

February 8, 2022



A-Mark Precious Metals Reports Fiscal Second Quarter 2022 Results

EL SEGUNDO, Calif., Feb. 08, 2022 (GLOBE NEWSWIRE) -- **A-Mark Precious Metals, Inc. (NASDAQ: AMRK)**, a leading fully integrated precious metals platform, reported results for the fiscal second quarter ended December 31, 2021.

Fiscal Second Quarter 2022 Financial Highlights

- Revenues for the three months ended December 31, 2021 increased 28% to \$1.95 billion from \$1.52 billion for the three months ended December 31, 2020 and decreased 3% from \$2.01 billion for the three months ended September 30, 2021
- Gross profit for the three months ended December 31, 2021 increased 252% to \$65.9 million from \$18.8 million for the three months ended December 31, 2020 and increased 18% from \$56.0 million for the three months ended September 30, 2021
- Gross profit margin for the three months ended December 31, 2021 increased to 3.39% of revenue, from 1.23% of revenue for the three months ended December 31, 2020, and increased from 2.78% of revenue in the three months ended September 30, 2021
- Net income attributable to the Company for the three months ended December 31, 2021 totaled \$31.8 million or \$2.61 per diluted share, as compared to net income of \$8.9 million or \$1.16 per diluted share for the three months ended December 31, 2020, and net income of \$26.0 million or \$2.17 per diluted share for the three months ended September 30, 2021
- Adjusted net income before provision for income taxes, depreciation, amortization and acquisition costs, a non-GAAP financial measure, for the three months ended December 31, 2021 totaled \$49.0 million, an increase of \$36.3 million compared to \$12.7 million for the three months ended December 31, 2020, and an increase of \$7.9 million compared to \$41.1 million for the three months ended September 30, 2021
- Adjusted net income before provision for income taxes, depreciation, amortization and acquisition costs per diluted share, a non-GAAP financial measure, for the three months ended December 31, 2021 was \$4.02, as compared to \$1.64 for the three months ended December 31, 2020, and \$3.42 for the three months ended September 30, 2021
- Gold ounces sold in the three months ended December 31, 2021 increased 32% to 631,000 ounces from 479,000 ounces for the three months ended December 31, 2020, and decreased 6% from 669,000 ounces for the three months ended September 30, 2021
- Silver ounces sold in the three months ended December 31, 2021 increased 51% to

32.0 million ounces from 21.2 million ounces for the three months ended December 31, 2020, and increased 14% from 28.1 million ounces for the three months ended September 30, 2021

- As of December 31, 2021, the number of secured loans increased 81% to 2,393 from 1,324 as of December 31, 2020, and increased 15% from 2,074 as of September 30, 2021

Fiscal Second Quarter 2022 Financial Results

Revenues increased 28% to \$1.95 billion from \$1.52 billion in the same year-ago quarter due to an increase in gold and silver ounces sold, partially offset by lower average selling prices of gold and silver. JM Bullion (“JMB”) contributed \$489.3 million of revenue to the quarter.

Gross profit increased 252% to \$65.9 million (3.39% of revenue) from \$18.8 million (1.23% of revenue) in the same year-ago quarter. The gross profit increase was due to higher gross profits earned from the Wholesale Sales & Ancillary Services and Direct-to-Consumer segments, including \$29.7 million contributed by JMB.

Selling, general and administrative expenses increased 119% to \$18.7 million from \$8.5 million in the same year-ago quarter. The increase was primarily due to \$6.9 million of expenses incurred by JMB, \$2.3 million of legal consulting and professional fees, increased compensation expense (including performance-based accruals) of \$0.9 million, and higher insurance costs of \$0.1 million.

Depreciation and amortization expense increased 1,535% to \$8.3 million from \$0.5 million in the same year-ago quarter. The increase was primarily due to \$7.7 million of amortization of acquired intangibles related to JMB.

Interest income increased 16% to \$5.3 million from \$4.5 million in the same year-ago quarter. The aggregate increase in interest income was primarily due to higher interest income earned by our Secured Lending segment and higher other finance product income.

Interest expense increased 7% to \$5.4 million from \$5.0 million in the same year-ago quarter. The increase in interest expense was primarily driven by \$0.3 million associated with our Trading Credit Facility and Notes Payable (including amortization of debt issuance costs), \$0.2 million of loan servicing fees, offset by a decrease of \$0.1 million in interest associated with liabilities on borrowed metals.

Earnings from equity method investments decreased 48% to \$1.2 million from \$2.4 million in the same year-ago quarter. The net decrease of \$1.2 million includes a \$1.9 million decrease related to JMB, a former equity method investment which is now reported by the Company as a wholly owned subsidiary, offset by increased earnings of \$0.7 million from our other equity method investments.

Net income attributable to the Company totaled \$31.8 million or \$2.61 per diluted share, compared to net income of \$8.9 million or \$1.16 per diluted share in the same year-ago quarter. Diluted weighted average shares outstanding for the three months ended December 31, 2021 were 12.2 million compared to 7.7 million in the same year ago quarter.

Adjusted net income before provision for income taxes, depreciation, amortization and acquisition costs, a non-GAAP financial measure, totaled \$49.0 million, compared to \$12.7

million in the same year-ago quarter. The increase is principally due to higher net income before provision for income taxes of \$28.9 million and higher amortization of acquired intangibles of \$7.7 million.

Adjusted net income before provision for income taxes, depreciation, amortization and acquisition costs per diluted share, a non-GAAP financial measure, for the three months ended December 31, 2021 was \$4.02, as compared to \$1.64 for the three months ended December 31, 2020, and \$3.42 for the three months ended September 30, 2021

Fiscal Six Months 2022 Financial Highlights

- Revenues for the six months ended December 31, 2021 increased 17% to \$3.96 billion from \$3.38 billion for the six months ended December 31, 2020
- Gross profit for the six months ended December 31, 2021 increased 122% to \$121.9 million from \$54.9 million for the six months ended December 31, 2020
- Gross profit margin for the six months ended December 31, 2021 increased to 3.08% of revenue, from 1.62% of revenue for the six months ended December 31, 2020
- Net income attributable to the Company for the six months ended December 31, 2021 totaled \$57.8 million or \$4.78 per diluted share, as compared to net income of \$32.0 million or \$4.21 per diluted share for the six months ended December 31, 2020
- Adjusted net income before provision for income taxes, depreciation, amortization and acquisition costs, a non-GAAP financial measure, for the six months ended December 31, 2021 totaled \$90.1 million, an increase of \$46.7 million compared to \$43.4 million for the six months ended December 31, 2020
- Adjusted net income before provision for income taxes, depreciation, amortization and acquisition costs per diluted share, a non-GAAP financial measure, for the six months ended December 31, 2021 was \$7.44, as compared to \$5.70 for the six months ended December 31, 2020
- Gold ounces sold in the six months ended December 31, 2021 increased 8% to 1.3 million ounces from 1.2 million ounces for the six months ended December 31, 2020
- Silver ounces sold in the six months ended December 31, 2021 increased 32% to 60.1 million ounces from 45.5 million ounces for the six months ended December 31, 2020

Fiscal Six Months 2022 Financial Results

Revenues increased 17% to \$3.96 billion from \$3.38 billion in the same year-ago period due to an increase in gold and silver ounces sold and higher average selling prices of silver, partially offset by lower average selling prices of gold. JMB contributed \$961.6 million of revenue to the period.

Gross profit increased 122% to \$121.9 million (3.08% of revenue) from \$54.9 million (1.62% of revenue) in the same year-ago period. The gross profit increase was due to higher gross profits earned from the Wholesale Sales & Ancillary Services and Direct-to-Consumer segments, including \$54.4 million contributed by JMB.

Selling, general and administrative expenses increased 96% to \$35.4 million from \$18.0 million in the same year-ago period. The increase was primarily due to \$12.9 million of expenses incurred by JMB, \$2.8 million of legal consulting and professional fees, increased compensation expense (including performance-based accruals) of \$1.1 million, and higher

insurance costs of \$0.6 million.

Depreciation and amortization expense increased 1,543% to \$16.5 million from \$1.0 million in the same year-ago period. The increase was primarily due to \$15.4 million of amortization of acquired intangibles related to JMB.

Interest income increased 27% to \$10.8 million from \$8.5 million in the same year-ago period. The aggregate increase in interest income was primarily due to higher interest income earned by our Secured Lending segment and higher other finance product income.

Interest expense increased 16% to \$10.9 million from \$9.3 million in the same year-ago period. The increase in interest expense was primarily driven by \$0.8 million associated with our Trading Credit Facility and Notes Payable (including amortization of debt issuance costs), \$0.7 million related to product financing arrangements, \$0.4 million of loan servicing fees, offset by a decrease of \$0.3 million in interest associated with liabilities on borrowed metals.

Earnings from equity method investments decreased 58% to \$2.7 million from \$6.5 million in the same year-ago period. The net decrease of \$3.8 million includes a \$5.6 million decrease related to JMB, a former equity method investment which is now reported by the Company as a wholly owned subsidiary, offset by increased earnings of \$1.8 million from our other equity method investments.

Net income attributable to the Company totaled \$57.8 million or \$4.78 per diluted share, compared to net income of \$32.0 million or \$4.21 per diluted share in the same year-ago period. Diluted weighted average shares outstanding for the six months ended December 31, 2021 were 12.1 million compared to 7.6 million in the same year ago period.

Adjusted net income before provision for income taxes, depreciation, amortization and acquisition costs, a non-GAAP financial measure, totaled \$90.1 million, compared to \$43.4 million in the same year-ago period. The increase is principally due to higher net income before provision for income taxes of \$31.5 million and higher amortization of acquired intangibles of \$15.4 million.

Adjusted net income before provision for income taxes, depreciation, amortization and acquisition costs per diluted share, a non-GAAP financial measure, for the six months ended December 31, 2021 was \$7.44, as compared to \$5.70 for the six months ended December 31, 2020

Management Commentary

“Our results for the second quarter represent a continuation of the favorable macro conditions for our business and the strength of our fully integrated business model,” said A-Mark CEO Greg Roberts. “Precious metals supply remains constrained while demand continues to be robust, resulting in strong pricing premiums for A-Mark given our fully integrated capabilities that provide us with a consistent source of supply. These factors contributed to an 18% sequential increase in gross profit, a 61 basis point increase in our gross margin percentage, and an 8% return on equity.

“Our Direct-to-Consumer (DTC) segment continues to deliver strong results, generating sequential growth in revenue, gross profit and gross profit margin, as JMB continues to

execute well and grow its customer base. We are optimistic about our DTC prospects, including the forthcoming rollout of our CyberMetals platform, which remains on track for commercial release this month.

“Favorable business trends have continued into the third quarter, keeping us optimistic about the outlook for A-Mark. We believe our fully integrated business model allows us to generate profit in stable periods and also benefit from the positive macro tailwinds we continue to experience in the market. While our core business remains in a strong position, we continue to evaluate strategic opportunities that can further augment our capabilities and drive strong results for our shareholders over the long term.”

Conference Call

A-Mark will hold a conference call today (February 8, 2022) to discuss these financial results. A-Mark management 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: 1-201-689-8563

Conference ID: 13726226

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 February 22, 2022.

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

International replay number: 1-412-317-6671

Conference ID: 13726226

About A-Mark Precious Metals

Founded in 1965, A-Mark Precious Metals, Inc. (NASDAQ: AMRK) is a leading fully integrated precious metals platform that offers an array of gold, silver, platinum, palladium, and copper bullion, numismatic coins and related products to wholesale and retail customers via a portfolio of channels. The company conducts its operations through three complementary segments: Wholesale Sales & Ancillary Services, Direct-to-Consumer, and Secured Lending. The company's global customer base spans sovereign and private mints, manufacturers and fabricators, refiners, dealers, financial institutions, industrial users, investors, collectors, and e-commerce and other retail customers.

A-Mark's Wholesale Sales & Ancillary Services segment distributes and purchases precious metal products from sovereign and private mints. As a U.S. Mint-authorized purchaser of gold, silver, and platinum coins since 1986, A-Mark purchases bullion products directly from the U.S. Mint for sale to customers. A-Mark also has longstanding distributorships with other sovereign mints, including Australia, Austria, Canada, China, Mexico, South Africa and the

United Kingdom. The company sells more than 200 different products to e-commerce retailers, coin and bullion dealers, financial institutions, brokerages and collectors. In addition, A-Mark sells precious metal products to industrial users, including metal refiners, manufacturers and electronic fabricators.

Through its A-M Global Logistics subsidiary, A-Mark provides its customers with a range of complementary services, including managed storage options for precious metals as well as receiving, handling, inventorying, processing, packaging, and shipping of precious metals and coins on a secure basis. A-Mark's mint operations, which are conducted through its wholly owned subsidiary [Silver Towne Mint](#), enable the company to offer customers a wide range of proprietary coin and bar offerings and, during periods of market volatility when the availability of silver bullion from sovereign mints is often product constrained, preferred product access.

A-Mark's Direct-to-Consumer segment operates as an omni-channel retailer of precious metals, providing access to a multitude of products through its wholly owned subsidiaries, [JM Bullion](#) and [Goldline](#). JM Bullion is a leading e-commerce retailer of precious metals and operates five separately branded, company-owned websites targeting specific niches within the precious metals market: [JMBullion.com](#), [ProvidentMetals.com](#), [Silver.com](#), [GoldPrice.org](#), [SilverPrice.org](#). Goldline markets precious metals directly to the investor community through various channels, including television, radio and telephonic sales efforts. A-Mark also holds minority ownership interests in two additional direct-to-consumer brands.

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

A-Mark is headquartered in El Segundo, CA and has additional offices and facilities in the neighboring Los Angeles area as well as in Dallas, TX, Las Vegas, NV, Winchester, IN, and Vienna, Austria. 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. These include statements regarding future macroeconomic conditions and demand for precious metal products, and the Company's ability to effectively respond to changing economic conditions. Future events, risks and uncertainties, individually or in the aggregate, could cause actual results or circumstances 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 the Company's 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 the Company's higher margin services, which could depress pricing; the failure of the Company's business model to respond to changes in the market environment as anticipated; general risks of doing business in the commodity markets; the effects of the COVID-19 pandemic and the eventual return to normalized

business and economic conditions; and the strategic, business, economic, financial, political and governmental risks 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.

Use and Reconciliation of Non-GAAP Financial Measures

In addition to presenting the Company's financial results determined in accordance with GAAP, management believes the following non-GAAP financial measures are useful in evaluating the Company's operating performance. The Company presents "adjusted net income before provision for income taxes" and "adjusted net income before provision for income taxes per diluted share" because management believes these assist investors and analysts by facilitating comparison of period-to-period operational performance on a consistent basis by excluding items that management does not believe are indicative of the Company's core operating performance. The items excluded from these financial measures may have a material impact on the Company's financial results. Certain of those items are non-recurring, while others are non-cash in nature. Accordingly, these non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, the comparable measures prepared in accordance with GAAP, and should be read in conjunction with the financial statements included in the Company's Quarterly Report on Form 10-Q to be filed with the SEC.

In the Company's reconciliation from its reported GAAP "net income before provision for taxes" and "diluted net income per share" to its non-GAAP "adjusted net income before provision for income taxes" and "adjusted net income before provision for income taxes per diluted share," the Company eliminates the impact of the following three amounts: (i) acquisition expenses; (ii) amortization expenses related to intangible assets acquired; and (iii) depreciation expense.

Management encourages investors and others to review the Company's financial information in its entirety and not to rely on any single financial measure.

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

	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
ASSETS		
Current assets:		
Cash	\$ 19,352	\$ 101,405
Receivables, net	84,994	89,000
Derivative assets	24,728	44,536
Secured loans receivable	126,303	112,968
Precious metals held under financing arrangements	88,620	154,742
Inventories:		
Inventories	402,565	256,991
Restricted inventories	155,779	201,028
	558,344	458,019
Prepaid expenses and other assets	7,353	3,557
Total current assets	909,694	964,227
Operating lease right of use assets	7,063	5,702
Property, plant, and equipment, net	9,439	8,609
Goodwill	100,943	100,943
Intangibles, net	77,889	93,633
Long-term investments	30,904	18,467
Total assets	\$ 1,135,932	\$ 1,191,581
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit	\$ 160,000	\$ 185,000
Liabilities on borrowed metals	67,434	91,866
Product financing arrangements	155,779	201,028
Accounts payable and other payables	7,447	5,935
Deferred revenue and other advances	158,365	194,416
Derivative liabilities	47,751	7,539
Accrued liabilities	16,419	18,785
Income tax payable	1,343	5,016
Total current liabilities	614,538	709,585
Notes payable	93,650	93,249
Deferred tax liabilities	16,331	19,514
Other liabilities	6,625	5,291
Total liabilities	731,144	827,639
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of December 31, 2021 and June 30, 2021	—	—
Common stock, par value \$0.01; 40,000,000 shares authorized; 11,409,629 and 11,229,657 shares issued and outstanding as of December 31, 2021 and June 30, 2021, respectively	115	113
Additional paid-in capital	155,840	150,420
Retained earnings	247,269	212,090
Total A-Mark Precious Metals, Inc. stockholders' equity	403,224	362,623
Noncontrolling interests	1,564	1,319
Total stockholders' equity	404,788	363,942
Total liabilities, noncontrolling interests and stockholders' equity	\$ 1,135,932	\$ 1,191,581

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		Six Months Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenues	\$ 1,946,364	\$ 1,518,744	\$ 3,960,335	\$ 3,384,860
Cost of sales	1,880,441	1,499,993	3,838,403	3,329,964
Gross profit	65,923	18,751	121,932	54,896
Selling, general, and administrative expenses	(18,713)	(8,528)	(35,390)	(18,033)
Depreciation and amortization expense	(8,258)	(505)	(16,529)	(1,006)
Interest income	5,251	4,533	10,782	8,516
Interest expense	(5,395)	(5,037)	(10,868)	(9,330)
Earnings from equity method investments	1,220	2,362	2,709	6,488
Other income, net	433	205	842	564
Unrealized gains (losses) on foreign exchange	231	19	7	(78)
Net income before provision for income taxes	40,692	11,800	73,485	42,017
Income tax expense	(8,753)	(2,586)	(15,422)	(9,097)
Net income	31,939	9,214	58,063	32,920
Net income attributable to noncontrolling interests	145	289	245	912
Net income attributable to the Company	<u>\$ 31,794</u>	<u>\$ 8,925</u>	<u>\$ 57,818</u>	<u>\$ 32,008</u>
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:				
Per share data:				
Basic	<u>\$ 2.79</u>	<u>\$ 1.26</u>	<u>\$ 5.11</u>	<u>\$ 4.53</u>
Diluted	<u>\$ 2.61</u>	<u>\$ 1.16</u>	<u>\$ 4.78</u>	<u>\$ 4.21</u>
Weighted average shares outstanding:				
Basic	<u>11,378,400</u>	<u>7,063,000</u>	<u>11,320,500</u>	<u>7,064,800</u>
Diluted	<u>12,192,100</u>	<u>7,713,300</u>	<u>12,100,700</u>	<u>7,610,400</u>

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

Six Months Ended December 31,	2021	2020
Cash flows from operating activities:		
Net income	\$ 58,063	\$ 32,920
<i>Adjustments to reconcile net income to net cash (used in) provided by operating activities:</i>		
Depreciation and amortization	16,529	1,006
Amortization of loan cost	1,559	968
Deferred income taxes	(3,183)	—
Interest added to principal of secured loans	(9)	(4)
Share-based compensation	1,055	388
Earnings from equity method investments	(2,709)	(6,488)
<i>Changes in assets and liabilities:</i>		
Receivables	4,006	(52,722)
Secured loans receivable	174	(309)
Secured loans made to affiliates	3,042	8,662
Derivative assets	19,808	(11,524)
Precious metals held under financing arrangements	66,122	18,322
Inventories	(100,325)	(196,401)
Prepaid expenses and other assets	(788)	(532)
Accounts payable and other payables	1,512	(1,515)
Deferred revenue and other advances	(36,051)	2,957
Derivative liabilities	40,212	25,395
Liabilities on borrowed metals	(24,432)	(26,410)
Accrued liabilities	(2,381)	(1,068)
Income tax payable	(3,673)	(1,420)
Net cash provided by (used in) operating activities	38,531	(207,775)
Cash flows from investing activities:		
Capital expenditures for property, plant, and equipment	(1,627)	(937)
Purchase of long-term investments	(6,750)	(6,763)
Secured loans receivable, net	(16,542)	(40,456)
Other secured loans, net	—	1,000
Net cash used in investing activities	(24,919)	(47,156)
Cash flows from financing activities:		
Product financing arrangements, net	(45,249)	197,853
Dividends paid	(22,639)	(21,191)
Borrowings and repayments under lines of credit, net	(25,000)	40,000
Debt funding issuance costs	(4,166)	(551)
Net settlement on issuance of common shares on exercise of options	1,389	1,417
Net cash (used in) provided by financing activities	(95,665)	217,528
Net decrease in cash, cash equivalents, and restricted cash	(82,053)	(37,403)
Cash, cash equivalents, and restricted cash, beginning of period	101,405	52,325
Cash, cash equivalents, and restricted cash, end of period	\$ 19,352	\$ 14,922

Overview of Results of Operations for the Three Months Ended December 31, 2021 and 2020
Condensed Consolidated Results of Operations

The operating results for the three months ended December 31, 2021 and 2020 are as follows:

in thousands, except per share data

Three Months Ended December 31,	2021		2020		\$	%
	\$	% of revenue	\$	% of revenue		
Revenues	\$ 1,946,364	100.000%	\$ 1,518,744	100.000%	\$ 427,620	28.2%
Gross profit	65,923	3.387%	18,751	1.235%	\$ 47,172	251.6%
Selling, general, and administrative expenses	(18,713)	(0.961%)	(8,528)	(0.562%)	\$ 10,185	119.4%
Depreciation and amortization expense	(8,258)	(0.424%)	(505)	(0.033%)	\$ 7,753	1,535.2%
Interest income	5,251	0.270%	4,533	0.298%	\$ 718	15.8%
Interest expense	(5,395)	(0.277%)	(5,037)	(0.332%)	\$ 358	7.1%
Earnings from equity method investments	1,220	0.063%	2,362	0.156%	\$ (1,142)	(48.3%)
Other income, net	433	0.022%	205	0.013%	\$ 228	111.2%
Unrealized gains on foreign exchange	231	0.012%	19	0.001%	\$ 212	1,115.8%
Net income before provision for income taxes	40,692	2.091%	11,800	0.777%	\$ 28,892	244.8%
Income tax expense	(8,753)	(0.450%)	(2,586)	(0.170%)	\$ 6,167	238.5%
Net income	31,939	1.641%	9,214	0.607%	\$ 22,725	246.6%
Net income attributable to noncontrolling interests	145	0.007%	289	0.019%	\$ (144)	(49.8%)
Net income attributable to the Company	\$ 31,794	1.634%	\$ 8,925	0.588%	\$ 22,869	256.2%

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

Per share data:

Basic	\$ 2.79	\$ 1.26	\$ 1.53	121.4%
Diluted	\$ 2.61	\$ 1.16	\$ 1.45	125.0%

Overview of Results of Operations for the Three Months Ended December 31, 2021 and September 30, 2021
Condensed Consolidated Results of Operations

The operating results for the three months ended December 31, 2021 and September 30, 2021 are as follows:

in thousands, except per share data

	Three Months Ended				\$	%		
	December 31, 2021		September 30, 2021				Increase/ (decrease)	Increase/ (decrease)
	\$	% of revenue	\$	% of revenue				
Revenues	\$ 1,946,364	100.000%	\$ 2,013,971	100.000%	\$ (67,607)	(3.4)%		
Gross profit	65,923	3.387%	56,009	2.781%	\$ 9,914	17.7%		
Selling, general, and administrative expenses	(18,713)	(0.961)%	(16,677)	(0.828)%	\$ 2,036	12.2%		
Depreciation and amortization expense	(8,258)	(0.424)%	(8,271)	(0.411)%	\$ (13)	(0.2)%		
Interest income	5,251	0.270%	5,531	0.275%	\$ (280)	(5.1)%		
Interest expense	(5,395)	(0.277)%	(5,473)	(0.272)%	\$ (78)	(1.4)%		
Earnings from equity method investments	1,220	0.063%	1,489	0.074%	\$ (269)	(18.1)%		
Other income, net	433	0.022%	409	0.020%	\$ 24	5.9%		
Unrealized gains (losses) on foreign exchange	231	0.012%	(224)	(0.011)%	\$ 455	203.1%		
Net income before provision for income taxes	40,692	2.091%	32,793	1.628%	\$ 7,899	24.1%		
Income tax expense	(8,753)	(0.450)%	(6,669)	(0.331)%	\$ 2,084	31.2%		
Net income	31,939	1.641%	26,124	1.297%	\$ 5,815	22.3%		
Net income attributable to noncontrolling interests	145	0.007%	100	0.005%	\$ 45	45.0%		
Net income attributable to the Company	<u>\$ 31,794</u>	1.634%	<u>\$ 26,024</u>	1.292%	\$ 5,770	22.2%		

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

Per share data:

Basic	<u>\$ 2.79</u>	<u>\$ 2.31</u>	\$ 0.48	20.8%
Diluted	<u>\$ 2.61</u>	<u>\$ 2.17</u>	\$ 0.44	20.3%

Overview of Results of Operations for the Six Months Ended December 31, 2021 and 2020

Condensed Consolidated Results of Operations

The operating results for the six months ended December 31, 2021 and 2020 are as follows:

in thousands, except per share data
Six Months Ended December 31,

	2021		2020		\$	%
	\$	% of revenue	\$	% of revenue		
Revenues	\$ 3,960,335	100.000%	\$ 3,384,860	100.000%	\$ 575,475	17.0%
Gross profit	121,932	3.079%	54,896	1.622%	\$ 67,036	122.1%
Selling, general, and administrative expenses	(35,390)	(0.894%)	(18,033)	(0.533%)	\$ 17,357	96.3%
Depreciation and amortization expense	(16,529)	(0.417%)	(1,006)	(0.030%)	\$ 15,523	1,543.0%
Interest income	10,782	0.272%	8,516	0.252%	\$ 2,266	26.6%
Interest expense	(10,868)	(0.274%)	(9,330)	(0.276%)	\$ 1,538	16.5%
Earnings from equity method investments	2,709	0.068%	6,488	0.192%	\$ (3,779)	(58.2%)
Other income, net	842	0.021%	564	0.017%	\$ 278	49.3%
Unrealized gains (losses) on foreign exchange	7	0.000%	(78)	(0.002%)	\$ 85	109.0%
Net income before provision for income taxes	73,485	1.856%	42,017	1.241%	\$ 31,468	74.9%
Income tax expense	(15,422)	(0.389%)	(9,097)	(0.269%)	\$ 6,325	69.5%
Net income	58,063	1.466%	32,920	0.973%	\$ 25,143	76.4%
Net income attributable to noncontrolling interests	245	0.006%	912	0.027%	\$ (667)	(73.1%)
Net income attributable to the Company	\$ 57,818	1.460%	\$ 32,008	0.946%	\$ 25,810	80.6%

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

Per share data:

Basic	\$ 5.11	\$ 4.53	\$ 0.58	12.8%
Diluted	\$ 4.78	\$ 4.21	\$ 0.57	13.5%

Reconciliation of GAAP to Non-GAAP Financial Measures for the Three Months Ended December 31, 2021 and 2020

A reconciliation of net income before provision for income taxes and diluted net income per share to adjusted net income before provision for income taxes and adjusted net income before provision for income taxes per diluted share for the three months ended December 31, 2021 and 2020 follows:

in thousands, except for share and per share data

Three Months Ended December 31,

	2021	2020	\$	%
	\$	\$	Increase/ (decrease)	Increase/ (decrease)
Net income before provision for income taxes	\$ 40,692	\$ 11,800	\$ 28,892	244.8%
Adjustments:				
Acquisition costs	9	381	\$ (372)	(97.6%)
Amortization of acquired intangibles	7,872	163	\$ 7,709	4,729.4%
Depreciation expense	386	342	\$ 44	12.9%
Adjusted net income before provision for income taxes (non-GAAP)	\$ 48,959	\$ 12,686	\$ 36,273	285.9%
Net income per diluted share reconciliation:				
Diluted earnings per share	\$ 2.61	\$ 1.16	\$ 1.45	125.0%
Non-GAAP adjustments:				
Acquisition costs	—	0.05	\$ (0.05)	(100.0%)
Amortization of acquired intangibles	0.65	0.02	\$ 0.63	3,150.0%
Depreciation expense	0.03	0.04	\$ (0.01)	(25.0%)
Income tax expense	0.72	0.33	\$ 0.39	118.2%
Net income attributable to noncontrolling interests	0.01	0.04	\$ (0.03)	(75.0%)
Adjusted net income before provision for income taxes per diluted share (non-GAAP)	\$ 4.02	\$ 1.64	\$ 2.38	145.1%
Weighted average shares outstanding:				
Diluted	12,192,100	7,713,300	4,478,800	58.1%

Reconciliation of GAAP to Non-GAAP Financial Measures for the Six Months Ended December 31, 2021 and 2020

A reconciliation of net income before provision for income taxes and diluted net income per share to adjusted net income before provision for income taxes and adjusted net income before provision for income taxes per diluted share for the six months ended December 31, 2021 and 2020 follows:

in thousands, except for share and per share data

Six Months Ended December 31,

	2021	2020	\$	%
	\$	\$	Increase/ (decrease)	Increase/ (decrease)
Net income before provision for income taxes	\$ 73,485	\$ 42,017	\$ 31,468	74.9%
Adjustments:				
Acquisition costs	53	381	\$ (328)	(86.1%)
Amortization of acquired intangibles	15,744	317	\$ 15,427	4,866.6%
Depreciation expense	785	689	\$ 96	13.9%
Adjusted net income before provision for income taxes (non-GAAP)	\$ 90,067	\$ 43,404	\$ 46,663	107.5%
Net income per diluted share reconciliation:				
Diluted earnings per share	\$ 4.78	\$ 4.21	\$ 0.57	13.5%
Non-GAAP adjustments:				
Acquisition costs	—	0.05	\$ (0.05)	(100.0%)
Amortization of acquired intangibles	1.30	0.04	\$ 1.26	3,150.0%
Depreciation expense	0.06	0.09	\$ (0.03)	(33.3%)
Income tax expense	1.28	1.19	\$ 0.09	7.6%
Net income attributable to noncontrolling interests	0.02	0.12	\$ (0.10)	(83.3%)
Adjusted net income before provision for income taxes per diluted share (non-GAAP)	\$ 7.44	\$ 5.70	\$ 1.74	30.5%
Weighted average shares outstanding:				
Diluted	12,100,700	7,610,400	4,490,300	59.0%



Source: A-Mark Precious Metals