

September 10, 2020



A-Mark Precious Metals Reports Fiscal Fourth Quarter and Full Year 2020 Results

A-Mark's Board of Directors Approves a Special Dividend of \$1.50 per Common Share

EL SEGUNDO, Calif., Sept. 10, 2020 (GLOBE NEWSWIRE) -- **A-Mark Precious Metals, Inc. (NASDAQ: AMRK)**, a leading full-service provider of products and services to the global precious metals market, reported results for the fiscal fourth quarter and full year ended June 30, 2020.

Fiscal Fourth Quarter 2020 Financial Highlights

- Revenues for the three months ended June 30, 2020 increased 96% to \$1.67 billion from \$850.2 million for the three months ended June 30, 2019 and increased 32% from \$1.26 billion for the three months ended March 31, 2020
- Gross profit for the three months ended June 30, 2020 increased 335% to \$28.0 million (1.68% of revenue) from \$6.5 million (0.76% of revenue) for the three months ended June 30, 2019 and increased 25% from \$22.5 million (1.79% of revenue) for the three months ended March 31, 2020
- Net income for the three months ended June 30, 2020 totaled \$17.8 million or \$2.49 per diluted share, as compared to net loss of \$823,000 or \$(0.12) per diluted share for the three months ended June 30, 2019 and net income of \$11.3 million or \$1.61 per diluted share for the three months ended March 31, 2020
- Gold ounces sold in the three months ended June 30, 2020 increased 91% to 669,000 ounces from 350,000 for the three months ended June 30, 2019 and increased 32% from 508,000 for the three months ended March 31, 2020
- Silver ounces sold in the three months ended June 30, 2020 increased 136% to 29.6 million ounces from 12.5 million ounces for the three months ended June 30, 2019 and increased 15% from 25.7 million from the three months ended March 31, 2020
- As of June 30, 2020, the number of secured loans decreased 74% to 717 from 2,806 as of June 30, 2019 and increased 67% from 429 as of March 31, 2020

Fiscal Fourth Quarter 2020 Financial Results

Revenues increased 96% to \$1.67 billion from \$850.2 million in the same year-ago quarter. The increase was primarily due to an increase in the total amount of gold and silver ounces sold and higher selling prices of gold and silver.

Gross profit increased 335% to \$28.0 million (1.68% of revenue) from \$6.5 million (0.76% of revenue) in the same year-ago quarter. The increase was due to higher gross profits from the Wholesale Trading & Ancillary Services and Direct Sales segments.

Selling, general and administrative expenses increased 21% to \$10.2 million from \$8.4

million in the same year-ago quarter. The increase was primarily due to increases in compensation expense (including performance-based accruals) of \$1.8 million, advertising expense of \$0.1 million, consulting costs of \$0.2 million, and computer software expense of \$0.2 million, which were partially offset by decreases in operating expenses of \$0.5 million associated with the Company's Direct Sales segment.

Interest income decreased 38% to \$3.3 million from \$5.3 million in the same year-ago quarter. The aggregate decrease in interest income was primarily due to lower interest income earned by our Secured Lending segment.

Interest expense decreased 24% to \$3.6 million from \$4.7 million in the same year-ago quarter. The decrease in interest expense was primarily related to the Company's Trading Credit Facility and loan servicing fees, partially offset by an increase in interest expense related to our product financing arrangements and liabilities on borrowed metals.

Net income totaled \$17.8 million or \$2.49 per diluted share, a significant improvement from a net loss of \$823,000 or \$(0.12) per diluted share in the same year-ago quarter.

Full Year 2020 Financial Highlights

- Revenues for the full year ended June 30, 2020 increased 14% to \$5.46 billion from \$4.78 billion for the full year ended June 30, 2019
- Gross profit for the full year ended June 30, 2020 increased 110% to \$67.0 million (1.23% of revenue) from \$32.0 million (0.67% of revenue) for the full year ended June 30, 2019
- Net income for the full year ended June 30, 2020 totaled \$30.5 million or \$4.31 per diluted share, as compared to net income of \$2.2 million or \$0.31 per diluted share for the full year ended June 30, 2019
- Gold ounces sold in the full year ended June 30, 2020 increased 21% to 2,181,000 ounces from 1,799,000 for the full year ended June 30, 2019
- Silver ounces sold in the full year ended June 30, 2020 increased 34% to 90.4 million ounces from 67.6 million ounces for the full year ended June 30, 2019

Full Year 2020 Financial Results

Revenues increased 14% to \$5.46 billion from \$4.78 billion in the same year-ago period. The increase was primarily due to an increase in the total amount of gold and silver ounces sold and higher selling prices of gold and silver, partially offset by lower forward sales.

Gross profit increased 110% to \$67.0 million (1.23% of revenue) from \$32.0 million (0.67% of revenue) in the same year-ago period. This increase was due to higher gross profits from the Wholesale Trading & Ancillary Services and Direct Sales segments.

Selling, general and administrative expenses increased 13% to \$36.8 million from \$32.5 million in the same year-ago period. The increase was primarily due to increases in compensation expense (including performance-based accruals) of \$4.5 million, computer software expense of \$0.5 million, and depreciation and amortization expense of \$0.4 million, which were partially offset by decreases in operating expenses of \$1.1 million associated with the Company's Direct Sales segment, and consulting expense of \$0.4 million.

Interest income increased 10% to \$21.2 million from \$19.3 million in the same year-ago

period. The aggregate increase in interest income was primarily due to interest income earned by the Company's Secured Lending segment and other finance product income.

Interest expense increased 10% to \$18.9 million from \$17.1 million in the same year-ago period. The increase in interest expense was related primarily to the Company's notes payable (which were issued in September 2018), loan servicing fees, product financing arrangements, and liabilities on borrowed metals, partially offset by reductions in interest expense related to our Trading Credit Facility, and the Goldline Credit Facility.

Net income totaled \$30.5 million or \$4.31 per diluted share, a significant improvement compared to net income of \$2.2 million or \$0.31 per diluted share in the same year-ago period.

Management Commentary

"The fourth quarter capped off a record year for A-Mark," said company CEO Greg Roberts. "Following the macroeconomic events in March that spurred the unprecedented volatility in the precious metals market, the fourth quarter was a period characterized by sustained and heightened demand and related product volumes. This consistency helped to drive sequential improvements in our key financial metrics, including a 25% increase in gross profit to \$28.0 million as well as a 58% increase in net income to \$17.8 million or \$2.49 per diluted share compared with our third quarter. The record financial results we realized for both Q4 and fiscal 2020 resulted in Return on Equity of 17.6% for the quarter and 30.2% for the fiscal year and demonstrate the attractiveness of our business model, which is designed to generate continuing revenue streams in normal market conditions and outsized profitability during volatile market periods.

"Our ecosystem of synergistic turn-key solutions has allowed us to capture significant value across the precious metals market and enables us to more effectively take advantage of supply constrained and volatile market conditions like those we saw in in the second half of the year. The strategic investments we've made over the last several years to expand capacity and operational capabilities have ideally positioned A-Mark to continue capitalizing on the current market conditions while increasing our market share and driving growth over the long term.

"Our operational and financial success in Q4 allowed us to enter fiscal 2021 with significant momentum. The market dynamics and trends we experienced in the fourth quarter have continued to date into fiscal Q1, highlighted by sustained demand and high volatility. These factors give us optimism for the year ahead as we look to take advantage of the opportunities in front of us. We believe our strong competitive position, robust platform, expanding customer base and diversified business model will help drive growth and profitability in the years ahead."

Special Dividend

A-Mark's Board of Directors approved a special dividend of \$1.50 per common share. The special dividend will be paid on or about September 25, 2020 to stockholders of record as of September 21, 2020.

Conference Call

A-Mark will hold a conference call today (September 10, 2020) to discuss these financial results. The company's CEO Greg Roberts, President Thor Gjerdrum and CFO Kathleen

Simpson-Taylor 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

Conference ID: 13709056

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

A replay of the call will be available after 7:30 p.m. Eastern time through September 24, 2020.

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

International replay number: 1-412-317-6671

Conference ID: 13709056

About A-Mark Precious Metals

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

A-Mark operates several business units in its Wholesale Trading & Ancillary Services segment, including Industrial, Coin and Bar, Trading and Finance, Storage, Logistics, and the Mint (as more fully described below). Its Industrial unit services manufacturers and fabricators of products utilizing precious metals, while its Coin and Bar unit deals in over 200 different products for distribution to dealers and other qualified purchasers. As a U.S. Mint-authorized purchaser of gold, silver and platinum coins, A-Mark purchases bullion products directly from the U.S. Mint for sale to customers. A-Mark also has distributorships with other sovereign mints, including Australia, Austria, Canada, China, Mexico, South Africa and the United Kingdom. Through its Transcontinental Depository Services subsidiary, A-Mark provides customers with a variety of managed storage options for precious metals worldwide. Through its A-M Global Logistics subsidiary, A-Mark provides customers an array of complementary services, including receiving, handling, inventorying, processing, packaging and shipping of precious metals and custom coins on a secure basis. A-Mark also holds a majority stake in a joint venture that owns the minting operations known as [SilverTowne Mint](#) (Mint), which designs and produces minted silver products which provide greater product selection to customers, price stability within the supply chain as well as more secured access to silver during volatile market environments.

The company operates its Secured Lending segment through its wholly-owned subsidiaries, Collateral Finance Corporation ([CFC](#)) and AM Capital Funding, LLC (AMCF). Founded in 2005, CFC is a licensed finance lender that originates and acquires loans secured by bullion and numismatic coins. Its customers include coin and precious metal dealers, investors, and collectors. AMCF was formed in 2018 for the purpose of securitizing eligible secured loans of CFC.

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

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

Important Cautions Regarding Forward-Looking Statements

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

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

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

	June 30, 2020	June 30, 2019
ASSETS		
Current assets:		
Cash	\$ 52,325	\$ 8,320
Receivables	49,142	26,895
Derivative assets	46,325	2,428
Secured loans receivable	63,710	125,298
Precious metals held under financing arrangements	178,577	208,792
Inventories:		
Inventories	246,603	198,356
Restricted inventories	74,678	94,505
	<u>321,281</u>	<u>292,861</u>
Income tax receivable	—	1,473
Prepaid expenses and other assets	2,659	2,783
Total current assets	<u>714,019</u>	<u>668,850</u>
Operating lease right of use assets	4,223	—
Property, plant, and equipment, net	5,675	6,731
Goodwill	8,881	8,881
Intangibles, net	4,974	5,852
Long-term investments	16,763	11,885
Deferred tax assets	—	3,163
Other long-term assets	3,500	—
Total assets	<u>\$ 758,035</u>	<u>\$ 705,362</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit	\$ 135,000	\$ 167,000
Liabilities on borrowed metals	168,206	201,144
Product financing arrangements	74,678	94,505
Accounts payable and other current liabilities	140,930	62,180
Derivative liabilities	25,414	9,971
Accrued liabilities	10,397	6,137
Income tax payable	2,135	—
Total current liabilities	<u>556,760</u>	<u>540,937</u>
Notes payable	92,517	91,859
Deferred tax liabilities	62	—
Other liabilities	3,802	—
Total liabilities	<u>653,141</u>	<u>632,796</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of June 30, 2020 and June 30, 2019	—	—
Common stock, par value \$0.01; 40,000,000 shares authorized; 7,031,500 and 7,031,450 shares issued and outstanding as of June 30, 2020 and June 30, 2019, respectively	71	71
Additional paid-in capital	27,289	26,452
Retained earnings	73,644	43,135
Total A-Mark Precious Metals, Inc. stockholders' equity	<u>101,004</u>	<u>69,658</u>
Non-controlling interests	3,890	2,908
Total stockholders' equity	<u>104,894</u>	<u>72,566</u>
Total liabilities, non-controlling interests and stockholders' equity	<u>\$ 758,035</u>	<u>\$ 705,362</u>

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

	Years Ended	
	June 30, 2020	June 30, 2019
Revenues	5,461,094	\$ 4,783,157
Cost of sales	5,394,121	4,751,199
Gross profit	66,973	31,958
Selling, general, and administrative expenses	(36,756)	(32,502)
Interest income	21,237	19,270
Interest expense	(18,859)	(17,146)
Other income, net	5,226	1,697
Unrealized gains on foreign exchange	57	—
Net income before provision for income taxes	37,878	3,277
Income tax expense	(6,387)	(1,015)
Net income	31,491	2,262
Net income attributable to non-controlling interests	982	37
Net income attributable to the Company	<u>\$ 30,509</u>	<u>\$ 2,225</u>
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:		
Basic	<u>\$ 4.34</u>	<u>\$ 0.32</u>
Diluted	<u>\$ 4.31</u>	<u>\$ 0.31</u>
Weighted average shares outstanding:		
Basic	<u>7,031,500</u>	<u>7,031,400</u>
Diluted	<u>7,080,500</u>	<u>7,085,300</u>

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

Years Ended June 30,	2020	2019
Cash flows from operating activities:		
Net income	\$ 31,491	\$ 2,262
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>		
Provision (reversal) for doubtful accounts	—	(30)
Depreciation and amortization	2,900	2,807
Amortization of loan cost	1,484	1,192
Deferred income taxes	3,225	707
Interest added to principal of secured loans	(19)	(19)
Change in accrued earn-out	—	(588)
Debt extinguishment costs	—	45
Share-based compensation	953	1,096
Earnings from equity method investments	(4,878)	(1,198)
<i>Changes in assets and liabilities:</i>		
Receivables	(22,247)	8,992
Secured loans receivable	3,086	(1,304)
Secured loans made to affiliates	5,261	(1,535)
Derivative assets	(43,897)	4,967
Income tax receivable	1,473	80
Precious metals held under financing arrangements	30,215	53,774
Inventories	(28,420)	(12,745)
Prepaid expenses and other assets	59	(668)
Accounts payable and other current liabilities	78,750	16,183
Derivative liabilities	15,443	(10,486)
Liabilities on borrowed metals	(32,938)	(79,202)
Accrued liabilities	3,859	1,137
Income tax payable	2,135	—
Net cash provided by (used in) operating activities	47,935	(14,533)
Cash flows from investing activities:		
Capital expenditures for property, plant, and equipment	(836)	(490)
Purchase of long-term investments	—	(2,300)
Purchase of intangible assets	(150)	—
Secured loans receivable, net	53,260	(12,015)
Other loans originated	(3,500)	—
Net cash provided by (used in) investing activities	48,774	(14,805)
Cash flows from financing activities:		
Product financing arrangements, net	(19,827)	(19,435)
Borrowings and repayments under lines of credit, net	(32,000)	(33,000)
Repayments on notes payable to related party	—	(7,500)
Proceeds from issuance of notes payable	—	95,000
Debt funding issuance costs	(761)	(3,798)
Non-controlling ownership interest contribution	—	100
Net payments related to share-based award activities	(116)	—
Net cash (used in) provided by financing activities	(52,704)	31,367
Net increase in cash, cash equivalents, and restricted cash	44,005	2,029
Cash, cash equivalents, and restricted cash, beginning of period	8,320	6,291
Cash, cash equivalents, and restricted cash, end of period	\$ 52,325	\$ 8,320

Overview of Results of Operations for the Years Ended June 30, 2020 and 2019

Consolidated Results of Operations

The operating results of our business for the years ended June 30, 2020 and 2019 are as follows:

in thousands, except per share data

Years Ended June 30,	2020		2019		\$	%
	\$	% of revenue	\$	% of revenue	Increase/ (decrease)	Increase/ (decrease)
Revenues	\$ 5,461,094	100.000 %	\$ 4,783,157	100.000 %	\$ 677,937	14.2 %
Gross profit	66,973	1.226 %	31,958	0.668 %	\$ 35,015	109.6 %
Selling, general, and administrative expenses	(36,756)	(0.673)%	(32,502)	(0.680)%	\$ 4,254	13.1 %
Interest income	21,237	0.389 %	19,270	0.403 %	\$ 1,967	10.2 %
Interest expense	(18,859)	(0.345)%	(17,146)	(0.358)%	\$ 1,713	10.0 %
Other income, net	5,226	0.096 %	1,697	0.035 %	\$ 3,529	208.0 %
Unrealized gains on foreign exchange	57	0.001 %	—	—	\$ 57	—
Net income before provision for income taxes	37,878	0.694 %	3,277	0.069 %	\$ 34,601	1055.9 %
Income tax expense	(6,387)	(0.117)%	(1,015)	(0.021)%	\$ 5,372	529.3 %
Net income	31,491	0.577 %	2,262	0.047 %	\$ 29,229	1292.2 %
Net income attributable to non-controlling interests	982	0.018 %	37	0.001 %	\$ 945	2554.1 %
Net income attributable to the Company	\$ 30,509	0.559 %	\$ 2,225	0.047 %	\$ 28,284	1271.2 %
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:						
Per Share Data:						
Basic	\$ 4.34		\$ 0.32		\$ 4.02	1256.3 %
Diluted	\$ 4.31		\$ 0.31		\$ 4.00	1290.3 %

Overview of Results of Operations for the Three Months Ended June 30, 2020 and 2019

Consolidated Results of Operations

The operating results of our business for the three months ended June 30, 2020 and 2019 are as follows:

in thousands, except per share data

Three Months Ended June 30,	2020		2019		\$	%
	\$	% of revenue	\$	% of revenue		
Revenues	\$ 1,665,768	100.000 %	\$ 850,169	100.000 %	\$ 815,599	95.9 %
Gross profit	28,027	1.683 %	6,450	0.759 %	\$ 21,577	334.5 %
Selling, general, and administrative expenses	(10,228)	(0.614)%	(8,422)	(0.991)%	\$ 1,806	21.4 %
Interest income	3,269	0.196 %	5,260	0.619 %	\$ (1,991)	(37.9)%
Interest expense	(3,585)	(0.215)%	(4,699)	(0.553)%	\$ (1,114)	(23.7)%
Other income, net	4,779	0.287 %	394	0.046 %	\$ 4,385	1112.9 %
Unrealized gains on foreign exchange	99	0.006 %	54	0.006 %	\$ 45	83.3 %
Net income (loss) before provision for income taxes	22,361	1.342 %	(963)	(0.113)%	\$ 23,324	2422.0 %
Income tax (expense) benefit	(4,036)	(0.242)%	128	0.015 %	\$ 4,164	3253.1 %
Net income (loss)	18,325	1.100 %	(835)	(0.098)%	\$ 19,160	2294.6 %
Net income (loss) attributable to non-controlling interests	499	0.030 %	(12)	(0.001)%	\$ 511	4258.3 %
Net income (loss) attributable to the Company	\$ 17,826	1.070 %	\$ (823)	(0.097)%	\$ 18,649	2266.0 %
Basic and diluted net income (loss) per share attributable to A-Mark Precious Metals, Inc.:						
Per Share Data:						
Basic	\$ 2.54		\$ (0.12)		\$ 2.66	2216.7 %
Diluted	\$ 2.49		\$ (0.12)		\$ 2.61	2175.0 %

Overview of Results of Operations for the Three Months Ended June 30, 2020 and March 31, 2020

Consolidated Results of Operations

The operating results of our business for the three months ended June 30, 2020 and March 31, 2020 are as follows:

in thousands, except per share data

Three Months Ended,	June 30, 2020		March 31, 2020		\$	%
	\$	% of revenue	\$	% of revenue	Increase/ (decrease)	Increase/ (decrease)
Revenues	\$ 1,665,768	100.000 %	\$ 1,258,722	100.000 %	\$ 407,046	32.3 %
Gross profit	28,027	1.683 %	22,475	1.786 %	\$ 5,552	24.7 %
Selling, general, and administrative expenses	(10,228)	(0.614)%	(10,388)	(0.825)%	\$ (160)	(1.5)%
Interest income	3,269	0.196 %	5,968	0.474 %	\$ (2,699)	(45.2)%
Interest expense	(3,585)	(0.215)%	(5,051)	(0.401)%	\$ (1,466)	(29.0)%
Other income, net	4,779	0.287 %	463	0.037 %	\$ 4,316	932.2 %
Unrealized gains (losses) on foreign exchange	99	0.006 %	(45)	(0.004)%	\$ 144	320.0 %
Net income before provision for income taxes	22,361	1.342 %	13,422	1.066 %	\$ 8,939	66.6 %
Income tax expense	(4,036)	(0.242)%	(1,814)	(0.144)%	\$ 2,222	122.5 %
Net income	18,325	1.100 %	11,608	0.922 %	\$ 6,717	57.9 %
Net income attributable to non-controlling interests	499	0.030 %	287	0.023 %	\$ 212	73.9 %
Net income attributable to the Company	\$ 17,826	1.070 %	\$ 11,321	0.899 %	\$ 6,505	57.5 %
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:						
Per Share Data:						
Basic	\$ 2.54		\$ 1.61		\$ 0.93	57.8 %
Diluted	\$ 2.49		\$ 1.61		\$ 0.88	54.7 %



Source: A-Mark Precious Metals