

September 21, 2016



A-Mark Precious Metals Reports Fiscal Fourth Quarter and Full Year 2016 Results

SANTA MONICA, Calif., Sept. 21, 2016 (GLOBE NEWSWIRE) -- **A-Mark Precious Metals, Inc.** (NASDAQ:AMRK), a full-service precious metals trading company and an official distributor for all the major sovereign mints, reported results for the fiscal fourth quarter and full year ended June 30, 2016.

Fiscal Q4 2016 Highlights (compared to the same year-ago quarter)

- Revenues increased 19% to \$1.74 billion
- Gross profit increased 27% to \$7.6 million
- Net income decreased 58% to \$1.1 million or \$0.15 per diluted share
- Gold ounces sold increased 48% to 711,000 ounces
- Silver ounces sold increased 17% to 25.8 million ounces
- Trading ticket volume decreased 8% to 20,964 tickets

Fiscal Q4 2016 Financial Results

Revenues increased 19% to \$1.74 billion from \$1.45 billion in the same year-ago quarter. The increase in revenue was primarily due to a 48% increase in gold ounces sold and a 17% increase in silver ounces sold, driven by demand for the company's primary products, as well as a 5% increase in the price of gold.

Gross profit increased 27% to \$7.6 million (0.44% of revenue) from \$6.0 million (0.41% of revenue) in the same year-ago quarter. The improvement in gross profit margin was primarily due to better performance of the company's higher-margin custom coin products.

Selling, general and administrative expenses increased 46% to \$5.9 million from \$4.1 million in the same year-ago quarter. The increase was primarily due to higher performance-based compensation accruals, IT system consulting costs, as well as operational costs related to the Las Vegas logistics facility established to provide fulfillment services to customers.

Interest income increased 53% to \$2.4 million from \$1.6 million in same year-ago quarter, driven primarily by an increase in the size of the company's loan portfolio, as well as an improvement in certain finance products.

Interest expense increased 88% to \$2.1 million from \$1.1 million in same year-ago quarter, which was primarily due to greater usage of the company's lines of credit and other product financing arrangements.

Net income decreased 58% to \$1.1 million or \$0.15 per diluted share from \$2.6 million or \$0.36 per diluted share in the same year-ago quarter. The decrease was primarily due to a higher provision for income taxes, as well as higher interest expense and selling, general and administrative expenses. The decrease in net income was partially offset by higher

gross profit and interest income compared to the same year-ago quarter.

Fiscal 2016 Highlights (compared to the same year-ago period)

- Revenues increased 12% to \$6.78 billion
- Gross profit increased 41% to \$34.5 million
- Net income increased 31% to \$9.3 million or \$1.30 per diluted share
- Gold ounces sold increased 45% to 3.0 million ounces
- Silver ounces sold increased 43% to 126.3 million ounces
- Trading ticket volume increased 4% to 88,486 tickets

Fiscal 2016 Financial Results

Revenues increased 12% to \$6.78 billion from \$6.07 billion in the same year-ago period, driven primarily by a 45% increase in gold ounces sold and a 43% increase in silver ounces sold. Key factors contributing to the increase in demand were the volatility and decrease in commodity prices during fiscal Q1 2016, which resulted in renewed investment interest in precious metals.

Gross profit increased 41% to \$34.5 million (0.51% of revenue) from \$24.5 million (0.40% of revenue) in the same year-ago period. The increase in gross margin was due, in part, to higher premium spreads on the company's primary products, particularly during fiscal Q1 2016.

Selling, general and administrative expenses increased 30% to \$22.2 million from \$17.1 million in the same year-ago period. The increase was primarily due to higher performance-based compensation accruals, salary expenses, IT system consulting costs, and the operational cost of the company's new logistics facility.

Interest income increased 45% to \$8.8 million from \$6.1 million in the same year-ago period. The increase was primarily due to an increase in the size of the company's loan portfolio, as well as an improvement in certain finance products.

Interest expense increased 47% to \$6.3 million from \$4.3 million in the same year-ago period, which was primarily due to greater usage of the company's lines of credit and product financing arrangements, increased interest rates and amortization of loan fees.

Net income increased 31% to \$9.3 million or \$1.30 per diluted share from \$7.1 million or \$1.00 per diluted share in the same period last year. The increase was primarily due to higher revenue, gross profits and interest income, partially offset by higher selling, general and administrative expenses, interest expense, and income taxes.

Management Commentary

"The fourth quarter was our eleventh consecutive quarter of profitability as a public company and marked a strong finish to a pivotal year in A-Mark's development," said company CEO, Greg Roberts. "Our performance in Q4 was reflected by double-digit growth in several key metrics, including revenue and gross profit. Our financial performance also demonstrated strong growth in our finance products, as reflected by the 53% increase in interest income during the quarter.

"Our results for the fourth quarter and full year illustrate the advantages of our unique

business model, which is structured to provide consistent profitability in all market environments, while offering opportunities for significantly higher gross profit when we experience increased volatility and demand for our products and services. To this end, in fiscal 2016 we believe A-Mark has invested in its future successfully growing its capacity and future earnings potential. In step with this, we continue to pursue business development initiatives that can provide us with greater capacity and direct influence over our profitability. This includes growing our finance product portfolio and expanding our value-added service offerings, like minting, storage and logistics. To support these services, we will leverage the full capacity and advantages of our Las Vegas logistics facility, which began operations more than a year ago. This facility enables us to provide a full suite of ancillary services, allowing us to deepen our customer relationships and drive more predictable revenue growth and improved gross margins.

“An integral part of our long-term strategy is vertical integration. Our execution on this initiative was demonstrated by our recent strategic investment in SilverTowne Mint, a leading producer of fabricated silver products. SilverTowne Mint will be one of the most efficient vertically integrated mints in North America, benefiting from A-Mark’s industry-leading distribution network and Asahi’s unparalleled refining capabilities as part of the strategic supplier agreement. The numerous operating synergies between A-Mark and SilverTowne will significantly expand our capacity to meet unforeseen surges in demand during volatile market environments, such as the one we experienced last August and September.

"Along that line, during our fiscal first quarter of 2017 ending September 30, we have seen normal market conditions in precious metals compared to the high demand and volatility we experienced in the same year-ago period. That being said, we continue to be optimistic about our business and opportunities, but given current market conditions, do not anticipate our financial performance to be commensurate with the same year-ago period.

“Looking ahead, we expect that fiscal 2017 will be a year of continued execution on our plan that’s focused on growing our platform of turnkey solutions. We plan to build on this platform throughout the year in order to meet the current and changing demands of our customers. We also continue to look for strategic investments, like SilverTowne Mint, that are highly synergistic and complementary to our expanding platform.”

Conference Call

A-Mark will hold a conference call today (September 21, 2016) to discuss these financial results. The company's CEO Greg Roberts, President Thor Gjerdrum and CFO Cary Dickson will host the call at 4:30 p.m. Eastern time (1:30 p.m. Pacific time). A question and answer session will follow management's presentation.

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

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

International number: 1-201-689-8562

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

A replay of the call will be available after 7:30 p.m. Eastern time through October 5, 2016.

Toll-free replay number: 1-877-870-5176

International replay number: 1-858-384-5517

Conference ID: 13645683

About A-Mark Precious Metals

A-Mark Precious Metals, Inc. is a full-service precious metals trading company and an official distributor for many government mints throughout the world. The company offers gold, silver, platinum and palladium in the form of bars, plates, powder, wafers, grain, ingots and coins. Its Industrial unit services manufacturers and fabricators of products utilizing or incorporating precious metals, while its Coin & Bar unit deals in over 200 coin and bar products in a variety of weights, shapes and sizes for distribution to dealers and other qualified purchasers. The company operates trading centers in Santa Monica, California, and Vienna, Austria, for buying and selling precious metals.

In addition to wholesale and trading activity, A-Mark offers customers a variety of services, including financing, consignment and various customized financial programs. As a U.S. Mint-authorized purchaser of gold, silver and platinum coins, A-Mark purchases bullion products directly from the U.S. Mint for sale to customers. A-Mark also has distributorships with other sovereign mints, including in Australia, Austria, Canada, China, Mexico and South Africa. Customers of A Mark include mints, manufacturers and fabricators, refiners, coin and metal dealers, banks and other financial institutions, jewelers, investors and collectors. For more information about A-Mark Precious Metals, visit www.amark.com.

Through its subsidiary Collateral Finance Corporation, a licensed California Finance Lender, the company offers loans collateralized by numismatic and semi-numismatic coins and bullion to coin and metal dealers, investors and collectors. Through its Transcontinental Depository Services subsidiary, it offers a variety of managed storage options for precious metals products to financial institutions, dealers, investors and collectors around the world. Through its A-M Global Logistics subsidiary, the company provides its customers an array of complementary services, including storage, shipping, handling, receiving, processing, and inventorying of precious metals and custom coins on a secure basis.

Important Cautions Regarding Forward-Looking Statements

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

The words "should," "believe," "estimate," "expect," "intend," "anticipate," "foresee," "plan"

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

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

	June 30, 2016	June 30, 2015
ASSETS		
Current assets:		
Cash	\$ 17,142	\$ 20,927
Receivables, net	43,302	30,025
Derivative assets	33,732	11,364
Secured loans receivable	70,004	48,666
Inventories:		
Inventories	185,699	152,076
Restricted inventories	59,358	39,425
	245,057	191,501
Income taxes receivable	7,318	7,846
Income taxes receivable from Former Parent	203	1,095
Prepaid expenses and other assets	1,503	1,202
Total current assets	418,261	312,626
Property and equipment, net	3,482	2,850
Goodwill	4,620	4,884
Intangibles, net	1,987	2,369
Long-term secured loans receivable	500	650
Long-term investments	7,873	2,500
Deferred tax assets - non-current	424	783
Total assets	\$ 437,147	\$ 326,662
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit	\$ 212,000	\$ 147,000
Liability on borrowed metals	4,352	9,500
Product financing arrangement	59,358	39,425
Accounts payable	46,769	50,639
Derivative liabilities	36,454	17,897
Accrued liabilities	7,660	5,330
Total current liabilities	366,593	269,791
Deferred tax liabilities - non-current	7,245	909
Total liabilities	373,838	270,700
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of June 30, 2016 and 2015	—	—
Common Stock, par value \$0.01; 40,000,000 shares authorized; 7,021,450 and 6,973,549 shares issued and outstanding as of June 30, 2016 and 2015, respectively	71	70
Additional paid-in capital	22,220	22,470
Retained earnings	41,018	33,422
Total stockholders' equity	63,309	55,962
Total liabilities and stockholders' equity	\$ 437,147	\$ 326,662

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

Years Ended June 30,	<u>2016</u>	<u>2015</u>
Revenues	\$ 6,784,039	\$ 6,070,234
Cost of sales	<u>6,749,518</u>	<u>6,045,736</u>
Gross profit	34,521	24,498
Selling, general and administrative expenses	(22,233)	(17,131)
Interest income	8,795	6,073
Interest expense	(6,319)	(4,311)
Other income	701	—
Unrealized gains on foreign exchange	<u>99</u>	<u>19</u>
Net income before provision for income taxes	15,564	9,148
Provision for income taxes	<u>(6,293)</u>	<u>(2,097)</u>
Net income	<u>\$ 9,271</u>	<u>\$ 7,051</u>
Basic and diluted income per share:		
Basic - net income	<u>\$ 1.33</u>	<u>\$ 1.01</u>
Diluted - net income	<u>\$ 1.30</u>	<u>\$ 1.00</u>
Weighted average shares outstanding:		
Basic	<u>6,981,900</u>	<u>6,962,800</u>
Diluted	<u>7,120,300</u>	<u>7,062,600</u>

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

	Years Ended June 30,	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:			
Net income		\$ 9,271	\$ 7,051
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization		1,216	895
Amortization of loan cost		204	—
Deferred income taxes		6,695	(1,363)
Interest added to principal of secured loans		(83)	(212)
Share-based compensation		419	253
Earnings from equity method investment		(701)	—
		—	41
Loss on sale of property and equipment			
Changes in assets and liabilities:			
Receivables		(13,277)	9,354
Secured loans		4,345	(737)
Secured loans to Former Parent		(1,369)	2,562
Derivative assets		(22,368)	10,820
Income tax receivable		528	(7,846)
Inventories		(53,556)	(15,947)
Prepaid expenses and other current assets		(505)	(589)
Accounts payable		(3,870)	5,995
Derivative liabilities		18,557	(14,885)
Liabilities on borrowed metals		(5,148)	791
Accrued liabilities		2,594	(740)
Receivable from/payables to Former Parent		892	2,044
Income taxes payable		—	(2,178)
Net cash used in operating activities		<u>(56,156)</u>	<u>(4,691)</u>
Cash flows from investing activities:			
Capital expenditures for property and equipment		(1,466)	(1,784)
Proceeds from the sale of property and equipment		—	60
Purchase of long-term investments		(4,672)	(2,000)
Secured loans, net		(24,081)	(9,668)
Net cash used in investing activities		<u>(30,219)</u>	<u>(13,392)</u>
Cash flows from financing activities:			
Product financing arrangement, net		19,933	14,815
Dividends paid		(1,675)	(698)
Borrowings (repayments) under lines of credit, net		65,000	11,800
Release of common stock		1	—
Repurchase and retirement of restricted stock for payroll taxes		(669)	(100)
Net cash provided by financing activities		<u>82,590</u>	<u>25,817</u>
Net (decrease) increase in cash and cash equivalents		<u>(3,785)</u>	<u>7,734</u>
Cash and cash equivalents, beginning of period		<u>20,927</u>	<u>13,193</u>
Cash and cash equivalents, end of period		<u>\$ 17,142</u>	<u>\$ 20,927</u>
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest expense		<u>\$ 6,143</u>	<u>\$ 4,141</u>
Income taxes		<u>\$ 149</u>	<u>\$ 12,883</u>
Non-cash investing and financing activities:			
Interest added to principal of secured loans		<u>\$ 83</u>	<u>\$ 212</u>

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

Consolidated Results of Operations

The operating results of our business for the year ended June 30, 2016 and 2015 are as follows:

Years Ended June 30,	2016		2015		\$	%
	\$	% of revenue	\$	% of revenue		
Revenues	\$ 6,784,039	100.000 %	\$ 6,070,234	100.000 %	\$ 713,805	11.8 %
Gross profit	34,521	0.509 %	24,498	0.404 %	\$ 10,023	40.9 %
Selling, general and administrative expenses	(22,233)	(0.328)%	(17,131)	(0.282)%	\$ 5,102	29.8 %
Interest income	8,795	0.130 %	6,073	0.100 %	\$ 2,722	44.8 %
Interest expense	(6,319)	(0.093)%	(4,311)	(0.071)%	\$ 2,008	46.6 %
Other income	701	0.010 %	—	— %	\$ 701	— %
Unrealized gains on foreign exchange	99	0.001 %	19	— %	\$ 80	NM
Net income before provision for income taxes	15,564	0.229 %	9,148	0.151 %	\$ 6,416	70.1 %
Provision for income taxes	(6,293)	(0.093)%	(2,097)	(0.035)%	\$ 4,196	200.1 %
Net income	<u>\$ 9,271</u>	<u>0.137 %</u>	<u>\$ 7,051</u>	<u>0.116 %</u>	<u>\$ 2,220</u>	<u>31.5 %</u>
Per Share Data:						
Basic	<u>\$ 1.33</u>		<u>\$ 1.01</u>		\$ 0.32	31.7 %
Diluted	<u>\$ 1.30</u>		<u>\$ 1.00</u>		\$ 0.30	30.0 %

The operating results of our business for the three months ended June 30, 2016 and 2015 are as follows:

Three Months Ended June 30,	2016		2015		\$	%
	\$	% of revenue	\$	% of revenue		
Revenues	\$ 1,735,210	100.000 %	\$ 1,453,402	100.000 %	\$ 281,808	19.4 %
Gross profit	7,563	0.436 %	5,951	0.409 %	\$ 1,612	27.1 %
Selling, general and administrative expenses	(5,931)	(0.342)%	(4,069)	(0.280)%	\$ 1,862	45.8 %
Interest income	2,430	0.140 %	1,591	0.109 %	\$ 839	52.7 %
Interest expense	(2,105)	(0.121)%	(1,122)	(0.077)%	\$ 983	87.6 %
Other income	88	0.005 %	—	— %	\$ 88	— %
Unrealized gains on foreign exchange	90	0.005 %	226	0.016 %	\$ (136)	NM
Net income before provision for income taxes	2,135	0.123 %	2,577	0.177 %	\$ (442)	(17.2)%
Provision for income taxes	(1,067)	(0.061)%	(11)	(0.001)%	\$ 1,056	NM
Net income	<u>\$ 1,068</u>	<u>0.062 %</u>	<u>\$ 2,566</u>	<u>0.177 %</u>	<u>\$ (1,498)</u>	<u>(58.4)%</u>
Per Share Data:						
Basic	<u>\$ 0.15</u>		<u>\$ 0.37</u>		\$ (0.22)	(59.5)%
Diluted	<u>\$ 0.15</u>		<u>\$ 0.36</u>		\$ (0.21)	(58.3)%

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Source: A-Mark Precious Metals