating strategy, we have sought, and in the future may seek, to supplement our organic growth through strategic acquisitions of and investments in other e-commerce retailers of coins and precious metals. We may not be able to identify suitable acquisition or investment candidates in the future. If we are unable to successfully execute on organic growth opportunities or complete acquisitions or investments in the future, or if we incur greater than anticipated costs to execute this strategy, our growth may be limited. To the extent that we grow through acquisitions or investments, we cannot ensure that we will be able to adequately or profitably manage this growth.

JMB's search engine optimization strategies have provided it with an important competitive advantage, but this may not continue.

We believe that the internally developed search engine optimization (SEO) strategies of JMB provide its business with a competitive advantage in driving traffic to its sites over other e-commerce precious metal retailers and have been a significant factor in the growth of JMB. The challenges of efficient SEO programming are continually evolving, and other e-commerce retailers in the precious metal space are constantly working to improve their own SEO capabilities. If JMB does not continue to maintain its competitive edge in SEO technology, it could lose customers and market share to its competitors.

JMB relies upon paid and unpaid internet search engines to rank its product offerings and drive traffic to its website, and its website traffic may suffer if its rankings decline or its relationship with these services deteriorates.

JMB relies on paid and unpaid internet search engines to attract consumer interest in its product offerings. Search engine companies change their natural search engine algorithms periodically, and these changes may adversely affect JMB's product offerings in paid and/or unpaid searches. JMB may also at times be subject to ranking penalties if the operators of search engines believe it is not in compliance with their guidelines. If JMB's search engine rankings decline, and JMB is unable to timely regain its prior rankings, it may have to use more expensive marketing channels to sustain and grow its revenues, resulting in reduced profitability.

If JMB and Goldline do not respond effectively to technological and market changes, they will cease to be competitive with other channels that consumers may have for the purchase of precious coins and bullion.

To remain competitive, JMB and Goldline must continue to enhance and improve the responsiveness, functionality and features of their online operations. The internet and the electronic commerce industry are characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies, and the emergence of new industry standards and practices.

The evolving nature of the internet could render JMB's existing technology and systems obsolete. Its continuing success will depend, in part, on its ability to:

- develop, license or acquire leading technologies useful in its business;
- develop new features and technology that address the increasingly sophisticated preferences of its customers; and
- respond to technological advances and emerging industry and regulatory standards and practices in a cost-effective and timely manner.

With the growth of e-commerce, the pace of change in product offerings and consumer tastes is faster now than in years past. This accelerated pace of change increases uncertainty and places a greater burden on management to anticipate and respond to such changes. The increased pace of change also means that the window in which a technologically advanced or sophisticated product or service can achieve and maintain partner and consumer interest is shrinking and, to the extent JMB and Goldline fail to timely anticipate or respond to changes in their industry, the effects of such missteps may be amplified.

Future advances in technology may not be beneficial to, or compatible with, JMB's or Goldline's businesses. Furthermore, JMB and Goldline may be unsuccessful in using new technologies effectively or adapting their technology and systems to user requirements or emerging industry standards on a timely basis. Their ability to remain technologically competitive may require substantial expenditures and lead time. If JMB or Goldline is unable to adapt in a timely manner and at reasonable cost to changing market conditions or user requirements, it will cease to be competitive with other channels for the purchase of precious coins and bullion.

If JMB fails to continuously improve its websites (on all relevant platforms, including mobile), it may not attract or retain customers.

JMB owns and operates seven separately branded websites targeting specific segments within the precious metals market: JMBullion.com, ProvidentMetals.com, Silver.com, BGASC.com, CyberMetals.com, BullionMax.com, and Gold.com. JMB also owns two websites, GoldPrice.org and SilverPrice.org, which publish data on precious metal and cryptocurrency pricing and generate leads for its other websites. JMB must continually update its websites (on all relevant platforms, including mobile) to improve and enhance its content, accessibility, convenience and ease of use. Failure to do so may create a perception that the websites of JMB's competitors are easier to use and navigate or that they are better able to service customer needs for precious metal coins and bullion. If such a perception were to gain currency, traffic to JMB's websites and its revenues would suffer.

Certain of JMB's websites publish data concerning the precious metal and cryptocurrency markets obtained from third parties, which could be inaccurate.

JMB's GoldPrice.org and SilverPrice.org publish data on precious metal and cryptocurrency pricing which is obtained from third parties. While we believe that the sources of the published data are reliable, the data is not independently verified by JMB or us. If the data that JMB receives and publishes were inaccurate, and were relied upon by consumers visiting these websites, JMB could be exposed to liability and may suffer damage to its reputation.

JMB and Goldline expect to profit on precious metals acquired from their customers, but that might not be the case.

Through the Direct-to-Consumer Purchase Program, JMB and Goldline (through its affiliate, PMPP) offer to purchase precious coins and bullion owned by their customers. We believe that this program encourages the purchase of coins and bullion as an investment because it assures customers that their investment in the products offered by JMB and Goldline will be liquid and can be monetized if the customers have a need for cash. JMB and Goldline offer to purchase coins and bullion from their customers at prices designed to reflect current market valuations, but also allows JMB and Goldline to profit on the resale of the products. There can be no assurance, however, that JMB or Goldline will in fact be able to resell product that they purchase at a price that will justify the cost of purchase. In a declining market for precious metal products, JMB and Goldline could be burdened with substantial amounts of purchased inventory that they are unable to resell at an economic price, or at all. The suspension or discontinuance of the Direct-to-Consumer Purchase Program because of adverse market conditions could impair the perception among JMB's and Goldline's customers that precious coin and bullion is a safe and attractive investment.

The Company's joint venture, Precious Metals Purchasing Partners, LLC, is subject to risks which may affect our ability to successfully profit from the joint venture.

The Company owns a 50% joint venture interest in PMPP. PMPP purchases products primarily from end-user retail customers, which are then sold to the Company or affiliated companies.

The Company's interest in PMPP is subject to the risks customarily associated with the conduct of joint ventures, including the risk of (i) failure to agree on strategic decisions requiring the approval of both parties, (ii) failure of the joint venture partner to meet its obligations, and (iii) disputes between the joint venturers or litigation regarding joint venture matters. Each of these risks could have a material adverse impact on the viability of PMPP, and its potential contributions to the Company's future cash flows and earnings.

In addition, PMPP is subject to the risks that it will be unable to sell the product that it acquires at economic prices or at all, as described above with respect to the Company's overall Direct-to-Consumer Purchase Program.

Risks Related to our Secured Lending Segment

Our lending business depends on the ability of CFC to originate or acquire loans secured principally by bullion and numismatic coins.

The performance of our Secured Lending segment depends on having a portfolio of loans of sufficient size and quality to justify the expenses and allocation of financial resources committed to the Company's loan business. CFC both originates loans to customers of our wholesale and trading business and also acquires portfolios of loans originated by other parties. The Company typically stores the bullion and numismatics that serve as collateral for the loans. As CFC does not independently market its lending business, it is dependent on the interest of the customers of the Company's wholesale and trading business in financing their acquisition of bullion and numismatics with loans made by CFC. The interest of the Company's customers in obtaining loans from CFC is dependent on numerous factors, including the availability of other sources of financing, the interest rate environment, other alternatives for the storage of their bullion and numismatics, their business relationship with the Company and the level and types of businesses conducted by the Company's Wholesale Sales & and Ancillary Services segment. The Secured Lending segment is also dependent on CFC's ability to identify and acquire portfolios of loans secured by bullion and numismatics originated by third parties satisfying the Company's standard for quality and risk. There can be no assurance the CFC will be successful in continuing to originate and acquire secured loans in amounts sufficient to justify the conduct of this business.

The number of loans and the size of CFC's loan portfolio can vary significantly from period to period.

CFC's loan portfolio can vary considerably from period to period, both as to the number of loans in the portfolio and the total size of the portfolio in terms of dollar amount. The variation of CFCs loan portfolio is attributable to a variety of factors, including the success of the Company in originating and acquiring loans discussed above, as well as the maturities of the loans in the portfolio and the decisions of borrowers to prepay or extend the terms of their loans. As a consequence, the performance of the Secured Lending segment in a particular financial reporting period may not be indicative of the how the segment will perform in any future period, either in the short or the long term.

The growth of the Secured Lending segment is likely to require significant resources.

Historically, the Company has originated loans almost exclusively to customers of its wholesale and trading business. The opportunity to finance purchases of bullion and numismatics with secured loans obtained from CFC is part of a suite of ancillary services that the Company provides to its customers. The business of the Secured Lending segment, with respect to both the origination and acquisition of loan portfolios, is constrained by the Company's borrowing capacity under its Trading Credit Facility, on which it relies to finance the much larger business of the Wholesale Sales & Ancillary Services segment. Any significant future growth of the Secured Lending segment will require the application of significant additional resources to this business, and there can be no assurance that such resources will be available or that the Company will not determine that such resources, even if available, should be applied to other areas of the Company's business.

Risks Relating to Commodities

A-Mark's business is heavily influenced by volatility in commodities prices.

A primary driver of A-Mark's profitability is volatility in commodities prices, which leads to wider bid and ask spreads. Among the factors that can impact the price of precious metals are supply and demand of precious metals; political, economic, and global financial events; movement of the U.S. dollar versus other currencies; and the activity of large speculators such as hedge funds. If commodity prices were to stagnate, there would likely be a reduction in trading activity, resulting in less demand for the services A-Mark provides, and spreads would likely decrease, which could materially adversely affect our profitability.

The period to period changes in volatility may cause our revenues to fluctuate, as a consequence of which our results for any one period may not be indicative of the results to be expected for any future period. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our business is exposed to the risk of changes in commodity prices, and our hedging activity to protect our inventory is subject to risks of default by our counterparties.

A-Mark's precious metals inventory is subject to market value changes created by changes in the underlying commodity price, as well as supply and demand of the individual products the Company trades. In addition, open sale and purchase commitments are subject to changes in value between the date the purchase or sale is fixed (the trade date) and the date metal is delivered or received (the settlement date). A-Mark seeks to minimize the effect of price changes of the underlying commodity through the use of financial derivative instruments, such as forward and futures contracts. A-Mark's policy is to remain substantially hedged as to its inventory position and its individual sale and purchase commitments. A-Mark's management monitors its hedged exposure daily. However, there can be no assurance that these hedging activities will be adequate to protect the Company against commodity price risks associated with A-Mark's business activities.

Furthermore, even if we are fully hedged as to any given position, there is the risk of default by our counterparties to the financial instruments that we use to hedge our inventory. A default by a counterparty on a substantial hedge could have a material adverse effect on our business.

Increased commodity pricing could limit the inventory that we are able to carry.

We maintain a large and varied inventory of precious metal products, including bullion and coins, in order to support our trading and Direct-to-Consumer activities and provide our customers with superior service. The amount of inventory that we are able to carry is constrained by the borrowing limitations and working capital covenants under the Trading Credit Facility. If commodity prices were to rise substantially, and we were unable to modify the terms of the Trading Credit Facility to compensate for the increase, the quantity of product that we could finance, and hence maintain in our inventory, would fall. This would likely have a material adverse effect on our operations.

We rely on the efficient functioning of commodity exchanges around the world, and disruptions on these exchanges could adversely affect our business.

The Company buys and sells precious metals contracts on commodity exchanges around the world, both in support of its customer operations and to hedge its inventory and transactional exposure against fluctuations in commodity prices. The Company's ability to engage in these activities would be compromised if the exchanges on which the Company trades or any of their clearinghouses were to discontinue operations or to experience disruptions in trading, due to computer problems, unsettled markets, sanctions against commodity exporting countries or other factors. For example, if there were to be disruptions in the supply chain for gold, silver, platinum or palladium, our ability to buy and sell these metals on the commodity exchanges would be materially and adversely affected.

The Company may also experience disruption and risk of loss if futures commission merchants or commodity brokers with whom the Company deals were to become insolvent or bankrupt.

Our business is subject to the risk of fraud and counterfeiting.

The precious metals (particularly bullion) business is exposed to the risk of loss as a result of "materials fraud" in its various forms. We seek to minimize our exposure to this type of fraud through a number of means, including third-party authentication and verification, reliance on our internal experts and the establishment of procedures designed to detect fraud. However, there can be no assurance that we will be successful in preventing or identifying this type of fraud, or in obtaining redress in the event such fraud is detected.

Risk Related to our Regulatory Environment

The CFTC may seek to assert jurisdiction over the Company's activities.

The Company believes that its Direct-to-Consumer operations are generally conducted in a manner that does not implicate the jurisdiction of the Commodity Futures Trading Commission ("CFTC"), as it does not sell products to retail customers for future delivery. The Commodity Exchange Act (the "CEA") and the rules and regulations of the CFTC are drafted broadly, however, and practices that the Company does not regard as futures transactions may be regarded as such by the CFTC.

During the first quarter of fiscal 2023, the Company and Goldline settled an action in which the CFTC alleged, among other things, that certain financing arrangements that were made available to customers constituted off-exchange retail commodity transactions. Although this matter was settled on terms satisfactory to the Company with no material financial impact, and Goldline has discontinued these particular arrangements and practices, there can be no assurance that the CFTC will not in the future accuse us of violating the CEA or the rules and regulations of the CFTC, or otherwise (along with other federal or state agencies) seek to assert oversight over aspects of our operations which could adversely affect us.

Recent legislative and regulatory initiatives will require us to expend time and resources on environmental reporting.

Although our manufacturing activity is limited to the production of silver bullion products at our Silver Towne Mint, recent California legislation and new rules of the SEC will require us to make disclosures regarding environmental matters that could entail significant time and expense.

On October 7, 2023, California Governor Gavin Newsom signed into law Senate Bill ("SB") 261, Greenhouse Gases: Climate-Related Financial Risk, and SB 253, the Climate Corporate Data Accountability Act, which significantly expand climate-related disclosure requirements for companies doing business in California. As a company with operations in California, we may fall under the jurisdiction of these new laws, which impose rigorous reporting obligations regarding our climate-related financial risks and extensive requirements for the disclosure of greenhouse gas emissions.

SB 253 imposes its greenhouse gas reporting obligations on companies with annual revenues exceeding $1.0 billion. Given our current revenue levels, we are subject to the requirements of SB 253. SB 253 requires the reporting of Scope 1 greenhouse gas emissions (direct emissions from our operations) and Scope 2 greenhouse gas emissions (indirect emissions from our operations) for the prior fiscal year beginning in 2026. SB 253 requires reporting of Scope 3 greenhouse gas emissions (emission from third parties in our value chain) for the prior fiscal year beginning in 2027. Although we will not know the full requirements of this law until the California Air Resources Board issues implementing rules, the law will likely require us to report emissions from our operations in and outside of California, including our mint operations in Winchester, Indiana, and emissions from our suppliers and customers.

Commencing on January 1, 2026, and biennially thereafter, SB 261 mandates that we publicly disclose our climate-related financial risks, which may include risks to our own operations, the operations of our suppliers and customers and the precious metals markets generally. This includes detailing the strategies we have adopted to mitigate and adapt to these risks. Our compliance reports must be made publicly available on our company's website. Non-compliance with the requirements of SB 261 could expose us to a fine of up to $50,000 per reporting year and we may also be required to pay an annual filing fee. The California climate disclosure is the subject of ongoing litigation that could impact whether and when the Company is required to make the disclosures required by the regime. The Company will monitor that litigation as it prepares to comply with the rule.

On March 6, 2024 the Securities and Exchange Commission ("SEC") issued final rules requiring public companies, such as A-Mark, to disclose both greenhouse gas emissions and climate risk. The SEC final rules overlap significantly with both the California reporting regime discussed above and the European Corporate Sustainability Directive ("CSRD") discussed below but there are also material differences.

Like the California reporting regime, the SEC final rule would require the Company to measure and disclose both Scope 1 and Scope 2 greenhouse gas emissions from its facilities including its mint operations in Winchester, Indiana. Unlike the California reporting scheme, the final SEC rules would not require the Company to report Scope 3 greenhouse gas emissions. The SEC final rule would also require the Company to obtain attestation reports of its Scope 1 and Scope 2 greenhouse gas emissions from an independent expert in greenhouse gas emissions measurement.

Like the California reporting regime, the SEC final rule will also require the Company to track and disclose material climate related financial risks and how we manage those risks. Unlike the California rule, the SEC final rule will require the Company to track and report material capitalized costs, expenditures expensed and charged and losses incurred as a result of severe weather events and other natural conditions and any carbon reduction goal we may have along with our use of offsets or Renewable Energy Credits to achieve that goal.

Like the California reporting regime, the SEC final rule is the subject to ongoing litigation that could impact whether and when the Company is required to make the disclosures required by the rule. The Company will monitor that litigation as it prepares to comply with the rule.

The European Union adopted new disclosure standards and rules related to environmental, social, and corporate governance ("ESG") matters in the Corporate Sustainability Reporting Directive (CSRD) which became effective in 2023 and applies to both EU and non-EU entities. Because our operations in Europe surpass the net turnover threshold in the rule and we may be deemed to have an EU branch or subsidiary, we may be subject to CSRD reporting requirements. We will know more about the specific disclosure requirements when the EU adopts implementing regulations for the non-EU groups that are covered by the rule.

These changing rules and regulations, and the stakeholder expectations related to ESG described in "Risk Factors of General Applicability – Third-party expectations relating to ESG factors may impose additional costs and expose us to new risks," have resulted in and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations.

Compliance with new and existing data protection/privacy statutes could increase our costs and expose the Company to possible sanctions for violation.

By reason of our Direct-to-Consumer business in particular, we collect personal data or personal information, which is broadly defined to include all information that can be related to a consumer or household, including identification information, demographics, usage, transactions and inquiries, preferences, and inferences drawn to create a profile about a consumer ("Personal Information"). We are subject to numerous data privacy and protection obligations that govern our handling of Personal Information, including: various federal, state, local and foreign laws, regulations, and guidance; industry standards; external and internal privacy notices and policies; contracts; and other obligations that apply to the handling of Personal Information by us and on our behalf. These obligations may change, are subject to differing interpretations, and may be inconsistent among relevant jurisdictions in which we operate or from which we collect Personal Information. The data privacy and protection landscape continues to evolve in jurisdictions worldwide. This evolution may create uncertainty in our business; affect us or our collaborators', service providers', and others' ability to operate in certain jurisdictions or to collect, store, transfer, use, share, and otherwise process Personal Information; necessitate the acceptance of more onerous obligations in our contracts; cause us to modify our business operations; result in liabilities; or otherwise impose additional compliance costs on us. Moreover, despite our efforts, we may not be successful in achieving compliance if our personnel or third parties upon whom we rely fail to comply with such obligations. For example, any failure by a service provider to comply with applicable data privacy or protection law, regulations, contractual, or other obligations could result in significant consequences against us. These consequences may include: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections and similar activities); litigation (including class-related claims); additional reporting requirements and/or oversight; orders to destroy or not use Personal Information; damage to our reputation; loss of revenue and profits; loss of goodwill; and other adverse business impacts..

In 2016, the European Union ("EU") adopted a comprehensive overhaul of its data protection regime from a national legislative approach to a single European Economic Area Privacy Regulation, the General Data Protection Regulation (“GDPR”), which went into effect in May 2018. The EU data protection regime expands the scope of the EU data protection law to all foreign companies processing Personal Information of EU residents, imposes a strict data protection compliance regime with severe penalties of up to the greater of 4% of worldwide turnover or €20 million, and includes new rights such as the “portability” of Personal Information. Although the GDPR applies across the EU without a need for local implementing legislation, EU member states have the ability to interpret the GDPR opening clauses, which permit region-specific data protection legislation and have the potential to create inconsistencies on a country-by-country basis. The United Kingdom passed similar legislation (the “UK GDPR”) which took effect in 2021 and provides severe penalties of up to the greater of 4% of worldwide turnover or €17.5 million. We may also be subject to many other foreign privacy laws that are modeled at least in part after the GDPR, including China’s Personal Information Protection Law (PIPL), Canada’s Personal Information Protection and Electronic Documents Act (PIPEDA) and territorial Canadian privacy laws, and the Privacy Acts of Australia and New Zealand.

Our Direct-to-Consumer business currently has limited international operations which would subject it to these foreign privacy laws. Our Wholesale Sales and Ancillary Services segment maintains an office in Vienna, Austria that provides marketing support services for its international customers. We have evaluated these foreign privacy laws and their requirements, and believe we are currently in compliance in all material respects. Going forward, however, the expansion of our international operations could require us to change our business practices and may increase the costs and complexity of compliance. Also, a violation by the Company of these regulations could expose us to penalties and sanctions under the regulations.

California passed amendments to the California Consumer Privacy Act (“CCPA”) that took effect on January 1, 2023. This law provides California consumers with a high level of transparency and broad rights and choices with respect to their Personal Information. For example, CCPA grants consumers privacy rights including the rights of data correction and data portability, the right to limit the Company’s use of a subset of Personal Information called “sensitive Personal Information” that requires heightened protections, and the right to appeal the Company’s response to an individual’s exercise of these new or existing privacy rights. Compliance with CCPA requires the implementation of a series of operational measures such as: preparing data maps, inventory, or other records of all Personal Information pertaining to California residents, households and devices, as well as information sources, usage, storage, and sharing; maintaining and updating detailed disclosures in privacy policies; conducting risk assessments for the use of sensitive Personal Information; establishing mechanisms (including, at a minimum, a toll-free telephone number and an online channel) to respond to consumers’ data access, deletion, portability, and opt-out requests; and providing clear and conspicuous links on the home page of the business’ website, where applicable, allowing residents to limit or opt-out of certain data processing activities. CCPA prohibits businesses from discriminating against consumers who have opted out of the sale of their Personal Information, subject to narrow exceptions. Failure to comply with CCPA can result in civil penalties up to $7,500 per violation or actual damages suffered by a consumer.

Colorado, Virginia, Utah, and Connecticut also passed comprehensive privacy laws, modeled in part after the CCPA, that took effect in 2023. Nine other states have passed similar privacy laws that have taken or will take effect between 2024 and 2026, including Florida, Texas, Delaware, Oregon, Tennessee, Iowa, Indiana, New Hampshire, New Jersey, and Montana. These U.S. privacy laws have some provisions and requirements similar to the CCPA. However, preparing to comply with the varying requirements of these laws has already subjected the Company to costs and legal fees and will subject the Company to additional costs and risks as they take effect. For example, these laws may limit the Company’s ability to use Personal Information for advertising purposes, may limit the ways in which the Company may use certain categories of personal information, may require the Company to obtain additional permissions from the consumer, and may require revision of the Company's contracts with service providers with whom the Company shares Personal Information in the course of providing its products and services. These laws may also limit the Company’s ability to process sensitive Personal Information, which includes financial data, account information, identification card numbers, social security numbers, and precise geolocation. The Company will have to update is policies, notices, procedures, and permissions in response to these new privacy laws. The Company may also have to update its advertising practices. Failure to comply with these privacy laws can result in civil penalties ranging from $2,500 to $20,000 per violation.

All fifty U.S. states and the District of Columbia have enacted data breach notification laws that may require us to notify investors, employees, regulators and others in the event of a security breach (for example, unauthorized access to or disclosure of Personal Information experienced by us or our service providers). These laws may not be consistent, and compliance in the event of a widespread data breach may be difficult and costly. We may also be contractually required or otherwise obligated to notify investors and others of a security breach. Although we may have contractual protections against our service providers should they experience a security breach, any actual or perceived security breach could harm our reputation and brand, expose us to potential liability and require us to expend significant resources on data security as well as in responding to any such actual or perceived breach. Any contractual protections we may have against relevant counterparties may not be sufficient to protect adequately us from any such liabilities and losses, and we may be unable to enforce any such contractual protections.

Nevada law requires operators of websites and online services to post a notice on their websites regarding their privacy practices. The law also requires operators of internet websites or online services to establish a designated request address through which a consumer may submit a verified request directing such operators not to make any sale of covered information collected about the consumer. The “covered information” regulated by the Nevada law is defined to include an enumerated list of items of personally identifiable information (including names, addresses, email addresses, phone numbers, social security numbers and identifiers that allow a specific person to be contacted).

We have evaluated these state privacy laws and their requirements, and believe we are currently in compliance in all material respects with those that are in effect. Going forward, however, the changes introduced by state privacy laws that will soon take effect, and other similar regulations enacted by other jurisdictions, will subject the Company to additional costs and complexity of compliance, by requiring, among other things, changes to the Company’s security systems, policies, procedures and practices. In addition, a violation by the Company of the new regulations could expose us to penalties and sanctions.

We are subject to other laws and regulations.

There are various federal, state, local and foreign laws, ordinances and regulations that affect our trading business. For example, because of the nature and value of the products in which deal, we are required to comply with the Foreign Corrupt Practices Act and a variety of anti-money laundering and know-your-customer rules in response to the USA Patriot Act.

The SEC has promulgated rules mandated by the Dodd-Frank Act regarding disclosure, on an annual basis, of the use of tin, tantalum, tungsten and gold, known as conflict minerals, in products manufactured by public companies. These rules require due diligence to determine whether such minerals originated from the Democratic Republic of Congo ("DRC") or an adjoining country and whether such minerals helped finance the armed conflict in the DRC.

The Company has concluded that it is not currently subject to the conflict minerals rules because it is not a manufacturer of conflict minerals under the definitions set forth in the rules. Depending on developments in the Company’s business, it could become subject to the rules at some point in the future. In that event, there will be costs associated with complying with these disclosure requirements, including costs to determine the origin of gold used in our products. In addition, the implementation of these rules could adversely affect the sourcing, supply and pricing of gold used in our products. Also, we may face disqualification as a supplier for customers and reputational challenges if the due diligence procedures we implement do not enable us to verify the origins for the gold used in our products or to determine that the gold is conflict free.

CFC operates under a California Finance Lenders License issued by the California Department of Financial Protection and Innovation. CFC is required to submit a finance lender law annual report to the state which summarizes certain loan portfolio and financial information regarding CFC. The Department of Financial Protection and Innovation may audit the books and records of CFC to determine whether CFC is in compliance with the terms of its lending license.

There can be no assurance that the regulation of our trading, Direct-to-Consumer, and lending businesses will not increase or that compliance with the applicable regulations will not become more costly or require us to modify our business practices.

For other risks related to government regulation, see below this section and see “Risk Factors of General Applicability — We are subject to other laws and regulations,” below.

One or more states or municipalities could assert that the Company is liable for sales and use, commerce, or similar type of taxes, which could adversely affect our business.

We ship product to retail customers throughout the United States. In *South Dakota v. Wayfair, Inc. et al* ("Wayfair"), the U.S. Supreme Court ruled that states may charge tax on purchases made from out-of-state sellers, even if the seller does not have a physical presence in the taxing state. The effect of Wayfair was to uphold economic nexus principles in determining sales and use tax nexus. As a result of the decision, most states have adopted laws that require an out-of-state retailer to register and collect sales and use or other non-income type taxes upon meeting certain economic nexus standards regardless of whether the company has physical presence in the state. Although the Company believes it is complying with these requirements, our interpretation and application of the newly enacted legislation may differ from the states, which could result in the states' attempt to impose additional tax liabilities, including potential penalties and interest. Furthermore, the requirements by state or local governments on out-of-state sellers to collect sales and use taxes could deter futures sales, which could have an adverse impact on our business.

For other risks related to taxation, see “Risk Factors of General Applicability — Changes in tax law could adversely affect our business,” below.

We use lead providers and marketing affiliates to assist us in obtaining new customers, and if lead providers or marketing affiliates do not comply with an increasing number of applicable laws and regulations, or if our ability to use such lead providers or marketing affiliates is otherwise impaired, it could adversely affect our business.

We are dependent on third parties, referred to as lead providers (or lead generators) and marketing affiliates, as a source of new customers for our Direct-to-Consumer segment and new borrowers for our Secured Lending segment. Our marketing affiliates place our advertisements on their websites that direct potential customers to our websites. Generally, lead providers operate, and also work with their own marketing affiliates who operate, separate websites to attract prospective customers and then sell those "leads" to online traders and lenders. As a result, the success of our Direct-to-Consumer and Secured Lending businesses depends materially on the willingness and ability of lead providers or marketing affiliates to provide us customer leads at acceptable prices.

If regulatory oversight of lead providers or marketing affiliates is increased, through the implementation of new laws or regulations or the interpretation of existing laws or regulations, our ability to use lead providers or marketing affiliates could be restricted or eliminated. For example, the Consumer Financial Protection Bureau ("CFPB") has indicated its intention to examine compliance with federal laws and regulations by lead providers and to scrutinize the flow of non-public, private borrower information between lead providers and lead buyers, such as us. Over the past few years, several states have taken actions that have caused us to discontinue the use of lead providers in those states. While these discontinuations did not have a material adverse effect on us, other states may propose or enact similar restrictions on lead providers and potentially on marketing affiliates in the future, and if other states adopt similar restrictions, our ability to use lead providers or marketing affiliates in those states would also be interrupted.

The failure by lead providers or marketing affiliates to comply with applicable laws or regulations, or any changes in laws or regulations applicable to lead providers or marketing affiliates or changes in the interpretation or implementation of such laws or regulations, could have an adverse effect on our business and could increase negative perceptions of our business and industry. Additionally, the use of lead providers and marketing affiliates could subject us to additional regulatory cost and expense. If our ability to use lead providers or marketing affiliates were to be impaired, our business could be materially adversely affected.

Judicial decisions, CFPB rulemaking or amendments to the Federal Arbitration Act could render the arbitration agreements we use illegal or unenforceable.

We include arbitration provisions in our loan and financing agreements. These provisions are designed to allow us to resolve any customer disputes through individual arbitration rather than in court and explicitly provide that all arbitrations will be conducted on an individual and not on a class basis. Thus, our arbitration agreements, if enforced, have the effect of shielding us from class action liability. Our arbitration agreements do not generally have any impact on regulatory enforcement proceedings. We take the position that the arbitration provisions in loan and financing agreements, including class action waivers, are valid and enforceable; however, the enforceability of arbitration provisions is often challenged in court. If those challenges are successful, our arbitration and class action waiver provisions could be unenforceable, which could subject us to additional litigation, including class action litigation.

In addition, the U.S. Congress has considered legislation that would generally limit or prohibit mandatory arbitration agreements in consumer contracts and has enacted legislation with such a prohibition with respect to certain mortgage loan agreements and also certain consumer loan agreements to members of the military on active duty and their dependents. Further, the Dodd-Frank Act directed the CFPB to study consumer arbitration and authorized the CFPB to adopt rules limiting or prohibiting consumer arbitration, consistent with the results of its study. In July 2017, the CFPB issued a new rule on arbitration, which would have prohibited class action waivers in certain consumer financial services contracts. However, in November 2017, a joint resolution passed by Congress was signed disapproving the rule under the Congressional Review Act. Because the rule was disapproved, it cannot be reissued in substantially the same form, and the CFPB cannot issue a substantially similar rule, unless the new rule is specifically authorized by a law enacted after the date of the joint resolution disapproving the original rule.

Any judicial decisions, legislation or other rules or regulations that impair our ability to enter into and enforce consumer arbitration agreements and class action waivers could increase our exposure to class action litigation as well as litigation in plaintiff-friendly jurisdictions, which would be costly and could have a material adverse effect on our business.

Our advertising and marketing materials and disclosures related to our Direct-to-Consumer and Secured Lending segments have been and continue to be subject to regulatory scrutiny.

In the jurisdictions where our Direct-to-Consumer business operates, our advertising and marketing activities and disclosures are subject to regulation under various industry standards, borrower protection laws, and other applicable laws and regulations. Consistent with the lending industry as a whole, our advertising and marketing materials have come under increased scrutiny.

There can be no guarantee that we will be able to continue advertising and marketing our business units in a manner we consider effective. Any inability to do so could have a material adverse effect on our business.

Risks Relating to Our Common Stock

We may not continue to pay any dividends in the future.

A-Mark's board of directors has adopted a regular quarterly cash dividend policy of $0.20 per common share ($0.80 per share on an annual basis). The initial quarterly cash dividend under the policy was paid on October 24, 2022 to stockholders of record as of October 10, 2022. The most recent cash dividend under the policy was paid on April 29, 2024 to stockholders of record as of April 16, 2024. The declaration of regular cash dividends in the future is subject to the determination each quarter by the board of directors, based on a number of factors, including the Company's financial performance, available cash resources, cash requirements and alternative uses of cash and applicable bank covenants.

There can be no assurance that the Company will pay dividends in the future on a regular basis or otherwise. If the board of directors were to determine not to pay dividends in the future, stockholders would not receive any further return on an investment in our capital stock in the form of dividends and may obtain an economic benefit from the common stock only after an increase in its trading price and only by selling the common stock.

The Company has paid non-recurring special cash dividends to our stockholders as a consequence in part of the Company's favorable performance during the preceding periods. There is no assurance that any such non-recurring special dividend will be paid in the future, and if made, the timing or amount of any such dividend.

See Note 20 to the Company's condensed consolidated financial statements for more information regarding our dividends.

Your percentage ownership in the Company could be diluted in the future.

Your percentage ownership in A-Mark potentially could be diluted in the future because of additional common stock-based equity awards that we expect will be granted to our directors, officers and employees, including through our current equity incentive plan. In addition, we may issue equity in order to raise capital or in connection with future acquisitions and strategic investments, which could dilute your percentage ownership. For example, in the acquisition of JMB, our increased investments in Pinehurst Coin Exchange, Inc. and Silver Gold Bull, Inc., and our recent acquisition of LPM, we issued stock to the sellers in partial consideration for the acquired interests. We also issued stock to the public to finance, in part, the acquisition of JMB.

Provisions in our Certificate of Incorporation and Bylaws and of Delaware law may prevent or delay an acquisition of the Company, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law contain certain anti-takeover provisions that could have the effect of making it more difficult for a third-party to acquire, or of discouraging a third-party from attempting to acquire, control of the Company without negotiating with our board of directors. Such provisions could limit the price that certain investors might be willing to pay in the future for the Company's securities. Certain of such provisions allow the Company to issue preferred stock with rights senior to those of the common stock, impose various procedural and other requirements which could make it more difficult for stockholders to effect certain corporate actions and set forth rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. However, these provisions apply even if an acquisition offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of our Company and our stockholders. Accordingly, in the event that our board determines that a potential business combination transaction is not in the best interests of our Company and our stockholders, but certain stockholders believe that such a transaction would be beneficial to the Company and its stockholders, such stockholders may elect to sell their shares in the Company and the trading price of our common stock could decrease.

Our board and management beneficially own a sizable percentage of our common stock and therefore have the ability to exert substantial influence as stockholders.

Members of our board and management beneficially own approximately 24% of our outstanding common stock. Acting together in their capacity as stockholders, the board members and management could exert substantial influence over matters on which a stockholder vote is required, such as the approval of business combination transactions. Also because of the size of their beneficial ownership, the board members and management may be in a position effectively to determine the outcome of the election of directors and the vote on stockholder proposals. The concentration of beneficial ownership in the hands of our board and management may therefore limit the ability of our public stockholders to influence the affairs of the Company.

Risk Factors of General Applicability

New rules have recently become effective that will require the Company to provide disclosures regarding cybersecurity management and events.

While the Company believes it has robust cybersecurity risk management procedures for addressing cybersecurity events, the new rules may increase the costs of cybersecurity protection and require disclosure of cybersecurity events that the Company might not otherwise deem to be material. The SEC recently changed its disclosure requirements regarding cybersecurity risk management, strategy, governance and incident reporting. These changes require companies to investigate all cybersecurity incidents without unreasonable delay, determine their level of materiality, and report specific details about any material cybersecurity incidents in a separate filing within four business days. These changes also require additional information in annual disclosures regarding the Company's cybersecurity risk management and reporting processes, as well as the cybersecurity expertise of relevant Company personnel and third-party service providers or auditors.

The Company's failure or inability to protect its intellectual property could harm its competitive position.

The Company relies on a combination of patent, trade secret, copyright and trademark laws and contractual restrictions, such as confidentiality agreements and licenses, to protect its business, services, know-how and information. The Company's patent, trademarks or service marks may be challenged or found to be unenforceable, and contractual arrangements to protect our intellectual property may be insufficient to prevent its misappropriation. If that were the case, the Company's competitive position would suffer.

Third parties may assert violations of their intellectual property rights against the Company.

Third parties may currently have, or may be issued, patents upon which the technologies used by the Company infringe. The Company could incur significant costs to defend infringements claims, regardless of their validity, or could be required to develop non-infringing technology at considerable expense or be compelled to enter into expensive royalty or license agreements. For example, JMB was compelled to expend significant resources as a consequence of litigation in which it was accused of infringement prior to its acquisition by the Company.

We are subject to other laws and regulations.

In addition to matters discussed above, we are subject to various laws, and regulations, both domestic and foreign, as well as responsible business, social and environmental practices, which may change from time to time. Failure to comply with applicable laws and regulations or implement responsible business practices could subject us to damage to our reputation, lawsuits, criminal exposure, or increased cost of regulatory compliance.

Changes in tax law could adversely affect our business.

Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common stock. It cannot be predicted whether, when, in what form, or with what effective dates, new tax laws or regulations may be enacted under existing or new tax laws. This could result in an increase in our tax liability or require changes in our business in order to mitigate any adverse effects of changes in tax laws.

Third-party expectations relating to ESG factors may impose additional costs and expose us to new risks.

In recent years, there has been an increasing focus by stakeholders of public companies—including investors, employees, customers, suppliers, and governmental and non-governmental organizations—on ESG matters. A failure, whether real or perceived, to address ESG could adversely affect our business, including by heightening other risks that we face, such as those related to consumer behavior and consumer perceptions of us. We may also face pressure from stakeholders to provide disclosure and establish commitments, targets or goals, and take actions to meet them, regarding ESG. If we fail to satisfy the expectations of investors and other stakeholders or our initiatives are not executed as planned, our reputation, results of our operations and ability to grow our business may be negatively impacted. Additionally, new legislative or regulatory initiatives related to ESG could adversely affect our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Repurchase Program

In April 2018, the Company's board of directors approved a share repurchase program which authorized the Company to purchase up to 1.0 million shares (as adjusted for the two-for-one split of A-Mark's common stock in the form of a stock dividend in fiscal 2022) of its common stock. Prior to fiscal 2023, no shares were repurchased under our share repurchase program. In fiscal 2023, we repurchased a total of 335,735 shares under the program for $9.8 million. In the fourth quarter of fiscal 2023, the board revised the repurchase program to authorize the purchase of up to 1.0 million shares of our common stock, in addition to the shares previously repurchased, and extended the expiration date from June 30, 2023 to June 30, 2028. In November 2023, the Company's board of directors further amended the share repurchase program to authorize an additional 1.2 million shares to be repurchased under the program, resulting in a total of 2.0 million shares authorized for repurchase, after taking into account the shares previously purchased at that date. As of March 31, 2024, 848,509 shares remain authorized for repurchase under the program.

Under the share repurchase program, we may repurchase shares of our common stock from time to time at prevailing market prices, depending on market conditions, through open market or privately negotiated transactions. Subject to applicable corporate securities laws, repurchases may be made at such times and in amounts as management deems appropriate. We are not obligated to repurchase any shares under the program, and repurchases under the program may be discontinued if management determines that additional repurchases are not warranted.

The following table reflects activity related to equity securities we repurchased during the quarter ended March 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
1/1/2024 - 1/31/2024	43,209	$ 27.46	990,304	1,009,696
2/1/2024 - 2/29/2024	156,692	$ 25.90	1,146,996	853,004
3/1/2024 - 3/31/2024	4,495	$ 27.00	1,151,491	848,509
Total	204,396			

Recent Sales of Unregistered Equity Securities

We did not sell any unregistered equity securities during the period covered by this report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit
14.1*	Code of Business Conduct and Ethics
31.1*	Certification Under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification Under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification Under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification Under Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema with Embedded Linkbases document.
104*	Cover Page interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

A-MARK PRECIOUS METALS, INC.

Date:	May 9, 2024	**By:**	***/s/ Gregory N. Roberts***
			Gregory N. Roberts
			Chief Executive Officer
			(Principal Executive Officer)
Date:	May 9, 2024	**By:**	***/s/ Kathleen Simpson-Taylor***
			Kathleen Simpson-Taylor
			Chief Financial Officer
			(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 14.1

A-MARK PRECIOUS METALS, INC.
CODE OF BUSINESS CONDUCT AND ETHICS
(Effective May 6, 2024)

A-MARK PRECIOUS METALS, INC.

This Code of Business Conduct and Ethics (this "Code") has been prepared to focus the directors, executive officers and other employees of A-Mark Precious Metals, Inc. and of each of its U.S. and international subsidiaries (collectively, the "Company") on areas of ethical risk, to provide guidance to personnel to help them recognize and deal with ethical issues, to provide mechanisms to report unethical conduct and to help foster a culture of honesty and accountability. This Code applies to every director, officer and other employee of the Company. While this Code details the conduct expected of each of us and the standards to follow in our business dealings with others, no code or policy can spell out the appropriate conduct and ethical behavior for every situation with which we are confronted. In the final analysis, we have to rely on our own common sense, good judgment and conscience. Therefore, this Code is intended to provide guidelines to assist us in our work for the Company.

At the Company, we expect that all directors, officers and other employees will conduct themselves according to the highest standards of business ethics and integrity.
Adherence to these principles is important in order to maintain public trust and confidence in the Company. In addition, even an action that merely appears to be unethical can reflect negatively on us and harm our community standing.

The Company takes great pride in the high level of integrity and business ethics displayed by our directors, officers and other employees. We hope and expect that the publication of this Code will help foster and maintain this tradition.

Sincerely,

Gregory N. Roberts
Chief Executive Officer

INTRODUCTION

The Company is committed to meeting the highest standards of integrity and business ethics in its operations. These standards are discussed in the pages that follow and are reflected in the character and the conduct of the directors, officers and other employees of the Company. We urge you to become thoroughly familiar with the contents of this Code and to use it as a guide in the performance of your responsibilities for the Company. All employees are encouraged to seek assistance either from their supervisors or the General Counsel when a question or concern arises with respect to any matter addressed in this Code.

This Code is divided into five sections, each of which contains specific guidance with respect to individual conduct. These sections can be summarized in the following general principles, which should guide each of us in the performance of our day-to-day business responsibilities:

- Avoid outside activities or influences that conflict with the best interests of the Company or impair the performance of your work responsibilities.
- Conduct business in accordance with the letter, spirit and intent of applicable laws, regulations and policies.
- Maintain the confidentiality of customer, personnel and Company information.
- Be honest and trustworthy in your relationships with customers, suppliers, fellow personnel, management, stockholders and the general public.
- Treat all persons with dignity and respect.
- Provide service of the highest quality.
- Refrain from using the Company’s resources and reputation for personal gain.
- Be economical in using Company resources.

These principles are fundamental to the operation of every quality enterprise.

The Company may change, update, eliminate or deviate from the guidelines in this Code, as necessary, to address specific requirements relating to various functions and areas of responsibility.

Nothing in this Code is intended to or shall constitute a contract of employment or a commitment to any person that their employment or service to the Company will continue for any specific term. Unless otherwise agreed to in a written agreement executed on behalf of the Company, all employees at the Company are employed at will, which means that either the Company or the employee may terminate the employment relationship at any time for any reason or no reason. Employees are expected also to read, understand and comply with the Company’s Employee Handbook.

I. Conflicts of Interest

A conflict of interest exists when the private interest of a director, officer or other employee interferes -- or even appears to interfere -- with the interests of the Company. A conflict of interest can arise when a director, officer, or other employee takes actions or has interests that may make it difficult to perform his or her duties to the Company objectively and effectively. Conflicts of interest may also arise when a director, officer, other employee or a member of one of their families receives improper personal benefits as a result of his or her position in the Company. When possible, conflicts of interest should be avoided. When conflicts do arise (for example, regarding the setting of an employee's own compensation), the director, officer or other employee must ensure that all decisions on behalf of the Company regarding the matter are made by persons who have no conflict and who are fully informed as to the circumstances that might constitute the conflict of interest.

The following are some common (but by no means all) situations in which a conflict of interest may arise:

A. Gifts and Gratuities

Business decisions must be made impartially and solely on the basis of such factors as price, quality, service, financial responsibility and the maintenance of adequate and reliable sources of supply. Neither you nor any of your immediate family members should request or accept any gift, rebate, kickback, compensation or remuneration from anyone who supplies to, purchases from, competes with or does or is likely to do business with the Company in circumstances that might have the appearance or effect of influencing your judgment in the performance of your duties.
This does not apply to routine two-way exchanges of normal business courtesies, which might reasonably be expected to be exchanged in the ordinary course of business. The boundaries of “reasonableness” are not easily defined and in most instances are left to the good judgment and common sense of the individual.

In certain cases, because of protocol or courtesy, it may be appropriate to accept an unsolicited gift or other benefit of nominal value. You should not accept a gift that could be considered extravagant, excessive or likely to affect your judgment. You must not accept gifts or entertainment of more than nominal value, or money, loans, vacations, airline tickets, or hotel accommodations. Under no circumstances should you accept gifts of cash provided by a customer, consigner, supplier or vendor of goods or services to the Company. If a prohibited gift such as those described is received, it should be promptly returned with a polite note explaining that it is contrary to Company policy to accept it. If you receive a gift, entertainment, or other benefit that does not comply with this Code, or are unsure whether it complies, you should report it in writing to the Company’s General Counsel. The General Counsel may choose to accept the gift on behalf of the Company, determine that it is appropriate for you to keep the gift, or require that the gift be returned or donated to a charitable organization.

It is also the Company’s policy to prohibit directors, officers and other employees from making or offering payments or gifts to influence any decision to be made or action to be taken in securing or transacting Company business with another individual or organization. In many instances, this is also a violation of law (including U.S. laws that prohibit such actions even when undertaken in foreign countries).

B. Meals and Entertainment

As part of the performance of your responsibilities, providing or accepting meals and refreshments that are business related, reasonable and of the type normally exchanged in the ordinary course of business is permitted as an exchange of normal business courtesies. However, acceptance of such meals or other amenities is prohibited when you have, or should have, any reason to believe that the offer is made with the intent to improperly influence you in the performance of your responsibilities for the Company.

The solicitation of entertainment from an individual or organization through special events, such as sporting events, social dinner meetings and other social events, is not to be used or even suggested as a prerequisite for that individual's or organization's doing business with the Company. However, you may occasionally accept or extend such entertainment when appropriate for business objectives and when the entertainment has been or is likely to be mutually extended during the course of the business relationship. You must not accept or extend elaborate entertainment, such as overnight or weekend trips.

C. Outside Employment and Activities

Any individual's outside employment or business activities could potentially conflict, appear to conflict or interfere with the employee's ability to properly perform his or her work at the Company. The Company's directors and employees may not perform work or services for any person, corporation, partnership or other entity that supplies to, purchases from or competes with the Company without the consent of the Chief Executive Officer (the "CEO") or the Audit Committee.

The solicitation or performance of any outside work for personal gain during working hours is prohibited (subject to the individual's work obligation to the Company). The performance of certain charitable activities may be permissible during working hours with the prior approval of the employee's supervisor.

The Company's directors, officers and other employees must obtain approval from the CEO or, in the case of an executive officer, the Audit Committee before serving on the board of directors of another for-profit company. Any of the Company's directors, officers or other employees may serve as a director, trustee or officer of a non-profit organization in such person's individual capacity and on his or her own time, but must get prior permission from the CEO to do so as a representative of the Company.

D. Personal Financial Interests

A conflict with the interests of the Company arises when a director, officer or other employee or a family member holds an investment or other financial interest in any organization that provides services to, sells products to or purchases from or competes with the Company. A financial interest might arise (in such an entity or directly) through:

- stock ownership, partnership or other proprietary interest, or holding of debt or debt securities;
- receipt of remuneration, compensation, commissions or brokerage, finders, consulting or advisory fees;

- holding office, serving on the board of directors or otherwise participating in management;

- borrowing money (except for loans from banks or commercial lending institutions in the usual manner); or

- ownership of any interest in, or any dealing in, real estate, equipment, materials or property where the opportunity for such investment is presented to the director, officer or other employee solely or substantially as a result of his or her position with the Company or where the individual stands to gain financially due to his or her position with the Company, whether or not such activities would adversely affect the Company's best interests.

A financial interest in an entity could represent a conflict of interest even if the Company or a subsidiary also has an ownership interest in the entity.

Certain types of financial interests will not be considered substantial or material and are not covered by this Section I.D, such as ownership for investment purposes of less than five percent (5%) of any class of stock, debt or other securities in a public company or enterprise.

E. Public Office

No director, officer or other employee of the Company may do Company business with any organization in which such individual has a financial interest without first obtaining the written approval of his or her supervisor (if an employee) and the CEO or, in the case of a director or executive officer, the Audit Committee (under the Company's Related Party Transaction Policy). No director, officer or other employee of the Company may have any material financial interest in any organization that competes with the Company.

All Company personnel must notify and receive the approval of the General Counsel before committing to a candidacy for elective office or a formal position on a campaign committee and before accepting an appointment to a public or civic office. The Company may wish to take steps to ensure that such campaign or public service does not raise conflicts of interest. In general, a Company employee may run for and serve in local, elective or appointed civic offices so long as the activity, including campaigning:

- occurs outside work hours;

- involves no use of the Company's name, facilities, client lists, assets or funding;

- is confined solely to the person's capacity as a private citizen and not as a representative of the Company; and
- does not present an actual or perceived conflict of interest for the Company, as determined in the Company's sole judgment.

A director, officer or employee may disclose his or her office, title and service history with the Company in connection with running for or serving in public office or when engaging in public advocacy, but shall not state or imply in any way the Company is endorsing any candidate or public policy position (except for public advocacy authorized by and on behalf of the Company).

II. Corporate Opportunities and Confidentiality

A. Corporate Opportunities

Officers, directors and personnel have a duty to the Company to advance its legitimate business interests as opportunities to do so arise. Such personnel are also prohibited from using the Company's property, information or positions for personal gain or competing with the Company. Officers, directors and personnel must not take for themselves (or direct to a third party) a business opportunity that is discovered through the use of Company property, information or position, unless the Company has already been offered the opportunity and turned it down.

In some situations, it is difficult to distinguish personal benefits and benefits to the Company. Likewise, certain situations may provide both personal benefits and benefits to the Company. Where you will make use of Company property or resources in any way that is not solely for the Company's benefit, you should seek approval of such use in advance from the General Counsel.

B. Confidential Information

The Company's directors, officers and personnel are all responsible for protecting the Company's confidential information and using that information only for the Company's purposes. Confidential information includes all non-public and proprietary information. Confidential information should not be disclosed to any unauthorized person. Company personnel should not discuss confidential Company information outside the Company, even with their families, without authorization. Such information must be protected because unauthorized disclosure could destroy its value to the Company and give unfair advantage to others. Examples of Company confidential information (which are by no means exhaustive) include the Company's customer data, sources of supplies, technologies, pricing policies, marketing programs, new products, computer programs and data files, non-public sales or earnings results, business strategies or initiatives, personnel information, workplace issues and conflicts and any other information concerning the Company's financial, legal or other business activities. Other information to which personnel have access – which should remain confidential -- may include personal or business information about the Company's directors, officers, personnel, stockholders or customers. The Company's customers properly expect that their information will be kept confidential. The Company takes any violation of a customer's confidentiality very seriously and will not tolerate such conduct.

The Company's personnel should use confidential information only as necessary to perform their duties to the Company and never for their own benefit. Personnel are responsible for the safekeeping of any confidential information, whether verbal, written, or electronic, and for limiting access to those who have a need to know in order to do their jobs. That means personnel should avoid discussing confidential information in common areas in our buildings or in elevators, restaurants, airplanes, taxicabs, or other public areas. Company personnel should only disclose confidential information when properly authorized or legally required.

All information and materials (including Company information, manuals, documents, software, digital files, etc.) must be returned at any time at the Company's request and on or before the last day of employment or other association with the Company. The obligation to preserve confidential information continues even after your employment or other association ends, and personnel may not divulge or use confidential information (or documents containing confidential information) that you may have learned about or received in your employment or association.

Directors, officers and employees also must exercise due care to avoid inadvertent disclosure of confidential information or expose the Company to cyber- security risks. This means being vigilant when opening and responding to emails and connecting to links inside emails, and otherwise following safe practices when accessing the internet.

C. Insider Trading Policy

Officers, directors and other employees of the Company are obligated to adhere to the Company's Insider Trading Policy, a copy of which has been provided to them. The Insider Trading Policy is also posted on our corporate website located at www.amark.com.

D. Media Disclosure

Directors, officers and other employees may receive inquiries from news media representatives. Individuals who talk directly to reporters risk providing incorrect information or revealing proprietary strategies. Unless responding to such inquiries is among an individual's specifically authorized responsibilities, all personnel should politely refer all media representatives to the General Counsel.

Directors, officers and employees must exercise care when posting to social media or otherwise on public forums or otherwise on the internet. All rules regarding confidential and proprietary business information apply in full to blogs, web pages, social networking, X (formerly Twitter), Instagram, TikTok, and similar sites. Rules applicable to internet postings (to which directors should also adhere) are set forth in the Employee Handbook.

III. Filings, Reports, Records, Practices, Property and Adherence to Law

A. Company Disclosures and Reports

Directors, officers and other employees must require that any disclosure made by the Company in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the "SEC"), Nasdaq or any other government agency or self-regulatory organization and any other public communication by the Company, is full, fair, accurate, timely and understandable.

B. Company Data Records and Financial Practices

In performing responsibilities for the Company, personnel must prepare and complete all Company records, business data, reports, filings, submissions and documents in a full, fair, accurate, timely and understandable manner. These include such routine documents as time sheets and expense reports. They also include accounting entries, cost estimates and other presentations and reports to management, customers, governmental agencies (including the SEC), stockholders and the public. The falsification of records, whether manual or electronic, is invariably unethical, generally illegal and always unacceptable to the Company. All information transmitted both within and outside of the Company must be honest and well-founded, as the integrity of the Company's records and reports depends on the validity and accuracy of the information on which such records and reports are based and the completeness of such records and reports. In addition, accounting and financial reporting must follow the Company's accounting policies as well as all applicable accounting principles and laws. Unrecorded funds or assets, such as "slush funds," must not be maintained. All Company financial practices concerning accounting, internal accounting controls and auditing matters must meet the highest standards of professionalism, transparency and honesty.

Persons subject to this Policy are prohibited from directly or indirectly taking any action to fraudulently influence, coerce, manipulate or mislead the Company's independent public auditors for the purpose or with the effect of rendering the financial statements of the Company misleading.

In case of uncertainty as to whether a particular expense or transaction is legitimate, or how to properly account for an expense or transaction, personnel should ask the relevant supervisor or the Controller. Rules and guidelines are available from the Accounting Department.

C. Company Funds and Property

All Company personnel are personally responsible and accountable for the proper expenditure of Company funds. This includes Company money spent on travel or other business expenses. Company personnel are also responsible for the proper use and care of Company property and consigned property over which they have control. Company equipment and other property and consigned property should be handled and cared for properly and should be used only for business purposes (exceptions limited to those authorized by the Company). It should not be used for personal benefit, sold, loaned, given away or otherwise disposed of, regardless of its condition or value, without proper authorization. Theft, carelessness and waste directly impact the Company's profitability. All personnel are prohibited from doing anything that involves fraud, theft, embezzlement or misappropriation of Company property or consigned property.

D. Adherence to Applicable Law

The Company requires that all officers, directors, personnel and any third parties doing business on behalf of the Company comply with all laws, rules and regulations applicable to the Company wherever it does business, including the securities laws and regulations of the SEC. The Company acknowledges that there are differences in local laws and practices between countries. In some instances, this Code establishes policies and/or requirements that would not otherwise be required in some countries. In keeping with the Company's commitment to meet the highest standards of business conduct wherever we do business, all employees must comply with all aspects of this Code, even if it is not required by local laws. Conversely, there may be laws in certain countries that may not specifically apply outside of those countries. Company Personnel are expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when you are uncertain about them.

The Company is committed to prevent money laundering and ensure that the Company is not being used to facilitate criminal activity, including terrorism-related activity. Persons subject to this Code must adhere to all laws and regulations designed to combat money-laundering activity, and the controls and procedures implemented by the Company to meet this end, including without limitation, the Company's Anti-Money Laundering Compliance Program.

The Company aims to ensure that its own operations and, so far as possible, its suppliers' operations, are free of slavery, servitude, forced or compulsory labor and human trafficking, and that the fundamental human rights of all of the Company's employees and contractors are upheld.

E. Government Proceedings and Requests for Information

From time to time, Company personnel may receive requests (either in writing or orally) from government agencies concerning the Company's business. All information provided in response to such requests must be truthful and accurate, and Company personnel must not obstruct or impede such requests. Company personnel must not alter, falsify, mutilate, cover up or destroy any documents or records that are responsive to a government request or investigation. If you are asked to provide information concerning the Company's business for a government investigation, contact your supervisor or the General Counsel.

IV. A Respectful Workplace

A. Discrimination and Harassment

The diversity of the Company's personnel is a tremendous asset. The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate unlawful discrimination or harassment of any kind. Directors, officers and employees must treat each other and all persons with dignity and respect. The Company is committed to compliance with all federal, state, and local equal employment opportunity laws. We seek to enrich the Company by recruiting individuals from diverse cultures and backgrounds with wide ranging experience and academic achievement from all over the world.

In keeping with this commitment, the Company maintains a strict policy prohibiting unlawful harassment and discrimination in the workplace, including sexual harassment, by any director, officer or employee. Any discrimination or harassment of an employee on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, military status, veteran status, uniformed service member status, sexual orientation, transgender identity, citizenship status, pregnancy or any other consideration made unlawful by federal, state, or local laws is strictly prohibited.

Harassment can come in many forms, including verbal harassment (*e.g.*, epithets, derogatory comments, slurs or offensive jokes), physical harassment (*e.g.*, assault, touching, impeding or blocking movement or any physical interference with normal work or movement) or visual harassment (*e.g.*, images or gestures) directed towards an individual on the basis of a protected characteristic.

Sexual harassment, in the form of unwelcome sexual advances, requests for sexual favors, widespread sexual favoritism and other verbal, physical or visual conduct of a sexual nature, is forbidden. This includes conduct that has the purpose or effect of either unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment. Sexual harassment includes gender harassment and harassment on the basis of pregnancy, childbirth or related medical conditions, and also includes sexual harassment of a director, officer or employee of the same gender as the harasser.

B. <u>Workplace Violence</u>

The Company will not tolerate workplace violence. Acts or threats of physical violence, including intimidation, harassment and/or coercion that involve or affect the Company or its personnel, will not be tolerated.

The Company is committed to providing a safe, violence-free workplace. In this regard, the Company strictly prohibits employees, consultants, customers, visitors or anyone else on Company premises or engaging in a Company-related activity from behaving in a violent or threatening manner. Moreover, as part of this policy, the Company seeks to prevent workplace violence before it begins and reserves the right to deal with behavior that suggests a propensity towards violence even prior to any violent behavior occurring. It is understood that the term "workplace" includes work-from-home arrangements.

The Company believes that prevention of workplace violence begins with recognition and awareness of potential early warning signs, and has established procedures within Human Resources for responding to any situation that presents the possibility of violence.

Workplace violence includes, but is not limited to, the following:

1. Threats of any kind;

2. Threatening, physically aggressive or violent behavior, such as intimidation of or attempts to instill fear in others;

3. Other behavior that suggests a propensity towards violence, which can include belligerent speech, excessive arguing or swearing, sabotage or threats of sabotage of Company property, or a demonstrated pattern of refusal to follow Company policies and procedures;

4. Defacing Company property or causing physical damage to the facilities; or

5. Bringing weapons or firearms of any kind without authorization onto Company premises, in Company parking lots or otherwise while conducting Company business.

If any director, officer or other employee observes or becomes aware of any of the above-listed actions or behavior by an employee, customer, consultant, visitor or anyone else, he or she should notify the General Counsel immediately.

Further, employees should notify the General Counsel if any restraining order is in effect, or if a potentially violent non-work-related situation exists that could result in violence in the workplace. All reports of workplace violence will be taken seriously and will be investigated promptly and thoroughly, in accordance with the Company's Whistleblower Policy, which provides protections for the person reporting any issue or concern.

If the Company determines that workplace violence has occurred, the Company will take appropriate corrective action and will impose discipline on offending employees. The appropriate discipline will depend on the particular facts but may include written or oral warnings, probation, re-assignment of responsibilities, suspension or termination. If the violent behavior is that of a non-employee, the Company will take appropriate corrective action in an attempt to ensure that such behavior is not repeated.

C. Drug-Free Workplace

Company personnel (including directors, officers and other employees) may not use, sell, possess, purchase or transfer alcohol (except at Company sponsored functions approved by management), illegal drugs or recreational drugs on Company premises, in Company vehicles or during work hours. Company personnel also must not be under the influence of illegal drugs, alcohol or recreational drugs during work hours, regardless of when the drugs or alcohol were consumed. It is also a violation of this Code to sell, transfer or distribute personal prescription drugs on Company premises, in Company vehicles, or during work hours.

The Company is concerned about the use of alcohol, illegal drugs, controlled substances or recreational drugs as it affects the workplace. Use of these substances whether on or off the job can adversely affect an employee's work performance, efficiency, safety and health and therefore seriously impair the employee's value to the Company. In addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes the Company to the risks of property loss or damage or injury to other persons. Furthermore, the misuse of prescription drugs and/or over-the-counter drugs also may affect an employee's job performance and seriously impair the employee's value to the Company.

For purposes of this Policy:

1."Illegal drugs or other controlled substances" mean any drugs or substances that

(a)are not legally obtainable; or (b) are legally obtainable but have not been legally obtained; or (c) have been legally obtained but are being sold or distributed unlawfully.

2."Legal drug" means any drug, including any prescription drug or over-the- counter drug, that has been legally obtained and that is not unlawfully sold or distributed.

3."Recreational drug" means marijuana or other substance containing one or more of the psychoactive components of cannabis, or other non-prescription substance consumed, smoked or otherwise introduced to the human body for the purpose of altering mood or consciousness.

4."Abuse of any legal drug" means the use of any legal drug (a) for any purpose other than the purpose for which it was prescribed or manufactured; or (b) in a quantity, frequency or manner that is contrary to the instructions or recommendations of the prescribing physician or manufacturer.

5."Possession" means that an employee has the substance on his or her person or otherwise under his or her control.

The rules and standards of conduct set forth herein apply to all employees either on Company property or during the work day (including meals and rest periods). The following are strictly prohibited by the Company and will subject an employee to discipline up to and including discharge:

1.The unauthorized use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of alcohol or a recreational drug, or being under the influence of alcohol or a recreational drug while on the job (subject to the limited exception that alcohol may be provided to and consumed by people of legal drinking age at Company-sponsored functions that are approved by Company management);

2. Driving a Company vehicle while under the influence of alcohol or a recreational drug;

3.The use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of any illegal drug or other controlled substance, or being under the influence of an illegal or controlled substance while on the job;

4. The abuse of any legal drug;

5.The purchase, sale, manufacture, distribution, transportation, dispensation or possession of any legal prescription drug in a manner inconsistent with the law;

6.Working while impaired by the use of a legal drug whenever such impairment might:

(a) Endanger the safety of the employee or some other person;

(b) Pose a risk of significant damage to Company property or equipment; or

(c)Substantially interfere with the employee's job performance or the efficient operation of the Company's business or equipment.

D. Fair Dealing

All directors, officers and other employees must deal fairly with the Company’s clients, consignors, vendors, competitors and fellow Company personnel. The Company seeks to excel and outperform its competitors honestly and fairly. Competitive advantage must result from superior performance, not from unethical or illegal business dealings. The Company must not take unfair advantage of anyone through unethical or illegal measures, such as manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practices.

Our goal is to increase business by offering superior products and services. Accordingly, all Company advertising must be truthful, not deceptive and in full compliance with applicable laws, regulations and company policies. All advertising and marketing materials must be approved pursuant to the procedures established in each of the Company's business units.

All Company personnel must guard against unfair competitive practices and exercise extreme caution to avoid conduct that might violate antitrust laws or other rules prohibiting anticompetitive activities. Violations may carry criminal penalties. If a competitor or a third party proposes to discuss unfair collusion, price-fixing or other anti- competitive activities, your responsibility is to object, terminate the conversation, or leave the meeting and report the incident promptly to the General Counsel. The Company's personnel must avoid any discussion with competitors of proprietary or confidential information, business plans or topics, such as pricing or sales policies, that could be viewed as an attempt to make inappropriate joint decisions rather than independent business decisions.

V. Compliance with the Code

A. Responsibility for Compliance

All Company directors, officers and other employees are responsible for compliance with both the letter and spirit of this Code. Management assumes a special obligation for its own awareness and the effective communication of this Code to personnel who report to them. This Code shall be distributed to each new director, officer and individual employed by the Company or providing services comparable to employment upon commencement of his or her employment or other association with the Company and shall also be distributed to every existing director, officer and employee. Managers and supervisors are encouraged to maintain an open-door policy in responding to questions regarding this Code. Frequent discussion of ethical issues, both informally and formally, is a sign of good corporate practice. These responsibilities cannot be delegated.

B. Reporting Code Violations

Anyone who knows or believes that any director, officer, employee, consultant or other individual representing the Company has engaged or is engaging in conduct related to the Company that violates applicable law, this Code, or any other code or practice standard applicable to such an individual, should report this information to his or her supervisor, anyone in their supervisory chain of command or the General Counsel in person or by sending a letter or other writing to the Company's principal executive offices to the attention of the employee's supervisor or the General Counsel. You may choose to remain anonymous in reporting any possible violation of this Code (see the Whistleblower Policy for procedures to raise concerns anonymously). Any supervisor who receives a report of a violation of this Code must immediately inform the General Counsel.

Personnel concerned about matters involving accounting, internal accounting controls or auditing matters should report their complaints immediately by following the procedures set forth in our Whistleblower Policy, a copy of which has been provided to you. Additional copies may be obtained by contacting the General Counsel. The policy is also posted on our corporate website located at www.amark.com.

This Code should not be construed to prohibit anyone from testifying, participating or otherwise assisting in any state or federal administrative, judicial or legislative proceeding or investigation.

C. Investigating and Resolving Concerns

All reports of possible violations will be forwarded to the General Counsel. The General Counsel may, in her discretion, assume responsibility for evaluating any possible violation and directing or conducting any investigation or may delegate any portion of such responsibility to the Audit Committee of the Board of Directors (the "Board"), or to outside counsel. The General Counsel may also refer a report, as she sees fit, including to the Board, any of its committees or another director. If the investigation concerns a possible violation by the General Counsel, then the CEO or President shall assume the General Counsel's responsibilities in this regard. All reports of possible violations will be handled with the utmost care and receive a thorough review.

After conducting the investigation, the results will be evaluated and the Company will authorize such response, follow-up and preventive actions, if any, as are deemed necessary and appropriate to address the substance of the reported possible violation. The Company reserves the right to take whatever action it believes appropriate, up to and including discharge of any individual determined to have engaged in improper conduct. The Company reserves the right to report illegal actions to the appropriate authorities, which may result in civil and criminal penalties.

Neither the Company nor any person associated with the Company shall discharge, demote, suspend, threaten, harass or in any other manner discipline, discriminate or retaliate against any person or entity because he or she reports any possible violations or cooperates in any investigation or inquiry regarding possible violations of applicable law or this Code using the methods outlined above, unless it is determined that the report was not made in good faith. Any such retaliation will warrant disciplinary action against the person who wrongfully retaliates, up to and including termination of employment.

D. Questions

Company personnel having any questions regarding the best course of action in a particular situation should promptly contact their supervisor, anyone in their supervisory chain of command or the General Counsel. These discussions may concern an individual's own activities or activities of others and may involve apparent conflicts between actions the individual has been directed to take and the standards contained in this Code.

E. Violations

Violations of this Code are cause for disciplinary action, up to and including termination of employment.

F. Waivers

From time to time, the Company may waive certain provisions of this Code. Any director, officer or individual who believes that a waiver may be appropriate should discuss the matter with the General Counsel. Waivers for executive officers, senior financial officers or directors may only be made by the Board and will be disclosed promptly as required by law or by stock exchange or Nasdaq regulation.

G. Certification

Each director, executive officer and other employee of the Company is required, upon request, to certify his or her understanding of, and intent to comply with, the terms of this Code by signing the sheet at the back of this Code and returning it to the General Counsel in a timely manner.

A-MARK PRECIOUS METALS, INC.

RECEIPT AND ACKNOWLEDGMENT

To the Board of Directors of A-Mark Precious Metals, Inc. (the "Company"):

I,   , have read the Company's Code of Business Conduct and Ethics (the "Code"), and I understand and acknowledge the principles and standards of conduct set forth in the Code. I will adhere to and comply with the Code.

I understand that the Company can, at its sole discretion, change, update, eliminate, or deviate from the guidelines in the Code.

I understand that this statement and agreement does not constitute or give rise to any contract of employment or a guarantee or promise from the Company of any kind.

Signature

Date

PLEASE SIGN AND RETURN THIS FORM TO THE GENERAL COUNSEL

Exhibit 31.1

CERTIFICATION

I, Gregory N. Roberts, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of A-Mark Precious Metals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of 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 the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2024

/s/ Gregory N. Roberts

Gregory N. Roberts

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Kathleen Simpson-Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of A-Mark Precious Metals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of 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 the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2024

/s/ Kathleen Simpson-Taylor
Kathleen Simpson-Taylor
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with A-Mark Precious Metals, Inc.'s (the "Company") Quarterly Report on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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 result of operations of the Company.

Date: May 9, 2024

/s/ Gregory N. Roberts

Gregory N. Roberts
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with A-Mark Precious Metals, Inc.'s (the "Company") Quarterly Report on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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 result of operations of the Company.

Date: May 9, 2024

/s/ Kathleen Simpson-Taylor

Kathleen Simpson-Taylor
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.