

February 8, 2018



A-Mark Precious Metals Reports Fiscal Second Quarter and Six Month 2018 Results

EL SEGUNDO, Calif., Feb. 08, 2018 (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 second quarter ended December 31, 2017.

Fiscal Q2 2018 Financial Highlights

- Revenues for the three months ended December 31, 2017 decreased 21% to \$1.68 billion from \$2.13 billion for the three months ended December 31, 2016 and decreased 22% from \$2.16 billion for the three months ended September 30, 2017
- Gross profit for the three months ended December 31, 2017 decreased 10% to \$8.9 million from \$9.9 million for the three months ended December 31, 2016 and increased 22% from \$7.3 million for the three months ended September 30, 2017
- Net loss for the three months ended December 31, 2017 totaled \$0.2 million or \$(0.03) per diluted share (which includes \$0.3 million of additional tax expense as a result of the recently enacted Tax Cuts and Jobs Act), as compared to net income of \$2.8 million or \$0.39 per diluted share for the three months ended December 31, 2016 and net income of \$0.5 million or \$0.07 per diluted share for the three months ended September 30, 2017
- Gold ounces sold in the three months ended December 31, 2017 decreased 51% to 376,000 ounces from 772,000 for the three months ended December 31, 2016 and increased 13% from 332,000 for the three months ended September 30, 2017
- Silver ounces sold in the three months ended December 31, 2017 decreased 48% to 12.0 million ounces from 22.8 million ounces for the three months ended December 31, 2016 and decreased 18% from 14.5 million from the three months ended September 30, 2017
- As of December 31, 2017, the number of secured loans increased 66% to 2,823 from 1,698 as of December 31, 2016 and increased 15% from 2,454 as of September 30, 2017

Fiscal Q2 2018 Financial Results

Revenues decreased 21% to \$1.68 billion from \$2.13 billion in the same year-ago quarter. The decrease in revenues was mainly due to a decrease in the total amount of gold and silver ounces sold and lower silver prices, offset by higher gold prices and an increase in forward sales.

Gross profit decreased 10% to \$8.9 million (0.53% of revenue) from \$9.9 million (0.46% of revenue) in the same year-ago quarter. The decrease in gross profit was primarily related to

a decrease in the total volume of gold and silver ounces sold, partially offset by higher gross profits realized by the newly acquired Direct Sales segment (Goldline). The decrease in volume of gold and silver ounces sold was primarily related to slower market conditions in the current period compared to the same year-ago quarter.

Selling, general and administrative expenses increased 53% to \$9.3 million from \$6.1 million in the same year-ago quarter. The increase was primarily due to selling, general and administrative expenses related to the company's newly acquired Direct Sales segment (Goldline) and other non-recurring costs, partially offset by a reduction in incentive compensation expenses.

Interest income increased 10% to \$3.3 million from \$3.0 million in same year-ago quarter. The increase was primarily due to increases in interest rates and the aggregate value of the company's secured loan portfolio, partially offset by decreases in other finance product income.

Interest expense increased 37% to \$3.4 million from \$2.4 million in same year-ago quarter. The increase was primarily due to higher usage of the company's lines of credit, a new debt financing agreement related to the acquisition of Goldline, higher average inventory levels primarily related to product financing arrangements, amortization costs related to loan fees associated to third party financing arrangements, as well as higher LIBOR interest rates that went into effect subsequent to the Federal Reserve rate increases.

Net loss totaled \$0.2 million or \$(0.03) per diluted share, as compared to net income of \$2.8 million or \$0.39 per diluted share in the same year-ago quarter. The net loss includes \$0.3 million additional tax expense related to an adjustment to deferred tax assets and liabilities as part of the recently enacted Tax Cuts and Jobs Act. On a reportable segment basis, Goldline ("Direct Sales Segment") had a \$2.1 million pre-tax loss while A-Mark ("Wholesale Trading & Ancillary Services") had a \$2.3 million pre-tax profit.

Fiscal Six Months 2018 Highlights

- Revenues for the six months ended December 31, 2017 decreased 2% to \$3.84 billion from \$3.93 billion for the six months ended December 31, 2016
- Gross profit for the six months ended December 31, 2017 decreased 10% to \$16.2 million (0.42% of revenue) from \$17.9 million (0.46% of revenue) for the six months ended December 31, 2016
- Net income for the six months ended December 31, 2017 decreased 94% to \$0.3 million or \$0.04 per diluted share from \$4.7 million or \$0.66 per diluted share for the six months ended December 31, 2016. Net income includes an additional \$0.3 million of tax expense related to the impact of the recently enacted Tax Cuts & Jobs Act.
- Gold ounces sold in the six months ended December 31, 2017 decreased 46% to 708,000 ounces from 1.3 million for the six months ended December 31, 2016
- Silver ounces sold in the six months ended December 31, 2017 decreased 41% to 26.5 million ounces from 44.6 million for the six months ended December 31, 2016

Fiscal Six Months 2018 Financial Results

Revenues decreased 2% to \$3.84 billion from \$3.93 billion in the same period last year. The decrease was primarily due to a decrease in the total amount of gold and silver ounces sold and lower silver prices, offset by an increase in forward sales.

Gross profit decreased 10% to \$16.2 million (0.42% of revenue) from \$17.9 million (0.46% of revenue) in the same year-ago period. The decrease in gross profit was primarily related to a decrease in the total volume of gold and silver ounces sold, partially offset by higher gross profits realized by the new acquired Direct Sales segment (Goldline). The decrease in volume of gold and silver ounces sold was primarily related to slower market conditions in the current period compared to the same period last year.

Selling, general and administrative expenses increased 38% to \$16.3 million from \$11.8 million in the same year-ago period. The increase was primarily due to selling, general and administrative expenses related to the company's newly acquired Direct Sales segment (Goldline), stock compensation expense and other non-recurring costs, partially offset by a reduction in incentive compensation expenses.

Interest income increased 11% to \$6.4 million from \$5.8 million in the same year-ago period. The increase was primarily due to increases in interest rates and the aggregate value of the company's secured loan portfolio, partially offset by decreases in other finance product income.

Interest expense increased 30% to \$6.1 million from \$4.7 million in the same year-ago quarter. The increase was primarily due to higher usage of the company's lines of credit, a new debt financing agreement related to the acquisition of Goldline, higher average inventory levels primarily related to product financing arrangements, amortization of loan fees, as well as higher LIBOR interest rates that went in to effect subsequent to the Federal Reserve rate increases.

Net income decreased 94% to \$0.3 million or \$0.04 per diluted share from \$4.7 million or \$0.66 per diluted share in the same year-ago period. The decrease was primarily due to lower gross profit, higher interest expense and higher selling, general and administrative expenses, offset by higher interest income and lower taxes. On a reportable segment basis, Goldline ("Direct Sales Segment") had a \$1.7 million pre-tax loss while A-Mark ("Wholesale Trading & Ancillary Services") had a \$2.7 million pre-tax profit.

Management Commentary

"While our second quarter results reflect the continued challenging environment for precious metals products since the 2016 election, we continue to execute our plans to grow our market share," said company CEO Greg Roberts. "We believe our initiatives to invest in our business and further diversify and strengthen our product offerings to customers put A-Mark in an optimal position to capitalize on profitable opportunities when market conditions improve. One of these initiatives was the prior quarter acquisition of Goldline, which expanded A-Mark's distribution to retail and created a unique distribution platform for precious metals globally through the combination of Goldline's client base, leads and sales and marketing expertise with A-Mark's product offerings, logistics and storage expertise. We continue to refine Goldline's business model and work through the challenges of the integration of the Goldline business.

"Despite some initial tax expenses in this quarter from the recently enacted Tax Cuts and Jobs Act, we believe the new corporate tax rate of 21% and new business investment incentives for capital assets will positively contribute to growth, profits and cash flow over the long term."

Conference Call

A-Mark will hold a conference call today (Thursday, February 8, 2018) to discuss these financial results. The company's CEO Greg Roberts, President Thor Gjerdrum and CFO Cary Dickson will host the call at 4:30 p.m. Eastern time (1:30 p.m. Pacific time). A question and answer session will follow management's presentation.

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

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

International number: 1-201-689-8562

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

A replay of the call will be available after 7:30 p.m. Eastern time through February 22, 2018.

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

International replay number: 1-412-317-6671

Conference ID: 13675900

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 El Segundo, 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. Through its Goldline

subsidiary, A-Mark sells precious metals directly to the global collector and investor community, while also acting as the exclusive supplier to Goldline. For more information, visit www.goldline.com.

A-Mark also holds a majority stake in a joint venture that owns the minting operations known as SilverTowne Mint. SilverTowne Mint is a leading producer of fabricated silver bullion and specialty products. For more information about SilverTowne Mint, please visit www.silvertownemint.com.

Important Cautions Regarding Forward-Looking Statements

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

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

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	December 31, 2017	June 30, 2017
ASSETS		
Current assets:		
Cash	\$ 12,011	\$ 13,059
Receivables, net	39,418	39,295
Derivative assets	1,399	17,587
Secured loans receivable	96,971	91,238
Inventories:		
Inventories	215,074	149,316
Restricted inventories	120,161	135,343
	<u>335,235</u>	<u>284,659</u>
Income taxes receivable	663	—
Prepaid expenses and other assets	2,233	1,183
Total current assets	<u>487,930</u>	<u>447,021</u>
Plant, property and equipment, net	7,890	6,607
Goodwill	10,331	8,881
Intangibles, net	8,656	4,065
Long-term investments	8,146	7,967
Deferred tax assets - non-current	4,170	3,959
Total assets	<u>\$ 527,123</u>	<u>\$ 478,500</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit	\$ 214,000	\$ 180,000
Liability on borrowed metals	19,526	5,625
Product financing arrangements	120,161	135,343
Accounts payable	59,754	41,947
Derivative liabilities	27,420	34,582
Note payable (related party)	—	500
Accrued liabilities	5,263	4,945
Income taxes payable	—	1,418
Total current liabilities	<u>446,124</u>	<u>404,360</u>
Debt obligation (related party)	6,873	—
Other long-term liabilities (related party)	1,103	1,117
Total liabilities	<u>454,100</u>	<u>405,477</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of December 31, 2017 and June 30, 2017	—	—
Common Stock, par value \$0.01; 40,000,000 shares authorized; 7,031,450 shares issued and outstanding as of December 31, 2017 and June 30, 2017	71	71
Additional paid-in capital	24,264	23,526
Retained earnings	45,143	45,994
Total A-Mark Precious Metals, Inc. stockholders' equity	<u>69,478</u>	<u>69,591</u>
Non-controlling interest	3,545	3,432
Total stockholders' equity	<u>73,023</u>	<u>73,023</u>
Total liabilities, non-controlling interest and stockholders' equity	<u>\$ 527,123</u>	<u>\$ 478,500</u>

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

	Three Months Ended		Six Months Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenues	\$ 1,680,738	\$ 2,126,361	\$ 3,844,528	\$ 3,932,014
Cost of sales	1,671,822	2,116,502	3,828,306	3,914,091
Gross profit	8,916	9,859	16,222	17,923
Selling, general and administrative expenses	(9,349)	(6,131)	(16,325)	(11,795)
Interest income	3,268	2,959	6,429	5,818
Interest expense	(3,359)	(2,447)	(6,092)	(4,688)
Other income	651	93	712	79
Unrealized gain (loss) on foreign exchange	139	(3)	38	(9)
Net income before provision for income taxes	266	4,330	984	7,328
Provision for income taxes	(324)	(1,590)	(598)	(2,649)
Net income (loss)	(58)	2,740	386	4,679
Net gain (loss) attributable to non-controlling				
Add: interest	147	(10)	113	(21)
Net income (loss) attributable to the Company	<u>\$ (205)</u>	<u>\$ 2,750</u>	<u>\$ 273</u>	<u>\$ 4,700</u>
Basic and diluted income per share attributable to A-Mark Precious Metals, Inc.:				
Basic	<u>\$ (0.03)</u>	<u>\$ 0.39</u>	<u>\$ 0.04</u>	<u>\$ 0.67</u>
Diluted	<u>\$ (0.03)</u>	<u>\$ 0.39</u>	<u>\$ 0.04</u>	<u>\$ 0.66</u>
Dividends per share	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.16</u>	<u>\$ 0.14</u>
Weighted average shares outstanding:				
Basic	<u>7,031,400</u>	<u>7,023,300</u>	<u>7,031,400</u>	<u>7,027,400</u>
Diluted	<u>7,031,400</u>	<u>7,108,900</u>	<u>7,113,000</u>	<u>7,112,800</u>

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

	Six Months Ended	December 31, 2017	December 31, 2016
Cash flows from operating activities:			
Net income	\$	386	\$ 4,679
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization		1,312	707
Amortization of loan cost		595	378
Deferred income taxes		(211)	(3,341)
Interest added to principal of secured loans		(29)	(34)
Accrued earn-out		(529)	—
Share-based compensation		738	420
Earnings from equity method investment		(179)	(79)
Changes in assets and liabilities:			
Receivables		923	(38,643)
Secured loans		(289)	8,442
Secured loans to Former Parent		(1,502)	(1,453)
Derivative assets		17,013	(5,845)
Income tax receivable		(663)	5,889
Inventories		(38,035)	(45,866)
Prepaid expenses and other assets		(714)	(147)
Accounts payable		15,511	19,076
Derivative liabilities		(7,162)	37,904
Liabilities on borrowed metals		4,952	(881)
Accrued liabilities		(2,376)	(3,567)
Receivable from/payables to Former Parent		—	203
Income taxes payable		(1,418)	5,745
Net cash used in operating activities		<u>(11,677)</u>	<u>(16,413)</u>
Cash flows from investing activities:			
Capital expenditures for property and equipment		(417)	(944)
Secured loans, net		(3,913)	(17,390)
Acquisition of subsidiary, net of cash		(9,548)	(3,421)
Net cash used in investing activities		<u>(13,878)</u>	<u>(21,755)</u>
Cash flows from financing activities:			
Product financing arrangements, net		(15,182)	62,108
Dividends		(1,124)	(984)
Borrowings (repayments) under lines of credit, net		34,000	(27,000)
Proceeds from issuance of debt obligation payable to related party		7,500	—
Repayments on notes payable to related party		(500)	—
Stock award grant		—	172
Debt funding fees		(187)	—
Net cash provided by financing activities		<u>24,507</u>	<u>34,296</u>
Net decrease in cash, cash equivalents, and restricted cash		(1,048)	(3,872)
Cash, cash equivalents, and restricted cash, beginning of period		13,059	17,142
Cash, cash equivalents, and restricted cash, end of period	\$	<u>12,011</u>	<u>\$ 13,270</u>

Overview of Results of Operations for the Three Months Ended December 31, 2017 and 2016

Condensed Consolidated Results of Operations

The operating results of our business for the three months ended December 31, 2017 and 2016 are as follows:

in thousands, except per share data

Three Months Ended December 31,	2017		2016		\$	%
	\$	% of revenue	\$	% of revenue		
Revenues	\$ 1,680,738	100.000 %	\$ 2,126,361	100.000 %	\$ (445,623)	(21.0)%
Gross profit	8,916	0.530 %	9,859	0.464 %	\$ (943)	(9.6)%
Selling, general and administrative expenses	(9,349)	(0.556)%	(6,131)	(0.288)%	\$ 3,218	52.5 %
Interest income	3,268	0.194 %	2,959	0.139 %	\$ 309	10.4 %
Interest expense	(3,359)	(0.200)%	(2,447)	(0.115)%	\$ 912	37.3 %
Other income	651	0.039 %	93	0.004 %	\$ 558	600.0 %
Unrealized (loss) gain on foreign exchange	139	0.008 %	(3)	— %	\$ 142	NM
Net income before provision for income taxes	266	0.016 %	4,330	0.204 %	\$ (4,064)	(93.9)%
Provision for income taxes	(324)	(0.019)%	(1,590)	(0.075)%	\$ (1,266)	(79.6)%
Net income (loss)	(58)	(0.004)%	2,740	0.129 %	\$ (2,798)	(102.1)%
Net gain (loss) attributable to Add: non-controlling interest	147	0.009 %	(10)	— %	\$ 137	NM
Net income (loss) attributable to the Company	\$ (205)	(0.012)%	\$ 2,750	0.129 %	\$ (2,955)	(107.5)%

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

Per Share Data:

Basic	\$ (0.03)	\$ 0.39	\$ (0.42)	(107.7)%
Diluted	\$ (0.03)	\$ 0.39	\$ (0.42)	(107.7)%

NM Not meaningful.

Overview of Results of Operations for the Six Months Ended December 31, 2017 and 2016

Condensed Consolidated Results of Operations

The operating results of our business for the six months ended December 31, 2017 and 2016 are as follows:

in thousands, except per share data and performance metrics

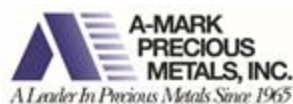
Six Months Ended December 31,	2017		2016		\$	%
	\$	% of revenue	\$	% of revenue		
Revenues	\$ 3,844,528	100.000 %	\$ 3,932,014	100.000 %	\$ (87,486)	(2.2)%
Gross profit	16,222	0.422 %	17,923	0.456 %	\$ (1,701)	(9.5)%
Selling, general and administrative expenses	(16,325)	(0.425)%	(11,795)	(0.300)%	\$ 4,530	38.4 %
Interest income	6,429	0.167 %	5,818	0.148 %	\$ 611	10.5 %
Interest expense	(6,092)	(0.159)%	(4,688)	(0.119)%	\$ 1,404	29.9 %
Other income (expense)	712	0.019 %	79	0.002 %	\$ 633	801.3 %
Unrealized gain on foreign exchange	38	0.001 %	(9)	— %	\$ 47	NM
Net income before provision for income taxes	984	0.026 %	7,328	0.186 %	\$ (6,344)	(86.6)%
Provision for income taxes	(598)	(0.016)%	(2,649)	(0.067)%	\$ (2,051)	(77.4)%
Net income	386	0.010 %	4,679	0.119 %	\$ (4,293)	(91.8)%
Net gain (loss) attributable to non-Add: controlling interest	113	0.003 %	(21)	(0.001)%	\$ 134	NM
Net income attributable to the Company	\$ 273	0.007 %	\$ 4,700	0.120 %	\$ (4,427)	(94.2)%

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

Per Share Data:

Basic	\$ 0.04	\$ 0.67	\$ (0.63)	(94.0)%
Diluted	\$ 0.04	\$ 0.66	\$ (0.62)	(93.9)%

NM Not meaningful.



Source: A-Mark Precious Metals