UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2023

OR

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

For the transition period from ________ to ________

Commission File Number: 001-36347

A Leader In Precious Metals Since 1965

A-MARK PRECIOUS METALS, INC.

(Exact name of registrant as specified in its charter)

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

2121 Rosecrans Ave. Suite 6300
El Segundo, CA 90245
(Address of principal executive offices) (Zip Code)

(310) 587-1477
(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes. ☐ No. ☑

As of May 2, 2023, the registrant had 23,260,606 shares of common stock, par value $0.01 per share outstanding.

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended March 31, 2023

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except for share data)

	March 31, 2023 (unaudited)	June 30, 2022
ASSETS		
Current assets		
Cash[(1)]	$ 78,101	$ 37,783
Receivables, net	90,076	97,040
Derivative assets	58,456	91,743
Secured loans receivable[(1)]	96,856	126,217
Precious metals held under financing arrangements[(1)]	24,014	79,766
Inventories:		
Inventories[(1)]	675,414	458,347
Restricted inventories	292,104	282,671
	967,518	741,018
Income tax receivable	861	—
Prepaid expenses and other assets[(1)]	8,460	7,558
Total current assets	1,324,342	1,181,125
Operating lease right of use assets	5,410	6,482
Property, plant, and equipment, net	11,473	9,845
Goodwill	100,943	100,943
Intangibles, net	64,281	67,965
Long-term investments	80,995	70,828
Other long-term assets	5,459	5,471
Total assets	$ 1,592,903	$ 1,442,659
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Lines of credit	$ 230,000	$ 215,000
Liabilities on borrowed metals	25,730	59,417
Product financing arrangements	292,104	282,671
Accounts payable and other payables	10,164	6,127
Deferred revenue and other advances	253,688	175,545
Derivative liabilities	83,330	75,780
Accrued liabilities[(1)]	19,763	21,813
Income tax payable	—	382
Notes payable[(1)]	94,644	—
Total current liabilities	1,009,423	836,735
Notes payable [(2)]	1,752	94,073
Deferred tax liabilities	14,788	15,408
Other liabilities	4,802	5,972
Total liabilities	1,030,765	952,188
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of March 31, 2023 and June 30, 2022	—	—
Common stock, par value $0.01; 40,000,000 shares authorized; 23,596,341 and 23,379,888 shares issued and 23,260,606 and 23,379,888 shares outstanding as of March 31, 2023 and June 30, 2022, respectively	236	234
Treasury stock, 335,735 and 0 shares at cost as of March 31, 2023 and June 30, 2022, respectively	(9,762)	—
Additional paid-in capital	168,253	166,526
Accumulated other comprehensive loss	(1,229)	—
Retained earnings	403,473	321,849
Total A-Mark Precious Metals, Inc. stockholders' equity	560,971	488,609
Noncontrolling interest	1,167	1,862
Total stockholders' equity	562,138	490,471
Total liabilities, noncontrolling interest and stockholders' equity	$ 1,592,903	$ 1,442,659

(1) Includes amounts of the consolidated variable interest entity, which are presented separately in the table below.
(2) Notes payable as of June 30, 2022 includes amounts of the consolidated variable interest entity, which is presented separately in the table below.

See accompanying Notes to the Condensed Consolidated Financial Statements

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

In September 2018, AM Capital Funding, LLC ("AMCF"), a wholly owned subsidiary of Collateral Finance Corporation (CFC"), completed an issuance of Secured Senior Term Notes, Series 2018-1, Class A in the aggregate principal amount of $72.0 million and Secured Subordinated Term Notes, Series 2018-1, Class B in the aggregate principal amount of $28.0 million (collectively, the "AMCF Notes"). The Class A Notes bear interest at a rate of 4.98% and the Class B Notes bear interest at a rate of 5.98%. The AMCF Notes have a maturity date of December 15, 2023.

The Company consolidates a variable interest entity ("VIE") if the Company is considered to be the primary beneficiary. AMCF is a VIE because its equity may be insufficient to maintain its on-going collateral requirements without additional financial support from the Company. The securitization is primarily secured by cash, bullion loans, and precious metals, and the Company is required to continuously hedge the value of certain collateral and make future contributions as necessary. The Company is the primary beneficiary of this VIE because the Company has the right to determine the type of collateral (i.e., cash, secured loans, or precious metals) placed into the entity, has the right to receive (and has received) the proceeds from the securitization transaction, earns on-going interest income from the secured loans (subject to collateral requirements), and has the obligation to absorb losses should AMCF's interest expense and other costs exceed its interest income.

The following table presents the assets and liabilities of this VIE, which are included in the condensed consolidated balance sheets above. The holders of the AMCF Notes have a first priority security interest in the assets as shown in the table below, which are in excess of the AMCF Notes' aggregate principal amount. Additionally, the liabilities of the VIE include intercompany balances, which are eliminated in consolidation. (See Note 15.)

	March 31, 2023	June 30, 2022
ASSETS OF THE CONSOLIDATED VIE		
Cash	$ 1,578	$ 3,264
Secured loans receivable	48,632	92,246
Precious metals held under financing arrangements	17,865	13,524
Inventories	50,106	4,752
Prepaid expenses and other assets	28	23
Total assets of the consolidated variable interest entity	$ 118,209	$ 113,809
LIABILITIES OF THE CONSOLIDATED VIE		
Deferred payment obligations(1)	$ 27,572	$ 21,081
Accrued liabilities	594	832
Notes payable(2)	99,644	99,073
Total liabilities of the consolidated variable interest entity	$ 127,810	$ 120,986

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

See accompanying Notes to the Condensed Consolidated Financial Statements

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except for share and per share data; unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Revenues	$ 2,317,150	$ 2,109,115	$ 6,167,206	$ 6,069,450
Cost of sales	2,241,652	2,037,032	5,951,147	5,875,435
Gross profit	75,498	72,083	216,059	194,015
Selling, general, and administrative expenses	(23,841)	(20,494)	(62,438)	(55,884)
Depreciation and amortization expense	(3,340)	(7,548)	(9,784)	(24,077)
Interest income	6,087	5,343	16,167	16,125
Interest expense	(9,237)	(5,429)	(22,603)	(16,297)
Earnings (losses) from equity method investments	(70)	1,608	7,276	4,317
Other income, net	641	493	2,001	1,335
Unrealized gains (losses) on foreign exchange	35	(135)	250	(128)
Net income before provision for income taxes	45,773	45,921	146,928	119,406
Income tax expense	(9,775)	(8,375)	(32,096)	(23,797)
Net income	35,998	37,546	114,832	95,609
Net income attributable to noncontrolling interest	78	164	306	409
Net income attributable to the Company	$ 35,920	$ 37,382	$ 114,526	$ 95,200
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:				
Basic	$ 1.53	$ 1.64	$ 4.89	$ 4.19
Diluted	$ 1.46	$ 1.53	$ 4.64	$ 3.92
Weighted average shares outstanding:				
Basic	23,421,300	22,859,600	23,435,700	22,712,800
Diluted	24,655,400	24,425,800	24,690,900	24,275,200

See accompanying Notes to the Condensed Consolidated Financial Statements

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands, except for share data; unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated other comprehensive income (loss)	Treasury Stock		Total A-Mark Precious Metals, Inc. Stockholders' Equity	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount			
Balance, June 30, 2021	22,459,314	$ 113	$ 150,420	$ 212,090	$ —	—	$ —	$ 362,623	$ 1,319	$ 363,942
Net income	—	—	—	26,024	—	—	—	26,024	100	26,124
Share-based compensation	—	—	473	—	—	—	—	473	—	473
Exercise of share-based awards	120,630	—	762	—	—	—	—	762	—	762
Net settlement of share-based awards	670	—	(13)	—	—	—	—	(13)	—	(13)
Common stock issued for increase in long-term investments	123,180	1	2,977	—	—	—	—	2,978	—	2,978
Dividends declared ($1.00 per common share)	—	—	—	(22,639)	—	—	—	(22,639)	—	(22,639)
Balance, September 30, 2021	22,703,794	114	154,619	215,475	—	—	—	370,208	1,419	371,627
Net income	—	—	—	31,794	—	—	—	31,794	145	31,939
Share-based compensation	—	—	582	—	—	—	—	582	—	582
Exercise of share-based awards	624	—	652	—	—	—	—	652	—	652
Net settlement of share-based awards	114,840	1	(13)	—	—	—	—	(12)	—	(12)
Balance, December 31, 2021	22,819,258	115	155,840	247,269	—	—	—	403,224	1,564	404,788
Net income	—	—	—	37,382	—	—	—	37,382	164	37,546
Share-based compensation	—	—	573	—	—	—	—	573	—	573
Exercise of share-based awards	208,344	1	592	—	—	—	—	593	—	593
Net settlement of share-based awards	418	—	(8)	—	—	—	—	(8)	—	(8)
Balance, March 31, 2022	23,028,020	$ 116	$ 156,997	$ 284,651	$ —	—	$ —	$ 441,764	$ 1,728	$ 443,492
Balance, June 30, 2022	23,379,888	$ 234	$ 166,526	$ 321,849	$ —	—	$ —	$ 488,609	$ 1,862	$ 490,471
Net income	—	—	—	45,125	—	—	—	45,125	112	45,237
Share-based compensation	—	—	535	—	—	—	—	535	—	535
Earnings distribution paid to noncontrolling interest	—	—	—	—	—	—	—	—	(1,001)	(1,001)
Cumulative translation adjustment, net of tax	—	—	—	—	52	—	—	52	—	52
Common stock issued as employee compensation	10,500	—	293	—	—	—	—	293	—	293
Exercise of share-based awards	3,333	—	63	—	—	—	—	63	—	63
Net settlement of share-based awards	59,618	1	(1,606)	—	—	—	—	(1,605)	—	(1,605)
Dividends declared ($1.00 per common share)	—	—	3	(23,468)	—	—	—	(23,465)	—	(23,465)
Dividends declared ($0.20 per common share)	—	—	—	(4,690)	—	—	—	(4,690)	—	(4,690)
Balance, September 30, 2022	23,453,339	235	165,814	338,816	52	—	—	504,917	973	505,890
Net income	—	—	—	33,481	—	—	—	33,481	116	33,597
Share-based compensation	—	—	534	—	—	—	—	534	—	534
Cumulative translation adjustment, net of tax	—	—	—	—	(1,103)	—	—	(1,103)	—	(1,103)
Exercise of share-based awards	73,336	1	661	—	—	—	—	662	—	662
Net settlement of share-based awards	3,296	—	—	—	—	—	—	—	—	—
Balance, December 31, 2022	23,529,971	236	167,009	372,297	(1,051)	—	—	538,491	1,089	539,580
Net income	—	—	—	35,920	—	—	—	35,920	78	35,998
Share-based compensation	—	—	538	—	—	—	—	538	—	538
Cumulative translation adjustment, net of tax	—	—	—	—	(178)	—	—	(178)	—	(178)
Exercise of share-based awards	66,370	—	700	—	—	—	—	700	—	700
Repurchases of common stock	—	—	—	—	—	(335,735)	(9,762)	(9,762)	—	(9,762)
Dividends declared ($0.20 per common share)	—	—	6	(4,744)	—	—	—	(4,738)	—	(4,738)
Balance, March 31, 2023	23,596,341	$ 236	$ 168,253	$ 403,473	$ (1,229)	(335,735)	$ (9,762)	$ 560,971	$ 1,167	$ 562,138

See accompanying Notes to the Condensed Consolidated Financial Statements

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands; unaudited)

	Nine Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income	$ 114,832	$ 95,609
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,784	24,077
Amortization of loan cost	1,628	2,089
Deferred income taxes	(251)	(4,563)
Interest added to principal of secured loans	(10)	(13)
Share-based compensation	1,607	1,628
Write-down of digital assets	12	50
Earnings from equity method investments	(7,276)	(4,317)
Dividends received from equity method investees	551	—
Changes in assets and liabilities:		
Receivables	6,964	23,364
Secured loans receivable	1,012	747
Secured loans made to affiliates	—	(1,989)
Derivative assets	33,287	18,563
Income tax receivable	(861)	—
Precious metals held under financing arrangements	55,752	67,292
Inventories	(226,500)	(306,244)
Prepaid expenses and other assets	(1,488)	(1,923)
Accounts payable and other payables	4,037	20,240
Deferred revenue and other advances	78,143	(1,335)
Derivative liabilities	7,550	17,244
Liabilities on borrowed metals	(33,687)	(24,042)
Accrued liabilities	(1,455)	2,569
Income tax payable	(382)	(4,748)
Net cash provided by (used in) operating activities	43,249	(75,702)
Cash flows from investing activities:		
Capital expenditures for property, plant, and equipment	(3,227)	(2,106)
Purchase of long-term investments	(5,540)	(6,750)
Purchase of intangible assets	(4,500)	—
Secured loans receivable, net	28,359	(31,615)
Purchase of digital assets	—	(250)
Net cash provided by (used in) investing activities	15,092	(40,721)
Cash flows from financing activities:		
Product financing arrangements, net	9,433	(1,581)
Dividends paid	(32,794)	(22,639)
Distributions paid to noncontrolling interest	(1,001)	—
Net borrowings and repayments under lines of credit	15,000	70,000
Repayments on notes payable to related party	(2,135)	—
Repurchases of common stock	(9,762)	—
Proceeds from issuance of related party note	3,887	—
Debt funding issuance costs	(471)	(4,187)
Proceeds from the exercise of share-based awards	1,425	2,007
Payments for tax withholding related to net settlement of share-based awards	(1,605)	(33)
Net cash (used in) provided by financing activities	(18,023)	43,567
Net increase (decrease) in cash	40,318	(72,856)
Cash, beginning of period	37,783	101,405
Cash, end of period	$ 78,101	$ 28,549
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest paid	$ 20,829	$ 15,244
Income taxes paid	$ 33,725	$ 33,108
Income taxes refunded	$ (117)	$ —
Non-cash investing and financing activities:		
Declared distributions and unpaid dividends	$ 98	$ —
Fair value of shares exchanged for increase in long-term investment	$ —	$ 2,978
Addition of right of use assets under operating lease obligations	$ —	$ 2,013

See accompanying Notes to the Condensed Consolidated Financial Statements

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. DESCRIPTION OF BUSINESS

Basis of Presentation

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

Business Segments

The Company conducts its operations in three reportable segments: (i) Wholesale Sales & Ancillary Services, (ii) Direct-to-Consumer, and (iii) Secured Lending. Each of these reportable segments represents an aggregation of operating segments that meets the aggregation criteria set forth in the *Segment Reporting* Topic 280 of the Accounting Standards Codification ("ASC 280"). (See Note 19.)

Wholesale Sales & Ancillary Services

The Company operates its Wholesale Sales & Ancillary Services segment directly and through its wholly-owned subsidiaries, A-Mark Trading AG (“AMTAG”), Transcontinental Depository Services, LLC ("TDS" or “Storage”), A-M Global Logistics, LLC (“AMGL” or "Logistics"), and AM&ST Associates, LLC ("AMST" or the "Silver Towne Mint").

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

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

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

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

Direct-to-Consumer

The Company operates its Direct-to-Consumer segment through its wholly-owned subsidiaries JM Bullion, Inc. (“JMB”) and Goldline, Inc. (“Goldline”). As of March 31, 2023, JMB has six wholly-owned subsidiaries: Buy Gold and Silver Corp. ("BGASC"), Gold Price Group, Inc. (“GPG”), Silver.com, Inc. (“Silver.com”), Goldline Metal Buying Corp. (“GMBC”), Provident Metals Corp. (“PMC”), and Cybermetals Corp. ("CyberMetals"). Goldline, Inc. owns 100% of AMIP, LLC ("AMIP"), and has a 50% ownership interest in Precious Metals Purchasing Partners, LLC ("PMPP"). As the context requires, references in these Notes to “JMB” may include: BGASC, GPG, Silver.com, GMBC, PMC, and CyberMetals, and references to “Goldline” may include AMIP and PMPP.

JM Bullion, Inc.

JMB is a leading e-commerce retailer providing access to a broad array of gold, silver, copper, platinum, and palladium products through its websites. As of March 31, 2023, JMB operated seven separately branded, company-owned websites targeting specific niches within the precious metals retail market, including JMBullion.com, ProvidentMetals.com, Silver.com, BGASC.com, Cybermetals.com, GoldPrice.org, and SilverPrice.org. Typically, JMB offers approximately 4,000 different products during a fiscal year, measured by stock keeping units or SKUs, on its websites. This number can vary over time, particularly when demand is high and certain SKUs may be out of stock.

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

Goldline, Inc.

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

Secured Lending

The Company operates its Secured Lending segment through its wholly-owned subsidiary, Collateral Finance Corporation, LLC, including its two wholly-owned subsidiaries AM Capital Funding, LLC ("AMCF") and CFC Alternative Investments ("CAI"), (collectively "CFC").

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

AMCF, a wholly-owned subsidiary of CFC, was formed for the purpose of securitizing eligible secured loans of CFC. AMCF issued and administers the AMCF Notes. (See Note 15.)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Comprehensive Income

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

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. These estimates include, among others, determination of fair value (primarily, with respect to precious metal inventory, derivatives, certain financial instruments, and certain investments), impairment assessments of property, plant and equipment and intangible assets, valuation allowance determination on deferred tax assets, determining the incremental borrowing rate for calculating right of use assets and lease liabilities, and revenue recognition judgments. Actual results could materially differ from these estimates.

Reclassification

In our condensed consolidated statements of stockholders' equity, we present (i) *exercise of share-based awards* and (ii) *net settlement of share-based awards* and in our condensed consolidated statements of cash flows, we present (i) *proceeds from the exercise of share-based award*s and (ii) *payments for tax withholding related to net settlement of share-based awards* as separate line-items. In prior fiscal years the aggregate amounts were presented in a single line-item, as *net settlement on issuance of common shares on exercise of shared-based awards*.

Prior periods have been reclassified to conform to the current period presentation. This reclassification has no impact on previously reported net income, financial position, or cash flows.

Unaudited Interim Financial Information

The accompanying interim condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. These interim condensed consolidated financial statements are unaudited and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments and accruals) necessary to present fairly the condensed consolidated balance sheets, condensed consolidated statements of income, condensed consolidated statements of stockholders' equity, and condensed consolidated statements of cash flows for the periods presented in accordance with U.S. GAAP. Operating results for the three and nine months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2023 or for any other interim period during such fiscal year. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. GAAP have been omitted in accordance with the rules and regulations of the SEC. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2022 (the "2022 Annual Report"), as filed with the SEC. Amounts related to disclosure of June 30, 2022 balances within these interim condensed consolidated financial statements were derived from the audited consolidated financial statements and notes thereto included in the 2022 Annual Report.

Stock Split in the Form of a Dividend

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

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

Fair Value Measurement

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

Concentration of Credit Risk

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

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

Foreign Currency

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

The Company's wholly-owned foreign subsidiary, AMTAG, also generates remeasurement gains and losses. AMTAG functions as the Company's international sales and marketing support and has a functional currency of USD, but maintains its books of record in the European Union Euro.

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

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

Business Combination

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

Variable Interest Entity

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

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

AMCF, a wholly owned subsidiary of CFC, is a special purpose entity ("SPE") formed as part of a securitization transaction in order to isolate certain assets and distribute the cash flows from those assets to investors. AMCF was structured to insulate investors from claims on AMCF’s assets by creditors of other entities. The Company has various forms of on-going involvement with AMCF, which may include (i) holding senior or subordinated interests in AMCF; (ii) acting as loan servicer for a portfolio of loans held by AMCF; and (iii) providing administrative services to AMCF. AMCF is required to maintain separate books and records. The assets and liabilities of this VIE, as of March 31, 2023 and June 30, 2022, are indicated on the table that follows the condensed consolidated balance sheets.

AMCF is considered a VIE because its initial equity investment may be insufficient to maintain its on-going collateral requirements without additional financial support from the Company. The securitization is primarily secured by bullion loans and precious metals, and the Company is required to continuously hedge the value of certain collateral and make future contributions as necessary. The Company is the primary beneficiary of this VIE because the Company has the right to determine the type of collateral (i.e., cash, secured loans, or precious metals), has the right to receive (and has received) the proceeds from the securitization transaction, earns on-going interest income from the secured loans (subject to collateral requirements), and has the obligation to absorb losses should AMCF's interest expense and other costs exceed its interest income. (See Note 15.)

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less, when purchased, to be cash equivalents. The Company did not have any cash equivalents as of March 31, 2023 and June 30, 2022.

Allowance for Credit Losses

On July 1, 2022, the Company adopted ASU No. 2016-13, *Financial Instruments-Credit Losses* Topic 326: Measurement of Credit Losses on Financial Instruments, as amended by ASC 326, which introduces a new credit reserving methodology known as the Current Expected Credit Loss ("CECL") model. The CECL model applies to financial assets measured at amortized cost, including accounts receivable, contract assets and held-to-maturity loan receivables. Under the CECL model, we identify allowances for credit losses based on future expected losses when accounts receivable, contract assets or held-to-maturity loan receivables are created rather than when losses are probable. We expect trends and business practices to continue in a manner consistent with historical activity.

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

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

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

Precious Metals held under Financing Arrangements

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

These arrangements are typically terminable by either party upon 14 days' notice. Upon termination, the customer's right to repurchase any remaining precious metal is forfeited, and the related precious metals are reclassified as inventory held for sale. As of March 31, 2023 and June 30, 2022, precious metals held under financing arrangements totaled $24.0 million and $79.8 million respectively.

The Company's precious metals held under financing arrangements are marked-to-market.

Inventories

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

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

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

Leased Right of Use Assets

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

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

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

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

Property, Plant, and Equipment

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

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

Finite-lived Intangible Assets

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

Goodwill and Indefinite-lived Intangible Assets

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

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

Evaluation of goodwill for impairment

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

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

Evaluation of indefinite-lived intangible assets for impairment

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

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

Long-Term Investments

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

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

We evaluate our long-term investments for impairment quarterly or whenever events or changes in circumstances indicate that a decline in the fair value of these assets is determined to be other-than-temporary. Additionally, the Company performs an on-going evaluation of the investments with which the Company has variable interests to determine if any of these entities are VIEs that are required to be consolidated. None of the Company's long-term investments were VIEs as of March 31, 2023 and June 30, 2022.

Other Long-Term Assets

Digital Assets

The Company has purchased certain digital assets (crypto currencies) that are held for investment purposes. The Company accounts for digital assets in accordance with *Intangibles - Goodwill and Other* Topic 350 of the ASC ("ASC 350"). Digital assets are shown in the other long-term assets line-item on the condensed consolidated balance sheets. Digital assets are a type of intangible asset with indefinite useful lives, which are recorded at cost less impairment. Accordingly, if the fair market value at any point during the reporting period is lower than the carrying value, an impairment loss is recorded. If the fair market value at any point during the reporting period is higher than the carrying value, the basis of the digital assets will not be adjusted to account for this increase. Gains on digital assets, if any, are recognized upon sale or disposal of the digital assets. Write downs and gains are shown in the condensed consolidated statement of income, as component of the line-item other income, net.

As of March 31, 2023 and June 30, 2022, the carrying balance of our digital assets was $0.2 million and $0.2 million respectively, which is shown net of cumulative write-downs of $0.2 million and $0.2 million, respectively. As of March 31, 2023 and June 30, 2022, the fair market value of such digital assets held was $0.2 million and $0.2 million, respectively. For the three and nine months ended March 31, 2023, the Company had insignificant write-downs on such digital assets and had no realized gains or losses related to the sale of digital assets.

Option to Acquire Additional Interest in a Long-Term Investment

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

Accumulated other comprehensive income

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

Treasury Stock

The Company periodically purchases its own common stock that is traded on public markets as part of announced stock repurchase programs. The repurchased common stock is classified as treasury stock on the consolidated balance sheets and held at cost. The direct costs incurred to acquire treasury stock are treated like stock issue costs and added to the cost of the treasury stock, which includes applicable fees and taxes. There have been no reissuances of treasury stock.

Noncontrolling interest

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

Revenue Recognition

Settlement Date Accounting

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

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

Types of Orders that are Physically Delivered

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

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

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

Hedging Activities

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

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

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

Other Sources of Revenue

The Company recognizes its storage, logistics, licensing, and other services revenues in accordance with the FASB's release ASU 2014-09 *Revenue From Contracts With Customers* Topic 606 of the ASC and subsequent related amendments ("ASC 606"), which follows five basic steps to determine whether revenue can be recognized: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

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

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

Interest Income

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

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

Interest Expense

The Company accounts for interest expense on the following arrangements in accordance with *Interest* Topic 835 of the ASC ("ASC 835"):

- ***Borrowings* —** The Company incurs interest expense from its lines of credit, its debt obligations, and notes payable using the effective interest method. (See Note 15.) Additionally, the Company amortizes capitalized loan costs to interest expense over the period of the loan agreement.

- ***Loan servicing fees* —** When the Company purchases loan portfolios, the Company may have the seller service the loans that were purchased. The Company incurs a fee based on total interest charged to borrowers over the period the loans are outstanding. The servicing fee incurred by the Company is charged to interest expense.
- ***Product financing arrangements* —** The Company incurs financing fees (classified as interest expense) from its product financing arrangements (also referred to as reverse-repurchase arrangements) with third-party finance companies for the transfer and subsequent option to reacquire its precious metal inventory at a later date. These arrangements are accounted for as secured borrowings. During the term of this type of agreement, the third-party charges a monthly fee as a percentage of the market value of the designated inventory, which the Company intends to reacquire in the future. No revenue is generated from these arrangements. The Company enters this type of transaction for additional liquidity.
- ***Borrowed and leased metals fees* —** The Company may incur financing costs from its borrowed metal arrangements. The Company borrows precious metals (usually in the form of pool metals) from its suppliers and customers under short-term arrangements using other precious metals as collateral. Typically, during the term of these arrangements, the third-party charges a monthly fee as a percentage of the market value of the metals borrowed (determined at the spot price) plus certain processing and other fees.

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

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

Amortization of Debt Issuance Costs

Debt issuance costs incurred in connection with the issuance of the AMCF Notes have been included as a component of the carrying amount of the debt, and Trading Credit Facility debt issuance costs are included in prepaid expenses and other assets in the Company's condensed consolidated balance sheets. Debt issuance costs are amortized to interest expense over the contractual term of the debt. Debt issuance costs of the Trading Credit Facility are amortized on a straight-line basis, while all other debt issuance costs are amortized using the effective interest method. Amortization of debt issuance costs included in interest expense was $0.5 million and $0.5 million for the three months ended March 31, 2023 and 2022, respectively. Amortization of debt issuance costs included in interest expense was $1.6 million and $2.1 million for the nine months ended March 31, 2023 and 2022, respectively.

Earnings (Losses) from Equity Method Investments

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

Other Income, Net

The Company's other income and expense is comprised of royalty and consulting income, which is recognized when earned.

Advertising

Advertising and marketing costs consist primarily of internet advertising, online marketing, direct mail, print media, and television commercials and are expensed when incurred. Advertising costs totaled $3.9 million and $3.3 million, respectively, for the three months ended March 31, 2023 and 2022. Advertising costs totaled $11.6 million and $9.1 million, respectively, for the nine months ended March 31, 2023 and 2022. Costs associated with the marketing and promotion of the Company's products are included within selling, general, and administrative expenses. Advertising costs associated with the operation of our SilverPrice.org and GoldPrice.org websites, which provide price information on silver, gold, and cryptocurrencies, are not included within selling, general, and administrative expenses, but are included in cost of sales in the condensed consolidated statements of income.

Shipping and Handling Costs

Shipping and handling costs represent costs associated with shipping product to customers and receiving product from vendors and are included in cost of sales in the condensed consolidated statements of income. Shipping and handling costs incurred totaled $6.8 million and $6.8 million, respectively, for the three months ended March 31, 2023 and 2022. Shipping and handling costs incurred totaled $20.6 million and $18.9 million, respectively, for the nine months ended March 31, 2023 and 2022.

Share-Based Compensation

The Company accounts for equity awards under the provisions of *Compensation - Stock Compensation* Topic 718 of the ASC ("ASC 718"), which establishes fair value-based accounting requirements for share-based compensation to employees. ASC 718 requires the Company to recognize the grant-date fair value of stock options and other equity-based compensation issued to employees as expense over the service period in the Company's condensed consolidated financial statements. The expense is adjusted for actual forfeitures of unvested awards as they occur. (See Note 17.)

Income Taxes

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

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

Earnings per Share ("EPS")

The Company computes and reports both basic EPS and diluted EPS using the two-class method. Basic EPS is computed by dividing net income allocated to common shares by the weighted average number of common shares outstanding for the period, excluding any participating securities. Diluted EPS is computed by dividing net income allocated to common shares adjusted for reallocation of undistributed earnings of unvested restricted shares by the weighted average number of common shares determined for the basic EPS plus the dilutive effect of common stock equivalents using the treasury stock method based on the average market price for the period.

All outstanding nonvested shares that contain non-forfeitable rights to dividends or dividend equivalents that participate in undistributed earnings with common stock are considered participating securities and are included in computing earnings per share pursuant to the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating securities according to dividends or dividend equivalents and participation rights in undistributed earnings. The Company’s vested restricted stock units are considered participating securities. The Company’s unvested restricted stock units are considered nonparticipating securities since they are forfeitable.

A reconciliation of shares used in calculating basic and diluted earnings per common share for the three and nine months ended March 31, 2023 and 2022 is presented below.

in thousands

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Basic weighted-average shares of common stock outstanding	23,421	22,860	23,436	22,713
Effect of common stock equivalents	1,234	1,566	1,255	1,562
Diluted weighted-average shares outstanding	24,655	24,426	24,691	24,275

Actual common shares outstanding totaled 23,260,606 and 23,028,020 as of March 31, 2023 and 2022, respectively.

Recently Adopted Accounting Pronouncements and Auditing Standards

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

In June 2016, the FASB issued ASU No. 2016-13, ("ASU 2016-13"), *Financial Instruments - Credit Loss (Topic 326)*, which updates the guidance on recognition and measurement of credit losses for financial assets. The new guidance, known as the current expected credit loss model ("CECL"), requires entities to adopt an impairment model based on expected losses rather than incurred losses. This update was effective for the Company on July 1, 2022 (for fiscal years beginning after December 15, 2022 including interim periods within those fiscal years). The FASB has issued multiple updates to ASU 2016-13 as codified in Topic 326, including ASU's 2018-19, 2019-05, 2019-10, 2019-11, 2020-02, and 2022-02. These ASU's have provided for various minor technical corrections and improvements to the codification as well as other transition matters. The Company does not have a history of credit losses. The adoption of this guidance did not have a material impact on the Company's financial statements.

Recent Accounting Pronouncements Not Yet Adopted

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

3. ASSETS AND LIABILITIES, AT FAIR VALUE

Fair Value of Financial Instruments

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

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

The Company's AMCF Notes are reported at their aggregate principal amount less unamortized original issue discount and deferred financing costs on the accompanying condensed consolidated balance sheets. The fair value of the AMCF Notes is based on the present value of the expected coupon and principal payments using an estimated discount rate based on current market rates for debt with similar credit risk. The following table presents the carrying amounts and estimated fair values of the Company's AMCF Notes as of March 31, 2023 and June 30, 2022:

in thousands

	March 31, 2023		June 30, 2022	
	Carrying Amount	Fair value	Carrying Amount	Fair value
AMCF Notes	$ 94,644	$ 91,441	$ 94,073	$ 92,398

Valuation Hierarchy

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

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

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

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

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

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

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

The value of the option was determined using a Monte Carlo Simulation model ("MCS model"). The MCS model includes inputs based on significant assumptions related to management's forecasts of the investee's earnings-before-interest-taxes-depreciation-amortization ("EBITDA") and corresponding future total equity simulations, where an early exercise multiple is calibrated to maximize the fair value of the option during the exercise period. For each simulation path, option payoffs are calculated based on the contractual terms, and then discounted at the term-matched risk-free rate, where the value of the option is calculated as the average present value over all simulated paths. Refer to the 2022 Annual Report for information about the certain assumptions in the MCS model that was used to determine that valuation of the option to purchase interest in a long-term investment.

The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2023 and June 30, 2022, aggregated by each fair value hierarchy level:

in thousands

	March 31, 2023			
	Quoted Price in Active Markets for Identical Instruments (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets:				
Inventories[1]	$ 966,564	$ —	$ —	$ 966,564
Precious metals held under financing arrangements	24,014	—	—	24,014
Derivative assets — open sale and purchase commitments, net	56,624	—	—	56,624
Derivative assets — forward contracts	1,832	—	—	1,832
Option to purchase interest in a long-term investment	—	—	5,300	5,300
Total assets, valued at fair value	$ 1,049,034	$ —	$ 5,300	$ 1,054,334
Liabilities:				
Liabilities on borrowed metals	$ 25,730	$ —	$ —	$ 25,730
Product financing arrangements	292,104	—	—	292,104
Derivative liabilities — open sale and purchase commitments, net	10,599	—	—	10,599
Derivative liabilities — margin accounts	5,564	—	—	5,564
Derivative liabilities — futures contracts	10,071	—	—	10,071
Derivative liabilities — forward contracts	57,096	—	—	57,096
Total liabilities, valued at fair value	$ 401,164	$ —	$ —	$ 401,164

(1) Commemorative coin inventory totaling $1.0 million is held at lower of cost or realizable value, and thus is excluded from the inventories balance shown in this table.

in thousands

	June 30, 2022			
	Quoted Price in Active Markets for Identical Instruments (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets:				
Inventories[1]	$ 739,584	$ —	$ —	$ 739,584
Precious metals held under financing arrangements	79,766	—	—	79,766
Derivative assets — open sale and purchase commitments, net	27,423	—	—	27,423
Derivative assets — futures contracts	20,245	—	—	20,245
Derivative assets — forward contracts	44,075	—	—	44,075
Option to purchase interest in a long-term investment	—	—	5,300	5,300
Total assets, valued at fair value	$ 911,093	$ —	$ 5,300	$ 916,393
Liabilities:				
Liabilities on borrowed metals	$ 59,417	$ —	$ —	$ 59,417
Product financing arrangements	282,671	—	—	282,671
Derivative liabilities — open sale and purchase commitments, net	70,564	—	—	70,564
Derivative liabilities — margin accounts	4,686	—	—	4,686
Derivative liabilities — forward contracts	530	—	—	530
Total liabilities, valued at fair value	$ 417,868	$ —	$ —	$ 417,868

(1) Commemorative coin inventory totaling $1.4 million is held at lower of cost or net realizable value, and thus is excluded from the inventories balance shown in this table.

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

Assets Measured at Fair Value on a Non-Recurring Basis

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

With the exception of digital assets, our non-recurring valuations use significant unobservable inputs and significant judgments and therefore fall under Level 3 of the fair value hierarchy. The valuation inputs include assumptions on the appropriate discount rates, long-term growth rates, relevant comparable company earnings multiples, and the amount and timing of expected future cash flows. The cash flows employed in the analyses are based on the Company's estimated outlook and various growth rates. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the respective equity method investment, asset group, or reporting unit. In assessing the reasonableness of its determined fair values, the Company evaluates its results against other value indicators, such as comparable transactions and comparable public company trading values. The Company used a third-party independent valuation specialist to assist us to determine the fair value of the net assets acquired in connection with Company's step acquisition of JMB.

The fair value of the Company's digital assets is determined quarterly in accordance with *ASC 820* and is based on quoted prices on the active exchange(s) that we have determined is the principal market for such assets (Level 1 inputs). When the quoted prices on active exchanges decrease and indicate that it is more likely than not that our digital assets are impaired, we consider the lowest market price of one unit of digital asset quoted on the active exchange since acquiring the digital asset. If the then current carrying value of a digital asset exceeds the fair value so determined, an impairment loss has occurred with respect to those digital assets in the amount equal to the difference between their carrying values and the price determined. As of March 31, 2023, the carrying amounts and estimated fair values of the Company's digital assets totaled $0.2 million and $0.2 million, respectively. As of June 30, 2022, the carrying amounts and estimated fair values of the Company's digital assets totaled $0.2 million and $0.2 million, respectively.

4. RECEIVABLES

Receivables consisted of the following as of March 31, 2023 and June 30, 2022:

in thousands

	March 31, 2023	June 30, 2022
Customer trade receivables	$ 41,070	$ 59,066
Wholesale trade advances	19,362	27,675
Due from brokers and other	29,644	10,299
	$ 90,076	$ 97,040

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

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

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

5. SECURED LOANS RECEIVABLE

Below is a summary of the carrying value of our secured loans as of March 31, 2023 and June 30, 2022:

in thousands

	March 31, 2023	June 30, 2022
Secured loans originated	$ 61,617	$ 44,498
Secured loans acquired	35,239	81,719
	$ 96,856	$ 126,217

Secured Loans - Originated: Secured loans include short-term loans, which include a combination of on-demand lines and short-term facilities. These loans are fully secured by the customers' assets, which predominantly include bullion and numismatic and semi-numismatic material, and which are typically held in safekeeping by the Company.

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

As of March 31, 2023 and June 30, 2022, our secured loans carried weighted-average effective interest rates of 10.2% and 9.4%, respectively, and mature in periods ranging typically from on-demand to one year.

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

Credit Quality of Secured Loans Receivables and Allowance for Credit Losses

General

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

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

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

Class and Credit Quality of Loans

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

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

<u>in thousands</u>

	March 31, 2023		June 30, 2022	
Bullion	$ 53,445	55.2%	$ 95,691	75.8%
Numismatic and semi-numismatic	41,627	43.0%	30,231	24.0%
Graded sports cards and sports memorabilia	1,784	1.8%	295	0.2%
	$ 96,856	100.0%	$ 126,217	100.0%

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

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

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

in thousands

	March 31, 2023		June 30, 2022	
Loan-to-value of less than 75%	$ 90,025	92.9%	$ 49,503	39.2%
Loan-to-value of 75% or more	6,831	7.1%	76,714	60.8%
	$ 96,856	100.0%	$ 126,217	100.0%

The Company had no loans with an LTV ratio in excess of 100% as of March 31, 2023 and June 30, 2022.

Non-Performing Loans/Impaired Loans

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

Non-performing loans have the highest probability for credit loss. The allowance for secured loan credit losses attributable to non-performing loans is based on the most probable source of repayment, which is normally the liquidation of collateral. Due to the accelerated liquidation terms of the Company's loan portfolio, past due loans are generally liquidated within 90 days of default before a loan becomes non-performing. In the event a loan was to become non-performing, the Company would determine a reserve to reduce the carrying balance to its estimated net realizable value. As of March 31, 2023 and June 30, 2022, the Company had no allowance for secured loan losses or loans classified as non-performing.

A loan is considered impaired if it is probable, based on current information and events, that the Company will be unable to collect all amounts due according to the contractual terms of the loan. Customer loans are reviewed for impairment and include loans that are past due or non-performing, or if the customer is in bankruptcy. In the event of an impairment, recognition of interest income would be suspended, and the loan would be placed on non-accrual status at the time. Accrual would be resumed, and previously suspended interest income would be recognized, when the loan becomes contractually current and/or collection doubts are removed. Cash receipts on impaired loans are recorded first against the receivable and then to any unrecognized interest income. For the three and nine months ended March 31, 2023 and 2022, the Company incurred no loan impairment costs and no loans were placed on a non-accrual status.

6. INVENTORIES

Our inventory consists of the precious metals that the Company has physically received, and inventory held by third-parties, which, at the Company's option, it may or may not receive. Below, our inventory is summarized by classification at March 31, 2023 and June 30, 2022:

in thousands

	March 31, 2023	June 30, 2022
Inventory held for sale	$ 506,021	$ 299,844
Repurchase arrangements with customers	140,120	130,171
Consignment arrangements with customers	2,589	2,490
Commemorative coins, held at lower of cost or net realizable value	954	1,434
Borrowed precious metals	25,730	24,408
Product financing arrangements	292,104	282,671
	$ 967,518	$ 741,018

Inventory Held for Sale. Inventory held for sale represents precious metals, excluding commemorative coin inventory, that have been received by the Company and are not subject to repurchase by or consignment arrangements with third parties, borrowed precious metals, or product financing arrangements. As of March 31, 2023 and June 30, 2022, inventory held for sale totaled $506.0 million and $299.8 million, respectively.

Repurchase Arrangements with Customers. The Company enters into arrangements with certain customers under which A-Mark purchases precious metals from the customers which are subject to repurchase by the customer at the fair value of the product on the repurchase date. Under these arrangements, the Company, which holds legal title to the metals, earns financing income until the time the arrangement is terminated, or the material is repurchased by the customer. In the event of a repurchase by the customer, the Company records a sale.

These arrangements are typically terminable by either party upon 14 days' notice. Upon termination, the customer's rights to repurchase any remaining inventory is forfeited. As of March 31, 2023 and June 30, 2022, included within inventories is $140.1 million and $130.2 million, respectively, of precious metals products subject to repurchase arrangements with customers.

Consignment Arrangements with Customers. The Company periodically loans metals to customers on a short-term consignment basis. Inventory loaned under consignment arrangements to customers as of March 31, 2023 and June 30, 2022 totaled $2.6 million and $2.5 million, respectively. Such transactions are recorded as sales and are removed from the Company's inventory at the time the customer elects to price and purchase the precious metals.

Commemorative Coins. Our commemorative coin inventory, including its premium component, is held at the lower of cost or net realizable value, because the value of commemorative coins is influenced more by supply and demand determinants than on the underlying spot price of the precious metal content of the commemorative coins. The value of commemorative coins is not subject to the same level of volatility as bullion coins because our commemorative coins typically carry a substantially higher premium over the spot metal price than bullion coins. Our commemorative coins are not hedged and totaled $1.0 million and $1.4 million as of March 31, 2023 and June 30, 2022, respectively.

Borrowed Precious Metals. Borrowed precious metals inventory include: (i) metals held by suppliers as collateral on advanced pool metals, (ii) metals due to suppliers for the use of their consigned inventory, (iii) unallocated metal positions held by customers in the Company's inventory, and (iv) shortages in unallocated metal positions held by the Company in the supplier's inventory. Unallocated or pool metal represents an unsegregated inventory position that is due on demand, in a specified physical form, based on the total ounces of metal held in the position. Amounts due under these arrangements require delivery either in the form of precious metals or cash. The Company's inventory included borrowed precious metals with market values totaling $25.7 million and $24.4 million as of March 31, 2023 and June 30, 2022, respectively, with a corresponding offsetting obligation reflected as liabilities on borrowed metals on the condensed consolidated balance sheets.

Product Financing Arrangements. This inventory represents amounts held as security by lenders for obligations under product financing arrangements. The Company enters into a product financing agreement for the transfer and subsequent re-acquisition of gold and silver at an agreed-upon price based on the spot price with a third-party finance company. This inventory is restricted and is held at a custodial storage facility in exchange for a financing fee, paid to the third-party finance company. During the term of the financing, the third-party finance company holds the inventory as collateral, and both parties intend for the inventory to be returned to the Company at an agreed-upon price based on the spot price on the finance arrangement termination date. These transactions do not qualify as sales and have been accounted for as financing arrangements in accordance with ASC 470-40 *Product Financing Arrangements*. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing arrangements and the underlying inventory are carried at fair value, with changes in fair value included in cost of sales in the condensed consolidated statements of income. Such obligations totaled $292.1 million and $282.7 million as of March 31, 2023 and June 30, 2022, respectively.

The Company mitigates market risk of its physical inventory and open commitments through commodity hedge transactions. (See Note 12.) As of March 31, 2023 and June 30, 2022, the unrealized gains (losses) resulting from the difference between market value and cost of physical inventory were $38.4 million and $(15.4) million, respectively.

Premium Component of Inventory

The premium component, at market value, included in the inventory as of March 31, 2023 and June 30, 2022 totaled $30.9 million and $27.1 million, respectively.

7. LEASES

As of March 31, 2023 and June 30, 2022, the balances of operating lease right of use assets were $5.4 million and $6.5 million respectively. Components of operating lease expense for the three and nine months ended March 31, 2023 and 2022 were as follows:

in thousands

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Operating lease costs	$ 366	$ 347	$ 1,094	$ 1,181
Variable lease costs	148	143	367	379
Short term lease costs	29	23	78	70
Finance lease costs	—	6	—	16
	$ 543	$ 519	$ 1,539	$ 1,646

For the nine months ended March 31, 2023, we made cash payments of $1.2 million for operating lease obligations. These payments are included in operating cash flows. As of March 31, 2023, the weighted-average remaining lease term under our capitalized operating leases was 4.9 years, while the weighted-average discount rate for our operating leases was approximately 4.9%.

The following represents our future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities as of March 31, 2023 (in thousands):

Year ending June 30,	Operating Leases
2023 (remainder of year)	$ 408
2024	1,624
2025	1,599
2026	1,171
2027	823
Thereafter	1,326
Total lease payments	6,951
Imputed interest	(811)
Total operating lease liability	$ 6,140 (1)
Operating lease liability - current	$ 1,338 (2)
Operating lease liability - long-term	4,802 (3)
	$ 6,140 (1)

(1) Represents the present value of the capitalized operating lease liabilities as of March 31, 2023.
(2) Current operating lease liabilities are presented within accrued liabilities on our condensed consolidated balance sheets.
(3) Long-term operating lease liabilities are presented within other liabilities on our condensed consolidated balance sheets.

The Company has one related party lease; for information on this lease refer to Note 16.

We do not have leases that have not yet commenced, which would create significant rights and obligations for us, including any involvement with the construction or design of the underlying asset.

8. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at March 31, 2023 and June 30, 2022:

in thousands

	March 31, 2023	June 30, 2022
Computer software	$ 7,282	$ 6,519
Plant equipment	7,534	6,328
Leasehold improvements	3,968	3,863
Office furniture, and fixtures	2,784	2,536
Computer equipment	1,590	1,595
Building	636	509
Total depreciable assets	23,794	21,350
Less: Accumulated depreciation and amortization	(12,962)	(11,932)
Property and equipment not placed in service	235	391
Land	406	36
Property, plant, and equipment, net	$ 11,473	$ 9,845

Property, plant and equipment depreciation and amortization expense for the three months ended March 31, 2023 and 2022 was $0.6 million and $0.4 million, respectively. Property, plant and equipment depreciation and amortization expense for the nine months ended March 31, 2023 and 2022 was $1.6 million and $1.1 million, respectively. For the periods presented, depreciation and amortization expense allocable to cost of sales was not significant.

9. GOODWILL AND INTANGIBLE ASSETS

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

- In connection with the Company's formation of AMST in August 2016, the Company recorded an additional $2.5 million and $4.3 million of identifiable intangible assets and goodwill, respectively; these values were based upon an independent appraisal and represent their fair values at the acquisition date. The Company’s investment in AMST has resulted in synergies between the acquired minting operation and the Company’s established distribution network by providing a steadier and more reliable fabricated source of silver during times of market volatility. The Company considers that much of the acquired goodwill relates to the “ready state” of AMST's established minting operation with existing quality processes, procedures, and ability to scale production to meet market needs.

- In connection with the Company's acquisition of Goldline in August 2017, the Company recorded $5.0 million and $1.4 million of additional identifiable intangible assets and goodwill, respectively; these values were based upon an independent appraisal and represent their fair values at the acquisition date. The Company's investment in Goldline created synergies between Goldline's direct marketing operation and the Company's established distribution network, secured storage and lending operations that has led to increased product margin spreads, and lower distribution and storage costs for Goldline.
- In March 2021, the Company acquired 100% ownership of JMB, in which we previously held a 20.5% equity interest. At the acquisition date we measured the value of identifiable intangible assets and goodwill at $98.0 million and $92.1 million, respectively.
- In October 2022, JMB acquired $4.5 million of intangible assets that included: BGASC's website, domain name, trademarks, logos, customer list, and all intellectual property.

Carrying Value

The carrying value of goodwill and other purchased intangibles as of March 31, 2023 and June 30, 2022 was as described below:

dollar amounts in thousands

			March 31, 2023				June 30, 2022			
	Estimated Useful Lives (Years)	Remaining Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Book Value
Identifiable intangible assets:										
Existing customer relationships	5 - 15	2.5	$ 55,541	$ (45,001)	$ —	$ 10,540	$ 53,498	$ (38,831)	$ —	$ 14,667
Developed technology	4	2.1	10,982	(5,390)	—	5,592	10,500	(3,366)	—	7,134
Non-compete and other	3 - 5	4.5	2,310	(2,300)	—	10	2,300	(2,300)	—	—
Employment agreement	1 - 3	0	295	(295)	—	—	295	(295)	—	—
Intangibles subject to amortization			69,128	(52,986)	—	16,142	66,593	(44,792)	—	21,801
Tradenames and trademarks	Indefinite	Indefinite	49,429	—	(1,290)	48,139	47,454	—	(1,290)	46,164
Identifiable intangible assets			$ 118,557	$ (52,986)	$ (1,290)	$ 64,281	$ 114,047	$ (44,792)	$ (1,290)	$ 67,965
Goodwill	Indefinite	Indefinite	$ 102,307	$ —	$ (1,364)	$ 100,943	$ 102,307	$ —	$ (1,364)	$ 100,943

The Company's intangible assets are subject to amortization except for trade names and trademarks, which have an indefinite life. Existing customer relationships intangible assets are amortized in a manner reflecting the pattern in which the economic benefits of the assets are consumed. All other intangible assets subject to amortization are amortized using the straight-line method over their useful lives, which are estimated to be one to fifteen years. Amortization expense related to the Company's intangible assets for the three months ended March 31, 2023 and 2022 was $2.7 million and $7.2 million, respectively. Amortization expense related to the Company's intangible assets for the nine months ended March 31, 2023 and 2022 was $8.2 million and $22.9 million, respectively. For the presented periods, amortization expense allocable to cost of sales was not significant.

Impairment

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

Estimated Amortization

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

Fiscal Year Ending June 30,	Amount
2023 (remainder of year)	$ 2,147
2024	8,015
2025	4,874
2026	681
2027	233
Thereafter	192
	$ 16,142

10. LONG-TERM INVESTMENTS

As of March 31, 2023, the Company had six investments in privately-held entities. The following table shows the carrying value and ownership percentage of the Company's investment in each entity:

in thousands

	March 31, 2023		June 30, 2022	
Investee [(1)]	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Silver Gold Bull, Inc.	$ 42,377	47.4%	$ 41,251	47.4%
Pinehurst Coin Exchange, Inc.	15,049	49.0%	13,843	49.0%
Sunshine Minting, Inc.	16,448	44.9%	13,497	44.9%
Company A	233	33.3%	233	33.3%
Company B	2,007	50.0%	2,004	50.0%
Texas Precious Metals, LLC	4,881	12.0%	—	—%
	$ 80,995		$ 70,828	

(1) All of the Company's investees are accounted for using the equity method, with the exception of Company A, which is accounted for using the cost method.

We consider all of our equity method investees to be related parties. See Note 14 for a summary of the Company's aggregate balances and activity with these related party entities. Our investment in Company A is a recognized as a cost method investment and is not considered a related party.

11. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities consisted of the following:

in thousands

	March 31, 2023	June 30, 2022
Trade payables to customers	$ 6,809	$ 2,571
Other accounts payable	3,355	3,556
Accounts payable and other payables	$ 10,164	$ 6,127
Deferred revenue	$ 35,882	$ 17,456
Advances from customers	217,806	158,089
Deferred revenue and other advances	$ 253,688	$ 175,545

12. DERIVATIVE INSTRUMENTS AND HEDGING TRANSACTIONS

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

Commodity Price Management

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

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

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

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

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

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

Derivative Assets and Liabilities

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

All of our commodity derivative contracts are under master netting arrangements and include both asset and liability positions (i.e., offsetting derivative instruments). As such, for the Company's derivative contracts with the same counterparty, the receivables and payables have been netted on the condensed consolidated balance sheets. Such derivative contracts include open sale and purchase commitments, futures, forwards and margin accounts. The aggregate gross and net derivative receivables and payables balances by contract type and type of hedge, as of March 31, 2023 and June 30, 2022 were as follows:

in thousands

	March 31, 2023				June 30, 2022			
	Gross Derivative	**Amounts Netted**	**Cash Collateral Pledge**	**Net Derivative**	**Gross Derivative**	**Amounts Netted**	**Cash Collateral Pledge**	**Net Derivative**
Nettable derivative assets:								
Open sale and purchase commitments	$ 70,155	$ (13,531)	$ —	$ 56,624	$ 34,821	$ (7,398)	$ —	$ 27,423
Future contracts	—	—	—	—	20,245	—	—	20,245
Forward contracts	1,832	—	—	1,832	44,075	—	—	44,075
	$ 71,987	$ (13,531)	$ —	$ 58,456	$ 99,141	$ (7,398)	$ —	$ 91,743
Nettable derivative liabilities:								
Open sale and purchase commitments	$ 14,117	$ (3,518)	$ —	$ 10,599	$ 72,937	$ (2,373)	$ —	$ 70,564
Margin accounts	21,873	—	(16,309)	5,564	26,984	—	(22,298)	4,686
Future contracts	10,071	—	—	10,071	—	—	—	—
Forward contracts	57,096	—	—	57,096	530	—	—	530
	$ 103,157	$ (3,518)	$ (16,309)	$ 83,330	$ 100,451	$ (2,373)	$ (22,298)	$ 75,780

Gains or Losses on Derivative Instruments

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

Below is a summary of the net gains (losses) on derivative instruments for the three and nine months ended March 31, 2023 and 2022:

in thousands

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	**2022**	**2023**	**2022**
Gains (losses) on derivative instruments:				
Unrealized gains (losses) on open future commodity and forward contracts and open sale and purchase commitments, net	$ 36,654	$ 23,411	$ (39,907)	$ (34,694)
Realized gains (losses) on future commodity contracts, net	12,826	(16,457)	44,007	26,355
	$ 49,480	$ 6,954	$ 4,100	$ (8,339)

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

Summary of Hedging Positions

In a hedging relationship, the change in the value of the derivative financial instrument is offset to a great extent by the change in the value of the underlying hedged item. The following table summarizes the results of our hedging activities, which shows the precious metal commodity inventory position, net of open sale and purchase commitments, that was subject to price risk as of March 31, 2023 and June 30, 2022:

in thousands

	March 31, 2023	**June 30, 2022**
Inventories	$ 967,518	$ 741,018
Precious metals held under financing arrangements	24,014	79,766
	991,532	820,784
Less unhedgeable inventories:		
Commemorative coin inventory, held at lower of cost or net realizable value	(954)	(1,434)
Premium on metals position	(30,865)	(27,059)
Precious metal value not hedged	(31,819)	(28,493)
Commitments at market:		
Open inventory purchase commitments	1,075,916	681,835
Open inventory sales commitments	(753,815)	(497,949)
Margin sale commitments	(21,873)	(26,984)
In-transit inventory no longer subject to market risk	(26,449)	(13,164)
Unhedgeable premiums on open commitment positions	20,568	12,933
Borrowed precious metals	(25,730)	(59,417)
Product financing arrangements	(292,104)	(282,671)
Advances on industrial metals	1,234	768
	(22,253)	(184,649)
Precious metal subject to price risk	937,460	607,642
Precious metal subject to derivative financial instruments:		
Precious metals forward contracts at market values	741,100	278,326
Precious metals futures contracts at market values	176,493	326,713
Total market value of derivative financial instruments	917,593	605,039
Net precious metals subject to commodity price risk	$ 19,867	$ 2,603

Net precious metals subject to commodity price risk at March 31, 2023 includes the impact of projected sales activity between market close on March 31, 2023 and market opening on the next business day.

Notional Balances of Derivatives

The notional balances of the Company's derivative instruments, consisting of contractual metal quantities, are expressed at current spot prices of the underlying precious metal commodity. As of March 31, 2023 and June 30, 2022, the Company had the following outstanding commitments and open forward and future contracts:

in thousands

	March 31, 2023	June 30, 2022
Purchase commitments	$ 1,075,916	$ 681,835
Sales commitments	$ (753,815)	$ (497,949)
Margin sales commitments	$ (21,873)	$ (26,984)
Open forward contracts	$ 741,100	$ 278,326
Open futures contracts	$ 176,493	$ 326,713

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

The Company is exposed to the risk of failure of the counterparties to its derivative contracts. Significant judgment is applied by the Company when evaluating the fair value implications. The Company regularly reviews the creditworthiness of its major counterparties and monitors its exposure to concentrations. On March 31, 2023, the Company believes its risk of counterparty default is mitigated as a result of such evaluation and the short-term duration of these arrangements.

Foreign Currency Exchange Rate Management

The Company utilizes foreign currency forward contracts to manage the effect of foreign currency exchange fluctuations on its sale and purchase transactions. These contracts generally have maturities of less than one week.

The market values (fair values) of the Company’s foreign exchange forward contracts and the net open sale and purchase commitment transactions, denominated in foreign currencies, outstanding were as follows:

in thousands

	March 31, 2023	June 30, 2022
Foreign exchange forward contracts	$ 9,596	$ 9,738
Open sale and purchase commitment transactions, net	$ 8,963	$ 10,371

13. INCOME TAXES

Net income from operations before provision for income taxes for the three and nine months ended March 31, 2023 and 2022 is shown below:

in thousands

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
U.S.	$ 45,766	$ 45,919	$ 146,895	$ 119,380
Foreign	7	2	33	26
	$ 45,773	$ 45,921	$ 146,928	$ 119,406

The Company files a consolidated federal income tax return based on a June 30 tax year end. The provision for income tax expense by jurisdiction and the effective tax rate for the three and nine months ended March 31, 2023 and 2022 are shown below:

in thousands

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Current:				
Federal	$ 9,171	$ 7,579	$ 29,074	$ 21,066
State and local	606	790	3,000	2,714
Foreign	(2)	6	22	17
Income tax expense	$ 9,775	$ 8,375	$ 32,096	$ 23,797
Effective income tax rate	21.4%	18.2%	21.8%	19.9%

For the three and nine months ended March 31, 2023, our effective tax rate differs from the federal statutory rate primarily due to the foreign derived intangible income special deduction, the excess tax benefit from share-based compensation, partially offset by

Section 162(m) executive compensation disallowance and state taxes (net of federal tax benefit). For the three and nine months ended March 31, 2022, our effective tax rate differs from the federal statutory rate primarily due to foreign derived intangible income special deduction, the excess tax benefit from share-based compensation, partially offset by state taxes (net of federal tax benefit), and other normal course non-deductible expenditures.

Income Taxes Receivable and Payable

As of March 31, 2023 and June 30, 2022, income tax receivable totaled $0.9 million and $0.0 million, respectively. As of March 31, 2023 and June 30, 2022, income tax payable totaled $0.0 million and $0.4 million, respectively.

Deferred Tax Assets and Liabilities

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized by evaluating both positive and negative evidence. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As of March 31, 2023 and June 30, 2022, management concluded that it was more likely than not that the Company would be able to realize the benefit of the U.S. federal and state deferred tax assets. We based this conclusion on historical and projected operating performance, as well as our expectation that our operations will generate sufficient taxable income in future periods to realize the tax benefits associated with the deferred tax assets. A tax valuation allowance was considered unnecessary, as management concluded that it was more likely than not that the Company would be able to realize the benefit of the U.S. federal and state deferred tax assets.

As of March 31, 2023, the condensed consolidated balance sheet reflects the deferred tax items for each tax-paying component (i.e., federal and state), resulting in a state deferred tax liability of $0.8 million and a federal deferred tax liability of $14.0 million. As of June 30, 2022, the condensed consolidated balance sheet reflects the deferred tax items for each tax-paying component (i.e., federal and state), resulting in a state deferred tax liability of $0.9 million and a federal deferred tax liability of $14.5 million.

Net Operating Loss Carryforwards

As of March 31, 2023 and June 30, 2022, the Company has approximately $12.2 million and $12.2 million of state net operating loss carryforwards, respectively. The Company's state tax-effected net operating loss carryforwards totaled $0.9 million and $0.9 million, as of March 31, 2023 and June 30, 2022, respectively. These state net operating loss carryforwards start to expire in the year ending June 30, 2030.

Unrecognized Tax Benefits

The Company has taken or expects to take certain tax benefits on its income tax return filings that it has not recognized as a tax benefit (i.e., an unrecognized tax benefit) on its condensed consolidated statements of income. The Company's measurement of its uncertain tax positions is based on management's assessment of all relevant information, including, but not limited to prior audit experience, audit settlement, or lapse of the applicable statute of limitations. As of March 31, 2023, there have been no material changes to our unrecognized tax benefits or any related interest or penalties since June 30, 2022.

14. RELATED PARTY TRANSACTIONS

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

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

2) *Equity method investees.* As of March 31, 2023, the Company has five investments in privately-held entities which have been determined to be equity method investees and related parties.

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

Balances with Related Parties

Receivables and Payables, Net

As of March 31, 2023 and June 30, 2022, the Company had related party receivables and payables balances as set forth below:

in thousands

	March 31, 2023		June 30, 2022	
	Receivables	Payables	Receivables	Payables
Stack's Bowers Galleries	$ 164 (1)	$ —	$ —	$ 1,802 (3)
Equity method investees	1,456 (1)	4,074 (2)	3,060 (1)	173 (3)
	$ 1,620	$ 4,074	$ 3,060	$ 1,975

(1) Balance includes trade receivables and other receivables, net
(2) Balance includes note payables, trade payables, and other payables, net
(3) Balance primarily represents trade payables and other payables, net

Long-term Investments

As of March 31, 2023 and June 30, 2022, the aggregate carrying balance of the equity method investments was $80.8 million and $70.6 million respectively. (See Note 10.)

Long-term Other Assets

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

Notes Payable

On April 1, 2021, CCP entered into a loan agreement ("CCP Note") with CFC, which provides CFC with up to $4.0 million to fund commercial loans secured by graded sports cards and sports memorabilia to its borrowers. All loans to be funded using the proceeds from the CCP Note are subject to CCP's prior written approval. The term of the CCP Note expires on April 1, 2024 and may be extended by mutual agreement. As of March 31, 2023 and June 30, 2022 the outstanding principal balance of the CCP Note was $1.8 million and $0.0 million.

Activity with Related Parties

Sales and Purchases

During the three and nine months ended March 31, 2023 and 2022, the Company made sales and purchases to various companies, which have been deemed to be related parties, as follows:

in thousands

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2023		2022		2023		2022	
	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases
Stack's Bowers Galleries	$ 33,723	$ 6,337	$ 55,519	$ 12,569	$ 97,978	$ 22,441	$ 69,170	$ 41,879
Equity method investees	282,833	13,915	244,147	8,170	703,548	29,023	531,130	30,438
	$ 316,556	$ 20,252	$ 299,666	$ 20,739	$ 801,526	$ 51,464	$ 600,300	$ 72,317

Interest Income

During the three and nine months ended March 31, 2023 and 2022, the Company earned interest income related to loans made to Stack's Bower Galleries and from financing arrangements (including repurchase agreements) with affiliated companies, as set forth below:

in thousands

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Interest income from secured loans receivables	$ —	$ 44	$ —	$ 143
Interest income from finance products and repurchase arrangements	2,275	1,576	5,708	5,537
	$ 2,275	$ 1,620	$ 5,708	$ 5,680

Selling, General, and Administrative

During the three months ended March 31, 2023 and 2022, the Company incurred selling general, and administrative expense related to its subleasing agreement with Stack's Bower Galleries that totaled $12,000 and $0, respectively.

During the nine months ended March 31, 2023 and 2022, the Company incurred selling, general, and administrative expense related to its subleasing agreement with Stack's Bower Galleries that that totaled $22,000 and $0, respectively.

Interest Expense

During the three months ended March 31, 2023 and 2022, the Company incurred interest expense related to its note with CCP that totaled $9,000 and $0, respectively. During the nine months ended March 31, 2023 and 2022, the Company incurred interest expense related to its note with CCP that totaled $32,000 and $0, respectively.

Equity Method Investments — Earnings and Dividends Received

During the three months ended March 31, 2023 and 2022, the Company's proportional share of our equity method investee's earnings were net losses of $0.1 million and net income of $1.6 million, respectively. During the nine months ended March 31, 2023 and 2022, the Company's proportional share of our equity method investee's net income totaled $7.3 million and $4.3 million, respectively.

During the three months ended March 31, 2023 and 2022, the Company received no dividend payments from our equity method investees. During the nine months ended March 31, 2023 and 2022, the Company received dividend payments that totaled, in the aggregate, $0.6 million and $0.0 million, respectively, from our equity method investees.

Other Income

During the three months ended March 31, 2023 and 2022, the Company earned royalty income related to one of CFC's secured lending agreements and information technology consulting services income from Stack's Bower Galleries that totaled $0.6 million and $0.5 million, respectively, and $2.0 million and $1.4 million during the nine months ended March 31, 2023 and 2022, respectively.

15. FINANCING AGREEMENTS

Lines of credit - Trading Credit Facility

On December 21, 2021, the Company entered into a new three-year committed facility provided by a syndicate of financial institutions (the “Trading Credit Facility”), with a total current revolving commitment of up to $350.0 million and with a termination date of December 21, 2024. The Trading Credit Facility is secured by substantially all of the Company’s assets on a first priority basis and is guaranteed by all of the Company's subsidiaries, with the exception of AMCF. The Trading Credit Facility currently bears interest at the daily SOFR rate plus an applicable margin of 236 basis points. As of March 31, 2023, the interest rate was approximately 7.2%. The daily SOFR rate was approximately 4.9% as of March 31, 2023.

Also on December 21, 2021, in connection with entry into the Trading Credit Facility, all amounts outstanding under the Company’s uncommitted demand borrowing facility with a syndicate of banks (the "Prior Credit Facility”) were paid in full, and the Prior Trading Credit Facility was terminated. The amounts set forth in our condensed consolidated financial statements for all periods prior to December 21, 2021 refer to the Prior Credit Facility.

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

Borrowings totaled $230.0 million and $215.0 million at March 31, 2023 and June 30, 2022, respectively. The amounts available under the respective lines of credit are determined at the end of each week and at each month end following a specified borrowing base formula. The Company is able to access additional credit as needed to finance operations, subject to the overall limits of the borrowing facilities and lender approval of the borrowing base calculation. Based on the month end borrowing bases in effect, the availability under the Trading Credit Facility, after taking into account current borrowings, totaled $120.0 million and $122.0 million as determined on March 31, 2023 and June 30, 2022, respectively. As of March 31, 2023 and June 30, 2022, the remaining unamortized balance of loan costs was approximately $2.8 million and $3.4 million, respectively.

The Trading Credit Facility contains various covenants, all of which the Company was in compliance with as of March 31, 2023.

Although the Trading Credit Facility is a committed facility, lenders holding at least 66.67% of the revolving commitments under the Trading Credit Facility may require us to repay all outstanding indebtedness under the Trading Credit Facility at any time, even if we are in compliance with the financial and other covenants under the Trading Credit Facility. After such demand, each lender with a revolving loan commitment may, but is not obligated to, make revolving loans until the termination date of the Trading Credit Facility.

Interest expense related to the Company's Trading Credit Facility totaled $5.1 million and $1.9 million, which represents 54.8% and 34.7% of the total interest expense recognized, for the three months ended March 31, 2023 and 2022, respectively. The Trading Credit Facility carried a daily weighted average effective interest rate of 7.46% and 3.18%, respectively, for the three months ended March 31, 2023 and 2022.

Interest expense related to the Company's Trading Credit Facility totaled $11.1 million and $6.2 million, which represents 49.0% and 37.9% of the total interest expense recognized, for the nine months ended March 31, 2023 and 2022, respectively. The Trading Credit Facility carried a daily weighted average effective interest rate of 6.79% and 3.42%, respectively, for the nine months ended March 31, 2023 and 2022.

Notes Payable - AMCF Notes

In September 2018, AM Capital Funding, LLC ("AMCF"), a wholly owned subsidiary of CFC, completed an issuance of Secured Senior Term Notes (collectively, the "AMCF Notes"): Series 2018-1, Class A (the "Class A Notes") in the aggregate principal amount of $72.0 million and Secured Subordinated Term Notes, Series 2018-1, Class B (the "Class B Notes") in the aggregate principal amount of $28.0 million. The Class A Notes bear interest at a rate of 4.98% and the Class B Notes bear interest at a rate of 5.98%. The AMCF Notes have a maturity date of December 15, 2023. The AMCF Notes were issued under a Master Indenture and the Series 2018-1 Supplement thereto between AMCF and Citibank, N.A., as trustee. The Company holds $5.0 million of the Class B Notes in order to comply with the Credit Risk Retention Rules of Section 15G of the Securities Exchange Act of 1934. The $5.0 million portion of the Class B Notes retained by the Company is eliminated in consolidation.

AMCF applied the net proceeds from the sale to the Company's purchase of loans and precious metals inventory, and to pay certain costs and expenses. CFC and A-Mark may from time to time also contribute cash or sell precious metals to AMCF in exchange for cash or subordinated, deferred payment obligations from AMCF. In addition, AMCF may from time to time sell precious metals to A-Mark for cash.

As of March 31, 2023, the condensed consolidated carrying balance of the AMCF Notes was $94.6 million (which excludes the $5.0 million note that the Company retained), and the remaining unamortized loan cost balance was approximately $0.4 million. As of March 31, 2023, the balance of the interest payable was $0.2 million. Interest on the AMCF Notes is payable monthly in arrears at the aggregate rate of 5.26% per annum.

For the three months ended March 31, 2023 and 2022, the interest expense related to the AMCF Notes (including loan amortization costs) totaled $1.4 million and $1.5 million, which represents 14.7% and 26.7% of the total interest expense recognized by the Company, respectively. For the three months ended March 31, 2023 and 2022, the AMCF Notes' weighted average effective interest rate was 5.88% and 5.88%, respectively.

For the nine months ended March 31, 2023 and 2022, the interest expense related to the AMCF Notes (including loan amortization costs) totaled $4.3 million and $4.3 million, which represents 19.0% and 26.6% of the total interest expense recognized by the Company, respectively. For the nine months ended March 31, 2023 and 2022, the AMCF Notes' weighted average effective interest rate was 5.88% and 5.88%, respectively.

Notes Payable — Related Party

See Note 14.

Liabilities on Borrowed Metals

The Company recorded liabilities on borrowed metals with market values totaling $25.7 million as of March 31, 2023, with corresponding metals totaling $0.0 million and $25.7 million included in precious metals held under financing arrangements and inventories, respectively, on the condensed consolidated March 31, 2023 balance sheet. The Company recorded liabilities on borrowed metals with market values totaling $59.4 million as of June 30, 2022 with corresponding metals totaling $35.0 million and $24.4 million included in precious metals held under financing arrangements and inventories, respectively, on the condensed consolidated June 30, 2022 balance sheet.

For the three months ended March 31, 2023 and 2022, the interest expense related to liabilities on borrowed metals totaled $0.5 million and $0.4 million, which represents 4.9% and 6.4% of the total interest expense recognized by the Company, respectively. For the nine months ended March 31, 2023 and 2022, the interest expense related to liabilities on borrowed metals totaled $1.3 million and $0.9 million, which represents 5.9% and 5.8% of the total interest expense recognized by the Company, respectively.

Advanced Pool Metals

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

Liabilities on Borrowed Metals — Other

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

Product Financing Arrangements

The Company has agreements with third-party financial institutions which allow the Company to transfer its gold and silver inventory at an agreed-upon price, which is based on the spot price. Such agreements allow the Company to repurchase this inventory at an agreed-upon price based on the spot price on the repurchase date. The third-party charges a monthly fee as a percentage of the market value of the outstanding obligation; such monthly charges are classified in interest expense. These transactions do not qualify as sales, and therefore have been accounted for as financing arrangements and are reflected in the condensed consolidated balance sheet as product financing arrangements. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing obligation and the underlying inventory (which is entirely restricted) are carried at fair value, with changes in fair value recorded as a component of cost of sales in the condensed consolidated statements of income. Such obligations totaled $292.1 million and $282.7 million as of March 31, 2023 and June 30, 2022, respectively.

For the three months ended March 31, 2023 and 2022, the interest expense related to product financing arrangements totaled $2.0 million and $1.1 million, which represents 22.2% and 20.8% of the total interest expense recognized by the Company, respectively. For the nine months ended March 31, 2023 and 2022, the interest expense related to product financing arrangements totaled $4.9 million and $3.1 million, which represents 21.7% and 19.3% of the total interest expense recognized by the Company, respectively.

16. COMMITMENTS AND CONTINGENCIES

Refer to Note 16 of the Notes to Consolidated Financial Statements in the 2022 Annual Report for information relating to employment contracts and other commitments. The Company is not aware of any material changes to commitments as summarized in the 2022 Annual Report.

Legal Matters

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

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

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

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

17. STOCKHOLDERS' EQUITY

Shelf Registration Statement

On September 25, 2020, the Company filed a universal shelf registration statement on Form S-3, which was declared effective by the Securities and Exchange Commission (the "SEC") on March 4, 2021, on which the Company registered for sale up to $150.0 million of any combination of its debt securities, shares of common stock, shares of preferred stock, rights, warrants, units and/or purchase contracts from time to time and at prices and on terms that the Company may determine. After a public offering of common stock in March 2021, approximately $69.5 million of securities remain available for issuance under this shelf registration statement. Securities may be offered or sold under this registration statement until March 2024.

Dividends

On August 18, 2022, the Company's board of directors declared a non-recurring special dividend of $1.00 per common share to stockholders of record at the close of business on September 12, 2022. The dividend was paid on September 26, 2022 and totaled $23.4 million.

On August 18, 2022, the Company's board of directors also declared the initial quarterly regular cash dividend of $0.20 per common share to stockholders of record at the close of business on October 10, 2022. The dividend was paid on October 24, 2022 and totaled $4.7 million.

On January 4, 2023, the Company's board of directors declared a regular dividend of $0.20 per share to stockholders of record at the close of business on January 16, 2023. The dividend was paid on January 27, 2023 and totaled $4.7 million.

Share Repurchase Program

In April 2018, the Company's board of directors approved a share repurchase program which authorizes the Company to purchase up to 1,000,000 shares (as adjusted for the two-for-one split of A-Mark's common stock in the form of a stock dividend in fiscal 2022) of its common stock. The share repurchase program was initially announced on May 8, 2018. Pursuant to the share repurchase program, which was re-authorized effective as of December 8, 2022, we may repurchase shares of our common stock from time to time at prevailing market prices, depending on market conditions, through open market or privately negotiated transactions. The authorization of the share repurchase program expires on June 30, 2023. Subject to applicable corporate securities laws, repurchases may be made at such times and in amounts as management deems appropriate. We are not obligated to repurchase any shares under the program, and repurchases under the program may be discontinued if management determines that additional repurchases are not warranted. As of March 31, 2023, we repurchased a total of 335,735 shares under the program for $9.8 million. As of June 30, 2022, no shares had been repurchased under our share repurchase program.

2014 Stock Award and Incentive Plan

The Company's amended and restated 2014 Stock Award and Incentive Plan (the "2014 Plan") was approved most recently on October 27, 2022 by the Company's stockholders. As of March 31, 2023, 1,514,420 stock options and 88,426 restricted stock units were outstanding, and 1,746,728 shares were available for issuance of new awards under the 2014 Plan.

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

Under the 2014 Plan, the exercise price of options and base price of SARs, as set by the Compensation Committee, generally may not be less than the fair market value of the shares on the date of grant, and the maximum term of stock options and SARs is 10 years. The 2014 Plan limits the number of share-denominated awards that may be granted to any one eligible person in any fiscal year to 500,000 shares plus the participant's unused annual limit at the close of the previous year. Also, in the case of non-employee directors, the 2014 Plan limits the maximum grant-date fair value at $300,000 of stock-denominated awards granted to a director in a given fiscal year, except for a non-employee Chairman of the Board whose grant-date fair value maximum is $600,000 per fiscal year. The 2014 Plan will terminate when no shares remain available for issuance and no awards remain outstanding; however, the authority to grant new awards will terminate on October 27, 2032.

Stock Options

The Company uses the Black-Scholes option pricing model, which uses various inputs such as the common share price and estimates that include the risk-free interest rate, volatility, expected life and dividend yield. As of March 31, 2023 there were no stock options outstanding with performance conditions or other types of awards with market conditions.

During the three months ended March 31, 2023 and 2022, the Company incurred $0.3 million and $0.3 million of compensation expense related to stock options, respectively. During the nine months ended March 31, 2023 and 2022, the Company incurred $0.9 million and $1.0 million of compensation expense related to stock options, respectively. As of March 31, 2023, there was total remaining compensation expense of $1.1 million related to employee stock options, which will be recorded over a weighted average vesting period of approximately 1.0 years.

A required adjustment to outstanding stock options was triggered as a result of the non-recurring special dividend declared on August 18, 2022. In accordance with the terms of the Company’s equity award plans under which the options were issued, an adjustment was required to protect the holders of such stock options from decreases in the value of the stock options due to payment of the non-recurring special dividends. This event decreased the exercise price of outstanding stock options by $1.00 per option share, effective as of the ex-dividend date (September 9, 2022). The fair value of the options before and after this event was unchanged, and therefore no incremental stock-based compensation expense was recorded.

The following table summarizes the stock option activity for the nine months ended March 31, 2023:

	Options	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value (in thousands)	Weighted Average Grant Date Fair Value Per Award
Outstanding at June 30, 2022	1,779,460	$ 7.84	$ 43,433	$ 3.51
Granted	10,000	$ 39.69		
Exercised	(275,040)	$ 6.67		
Outstanding at March 31, 2023	1,514,420	$ 7.09	$ 41,786	$ 3.57
Exercisable at March 31, 2023	981,931	$ 5.70	$ 28,429	$ 2.75

The following table summarizes the status of stock options outstanding as of March 31, 2023:

Exercise Price Ranges		Options Outstanding			Options Exercisable		
From	To	Number of Shares Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
$ —	$ 5.00	710,858	6.48	$ 1.91	449,038	6.30	$ 2.21
$ 5.01	$ 7.50	84,894	3.66	$ 5.98	84,894	3.66	$ 5.98
$ 7.51	$ 12.50	453,334	3.43	$ 8.88	426,666	3.18	$ 8.86
$ 12.51	$ 30.00	255,334	7.94	$ 17.42	21,333	7.73	$ 14.77
$ 30.01	$ 50.00	10,000	9.85	$ 39.69	—	—	$ —
		1,514,420	5.68	$ 7.09	981,931	4.75	$ 5.70

The following table summarizes the nonvested stock option activity for the nine months ended March 31, 2023.

	Options	Weighted Average Grant Date Fair Value Per Award
Nonvested Outstanding at June 30, 2022	631,488	$ 5.06
Granted	10,000	$ 16.56
Vested	(108,999)	$ 6.06
Forfeitures	—	$ —
Nonvested Outstanding at March 31, 2023	532,489	$ 5.07

Restricted Stock Units

RSUs granted by the Company are not transferable and automatically convert to shares of common stock on a one-for-one basis as the awards vest or at a specified date after vesting.

A required adjustment to certain outstanding RSUs was triggered as a result of the non-recurring special dividend declared on August 18, 2022. In accordance with the terms of the Company’s RSU agreements under which the RSUs were issued, the holders of the RSUs were entitled to credits equivalent to dividends that would have been paid if the RSUs had been outstanding shares as of the applicable record date (such credits being either in cash or additional RSUs). The fair values of these RSUs before and after the dividend payment dates were unchanged, and therefore no incremental stock-based compensation expense was recorded.

During the three months ended March 31, 2023 and 2022, the Company incurred $0.2 million and $0.2 million of compensation expense related to RSUs, respectively. During the nine months ended March 31, 2023 and 2022, the Company incurred $0.7 million and $0.6 million of compensation expense related to RSUs, respectively. As of March 31, 2023, there is $1.2 million remaining compensation expense related to RSUs, which will be recorded over a weighted average vesting period of approximately 1.9 years. RSUs granted to a non-US citizen are referred to as "deferred stock units" or "DSUs".

The following table summarizes the RSU activity for the nine months ended March 31, 2023:

	Awards Outstanding	Weighted Average Fair Value per Unit at Grant Date
Nonvested Outstanding at June 30, 2022	56,093	$ 32.58
Granted	16,435	$ 29.21
Vested & delivered	(3,296)	$ 36.38
Vested & deferred [1]	(10,147)	$ 35.46
Nonvested Outstanding at March 31, 2023	59,085	$ 30.93
Vested but subject to deferred settlement at March 31, 2023 [1]	29,341	$ 24.53
Outstanding at March 31, 2023	88,426	$ 28.81

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

Common Stock

In fiscal 2023, a portion of the fiscal 2022 annual bonuses was paid in the form of common stock to the Chief Executive Officer and President. The Company issued 10,500 shares (in the aggregate) of common stock, after deducting 3,184 shares of common stock to satisfy tax withholding obligations relating to the President's award.

Certain Anti-Takeover Provisions

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

18. CUSTOMER AND SUPPLIER CONCENTRATIONS

Customer Concentration

The following customer provided 10 percent or more of the Company's revenues for the three months ended March 31, 2023 and 2022:

in thousands

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2023		2022		2023		2022	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Total revenue	$ 2,317,150	100.0%	$ 2,109,115	100.0%	$ 6,167,206	100.0%	$ 6,069,450	100.0%
Customer concentrations								
HSBC Bank [1]	328,465	14.2%	130,855	6.2%	751,828	12.2%	343,090	5.7%

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

No single customer provided 10 percent or more of the Company's accounts receivable balances as of March 31, 2023.

The following customers accounted for 10 percent or more of the Company's secured loans receivable as of March 31, 2023:

in thousands

	March 31, 2023		June 30, 2022	
	Amount	**Percent**	**Amount**	**Percent**
Total secured loans	$ 96,856	100.0%	$ 126,217	100.0%
Customer concentrations				
Customer A	$ 11,500	11.9%	$ —	0.0%
Customer B	13,500	13.9%	13,500	10.7%

Supplier Concentration

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

19. SEGMENTS AND GEOGRAPHIC INFORMATION

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

Revenue

in thousands

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Revenue by segment[1]				
Wholesale Sales & Ancillary Services	$ 2,204,422	$ 1,966,897	$ 5,819,421	$ 5,732,207
Eliminations of inter-segment sales	(409,282)	(447,857)	(1,052,440)	(1,306,411)
Wholesale Sales & Ancillary Services, net of eliminations [2]	1,795,140	1,519,040	4,766,981	4,425,796
Direct-to-Consumer	522,010 [a]	590,075 [b]	1,400,225 [c]	1,643,654 [d]
	$ 2,317,150	$ 2,109,115	$ 6,167,206	$ 6,069,450

(1) The Secured Lending segment earns interest income from its lending activity and earns no revenue from the sales of precious metals. Therefore, no amounts are shown for the Secured Lending segment in the above table.
(2) The eliminations of inter-segment sales are reflected in the Wholesale Sales & Ancillary Services segment.
(a) Includes $2.1 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(b) Includes $0.4 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(c) Includes $2.7 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(d) Includes $2.0 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.

in thousands

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Revenue by geographic region				
United States	$ 1,365,078	$ 1,256,092	$ 3,686,828	$ 3,631,974
Europe	719,519	495,293	1,836,949	1,542,293
North America, excluding United States	218,810	342,392	613,454	850,681
Asia Pacific	13,065	9,592	22,846	34,586
Africa	—	—	—	17
Australia	678	5,746	7,129	9,899
	$ 2,317,150	$ 2,109,115	$ 6,167,206	$ 6,069,450

Gross Profit and Gross Margin Percentage

in thousands

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Gross profit by segment[1]				
Wholesale Sales & Ancillary Services	$ 25,943	$ 32,002	$ 93,236	$ 85,474
Eliminations and adjustments	6,343	(1,463)	972	(445)
Wholesale Sales & Ancillary Services, net of eliminations and adjustments	32,286	30,539	94,208	85,029
Direct-to-Consumer, net of eliminations	43,212	41,544	121,851	108,986
	$ 75,498	$ 72,083	$ 216,059	$ 194,015
Gross margin percentage by segment				
Wholesale Sales & Ancillary Services	1.177%	1.627%	1.602%	1.491%
Wholesale Sales & Ancillary Services, net of eliminations and adjustments	1.799%	2.010%	1.976%	1.921%
Direct-to-Consumer	8.278%	7.040%	8.702%	6.631%
Consolidated gross margin percentage	3.258%	3.418%	3.503%	3.197%

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

Operating Income and (Expenses)

in thousands

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Operating income (expense) by segment				
Wholesale Sales & Ancillary Services	$ (14,990)	$ (9,963)	$ (26,889)	$ (24,485)
Eliminations	(64)	(60)	(178)	(191)
Wholesale Sales & Ancillary Services, net of eliminations	$ (15,054)	$ (10,023)	$ (27,067)	$ (24,676)
Wholesale Sales & Ancillary Services, net of eliminations				
Selling, general and administrative expenses	$ (12,428)	$ (11,203)	$ (29,377)	$ (28,748)
Depreciation and amortization expense	(247)	(214)	(703)	(673)
Interest income	3,601	2,300	9,081	7,952
Interest expense	(5,979)	(2,379)	(13,696)	(7,396)
Earnings (losses) from equity method investments	(72)	1,608	7,272	4,317
Other income, net	36	—	106	—
Unrealized gains (losses) on foreign exchange	35	(135)	250	(128)
	$ (15,054)	$ (10,023)	$ (27,067)	$ (24,676)
Direct-to-Consumer				
Selling, general and administrative expenses	$ (10,900)	$ (8,912)	$ (31,625)	$ (25,906)
Depreciation and amortization expense	(3,005)	(7,246)	(8,817)	(23,140)
Interest expense	(1,287)	(703)	(3,020)	(2,062)
Other expense, net	—	(50)	(12)	(50)
	$ (15,192)	$ (16,911)	$ (43,474)	$ (51,158)
Secured Lending				
Selling, general and administrative expenses	$ (513)	$ (379)	$ (1,436)	$ (1,230)
Depreciation and amortization expense	(88)	(88)	(264)	(264)
Interest income	2,486	3,043	7,086	8,173
Interest expense	(1,971)	(2,347)	(5,887)	(6,839)
Earnings from equity method investments	2	—	4	—
Other income, net	605	543	1,907	1,385
	$ 521	$ 772	$ 1,410	$ 1,225

Net Income Before Provision for Income Taxes

in thousands

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Net income before provision for income taxes by segment				
Wholesale Sales & Ancillary Services	$ 17,232	$ 20,516	$ 67,141	$ 60,353
Direct-to-Consumer	28,020	24,633	78,377	57,828
Secured Lending	521	772	1,410	1,225
	$ 45,773	$ 45,921	$ 146,928	$ 119,406

Advertising Expense

in thousands

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Advertising expense by segment				
Wholesale Sales & Ancillary Services	$ 384	$ 190	$ 975	$ 433
Direct-to-Consumer	3,424	3,077	10,455	8,493
Secured Lending	56	52	184	154
	$ 3,864	$ 3,319	$ 11,614	$ 9,080

Capital Expenditures for Property, Plant, and Equipment

in thousands

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Capital expenditures for property, plant, and equipment by segment				
Wholesale Sales & Ancillary Services	$ 313	$ 183	$ 1,827	$ 812
Direct-to-Consumer	252	296	1,400	1,294
	$ 565	$ 479	$ 3,227	$ 2,106

Precious Metals Held Under Financing Arrangements

in thousands

	March 31, 2023	June 30, 2022
Precious metals held under financing arrangements by segment		
Wholesale Sales & Ancillary Services	$ 6,149	$ 66,242
Secured Lending	17,865	13,524
	$ 24,014	$ 79,766

Inventories

in thousands

	March 31, 2023	June 30, 2022
Inventories by segment		
Wholesale Sales & Ancillary Services	$ 799,071	$ 648,279
Direct-to-Consumer	118,341	87,987
Secured Lending	50,106	4,752
	$ 967,518	$ 741,018

in thousands

	March 31, 2023	June 30, 2022
Inventories by geographic region		
United States	$ 914,709	$ 691,212
North America, excluding United States	25,624	30,534
Europe	21,265	19,105
Asia	5,831	22
Australia	89	145
	$ 967,518	$ 741,018

Total Assets

in thousands

	March 31, 2023	June 30, 2022
Total assets by segment		
Wholesale Sales & Ancillary Services	$ 1,163,754	$ 1,049,011
Eliminations	(237,501)	(125,737)
Wholesale Sales & Ancillary Services, net of eliminations	926,253	923,274
Direct-to-Consumer	496,965	368,696
Secured Lending	169,685	150,689
	$ 1,592,903	$ 1,442,659

in thousands

	March 31, 2023	June 30, 2022
Total assets by geographic region		
United States	$ 1,535,791	$ 1,390,982
North America, excluding United States	25,624	30,534
Europe	25,568	20,976
Asia	5,831	22
Australia	89	145
	$ 1,592,903	$ 1,442,659

Long-term Assets

in thousands

	March 31, 2023	June 30, 2022
Long-term assets by segment		
Wholesale Sales & Ancillary Services	$ 104,339	$ 93,441
Direct-to-Consumer	161,858	165,469
Secured Lending	2,364	2,624
	$ 268,561	$ 261,534

in thousands

	March 31, 2023	June 30, 2022
Long-term assets by geographic region		
United States	$ 268,559	$ 261,532
Europe	2	2
	$ 268,561	$ 261,534

Goodwill

in thousands

	March 31, 2023	June 30, 2022
Goodwill by segment		
Wholesale Sales & Ancillary Services	$ 8,881	$ 8,881
Direct-to-Consumer[(1)]	92,062	92,062
	$ 100,943	$ 100,943

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

Intangible assets

in thousands

	March 31, 2023	June 30, 2022
Intangible assets by segment		
Wholesale Sales & Ancillary Services	$ 2,707	$ 2,755
Direct-to-Consumer[(1)]	61,574	65,210
	$ 64,281	$ 67,965

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

20. SUBSEQUENT EVENTS

Dividends

On April 5, 2023, our board of directors declared a regular dividend of $0.20 per share, which we paid on April 28, 2023 to stockholders of record as of April 17, 2023.

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

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

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

In addition to the risks and uncertainties that may ordinarily influence our business, continued macroeconomic uncertainty and volatility in the financial markets have contributed to an increase in the business conducted by the Company, but also pose certain risks and uncertainties for the Company. The Company does not know how long these conditions will continue, the extent to which the effects that the Company has experienced from these conditions will persist, or whether other effects on the Company and its businesses will materialize in the short or long term.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and notes contained elsewhere in this Form 10-Q, and in the consolidated financial statements and notes contained in the Form 10-K for the fiscal year ended June 30, 2022. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this Quarterly Report, particularly in "Risk Factors."

INTRODUCTION

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

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

  for the comparable periods.
- *Non-GAAP Measures*. This section provides an analysis of our non-GAAP measures with a reconciliation to the most directly comparable U.S. Generally Accepted Accounting Principles ("U.S. GAAP") measure reported on the condensed consolidated financial statements. The Company uses the following two non-GAAP measures:
    - "adjusted net income before provision for income taxes", and
    - "earnings before interest, taxes, depreciation, and amortization", or "EBITDA".
- *Liquidity and financial condition.* This section provides an analysis of our cash flows, as well as a discussion of our outstanding debt as of March 31, 2023, sources of liquidity and the amount of financial capacity available to fund our future commitments and other financing arrangements.

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

EXECUTIVE OVERVIEW

Our Business

We conduct our operations in three reportable segments: (i) Wholesale Sales & Ancillary Services, (ii) Direct-to-Consumer, and (iii) Secured Lending.

Wholesale Sales & Ancillary Services Segment

The Company operates its Wholesale Sales & Ancillary Services segment directly and through its wholly-owned subsidiaries, A-Mark Trading AG ("AMTAG"), Transcontinental Depository Services, LLC ("TDS" or "Storage"), A-M Global Logistics, LLC ("AMGL" or "Logistics"), and AM&ST Associates, LLC ("AMST" or the "Silver Towne Mint").

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

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

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

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

Direct-to-Consumer

The Company operates its Direct-to-Consumer segment through its wholly-owned subsidiaries JM Bullion, Inc. ("JMB") and Goldline, Inc. ("Goldline"). JMB currently has six wholly-owned subsidiaries: Buy Gold and Silver Corp. ("BGASC"), Gold Price Group, Inc. ("GPG"), Silver.com, Inc. ("Silver.com"), Goldline Metal Buying Corp. ("GMBC"), Provident Metals Corp. ("PMC"), and Cybermetals Corp. ("CyberMetals"). Goldline, Inc. owns 100% of AMIP, LLC ("AMIP"), and has a 50% ownership interest in Precious Metals Purchasing Partners, LLC ("PMPP"). As the context requires, references in this Form 10-Q to "JMB" may include BGASC, GPG, Silver.com, GMBC, PMC, and CyberMetals, and references to "Goldline" may include AMIP and PMPP.

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

The Company acquired the 79.5% interest in JMB that it did not previously own in March 2021. With this acquisition, we substantially expanded our e-commerce channel for precious metals product sales and increased the diversification of our business between wholesale and retail distribution.

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

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

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

Secured Lending

The Company operates its Secured Lending segment through its wholly-owned subsidiary Collateral Finance Corporation, LLC ("CFC"). CFC has two wholly-owned subsidiaries: AM Capital Funding, LLC ("AMCF"), and CFC Alternative Investments ("CAI").

CFC is a California licensed finance lender that originates and acquires commercial loans secured primarily by bullion and numismatic coins. CFC's customers include coin and precious metal dealers, investors, and collectors. As of March 31, 2023, CFC and AMCF had, in the aggregate, approximately $96.9 million in secured loans outstanding, of which approximately 36.4% were acquired from third parties (some of which may be customers of A-Mark) and approximately 63.6% were originated by CFC.

AMCF was formed for the purpose of securitizing eligible secured loans of CFC. AMCF issued and administers Secured Senior Term Notes: Series 2018-1, Class A, with an aggregate principal amount of $72.0 million and Secured Subordinated Term Notes, Series 2018-1, Class B in the aggregate principal amount of $28.0 million (collectively referred to as the "AMCF Notes"). The Class A Notes bear interest at a rate of 4.98%, and the Class B Notes bear interest at a rate of 5.98%. The AMCF Notes have a maturity date of December 15, 2023. See Note 15 to the Company's condensed consolidated financial statements for additional information.

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

Our Strategy

The Company was formed in 1965 and has grown into a significant participant in the bullion and coin markets, with approximately $8.2 billion in revenues for fiscal year 2022. We have remained active in seeking investment opportunities to strategically enhance our business, and also continue to focus on growth in the volume of our business, our geographic presence, and the scope of complementary products, services, and technological tools that we offer to our customers. In doing so, we seek to leverage off the strengths of our existing integrated operations:

- our expertise in e-commerce and marketing;
- the depth of our customer relationships;
- our access to market makers, suppliers, and sovereign and private mints;
- our trading systems in the U.S. and Europe;
- our network of precious metals dealers;
- our depository relationships around the world;
- our knowledge of secured lending;
- our design and production of minted silver products;
- our ability to obtain more favorable pricing and financing terms due to our size;
- our distribution, storage and logistics capabilities; and
- the quality and experience of our management team.

Our Customers

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

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

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

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

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

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

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

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

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

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

Volatility also affects our gross profit. Greater volatility typically causes the premium spreads to widen resulting in an increase in the gross profit. Product supply constraints during extended periods of higher volatility have historically resulted in a heightening of wider premium spreads resulting in further improvement in the gross profit.

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

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

Performance Metrics

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Non-GAAP Measures

In addition to key operational metrics that are used to assess the performance of our business, management also uses non-GAAP financial performance and liquidity measures. We believe "adjusted net income before provision for income taxes" and "EBITDA" can provide useful information to evaluate our financial performance and liquidity position. Non-GAAP measures do not have standardized definitions and should not be a substitute for measures that are prepared in accordance with U.S. GAAP. For a reconciliation of these non-GAAP measures to the most directly comparable U.S. GAAP measure reported in our condensed consolidated statements of income and condensed consolidated statements of cash flows for the three and nine months ended March 31, 2023 and 2022, and a discussion of certain limitations inherent in such measures, refer to the “Non-GAAP Measures” section below.

Fiscal Year

Our fiscal year end is June 30 each year.

Macroeconomic volatility

Continued macroeconomic uncertainty and the volatility in the financial markets have positively affected the Company’s trading revenues and gross profit as the volatility of the price of precious metals and numismatics resulted in a material increase in the spread between bid and ask prices on these products. We also experienced substantially increased demand for products in each of our coin and bar, industrial and retail businesses. We attribute this to certain customers seeking to assure a supply of precious metals necessary for the operation of their businesses, and other customers, particularly in Goldline and our JMB retail units, seeking the safety of investments in precious metals. In response to the heightened demand, in certain cases prices for the products we sell have also risen. We are uncertain of the duration of these conditions.

RESULTS OF OPERATIONS

Overview of Results of Operations for the Three Months Ended March 31, 2023 and 2022

Consolidated Results of Operations

The operating results of our business for the three months ended March 31, 2023 and 2022 were as follows:

in thousands, except per share and performance metrics data

Three Months Ended March 31,	2023		2022		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 2,317,150	100.000%	$ 2,109,115	100.000%	$ 208,035	9.9%
Gross profit	75,498	3.258%	72,083	3.418%	$ 3,415	4.7%
Selling, general, and administrative expenses	(23,841)	(1.029%)	(20,494)	(0.972%)	$ 3,347	16.3%
Depreciation and amortization expense	(3,340)	(0.144%)	(7,548)	(0.358%)	$ (4,208)	(55.7%)
Interest income	6,087	0.263%	5,343	0.253%	$ 744	13.9%
Interest expense	(9,237)	(0.399%)	(5,429)	(0.257%)	$ 3,808	70.1%
Earnings (losses) from equity method investments	(70)	(0.003%)	1,608	0.076%	$ (1,678)	(104.4%)
Other income, net	641	0.028%	493	0.023%	$ 148	30.0%
Unrealized gains (losses) on foreign exchange	35	0.002%	(135)	(0.006%)	$ 170	125.9%
Net income before provision for income taxes	45,773	1.975%	45,921	2.177%	$ (148)	(0.3%)
Income tax expense	(9,775)	(0.422%)	(8,375)	(0.397%)	$ 1,400	16.7%
Net income	35,998	1.554%	37,546	1.780%	$ (1,548)	(4.1%)
Net income attributable to noncontrolling interest	78	0.003%	164	0.008%	$ (86)	(52.4%)
Net income attributable to the Company	$ 35,920	1.550%	$ 37,382	1.772%	$ (1,462)	(3.9%)
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:						
Per Share Data:						
Basic	$ 1.53		$ 1.64		$ (0.11)	(6.7%)
Diluted	$ 1.46		$ 1.53		$ (0.07)	(4.6%)
Performance Metrics:(1)						
Gold ounces sold(2)	659,000		727,000		(68,000)	(9.4%)
Silver ounces sold(3)	36,906,000		34,498,000		2,408,000	7.0%
Inventory turnover ratio(4)	2.4		3.1		(0.7)	(22.6%)
Number of secured loans at period end(5)	963		2,697		(1,734)	(64.3%)

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

Overview of Results of Operations for the Nine Months Ended March 31, 2023 and 2022

Condensed Consolidated Results of Operations

The operating results of our business for the nine months ended March 31, 2023 and 2022 were as follows:

in thousands, except per share and performance metrics data

Nine Months Ended March 31,	2023		2022		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 6,167,206	100.000%	$ 6,069,450	100.000%	$ 97,756	1.6%
Gross profit	216,059	3.503%	194,015	3.197%	$ 22,044	11.4%
Selling, general, and administrative expenses	(62,438)	(1.012%)	(55,884)	(0.921%)	$ 6,554	11.7%
Depreciation and amortization expense	(9,784)	(0.159%)	(24,077)	(0.397%)	$ (14,293)	(59.4%)
Interest income	16,167	0.262%	16,125	0.266%	$ 42	0.3%
Interest expense	(22,603)	(0.367%)	(16,297)	(0.269%)	$ 6,306	38.7%
Earnings from equity method investments	7,276	0.118%	4,317	0.071%	$ 2,959	68.5%
Other income, net	2,001	0.032%	1,335	0.022%	$ 666	49.9%
Unrealized gains (losses) on foreign exchange	250	0.004%	(128)	(0.002%)	$ 378	295.3%
Net income before provision for income taxes	146,928	2.382%	119,406	1.967%	$ 27,522	23.0%
Income tax expense	(32,096)	(0.520%)	(23,797)	(0.392%)	$ 8,299	34.9%
Net income	114,832	1.862%	95,609	1.575%	$ 19,223	20.1%
Net income attributable to noncontrolling interest	306	0.005%	409	0.007%	$ (103)	(25.2%)
Net income attributable to the Company	$ 114,526	1.857%	$ 95,200	1.569%	$ 19,326	20.3%
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:						
Per Share Data:						
Basic	$ 4.89		$ 4.19		$ 0.70	16.7%
Diluted	$ 4.64		$ 3.92		$ 0.72	18.4%
Performance Metrics:(1)						
Gold ounces sold(2)	1,853,000		2,027,000		(174,000)	(8.6%)
Silver ounces sold(3)	110,960,000		94,612,000		16,348,000	17.3%
Inventory turnover ratio(4)	7.0		9.6		(2.6)	(27.1%)
Number of secured loans at period end(5)	963		2,697		(1,734)	(64.3%)

(1) See "Results of Segments" for a description of additional metrics not listed above.

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

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

(4) Inventory turnover ratio is the cost of sales divided by average inventory for the period presented above. This calculation excludes precious metals held under financing arrangements, which are not classified as inventory on the condensed consolidated balance sheets.

(5) Number of outstanding secured loans to customers that are primarily collateralized by precious metals at the end of the period.

Revenues

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands, except performance metrics **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 2,317,150	100.000%	$ 2,109,115	100.000%	$ 208,035	9.9%
Performance Metrics						
Gold ounces sold	659,000		727,000		(68,000)	(9.4%)
Silver ounces sold	36,906,000		34,498,000		2,408,000	7.0%

Revenues for the three months ended March 31, 2023 increased $208.0 million, or 9.9% to $2.317 billion from $2.109 billion in 2022. Excluding an increase of $312.5 million of forward sales, our revenues decreased $104.5 million or 5.9%, which was due to a decrease in gold ounces sold and lower average selling prices of silver, partially offset by an increase in silver ounces sold and higher average selling prices of gold.

Gold ounces sold for the three months ended March 31, 2023 decreased 68,000 ounces, or 9.4%, to 659,000 ounces from 727,000 ounces in 2022. Silver ounces sold for the three months ended March 31, 2023 increased 2,408,000 ounces, or 7.0%, to 36,906,000 ounces from 34,498,000 ounces in 2022. On average, the selling prices for gold increased by 0.2% and selling prices for silver decreased by 7.0% during the three months ended March 31, 2023 as compared to the prior year.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands, except performance metrics **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 6,167,206	100.000%	$ 6,069,450	100.000%	$ 97,756	1.6%
Performance Metrics						
Gold ounces sold	1,853,000		2,027,000		(174,000)	(8.6%)
Silver ounces sold	110,960,000		94,612,000		16,348,000	17.3%

Revenues for the nine months ended March 31, 2023 increased $97.8 million, or 1.6% to $6.167 billion from $6.069 billion in 2022. Excluding an increase of $596.1 million of forward sales, our revenues decreased $498.3 million or 9.7%, which was due to a decrease in gold ounces sold and lower average selling prices of gold and silver, partially offset by an increase in silver ounces sold.

Gold ounces sold for the nine months ended March 31, 2023 decreased 174,000 ounces, or 8.6%, to 1,853,000 ounces from 2,027,000 ounces in 2022. Silver ounces sold for the nine months ended March 31, 2023 increased 16,348,000 ounces, or 17.3%, to 110,960,000 ounces from 94,612,000 ounces in 2022. On average, the selling prices for gold decreased by 1.4% and selling prices for silver decreased by 13.9% during the nine months ended March 31, 2023 as compared to the prior year.

Gross Profit

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands, except performance metric **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 75,498	3.258%	$ 72,083	3.418%	$ 3,415	4.7%
Performance Metric						
Inventory turnover ratio	2.4		3.1		(0.7)	(22.6%)

Gross profit for the three months ended March 31, 2023 increased $3.4 million, or 4.7%, to $75.5 million from $72.1 million in 2022. The overall gross profit increase was due to higher gross profits earned from both the Wholesale Sales & Ancillary Services and Direct-to-Consumer segments.

The Company's overall gross margin percentage for the three months ended March 31, 2023 decreased by 16.0 basis points to 3.258% from 3.418% in 2022. Excluding an increase of $312.5 million of forward sales that had a negligible impact to the amount of gross profit, our gross margin percentage for the three months ended March 31, 2023 increased by 45.4 basis points to 4.497% from 4.043%, which was primarily due to higher trading profit partially offset by lower premium spreads.

The increase in gross margin percentage was mainly attributable to JMB's retail market activity, which represented 47.1% and 47.8%, respectively, of the Company's consolidated gross profit for the three months ended March 31, 2023 and 2022.

Our inventory turnover rate for the three months ended March 31, 2023 decreased by 22.6%, to 2.4 from 3.1 in 2022. The decrease in our inventory turnover ratio was primarily due to higher average inventory balances held under product financing arrangements, partially offset by higher forward sales.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands, except performance metric

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 216,059	3.503%	$ 194,015	3.197%	$ 22,044	11.4%
Performance Metric						
Inventory turnover ratio	7.0		9.6		(2.6)	(27.1%)

Gross profit for the nine months ended March 31, 2023 increased $22.0 million, or 11.4%, to $216.1 million from $194.0 million in 2022. The overall gross profit increase was due to higher gross profits earned from both the Wholesale Sales & Ancillary Services and Direct-to-Consumer segments.

The Company's overall gross margin percentage for the nine months ended March 31, 2023 increased by 30.6 basis points to 3.503% from 3.197% in 2022. Excluding an increase of $596.1 million of forward sales that had a negligible impact to the amount of gross profit, our gross margin percentage for the nine months ended March 31, 2023 increased by 88.8 basis points to 4.683% from 3.795%, which was primarily due to higher trading profits and wider premium spreads.

The increase in gross margin percentage was mainly attributable to JMB's retail market activity, which represented 48.5% and 45.8%, respectively, of the Company's consolidated gross profit for the nine months ended March 31, 2023 and 2022.

Our inventory turnover rate for the nine months ended March 31, 2023 decreased by 27.1%, to 7.0 from 9.6 in 2022. The decrease in our inventory turnover ratio was primarily due to higher average inventory balances held under product financing arrangements, partially offset by higher forward sales.

Selling, General and Administrative Expense

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general, and administrative expenses	$ (23,841)	(1.029%)	$ (20,494)	(0.972%)	$ 3,347	16.3%

Selling, general and administrative expenses for the three months ended March 31, 2023 increased $3.3 million, or 16.3%, to $23.8 million from $20.5 million in 2022. The change was primarily due to: (i) an increase in compensation expense (including performance-based accruals) of $2.6 million, (ii) higher advertising costs of $0.5 million (iii) an increase in computer-related expenses of $0.3 million, (iv) an increase in insurance costs of $0.2 million, partially offset by (v) lower consulting and professional fees of $0.5 million.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general, and administrative expenses	$ (62,438)	(1.012%)	$ (55,884)	(0.921%)	$ 6,554	11.7%

Selling, general and administrative expenses for the nine months ended March 31, 2023 increased $6.6 million, or 11.7%, to $62.4 million from $55.9 million in 2022. The change was primarily due to: (i) an increase in compensation expense (including performance-based accruals) of $5.1 million, (ii) higher advertising costs of $2.4 million (iii) an increase in computer-related expenses of $0.8 million, (iv) an increase in insurance costs of $0.4 million, partially offset by (v) lower consulting and professional fees of $2.5 million.

Depreciation and Amortization Expense

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Depreciation and amortization expense	$ (3,340)	(0.144)%	$ (7,548)	(0.358%)	$ (4,208)	(55.7%)

Depreciation and amortization expense for the three months ended March 31, 2023 decreased $4.2 million, or 55.7%, to $3.3 million from $7.5 million in 2022 primarily due to a $4.3 million decrease in JMB's intangible asset amortization expense.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Depreciation and amortization expense	$ (9,784)	(0.159%)	$ (24,077)	(0.397%)	$ (14,293)	(59.4%)

Depreciation and amortization expense for the nine months ended March 31, 2023 decreased $14.3 million, or 59.4%, to $9.8 million from $24.1 million in 2022 primarily due to a $14.4 million decrease in JMB's intangible asset amortization expense.

Interest Income

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands, except performance metric **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest income	$ 6,087	0.263%	$ 5,343	0.253%	$ 744	13.9%
Performance Metric						
Number of secured loans at period-end	963		2,697		(1,734)	(64.3%)

Interest income for the three months ended March 31, 2023 increased $0.7 million, or 13.9%, to $6.1 million from $5.3 million in 2022. The aggregate increase in interest income was primarily due to higher other finance product income partially offset by lower interest income earned by our Secured Lending segment.

The interest income from our Secured Lending segment decreased by $0.6 million or by 18.3% compared with the prior year. The decrease in interest income earned from the segment's secured loan portfolio was primarily due to lower average monthly loan balances during the current year as compared to the average monthly loan balances of the prior year. The number of secured loans outstanding decreased by 64.3% to 963 as of March 31, 2023, from 2,697 as of March 31, 2022.

The interest income from our other finance product income increased by $1.3 million in comparison to the prior year.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands, except performance metric **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest income	$ 16,167	0.262%	$ 16,125	0.266%	$ 42	0.3%
Performance Metric						
Number of secured loans at period-end	963		2,697		(1,734)	(64.3%)

Interest income for the nine months ended March 31, 2023 increased $42 thousand, or 0.3%, to $16.2 million from $16.1 million in 2022. The aggregate increase in interest income was primarily due to an increase in other finance product income partially offset by lower interest income earned by our Secured Lending segment.

The interest income from our Secured Lending segment decreased by $1.1 million or by 13.3% compared with the prior year. The decrease in interest income earned from the segment's secured loan portfolio was primarily due to lower average monthly loan balances during the current year as compared to the average monthly loan balances of the prior year. The number of secured loans outstanding decreased by 64.3% to 963 as of March 31, 2023, from 2,697 as of March 31, 2022.

The interest income from our other finance product income increased by $1.1 million in comparison to the prior year.

Interest Expense

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (9,237)	(0.399%)	$ (5,429)	(0.257%)	$ 3,808	70.1%

Interest expense for the three months ended March 31, 2023 increased $3.8 million, or 70.1% to $9.2 million from $5.4 million in 2022. The increase in interest expense was primarily driven by each of the following components: (i) $3.1 million associated with our Trading Credit Facility and the AMCF Notes (including amortization of debt issuance costs), (ii) $0.9 million related to product financing arrangements, partially offset by a decrease of (iii) $0.3 million of loan servicing fees.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (22,603)	(0.367%)	$ (16,297)	(0.269%)	$ 6,306	38.7%

Interest expense for the nine months ended March 31, 2023 increased $6.3 million, or 38.7% to $22.6 million from $16.3 million in 2022. The increase in interest expense was primarily driven by each of the following components: (i) $4.9 million associated with our Trading Credit Facility and the AMCF Notes (including amortization of debt issuance costs), (ii) $1.8 million related to product financing arrangements, (iii) $0.4 million in interest associated with liabilities on borrowed metals, partially offset by (iv) a decrease of $0.7 million of loan servicing fees.

Earnings (Losses) from Equity Method Investments

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Earnings (losses) from equity method investments	$ (70)	(0.003%)	$ 1,608	0.076%	$ (1,678)	(104.4%)

Earnings (losses) from equity method investments for the three months ended March 31, 2023 decreased $1.7 million or 104.4% to a loss of $0.1 million from earnings of $1.6 million in 2022. The net decrease of $1.7 million was primarily due to decreased earnings of our equity method investees.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Earnings from equity method investments	$ 7,276	0.118%	$ 4,317	0.071%	$ 2,959	68.5%

Earnings from equity method investments for the nine months ended March 31, 2023 increased $3.0 million or 68.5% to $7.3 million from $4.3 million in 2022. The net increase of $3.0 million was primarily due to our additional 40% ownership interest in Silver Gold Bull, Inc., which was acquired in June 2022.

Other Income, Net

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Other income, net	$ 641	0.028%	$ 493	0.023%	$ 148	30.0%

Other income, net for the three months ended March 31, 2023 increased $0.1 million, or 30.0% to $0.6 million from $0.5 million in 2022. The increase was primarily due to higher royalties earned by our Secured Lending segment and related-party consulting income.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Other income, net	$ 2,001	0.032%	$ 1,335	0.022%	$ 666	49.9%

Other income, net for the nine months ended March 31, 2023 increased $0.7 million, or 49.9% to $2.0 million from $1.3 million in 2022. The increase was primarily due to higher royalties earned by our Secured Lending segment of $0.5 million and related-party consulting income of $0.1 million.

Income Tax Expense

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Income tax expense	$ (9,775)	(0.422%)	$ (8,375)	(0.397%)	$ 1,400	16.7%

Our income tax expense was $9.8 million and $8.4 million for the three months ended March 31, 2023 and 2022, respectively. Our effective tax rate was approximately 21.4% and 18.2% for the three months ended March 31, 2023 and 2022, respectively. For the three months ended March 31, 2023, our effective tax rate differs from the federal statutory rate primarily due to the foreign derived intangible income special deduction, the excess tax benefit from share-based compensation, partially offset by Section 162(m) executive compensation disallowance and state taxes (net of federal tax benefit). For the three months ended March 31, 2022, our effective tax rate differs from the federal statutory rate primarily due to foreign derived intangible income special deduction, the excess tax benefit from share-based compensation, partially offset by state taxes (net of federal tax benefit), and other normal course non-deductible expenditures.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Income tax expense	$ (32,096)	(0.520%)	$ (23,797)	(0.392%)	$ 8,299	34.9%

Our income tax expense was $32.1 million and $23.8 million for the nine months ended March 31, 2023 and 2022, respectively. Our effective tax rate was approximately 21.8% and 19.9% for the nine months ended March 31, 2023 and 2022, respectively. For the nine months ended March 31, 2023, our effective tax rate differs from the federal statutory rate primarily due to the foreign derived intangible income special deduction, the excess tax benefit from share-based compensation, partially offset by Section 162(m) executive compensation disallowance and state taxes (net of federal tax benefit). For the nine months ended March 31, 2022, our effective tax rate differs from the federal statutory rate primarily due to foreign derived intangible income special deduction, the excess tax benefit from share-based compensation, partially offset by state taxes (net of federal tax benefit), and other normal course non-deductible expenditures.

SEGMENT RESULTS OF OPERATIONS

The Company conducts its operations in three reportable segments: (i) Wholesale Sales & Ancillary Services, (ii) Direct-to-Consumer, and (iii) Secured Lending. Each of these reportable segments represents an aggregation of operating segments that meets the aggregation criteria set forth in the *Segment Reporting* Topic 280 of the Accounting Standards Codification ("ASC 280").

Results of Operations — Wholesale Sales & Ancillary Services Segment

The Company operates its Wholesale Sales & Ancillary Services segment directly and through its wholly-owned subsidiaries, A-Mark Trading AG ("AMTAG"), Transcontinental Depository Services ("TDS"), A-M Global Logistics, LLC ("Logistics"), and AM&ST Associates, LLC ("AMST" or "Silver Towne" or the "Mint"). Also, the Wholesale Sales & Ancillary Services segment includes the consolidating eliminations of inter-segment transactions and unallocated segment adjustments.

Overview of Results of Operations for the Three Months Ended March 31, 2023 and 2022

— Wholesale Sales & Ancillary Services Segment

The operating results of our Wholesale Sales & Ancillary Services segment for the three months ended March 31, 2023 and 2022 were as follows:

in thousands, except performance metrics

Three Months Ended March 31,	2023		2022		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 1,795,140 [(a)]	100.000%	$ 1,519,040 [(b)]	100.000%	$ 276,100	18.2%
Gross profit	32,286	1.799% [(c)]	30,539	2.010% [(d)]	$ 1,747	5.7%
Selling, general, and administrative expenses	(12,428)	(0.692%)	(11,203)	(0.738%)	$ 1,225	10.9%
Depreciation and amortization expense	(247)	(0.014%)	(214)	(0.014%)	$ 33	15.4%
Interest income	3,601	0.201%	2,300	0.151%	$ 1,301	56.6%
Interest expense	(5,979)	(0.333%)	(2,379)	(0.157%)	$ 3,600	151.3%
Earnings (losses) from equity method investments	(72)	(0.004%)	1,608	0.106%	$ (1,680)	(104.5%)
Other income, net	36	0.002%	—	—%	$ 36	—%
Unrealized gains (losses) on foreign exchange	35	0.002%	(135)	(0.009%)	$ 170	125.9%
Net income before provision for income taxes	$ 17,232	0.960%	$ 20,516	1.351%	$ (3,284)	(16.0%)
Performance Metrics:						
Gold ounces sold[(1)]	484,000		552,000		(68,000)	(12.3%)
Silver ounces sold[(2)]	30,843,000		27,145,000		3,698,000	13.6%
Wholesale Sales ticket volume[(3)]	28,914		28,122		792	2.8%

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

(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $447.9 million. This segment's gross sales before eliminations of inter-segment activity totaled $1.967 billion.

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

(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.627% for the period.

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

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

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

Overview of Results of Operations for the Nine Months Ended March 31, 2023 and 2022

— *Wholesale Sales & Ancillary Services Segment*

The operating results of our Wholesale Sales & Ancillary Services segment for the nine months ended March 31, 2023 and 2022 were as follows:

in thousands, except performance metrics

Nine Months Ended March 31,	2023		2022		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 4,766,981 [a]	100.000%	$ 4,425,796 [b]	100.000%	$ 341,185	7.7%
Gross profit	94,208	1.976% [c]	85,029	1.921% [d]	$ 9,179	10.8%
Selling, general, and administrative expenses	(29,377)	(0.616%)	(28,748)	(0.650%)	$ 629	2.2%
Depreciation and amortization expense	(703)	(0.015%)	(673)	(0.015%)	$ 30	4.5%
Interest income	9,081	0.190%	7,952	0.180%	$ 1,129	14.2%
Interest expense	(13,696)	(0.287%)	(7,396)	(0.167%)	$ 6,300	85.2%
Earnings from equity method investments	7,272	0.153%	4,317	0.098%	$ 2,955	68.5%
Other income, net	106	0.002%	—	—%	$ 106	—%
Unrealized gains (losses) on foreign exchange	250	0.005%	(128)	(0.003%)	$ 378	295.3%
Net income before provision for income taxes	$ 67,141	1.408%	$ 60,353	1.364%	$ 6,788	11.2%
Performance Metrics:						
Gold ounces sold[1]	1,395,000		1,559,000		(164,000)	(10.5%)
Silver ounces sold[2]	92,804,000		72,698,000		20,106,000	27.7%
Wholesale Sales ticket volume[3]	76,133		81,009		(4,876)	(6.0%)

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

(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $1.306 billion. This segment's gross sales before eliminations of inter-segment activity totaled $5.732 billion.

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

(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.491% for the period.

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

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

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

Revenues — Wholesale Sales & Ancillary Services

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands, except performance metrics

Three Months Ended March 31,	2023		2022		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 1,795,140 [a]	100.000%	$ 1,519,040 [b]	100.000%	$ 276,100	18.2%
Performance Metrics						
Gold ounces sold	484,000		552,000		(68,000)	(12.3%)
Silver ounces sold	30,843,000		27,145,000		3,698,000	13.6%
Wholesale Sales ticket volume	28,914		28,122		792	2.8%

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

(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $447.9 million. This segment's gross sales before eliminations of inter-segment activity totaled $1.967 billion.

Revenues for the three months ended March 31, 2023 increased $276.1 million, or 18.2%, to $1.795 billion from $1.519 billion in 2022. Excluding an increase in forward sales of $312.5 million, revenues decreased $36.4 million, which was due to a decrease in gold ounces sold and lower average selling prices of gold and silver, partially offset by an increase in silver ounces sold.

Gold ounces sold for the three months ended March 31, 2023 decreased 68,000 ounces, or 12.3%, to 484,000 ounces from 552,000 ounces in 2022. Silver ounces sold for the three months ended March 31, 2023 increased 3,698,000 ounces, or 13.6%, to 30,843,000 ounces from 27,145,000 ounces in 2022. On average, the selling prices for gold and silver decreased by 1.1% and 6.6%, respectively, during the three months ended March 31, 2023 as compared to the prior year.

The Wholesale Sales ticket volume for the three months ended March 31, 2023 increased by 792 tickets, or 2.8% to 28,914 tickets from 28,122 tickets in 2022.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands, except performance metrics

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 4,766,981 (a)	100.000%	$ 4,425,796 (b)	100.000%	$ 341,185	7.7%
Performance Metrics						
Gold ounces sold	1,395,000		1,559,000		(164,000)	(10.5%)
Silver ounces sold	92,804,000		72,698,000		20,106,000	27.7%
Wholesale Sales ticket volume	76,133		81,009		(4,876)	(6.0%)

(a) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $1.052 billion. This segment's gross sales before eliminations of inter-segment activity totaled $5.819 billion.
(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $1.306 billion. This segment's gross sales before eliminations of inter-segment activity totaled $5.732 billion.

Revenues for the nine months ended March 31, 2023 increased $341.2 million, or 7.7%, to $4.767 billion from $4.426 billion in 2022. Excluding an increase in forward sales of $596.1 million, our revenues decreased $254.9 million, which was due to a decrease in gold ounces sold and lower average selling prices of gold and silver, partially offset by an increase in silver ounces sold.

Gold ounces sold for the nine months ended March 31, 2023 decreased 164,000 ounces, or 10.5%, to 1,395,000 ounces from 1,559,000 ounces in 2022. Silver ounces sold for the nine months ended March 31, 2023 increased 20,106,000 ounces, or 27.7%, to 92,804,000 ounces from 72,698,000 ounces in 2022. On average, the selling prices for gold and silver decreased by 2.3% and 14.1%, respectively, during the nine months ended March 31, 2023 as compared to the prior year.

The Wholesale Sales ticket volume for the nine months ended March 31, 2023 decreased by 4,876 tickets, or 6.0% to 76,133 tickets from 81,009 tickets in 2022.

Gross Profit — Wholesale Sales & Ancillary Services

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands, except performance metric

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 32,286	1.799%(c)	$ 30,539	2.010%(d)	$ 1,747	5.7%

(c) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.177% for the period.
(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.627% for the period.

Gross profit for the three months ended March 31, 2023 increased $1.7 million, or 5.7%, to $32.3 million from $30.5 million in 2022. The overall gross profit increase was primarily due to higher trading profit partially offset by lower premium spreads.

This segment's profit margin percentage decreased by 21.1 basis points to 1.799% from 2.010% in 2022. Excluding an increase of $312.5 million of forward sales that had a negligible impact to the amount of gross profit, this segment's gross margin percentage for the three months ended March 31, 2023 increased by 23.1 basis points to 2.791% from 2.560%.

The decrease in gross margin percentage was mainly attributable to the impact of increased forward sales and lower premium spreads, partially offset by higher trading profits. Forward sales increase revenues but are associated with negligible gross profit. The Company enters into forward contracts to hedge its precious metals price risk exposure and not for speculative purposes.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands, except performance metric

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 94,208	1.976%(c)	$ 85,029	1.921%(d)	$ 9,179	10.8%

(c) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.602% for the period.
(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.491% for the period.

Gross profit for the nine months ended March 31, 2023 increased $9.2 million, or 10.8%, to $94.2 million from $85.0 million in 2022. The overall gross profit increase was primarily due to higher trading profit and wider premium spreads.

This segment's profit margin percentage increased by 5.5 basis points to 1.976% from 1.921% in 2022. Excluding an increase of $596.1 million of forward sales that had a negligible impact to the amount of gross profit, this segment's gross margin percentage for the nine months ended March 31, 2023 increased by 48.0 basis points to 2.931% from 2.451%.

The increase in gross margin percentage was mainly attributable to higher trading profits and wider premium spreads, partially offset by the impact of increased forward sales. Forward sales increase revenues but are associated with negligible gross profit. The Company enters into forward contracts to hedge its precious metals price risk exposure and not for speculative purposes.

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

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general, and administrative expenses	$ (12,428)	(0.692%)	$ (11,203)	(0.738%)	$ 1,225	10.9%

Selling, general and administrative expenses for the three months ended March 31, 2023 increased $1.2 million, or 10.9%, to $12.4 million from $11.2 million in 2022. The change was primarily due to: (i) an increase in compensation expense (including performance-based accruals) of $1.3 million, (ii) an increase in insurance costs of $0.2 million, (iii) an increase in computer-related expenses of $0.2 million, partially offset by (iv) lower consulting and professional fees of $0.6 million.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general, and administrative expenses	$ (29,377)	(0.616%)	$ (28,748)	(0.650%)	$ 629	2.2%

Selling, general and administrative expenses for the nine months ended March 31, 2023 increased $0.6 million, or 2.2%, to $29.4 million from $28.7 million in 2022. The change was primarily due to: (i) an increase in compensation expense (including performance-based accruals) of $1.5 million, (ii) an increase in advertising costs of $0.4 million, (iii) an increase in computer-related expenses of $0.4 million, (iv) an increase in insurance costs of $0.3 million, partially offset by (v) a decrease in consulting and professional fees of $2.2 million.

Interest Income — Wholesale Sales & Ancillary Services

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest income	$ 3,601	0.201%	$ 2,300	0.151%	$ 1,301	56.6%

Interest income for the three months ended March 31, 2023 increased $1.3 million, or 56.6%, to $3.6 million from $2.3 million in 2022. The overall increase is primarily due to an increase in interest earned from repurchase arrangements with customers of $0.7 million and higher interest and fees earned related to margin orders of $0.4 million.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest income	$ 9,081	0.190%	$ 7,952	0.180%	$ 1,129	14.2%

Interest income for the nine months ended March 31, 2023 increased $1.1 million, or 14.2%, to $9.1 million from $8.0 million in 2022. The overall increase is primarily due to higher interest and fees earned related to margin orders of $1.0 million.

Interest Expense — Wholesale Sales & Ancillary Services

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (5,979)	(0.333%)	$ (2,379)	(0.157%)	$ 3,600	151.3%

Interest expense for the three months ended March 31, 2023 increased $3.6 million, or 151.3% to $6.0 million from $2.4 million in 2022. The overall increase was primarily due to an increase of $3.2 million in connection with our Trading Credit Facility and the AMCF Notes, higher interest and fees from product financing arrangements of $0.9 million, and higher interest expense related to liabilities on borrowed metals of $0.1 million, partially offset by inter-segment eliminations related to JMB's product financing activity with A-Mark of $0.6 million.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (13,696)	(0.287%)	$ (7,396)	(0.167%)	$ 6,300	85.2%

Interest expense for the nine months ended March 31, 2023 increased $6.3 million, or 85.2% to $13.7 million from $7.4 million in 2022. The overall increase was primarily due to an increase of $5.2 million in connection with our Trading Credit Facility and the AMCF Notes, higher interest and fees from product financing arrangements of $1.8 million, and higher interest expense related to liabilities on borrowed metals of $0.4 million, partially offset by inter-segment eliminations related to JMB's product financing activity with A-Mark of $1.0 million.

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

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Earnings (losses) from equity method investments	$ (72)	(0.004%)	$ 1,608	0.106%	$ (1,680)	(104.5%)

Earnings (losses) from equity method investments for the three months ended March 31, 2023 decreased $1.7 million, or 104.5% to a loss of $0.1 million from earnings of $1.6 million in 2022. The net decrease of $1.7 million was primarily due to decreased earnings of our equity method investees.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Earnings from equity method investments	$ 7,272	0.153%	$ 4,317	0.098%	$ 2,955	68.5%

Earnings from equity method investments for the nine months ended March 31, 2023 increased $3.0 million, or 68.5% to $7.3 million from $4.3 million in 2022. The net increase of $3.0 million was primarily due to our additional 40% ownership interest in Silver Gold Bull, Inc., which was acquired in June 2022.

Results of Operations — Direct-to-Consumer Segment

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

Overview of Results of Operations for the Three Months Ended March 31, 2023 and 2022

— Direct-to-Consumer Segment

The operating results of our Direct-to-Consumer ("DTC") segment for the three months ended March 31, 2023 and 2022 were as follows:

in thousands, except performance metrics						
Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 522,010 [a]	100.000%	$ 590,075 [b]	100.000%	$ (68,065)	(11.5%)
Gross profit	43,212	8.278% [c]	41,544	7.040% [d]	$ 1,668	4.0%
Selling, general and administrative expenses	(10,900)	(2.088%)	(8,912)	(1.510%)	$ 1,988	22.3%
Depreciation and amortization expense	(3,005)	(0.576%)	(7,246)	(1.228%)	$ (4,241)	(58.5%)
Interest expense	(1,287)	(0.247%)	(703)	(0.119%)	$ 584	83.1%
Other expense, net	—	—%	(50)	(0.008%)	$ (50)	(100.0%)
Net income before provision for income taxes	$ 28,020	5.368%	$ 24,633	4.175%	$ 3,387	13.7%
Performance Metrics:						
Gold ounces sold[1]	175,000		175,000		—	—%
Silver ounces sold[2]	6,063,000		7,353,000		(1,290,000)	(17.5%)
Number of new customers[3]	64,700		108,400		(43,700)	(40.3%)
Number of active customers[4]	147,400		162,700		(15,300)	(9.4%)
Number of total customers[5]	2,257,900		1,968,200		289,700	14.7%
DTC ticket volume from new customers[6]	42,781		49,197		(6,416)	(13.0%)
DTC ticket volume from pre-existing customers[7]	172,906		170,727		2,179	1.3%
DTC total ticket volume[8]	215,687		219,924		(4,237)	(1.9%)
DTC average order value[9]	$ 2,452		$ 2,718		$ (266)	(9.8%)

(a) Includes $2.1 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(b) Includes $0.4 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(c) Gross profit percentage, excluding inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment, was 8.301% for the period.
(d) Gross profit percentage, excluding inter-segment company sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment, was 7.045% for the period.
(1) Gold ounces sold represents the ounces of gold product sold and delivered during the period.
(2) Silver ounces sold represents the ounces of silver product sold and delivered during the period.
(3) Number of new customers represents the number of customers that have registered or setup a new account or made a purchase for the first time during the period.
(4) Number of active customers represents the number of customers that have made a purchase during any month during the period.
(5) Number of total customers represents the aggregate number of customers that have registered or set up an account or have made a purchase in the past.
(6) Ticket volume from new customers represents the number of third-party product orders from new customers processed by JMB, Goldline, and PMPP during the period.
(7) Ticket volume from pre-existing customers represents the total number of third-party product orders from pre-existing customers processed by JMB, Goldline, and PMPP during the period.
(8) Total ticket volume represents the total number of third-party product orders processed by JMB, Goldline, and PMPP during the period.
(9) Average Order Value ("AOV") represents the average dollar value of third-party product orders (excluding accumulation program orders) delivered to the customer during the period.

Overview of Results of Operations for the Nine Months Ended March 31, 2023 and 2022

— *Direct-to-Consumer Segment*

The operating results of our Direct-to-Consumer ("DTC") segment for the nine months ended March 31, 2023 and 2022 were as follows:

in thousands, except performance metrics

Nine Months Ended March 31,	2023		2022		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 1,400,225 [a]	100.000%	$ 1,643,654 [b]	100.000%	$ (243,429)	(14.8%)
Gross profit	121,851	8.702% [c]	108,986	6.631% [d]	$ 12,865	11.8%
Selling, general and administrative expenses	(31,625)	(2.259%)	(25,906)	(1.576%)	$ 5,719	22.1%
Depreciation and amortization expense	(8,817)	(0.630%)	(23,140)	(1.408%)	$ (14,323)	(61.9%)
Interest expense	(3,020)	(0.216%)	(2,062)	(0.125%)	$ 958	46.5%
Other expense, net	(12)	(0.001%)	(50)	(0.003%)	$ (38)	(76.0%)
Net income before provision for income taxes	$ 78,377	5.597%	$ 57,828	3.518%	$ 20,549	35.5%
Performance Metrics:						
Gold ounces sold[1]	458,000		468,000		(10,000)	(2.1%)
Silver ounces sold[2]	18,156,000		21,914,000		(3,758,000)	(17.1%)
Number of new customers[3]	244,900		182,000		62,900	34.6%
Number of active customers[4]	342,500		492,000		(149,500)	(30.4%)
Number of total customers[5]	2,257,900		1,968,200		289,700	14.7%
DTC ticket volume from new customers[6]	106,933		142,805		(35,872)	(25.1%)
DTC ticket volume from pre-existing customers[7]	486,887		534,525		(47,638)	(8.9%)
DTC total ticket volume[8]	593,820		677,330		(83,510)	(12.3%)
DTC average order value[9]	$ 2,394		$ 2,458		$ (64)	(2.6%)

(a) Includes $2.7 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(b) Includes $2.0 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(c) Gross profit percentage, excluding inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment, was 8.711% for the period.
(d) Gross profit percentage, excluding inter-segment company sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment, was 6.638% for the period.
(1) Gold ounces sold represents the ounces of gold product sold and delivered during the period.
(2) Silver ounces sold represents the ounces of silver product sold and delivered during the period.
(3) Number of new customers represents the number of customers that have registered or setup a new account or made a purchase for the first time during the period.
(4) Number of active customers represents the number of customers that have made a purchase during any month during the period.
(5) Number of total customers represents the aggregate number of customers that have registered or set up an account or have made a purchase in the past.
(6) Ticket volume from new customers represents the number of third-party product orders from new customers processed by JMB, Goldline, and PMPP during the period.
(7) Ticket volume from pre-existing customers represents the total number of third-party product orders from pre-existing customers processed by JMB, Goldline, and PMPP during the period.
(8) Total ticket volume represents the total number of third-party product orders processed by JMB, Goldline, and PMPP during the period.
(9) Average Order Value ("AOV") represents the average dollar value of third-party product orders (excluding accumulation program orders) delivered to the customer during the period.

Revenues — Direct-to-Consumer

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands, except performance metrics

Three Months Ended March 31,	2023		2022		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 522,010	100.000%	$ 590,075	100.000%	$ (68,065)	(11.5%)
Performance Metrics:						
Gold ounces sold	175,000		175,000		—	—%
Silver ounces sold	6,063,000		7,353,000		(1,290,000)	(17.5%)
Number of new customers	64,700		108,400		(43,700)	(40.3%)
Number of active customers	147,400		162,700		(15,300)	(9.4%)
Number of total customers	2,257,900		1,968,200		289,700	14.7%
DTC ticket volume from new customers	42,781		49,197		(6,416)	(13.0%)
DTC ticket volume from pre-existing customers	172,906		170,727		2,179	1.3%
DTC total ticket volume	215,687		219,924		(4,237)	(1.9%)
DTC average order value	$ 2,452		$ 2,718		$ (266)	(9.8%)

Revenues for the three months ended March 31, 2023 decreased $68.1 million, or 11.5%, to $522.0 million from $590.1 million in 2022. The decrease in revenue was due to a decrease in silver ounces sold and lower average selling prices of silver, partially offset by an increase in gold ounces sold and average selling prices of gold. For the three months ended March 31, 2023, JMB's revenue decreased $70.0 million, while revenue of Goldline and PMPP, in the aggregate, increased by $2.0 million as compared to the prior year.

Gold ounces sold for the three months ended March 31, 2023 remained flat period over period at 175,000 ounces. Silver ounces sold for the three months ended March 31, 2023 decreased 1,290,000 ounces, or 17.5%, to 6,063,000 ounces from 7,353,000 ounces in 2022.

Gold ounces sold by JMB decreased 2,000 ounces for the three months ended March 31, 2023 compared to 2022. Gold ounces sold by Goldline and PMPP, in the aggregate, increased 2,000 ounces compared to 2022. Silver ounces sold by JMB decreased 1,242,000 ounces for the three months ended March 31, 2023 compared to 2022. Silver ounces sold by Goldline and PMPP, in the aggregate, decreased 48,000 ounces compared to 2022.

On average, selling prices for gold increased by 2.1% and selling prices for silver decreased by 5.7% during the three months ended March 31, 2023 as compared to the prior year.

The number of new customers for the three months ended March 31, 2023 decreased 43,700, or 40.3% to 64,700 from 108,400 in 2022. The number of active customers for the three months ended March 31, 2023 decreased 15,300, or 9.4% to 147,400 from 162,700 in 2022. The number of total customers as of March 31, 2023 increased 289,700, or 14.7% to 2,257,900 from 1,968,200 as of March 31, 2022. The changes in the customer-based metrics were primarily due to JMB's activity.

As of March 31, 2023, the number of total CyberMetals customers was 17,200, and CyberMetals customer assets under management were $6.5 million.

For the three months ended March 31, 2023, the Direct-to-Consumer ticket volume related to new customers decreased by 6,416 tickets, or 13.0%, to 42,781 tickets from 49,197 tickets in 2022. For the three months ended March 31, 2023, Direct-to-Consumer ticket volume related to pre-existing customers increased by 2,179 tickets, or 1.3%, to 172,906 tickets from 170,727 tickets in 2022. For the three months ended March 31, 2023, the Direct-to-Consumer total ticket volume decreased by 4,237 tickets, or 1.9%, to 215,687 tickets from 219,924 tickets in 2022.

For the three months ended March 31, 2023, the Direct-to-Consumer average order value decreased by $266, or 9.8%, to $2,452 from $2,718 in 2022.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands, except performance metrics

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 1,400,225	100.000%	$ 1,643,654	100.000%	$ (243,429)	(14.8%)
Performance Metrics:						
Gold ounces sold	458,000		468,000		(10,000)	(2.1%)
Silver ounces sold	18,156,000		21,914,000		(3,758,000)	(17.1%)
Number of new customers	244,900		182,000		62,900	34.6%
Number of active customers	342,500		492,000		(149,500)	(30.4%)
Number of total customers	2,257,900		1,968,200		289,700	14.7%
DTC ticket volume from new customers	106,933		142,805		(35,872)	(25.1%)
DTC ticket volume from pre-existing customers	486,887		534,525		(47,638)	(8.9%)
DTC total ticket volume	593,820		677,330		(83,510)	(12.3%)
DTC average order value	$ 2,394		$ 2,458		$ (64)	(2.6%)

Revenues for the nine months ended March 31, 2023 decreased $243.4 million, or 14.8%, to $1.400 billion from $1.644 billion in 2022. The decrease in revenue was due to a decrease in gold and silver ounces sold and lower average selling prices of silver. For the nine months ended March 31, 2023, JMB's revenue decreased $226.6 million, while revenue of Goldline and PMPP, in the aggregate, decreased by $16.8 million as compared to the prior year.

Gold ounces sold for the nine months ended March 31, 2023 decreased 10,000 ounces, or 2.1%, to 458,000 ounces from 468,000 ounces in 2022. Silver ounces sold for the nine months ended March 31, 2023 decreased 3,758,000 ounces, or 17.1%, to 18,156,000 ounces from 21,914,000 ounces in 2022.

Gold ounces sold by JMB decreased 8,000 ounces for the nine months ended March 31, 2023 compared to 2022. Gold ounces sold by Goldline and PMPP, in the aggregate, decreased 2,000 ounces compared to 2022. Silver ounces sold by JMB decreased 3,673,000 ounces for the nine months ended March 31, 2023 compared to 2022. Silver ounces sold by Goldline and PMPP, in the aggregate, decreased 85,000 ounces compared to 2022.

On average, selling prices for gold increased by 0.4% and selling prices for silver decreased by 10.1% during the nine months ended March 31, 2023 as compared to the prior year.

The number of new customers for the nine months ended March 31, 2023 increased 62,900, or 34.6% to 244,900 from 182,000 in 2022. For the nine months ended March 31, 2023, approximately 30% of the new customers were attributable to the acquired customer list of BGASC in October 2022. The number of active customers for the nine months ended March 31, 2023 decreased 149,500, or 30.4% to 342,500 from 492,000 in 2022. The number of total customers as of March 31, 2023 increased 289,700, or 14.7% to 2,257,900 from 1,968,200 as of March 31, 2022. The changes in the customer-based metrics were primarily due to JMB's activity.

As of March 31, 2023, the number of total CyberMetals customers was 17,200, and CyberMetals customer assets under management were $6.5 million.

For the nine months ended March 31, 2023, the Direct-to-Consumer ticket volume related to new customers decreased by 35,872 tickets, or 25.1%, to 106,933 tickets from 142,805 tickets in 2022. For the nine months ended March 31, 2023, Direct-to-Consumer ticket volume related to pre-existing customers decreased by 47,638 tickets, or 8.9%, to 486,887 tickets from 534,525 tickets in 2022. For the nine months ended March 31, 2023, the Direct-to-Consumer total ticket volume decreased by 83,510 tickets, or 12.3%, to 593,820 tickets from 677,330 tickets in 2022. The decrease in ticket volume coincides with a decrease in gold and silver ounces sold.

For the nine months ended March 31, 2023, the Direct-to-Consumer average order value decreased by $64, or 2.6%, to $2,394 from $2,458 in 2022.

Gross Profit — Direct-to-Consumer

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands, except performance metric

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 43,212	8.278%	$ 41,544	7.040%	$ 1,668	4.0%

Gross profit for the three months ended March 31, 2023 increased by $1.7 million, or 4.0%, to $43.2 million from $41.5 million in 2022. The increase in gross profit was mainly due to a comparable ticket volume period over period and an increase in gross profit margin percentage.

For the three months ended March 31, 2023, the Direct-to-Consumer segment's profit margin percentage increased by 123.8 basis points to 8.278% from 7.040% in 2022. The increase in the gross profit margin percentage was mainly due to the improved gross profit percentages of JMB, partially offset by the lower gross profit percentage of Goldline and PMPP.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands, except performance metric

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 121,851	8.702%	$ 108,986	6.631%	$ 12,865	11.8%

Gross profit for the nine months ended March 31, 2023 increased by $12.9 million, or 11.8%, to $121.9 million from $109.0 million in 2022. The increase in gross profit was mainly due to an increase gross profit margin percentage, partially offset by a lower ticket volume.

For the nine months ended March 31, 2023, the Direct-to-Consumer segment's profit margin percentage increased by 207.1 basis points to 8.702% from 6.631% in 2022. The increase in the gross profit margin percentage was mainly due to the improved gross profit percentages of JMB, partially offset by the lower gross profit percentage of Goldline and PMPP.

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

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general and administrative expenses	$ (10,900)	(2.088%)	$ (8,912)	(1.510%)	$ 1,988	22.3%

Selling, general and administrative expenses for the three months ended March 31, 2023 increased $2.0 million, or 22.3%, to $10.9 million from $8.9 million in 2022. The change was primarily due to (i) an increase in compensation expense (including performance-based accruals) of $1.3 million, (ii) higher advertising costs of $0.4 million, and (iii) an increase in computer-related expenses of $0.2 million.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general and administrative expenses	$ (31,625)	(2.259%)	$ (25,906)	(1.576%)	$ 5,719	22.1%

Selling, general and administrative expenses for the nine months ended March 31, 2023 increased $5.7 million, or 22.1%, to $31.6 million from $25.9 million in 2022. The change was primarily due to (i) an increase in compensation expense (including performance-based accruals) of $3.5 million, (ii) higher advertising costs of $2.0 million, (iii) an increase in computer-related expenses of $0.4 million, and (iv) an increase in insurance costs of $0.2 million, partially offset by (v) lower consulting and professional fees of $0.4 million.

Depreciation and Amortization Expense — Direct-to-Consumer

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Depreciation and amortization expense	$ (3,005)	(0.576%)	$ (7,246)	(1.228%)	$ (4,241)	(58.5%)

Depreciation and amortization expense for the three months ended March 31, 2023, decreased $4.2 million, or 58.5%, to $3.0 million from $7.2 million in 2022. The change was primarily due to a $4.3 million decrease in JMB's intangible asset amortization expense.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Depreciation and amortization expense	$ (8,817)	(0.630%)	$ (23,140)	(1.408%)	$ (14,323)	(61.9%)

Depreciation and amortization expense for the nine months ended March 31, 2023, decreased $14.3 million, or 61.9%, to $8.8 million from $23.1 million in 2022. The change was primarily due to a $14.4 million decrease in JMB's intangible asset amortization expense.

Interest expense — Direct-to-Consumer

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (1,287)	(0.247%)	$ (703)	(0.119%)	$ 584	83.1%

Interest expense for the three months ended March 31, 2023 increased $0.6 million to $1.3 million from $0.7 million in 2022. The increase is related to JMB's increased product financing activity with A-Mark and higher interest rates.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Interest expense	$ (3,020)	(0.216%)	$ (2,062)	(0.125%)	$ 958	46.5%

Interest expense for the nine months ended March 31, 2023 increased $1.0 million to $3.0 million from $2.1 million in 2022. The increase is related to JMB's increased product financing activity with A-Mark and higher interest rates.

Results of Operations — Secured Lending Segment

The Company operates its Secured Lending segment through its wholly-owned subsidiaries, Collateral Finance Corporation, LLC ("CFC"), AM Capital Funding, LLC ("AMCF"), and CFC Alternative Investments ("CAI").

Overview of Results of Operations for the Three Months Ended March 31, 2023 and 2022

— Secured Lending Segment

The operating results of our Secured Lending segment for the three months ended March 31, 2023 and 2022 were as follows:

in thousands, except performance metrics **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Interest income	$ 2,486	100.000%	$ 3,043	100.000%	$ (557)	(18.3%)
Interest expense	(1,971)	(79.284%)	(2,347)	(77.128%)	$ (376)	(16.0%)
Selling, general and administrative expenses	(513)	(20.636%)	(379)	(12.455%)	$ 134	35.4%
Depreciation and amortization expense	(88)	(3.540%)	(88)	(2.892%)	$ —	—%
Earnings from equity method investments	2	0.080%	—	—%	$ 2	—%
Other income, net	605	24.336%	543	17.844%	$ 62	11.4%
Net income before provision for income taxes	$ 521	20.957%	$ 772	25.370%	$ (251)	(32.5%)
Performance Metric:						
Number of secured loans at period end[(1)]	963		2,697		(1,734)	(64.3%)

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

Overview of Results of Operations for the Nine Months Ended March 31, 2023 and 2022

— Secured Lending Segment

The operating results of our Secured Lending segment for the nine months ended March 31, 2023 and 2022 were as follows:

in thousands, except performance metrics **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Interest income	$ 7,086	100.000%	$ 8,173	100.000%	$ (1,087)	(13.3%)
Interest expense	(5,887)	(83.079%)	(6,839)	(83.678%)	$ (952)	(13.9%)
Selling, general and administrative expenses	(1,436)	(20.265%)	(1,230)	(15.050%)	$ 206	16.7%
Depreciation and amortization expense	(264)	(3.726%)	(264)	(3.230%)	$ —	—%
Earnings from equity method investments	4	0.056%	—	—%	$ 4	—%
Other income, net	1,907	26.912%	1,385	16.946%	$ 522	37.7%
Net income before provision for income taxes	$ 1,410	19.898%	$ 1,225	14.988%	$ 185	15.1%
Performance Metric:						
Number of secured loans at period end[(1)]	963		2,697		(1,734)	(64.3%)

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

Interest Income — Secured Lending

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands, except performance metric **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Interest income	$ 2,486	100.000%	$ 3,043	100.000%	$ (557)	(18.3%)
Performance Metric						
Number of secured loans at period-end	963		2,697		(1,734)	(64.3%)

Interest income for the three months ended March 31, 2023 decreased $0.6 million, or 18.3%, to $2.5 million from $3.0 million in 2022. The decrease in interest income earned from the segment's secured loan portfolio was primarily due to lower average monthly loan balances during the current year as compared to the average monthly loan balances for the prior year. The number of secured loans outstanding decreased by 1,734, or 64.3%, to 963 from 2,697 as of March 31, 2022.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands, except performance metric

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Interest income	$ 7,086	100.000%	$ 8,173	100.000%	$ (1,087)	(13.3%)
Performance Metric						
Number of secured loans at period-end	963		2,697		(1,734)	(64.3%)

Interest income for the nine months ended March 31, 2023 decreased $1.1 million, or 13.3%, to $7.1 million from $8.2 million in 2022. The decrease in interest income earned from the segment's secured loan portfolio was primarily due to lower average monthly loan balances during the current year as compared to the average monthly loan balances for the prior year. The number of secured loans outstanding decreased by 1,734, or 64.3% to 963 from 2,697 as of March 31, 2022.

Interest Expense — Secured Lending

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Interest expense	$ (1,971)	(79.284%)	$ (2,347)	(77.128%)	$ (376)	(16.0%)

Interest expense for the three months ended March 31, 2023 decreased $0.4 million, or 16.0%, to $2.0 million from $2.3 million in 2022. The change in interest expense was primarily due to lower loan servicing costs of $0.3 million and lower interest expense of $0.1 million associated with our Trading Credit Facility and the AMCF Notes (including amortization of debt issuance costs).

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Interest expense	$ (5,887)	(83.079%)	$ (6,839)	(83.678%)	$ (952)	(13.9%)

Interest expense for the nine months ended March 31, 2023 decreased $1.0 million, or 13.9%, to $5.9 million from $6.8 million in 2022. The change in interest expense was primarily due to lower loan servicing costs of $0.7 million and lower interest expense of $0.3 million associated with our Trading Credit Facility and the AMCF Notes (including amortization of debt issuance costs).

Selling, General and Administrative Expenses — Secured Lending

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands

Three Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Selling, general, and administrative expenses	$ (513)	(20.636%)	$ (379)	(12.455%)	$ 134	35.4%

Selling, general, and administrative expenses for the three months ended March 31, 2023 increased $0.1 million, or 35.4%, to $0.5 million from $0.4 million in 2022. The change in selling, general, and administrative expenses was not significant.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands

Nine Months Ended March 31,	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Selling, general, and administrative expenses	$ (1,436)	(20.265%)	$ (1,230)	(15.050%)	$ 206	16.7%

Selling, general, and administrative expenses for the nine months ended March 31, 2023 increased $0.2 million, or 16.7%, to $1.4 million from $1.2 million in 2022. The change in selling, general, and administrative expenses was not significant.

Other Income, Net — Secured Lending

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands **Three Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Other income, net	$ 605	24.336%	$ 543	17.844%	$ 62	11.4%

Other income, net for the three months ended March 31, 2023 increased $0.1 million, or 11.4%, to $0.6 million from $0.5 million in 2022. The change in other income, net was not significant.

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands **Nine Months Ended March 31,**	**2023**		**2022**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Other income, net	$ 1,907	26.912%	$ 1,385	16.946%	$ 522	37.7%

Other income, net for the nine months ended March 31, 2023 increased $0.5 million, or 37.7%, to $1.9 million from $1.4 million in 2022. The increase was due to higher royalty income earned.

NON-GAAP MEASURES

Adjusted net income before provision for income taxes

Overview

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

Reconciliation

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

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

The following tables reconcile this non-GAAP financial performance measure to its most closely comparable U.S. GAAP measure on our financial statements for the three months ended March 31, 2023 and 2022.

in thousands **Three Months Ended March 31,**	**2023**	**2022**	**Change**	
	$	**$**	**$**	**%**
Net income before provision for income taxes	$ 45,773	$ 45,921	$ (148)	(0.3%)
Adjustments:				
Acquisition costs	38	836	$ (798)	(95.5%)
Amortization of acquired intangibles	2,719	7,188	$ (4,469)	(62.2%)
Depreciation expense	621	360	$ 261	72.5%
Adjusted net income before provision for income taxes (non-GAAP)	$ 49,151	$ 54,305	$ (5,154)	(9.5%)

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

The following tables reconcile this non-GAAP financial performance measure to its most closely comparable U.S. GAAP measure on our financial statements for the nine months ended March 31, 2023 and 2022.

in thousands **Nine Months Ended March 31,**	**2023**	**2022**	**Change**	
	$	**$**	**$**	**%**
Net income before provision for income taxes	$ 146,928	$ 119,406	$ 27,522	23.0%
Adjustments:				
Acquisition costs	184	889	$ (705)	(79.3%)
Amortization of acquired intangibles	8,193	22,932	$ (14,739)	(64.3%)
Depreciation expense	1,591	1,145	$ 446	39.0%
Adjusted net income before provision for income taxes (non-GAAP)	$ 156,896	$ 144,372	$ 12,524	8.7%

Adjustments

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

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

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

Earnings Before Interest, Taxes, Depreciation, and Amortization

Overview

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

Reconciliation

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

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

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

in thousands

Three Months Ended March 31,	**2023**	**2022**	**Change**	
	$	**$**	**$**	**%**
Net income	$ 35,998	$ 37,546	$ (1,548)	(4.1%)
Adjustments:				
Interest income	(6,087)	(5,343)	$ 744	13.9%
Interest expense	9,237	5,429	$ 3,808	70.1%
Amortization of acquired intangibles	2,719	7,188	$ (4,469)	(62.2%)
Depreciation expense	621	360	$ 261	72.5%
Income tax expense	9,775	8,375	$ 1,400	16.7%
	16,265	16,009	$ 256	1.6%
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 52,263	$ 53,555	$ (1,292)	(2.4%)
Reconciliation of Operating Cash Flows to EBITDA:				
Net cash provided by (used in) operating activities	$ 91,767	$ (114,233)	$ 206,000	180.3%
Changes in operating working capital	(52,003)	157,488	$ (209,491)	(133.0%)
Interest expense	9,237	5,429	$ 3,808	70.1%
Interest income	(6,087)	(5,343)	$ 744	13.9%
Income tax expense	9,775	8,375	$ 1,400	16.7%
Earnings (losses) from equity method investments	(70)	1,608	$ (1,678)	(104.4%)
Write-down of digital assets	—	(50)	$ 50	100.0%
Share-based compensation	(538)	(573)	$ (35)	(6.1%)
Interest added to principal of secured loans	4	4	$ —	—%
Deferred income taxes	666	1,380	$ (714)	(51.7%)
Amortization of loan cost	(488)	(530)	$ (42)	(7.9%)
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 52,263	$ 53,555	$ (1,292)	(2.4%)
Cash Flow Data:				
Net cash provided by (used in) operating activities	$ 91,767	$ (114,233)	$ 206,000	180.3%
Net cash provided by (used in) investing activities	$ 12	$ (15,802)	$ 15,814	100.1%
Net cash (used in) provided by financing activities	$ (76,415)	$ 139,232	$ (215,647)	(154.9%)

Nine Months Ended March 31, 2023 Compared to Nine Months Ended March 31, 2022

in thousands

Nine Months Ended March 31,	**2023**	**2022**	**Change**	
	$	**$**	**$**	**%**
Net income	$ 114,832	$ 95,609	$ 19,223	20.1%
Adjustments:				
Interest income	(16,167)	(16,125)	$ 42	0.3%
Interest expense	22,603	16,297	$ 6,306	38.7%
Amortization of acquired intangibles	8,193	22,932	$ (14,739)	(64.3%)
Depreciation expense	1,591	1,145	$ 446	39.0%
Income tax expense	32,096	23,797	$ 8,299	34.9%
	48,316	48,046	$ 270	0.6%
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 163,148	$ 143,655	$ 19,493	13.6%
Reconciliation of Operating Cash Flows to EBITDA:				
Net cash provided by (used in) operating activities	$ 43,249	$ (75,702)	$ 118,951	157.1%
Changes in operating working capital	77,628	190,262	$ (112,634)	(59.2%)
Interest expense	22,603	16,297	$ 6,306	38.7%
Interest income	(16,167)	(16,125)	$ 42	0.3%
Income tax expense	32,096	23,797	$ 8,299	34.9%
Dividends received from equity method investees	(551)	—	$ 551	—%
Earnings from equity method investments	7,276	4,317	$ 2,959	68.5%
Write-down of digital assets	(12)	(50)	$ (38)	(76.0%)
Share-based compensation	(1,607)	(1,628)	$ (21)	(1.3%)
Interest added to principal of secured loans	10	13	$ (3)	(23.1%)
Deferred income taxes	251	4,563	$ (4,312)	(94.5%)
Amortization of loan cost	(1,628)	(2,089)	$ (461)	(22.1%)
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 163,148	$ 143,655	$ 19,493	13.6%
Cash Flow Data:				
Net cash provided by (used in) operating activities	$ 43,249	$ (75,702)	$ 118,951	157.1%
Net cash provided by (used in) investing activities	$ 15,092	$ (40,721)	$ 55,813	137.1%
Net cash (used in) provided by financing activities	$ (18,023)	$ 43,567	$ (61,590)	(141.4%)

LIQUIDITY AND FINANCIAL CONDITION

Primary Sources and Uses of Cash

Overview

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

A substantial portion of our assets are liquid. As of March 31, 2023, approximately 82.6% of our assets consisted of cash, receivables, derivative assets, secured loans receivables, precious metals held under financing arrangements, and inventories, measured at fair value. Cash generated from the sales or financing of our precious metals products is our primary source of operating liquidity. Among other things, these include our product financing arrangements and liabilities on borrowed metals. Typically, the Company acquires its inventory by: (i) purchasing inventory from its suppliers by utilizing our own capital and lines of credit; (ii) borrowing precious metals from its suppliers under short-term arrangements which may bear interest at a designated rate, and (iii) repurchasing inventory at an agreed-upon price based on the spot price on the specified repurchase date.

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

We may also raise funds through the public or private offering of equity or debt securities, although there is no assurance that we will be able to do so at the times and in the amounts required. We have an effective universal shelf registration statement on file with the Securities and Exchange Commission, under which we may issue approximately $69.5 million worth of securities at this time through March 2024.

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

Lines of Credit

in thousands

	March 31, 2023	June 30, 2022	Change
Lines of credit	$ 230,000	$ 215,000	$ 15,000

Effective December 21, 2021, A-Mark entered into a three-year committed borrowing facility (the "Trading Credit Facility") with CIBC Bank USA, as agent and joint lead arranger, and a syndicate of banks. As of March 31, 2023, the Trading Credit Facility provided the Company with access up to $350.0 million. The credit facility has a termination date of December 21, 2024.

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

Notes Payable

in thousands

	March 31, 2023	June 30, 2022	Change
Notes payable — short-term	$ 94,644	$ —	$ 94,644
Notes payable — long-term	1,752	94,073	(92,321)
	$ 96,396	$ 94,073	$ 2,323

In September 2018, AMCF, a wholly owned subsidiary of CFC, completed an issuance of Secured Senior Term Notes, Series 2018-1, Class A in the aggregate principal amount of $72.0 million and Secured Subordinated Term Notes, Series 2018-1, Class B in the aggregate principal amount of $28.0 million (collectively, the "AMCF Notes".) The Class A Notes bear interest at a rate of 4.98% and the Class B Notes bear interest at a rate of 5.98%. The AMCF Notes have a maturity date of December 15, 2023. The holders of the AMCF Notes have a first priority security interest in the AMCF's cash, secured loan receivable, precious metals held under financing arrangements, and inventory, which are in excess of the AMCF Notes' aggregate principal amount.

As of March 31, 2023, the consolidated aggregate carrying balance of the AMCF Notes was $94.6 million (which excludes the $5.0 million portion of the Class B Notes that the Company retained), and the remaining unamortized loan cost balance was approximately $0.4 million, which is amortized using the effective interest method through the maturity date. See Note 15 to the Company's condensed consolidated financial statements.

In April 2021, CCP entered into a loan agreement with CFC, which provides CFC with up to $4.0 million to fund commercial loans secured by graded sports cards and sports memorabilia to its borrowers. All loans to be funded using the proceeds from the CCP Note are subject to CCP's prior written approval. The term of the CCP Note expires on April 1, 2024 and may be extended by mutual agreement. As of March 31, 2023 and June 30, 2022 the outstanding principal balance of the CCP Note was $1.8 million and $0.0 million. See Note 14 to the Company's condensed consolidated financial statements.

Liabilities on Borrowed Metals

in thousands

	March 31, 2023	June 30, 2022	Change
Liabilities on borrowed metals	$ 25,730	$ 59,417	$ (33,687)

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

Product Financing Arrangements

in thousands

	March 31, 2023	June 30, 2022	Change
Product financing arrangements	$ 292,104	$ 282,671	$ 9,433

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

Secured Loans Receivable

in thousands

	March 31, 2023	June 30, 2022	Change
Secured loans receivable	$ 96,856	$ 126,217	$ (29,361)

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

Dividends

The Company's board of directors has adopted a regular quarterly cash dividend policy of $0.20 per common share ($0.80 per share on an annual basis). The declaration of regular cash dividends in the future is subject to the determination each quarter by the board of directors.

On August 18, 2022, the Company's board of directors declared a non-recurring special dividend of $1.00 per common share to stockholders of record at the close of business on September 12, 2022. The dividend was paid on September 26, 2022 and totaled $23.4 million. On August 18, 2022, the Company's board of directors also declared the initial quarterly regular cash dividend under its new dividend policy, of $0.20 per common share to stockholders of record at the close of business on October 10, 2022. The dividend was paid on October 24, 2022 and totaled $4.7 million.

On January 4, 2023, the Company's board of directors declared a quarterly regular cash dividend of $0.20 per common share to stockholders of record at the close of business on January 16, 2023. The dividend totaling $4.7 million was paid on January 27, 2023.

Subsequent to quarter end, on April 5, 2023, our board of directors declared a regular dividend of $0.20 per share to shareholders of record at the close of business on April 17, 2023. The dividend totaling $4.7 million was paid on April 28, 2023 (see Note 20).

Cash Flows

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

The following summarizes components of our condensed consolidated statements of cash flows for the nine months ended March 31, 2023 and 2022:

in thousands

Nine Months Ended	March 31, 2023	March 31, 2022	Change
Net cash provided by (used in) operating activities	$ 43,249	$ (75,702)	$ 118,951
Net cash provided by (used in) investing activities	$ 15,092	$ (40,721)	$ 55,813
Net cash (used in) provided by financing activities	$ (18,023)	$ 43,567	$ (61,590)

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

Net Cash Flows From Operating Activities

Operating activities provided $43.2 million and used $75.7 million in cash for the nine months ended March 31, 2023 and 2022, respectively, representing an $119.0 million increase in cash provided compared to the nine months ended March 31, 2022. The increase in cash provided was primarily due to net changes in working capital, which includes the balances of inventories, precious metals held under financing arrangements, receivables, and derivative liabilities, partially offset by increased net income adjusted for noncash items.

Net Cash Flows From Investing Activities

Investing activities provided $15.1 million and used $40.7 million in cash for the nine months ended March 31, 2023 and 2022, respectively, representing a $55.8 million increase in cash provided compared to the nine months ended March 31, 2022. This period over period increase in cash provided was primarily due to higher cash inflows of $60.0 million associated with the net liquidations of secured loans in the current period, other long-term investment activity of $1.2 million, and $0.3 million from other capital expenditures, partially offset by higher investing cash outflows in the current year of $4.5 million related to the acquisition of intangible assets from coin and bullion e-commerce dealer BGASC and $1.1 million of capital expenditures for property, plant, and equipment.

Net Cash Flows From Financing Activities

Financing activities used $18.0 million and provided $43.6 million in cash for the nine months ended March 31, 2023 and 2022, respectively, representing a $61.6 million increase in cash used compared to the nine months ended March 31, 2022. This period over period increase in cash used was primarily due to increased net borrowings of $55.0 million under lines of credit, an increase in cash paid for dividends of $10.2 million, an increase of $9.8 million of cash used to repurchase our common stock under our share repurchase program, an increase of $2.2 million related to the exercise and taxes related to share-based awards, an increase of $2.1 million on repayments on notes payable to related parties, and an increase of $1.0 million in distributions paid to PMPP's noncontrolling interest holder. These increases in cash outflows were partially offset by increases in cash provided of $11.0 million related to our product financing arrangements, increased proceeds of $3.9 million from the issuance of related party notes, and lower debt issuance costs paid in the current year of $3.7 million.

Capital Resources

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

CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS

Counterparty Risk

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

Commodities Risk and Derivatives

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

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

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

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

The Company's net gains on derivative instruments for the three months ended March 31, 2023 and 2022, totaled $49.5 million and $7.0 million, respectively. The Company's net gains and losses on derivative instruments for the nine months ended March 31, 2023 and 2022, totaled gains of $4.1 million and losses of $8.3 million, respectively. These net gains and losses on derivative instruments were substantially offset by the changes in fair market value of the underlying precious metals inventory and open sale and purchase commitments, which is also recorded in cost of sales in the condensed consolidated statements of income.

The purpose of the Company's hedging policy is to substantially match the change in the value of the derivative financial instrument to the change in the value of the underlying hedged item. The following table summarizes the results of our hedging activities, showing the precious metal commodity inventory position, net of open sale and purchase commitments, which is subject to price risk, compared to change in the value of the derivative instruments as of March 31, 2023 and June 30, 2022:

in thousands

	March 31, 2023	June 30, 2022
Inventories	$ 967,518	$ 741,018
Precious metals held under financing arrangements	24,014	79,766
	991,532	820,784
Less unhedgeable inventories:		
Commemorative coin inventory, held at lower of cost or net realizable value	(954)	(1,434)
Premium on metals position	(30,865)	(27,059)
Precious metal value not hedged	(31,819)	(28,493)
Commitments at market:		
Open inventory purchase commitments	1,075,916	681,835
Open inventory sales commitments	(753,815)	(497,949)
Margin sale commitments	(21,873)	(26,984)
In-transit inventory no longer subject to market risk	(26,449)	(13,164)
Unhedgeable premiums on open commitment positions	20,568	12,933
Borrowed precious metals	(25,730)	(59,417)
Product financing arrangements	(292,104)	(282,671)
Advances on industrial metals	1,234	768
	(22,253)	(184,649)
Precious metal subject to price risk	937,460	607,642
Precious metal subject to derivative financial instruments:		
Precious metals forward contracts at market values	741,100	278,326
Precious metals futures contracts at market values	176,493	326,713
Total market value of derivative financial instruments	917,593	605,039
Net precious metals subject to commodity price risk	$ 19,867	$ 2,603

Net precious metals subject to commodity price risk at March 31, 2023 includes the impact of projected sales activity between market close on March 31, 2023 and market opening on the next business day.

We are exposed to the risk of default of the counterparties to our derivative contracts. Significant judgment is applied by us when evaluating the fair value implications. We regularly review the creditworthiness of our major counterparties and monitor our exposure to concentrations. As of March 31, 2023, we believe our risk of counterparty default is mitigated based on our evaluation of the creditworthiness of our major counterparties, the strong financial condition of our counterparties, and the short-term duration of these arrangements.

Commitments and Contingencies

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

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2023 and June 30, 2022, we had the following outstanding sale and purchase commitments and open forward and future contracts, which are normal and recurring, in nature:

in thousands

	March 31, 2023	June 30, 2022
Purchase commitments	$ 1,075,916	$ 681,835
Sales commitments	$ (753,815)	$ (497,949)
Margin sales commitments	$ (21,873)	$ (26,984)
Open forward contracts	$ 741,100	$ 278,326
Open futures contracts	$ 176,493	$ 326,713
Foreign exchange forward contracts	$ 9,596	$ 9,738

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

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

CRITICAL ACCOUNTING POLICIES

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

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

Revenue Recognition

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

Also, the Company recognizes its storage, logistics, licensing, advertising revenue, and other services revenues in accordance with the FASB's release ASU 2014-09 *Revenue From Contracts With Customers* Topic 606 of the ASC and subsequent related amendments ("ASC 606"), which follows five basic steps to determine whether revenue can be recognized: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Inventories

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

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

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

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

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

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

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

Business Combinations

We completed the acquisition of JMB during the third quarter of fiscal year 2021. The accounting for a business combination requires tangible and intangible assets acquired and liabilities assumed to be recorded at estimated fair value. We valued intangible assets at their estimated fair values at the acquisition date based upon assumptions related to the future cash flows and discount rates utilizing the then currently available information, and in some cases, valuation results from independent valuation specialists. The use of a discounted cash flow analysis requires significant judgment to estimate the future cash flows derived from the asset and the expected period of time over which those cash flows will occur and to determine an appropriate discount rate.

We make certain judgments and estimates when determining the fair value of assets acquired and liabilities assumed in a business combination. Those judgments and estimates also include determining the lives assigned to acquired intangibles, the resulting amortization period, what indicators will trigger an impairment, whether those indicators are other than temporary, what economic or competitive factors affect valuation, valuation methodology, and key assumptions including discount rates and cash flow estimates.

Goodwill and Other Purchased Intangible Assets

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

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

Income Taxes

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

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities, or otherwise negatively impact earnings. The Company is exposed to market risk related to changes in commodity prices. To manage the volatility related to this exposure, the Company enters into precious metals commodity forward and futures contracts. We enter into these derivative contracts for the purpose of hedging substantially all of our market exposure to precious metals prices, and not for speculative purposes. As a result of these hedging strategies, we do not believe we have a material exposure to market risk.

The Company's precious metals inventory is subject to fluctuations in market value, resulting from changes in the underlying commodity prices. Inventory purchased or borrowed by the Company is subject to price changes. Inventory borrowed is considered a natural hedge, since changes in value of the metal held are offset by the obligation to return the metal to the supplier.

Open sale and purchase commitments are subject to changes in value between the date the purchase or sale price is fixed (the trade date) and the date the metal is received or delivered (the settlement date). We seek to minimize the effect of price changes of the underlying commodity through the use of forward and futures contracts.

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

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

See Note 12 to the accompanying condensed consolidated financial statements, "Derivative Instruments and Hedging Transactions".

Foreign Exchange Risk

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

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

See Note 12 to the accompanying condensed consolidated financial statements, "Derivative Instruments and Hedging Transactions—Foreign Currency Exchange Rate Management."

Interest Rate Risk

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

We manage the interest rate risks related to our interest income generating activities by increasing our secured loan interest rates and finance product pricing in response to rising interest rates. We do not believe our exposure to interest rate risk is material.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Changes in Internal Control over Financial Reporting

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

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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

ITEM 1A. RISK FACTORS

Risks Relating to Market Trends and Global Events

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

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

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

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

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

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

Risks Relating to our Operations

Our business is heavily dependent on our credit facility.

Our business depends substantially on our ability to obtain financing for our operations. On December 21, 2021, we entered into a new committed facility provided by a syndicate of financial institutions (the "Trading Credit Facility"), with a total current revolving commitment of up to $350.0 million and with a termination date of December 21, 2024. The Trading Credit Facility provides the Company with the liquidity to buy and sell billions of dollars of precious metals annually. A-Mark routinely uses funds drawn under the Trading Credit Facility to purchase metals from its suppliers and for operating cash flow purposes. Our CFC subsidiary also uses the funds drawn under the Trading Credit Facility to finance certain of its lending activities.

The Trading Credit Facility requires us to comply with customary affirmative and negative covenants, and with a variety of financial covenants, including a minimum working capital requirement; a fixed charge coverage ratio; a ratio of total recourse debt to consolidated tangible net worth; and limitations on the amount of ownership-based financings (as defined). Upon the occurrence of an event of default under the Trading Credit Facility that was not cured or waived pursuant to the terms of the Trading Credit Facility, the lenders under the Trading Credit Facility could elect to declare all amounts outstanding under the Trading Credit Facility to be due and payable immediately. Further, lenders holding at least 66.67% of the revolving commitments under the Trading Credit Facility may require us to repay all outstanding indebtedness under the Trading Credit Facility at any time, even if we are in compliance with the financial and other covenants under the Trading Credit Facility. After such demand, each lender with a revolving loan commitment may, but is not obligated to, make revolving loans until the termination date of the Trading Credit Facility.

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

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

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

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

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

We could suffer losses with our financing operations.

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

- Receivables from our customers with whom we trade in precious metal products are effectively short-term, non-interest bearing extensions of credit that are, in certain cases, secured by the related products maintained in the Company's possession or by a letter of credit issued on behalf of the customer. On average, these receivables are outstanding for periods of between 8 and 9 days.
- We make advances to our customers on unrefined metals secured by materials received from the customer. These advances are limited to a portion of the materials received.
- The Company makes unsecured, short-term, non-interest bearing advances to wholesale metals dealers and government mints.
- The Company periodically extends short-term credit through the issuance of notes receivable to approved customers at interest rates determined on a customer-by-customer basis.
- The Company operates a financing business through CFC which makes secured loans at loan-to-value ratios—principal loan amount divided by the liquidation value, as conservatively estimated by management, of the collateral—of, in most cases, 50% to 85%. These loans are both variable and fixed interest rate loans, with some maturities on-demand and others from three to twelve months.

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

- our loan underwriting and other credit policies and controls designed to assure repayment, which may prove inadequate to prevent losses;
- our ability to sell collateral upon customer defaults for amounts sufficient to offset credit losses, which can be affected by a number of factors outside of our control, including (i) changes in economic conditions, for example, as experienced in connection with the COVID-19 pandemic, (ii) increases in market rates of interest and (iii) changes in the condition or value of the collateral; and
- the reserves we establish for loan losses, which may prove insufficient.

Liquidity constraints may limit our ability to grow our business.

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

We may experience supply chain disruptions in our operations.

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

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

Our strategic vision and performance are dependent on Gregory Roberts, our Chief Executive Officer, other members of our senior management and certain other key employees. We have an employment agreement with Mr. Roberts which expires in June 2027. We also have employment agreements with Thor Gjerdrum, our President, and Brian Aquilino, our Chief Operating Officer, which expire in June 2025, and with Michael Wittmeyer, the Chief Executive Officer of JMB, which terminates on June 30, 2024.

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

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

We rely on our computer and communications hardware and software systems to execute a large volume of trading transactions each year. With the acquisition of JMB, whose sales are conducted exclusively through the internet, our dependence on computer and communications technology has further increased. It is therefore critical that we maintain uninterrupted operation of these systems, and we have invested considerable resources to protect our systems from physical compromise and security breaches and to maintain backup and redundancy. Nevertheless, our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, including breaches of our transaction processing or other systems, catastrophic events such as fires, tornadoes and hurricanes, and usage errors by our employees. If our systems are breached, damaged or cease to function properly, we may have to make a significant investment to fix or replace them, we may suffer interruptions in our ability to provide quotations or trading services, or to conduct our e-commerce business, in the interim, and we may face costly litigation.

Risks Related to World Events

Our business is influenced by political conditions and world events.

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

Currently, Russia is engaging in significant military action against Ukraine. In response, the U.S. and certain other countries imposed significant sanctions and export controls, and could impose further sanctions and controls, against Russia, Belarus and certain individuals and entities connected to Russian or Belarusian political, business, and financial organizations. The conflict has also created uncertainty regarding, and potential shortages of, grain and fossil fuel supplies in Europe and elsewhere. It is not possible to predict the broader consequences of this conflict, which could materially adversely affect global trade, currency exchange rates, regional economies and the global economy, and its impact on us. We could benefit from the resulting uncertainty and instability, as it may encourage investors to seek perceived safety in the ownership of precious metals. On the other hand, we have a marketing support operation in Austria and have significant business in Germany and other parts of Europe that could be materially and adversely affected by prolonged or expanded military activity in that region. More generally, a depressing effect on the global economy as a consequence of the military action in Ukraine could similarly dampen our business activity and reduce the demand for our products and services.

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

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

There can be no assurance that the recent growth in the precious metals business will continue in future periods. Consumer perceptions with respect to precious coins and metals could shift, these commodities may no longer be viewed as secure investments and the demand for the Company’s products could substantially decline. We cannot predict the performance of our business and operations if and when business conditions revert to more normalized levels. A decline in our future revenues and earnings would have adverse effects on our overall results of operations and could cause our stock price to decline. Moreover, because of the nature of the current business and financial environment, particularly in regards to the precious metal industry, it is difficult to create with any acceptable measure of precision customary financial projections and forecasts for our business over the next several years. This could adversely affect our ability to engage in financial and operational planning for the future.

We have significant operations outside the United States.

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

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

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

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

Risks Related to our Wholesale Sales & Ancillary Services Segment

Our business is dependent on a concentrated customer base.

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

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

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

We operate in a highly competitive industry.

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

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

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

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

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

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

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

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

Our Logistics depository is subject to authorization by our lenders.

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

Risks Related to our Direct-to Consumer Segment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

JMB expects to profit on precious metals acquired from its customers, but that might not be the case.

One of the services that JMB provides to its customers is its program of offering to repurchase precious coins and bullion owned by its customers. We believe that this program encourages the purchase of coins and bullion as an investment because it assures JMB's customers that their investment in the products offered by JMB will be liquid and can be monetized if the customers have a need for cash. JMB offers to repurchase coins and bullion from its customers at prices designed to reflect current market valuations, but also allows JMB to profit on the resale of the products. There can be no assurance, however, that JMB will in fact be able to resell product that it repurchases at a price that will justify the cost of repurchase. In a declining market for precious metal products, JMB could be burdened with substantial amounts of repurchased inventory that it is unable to resell at an economic price, or at all. If JMB were to suspend or discontinue its offer to repurchase coin and bullion from its customers because of adverse market conditions, it could antagonize its customers and impair the perception among its customers that precious coin and bullion is a safe and attractive investment.

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

The Company owns 50% of Precious Metals Purchasing Partners, LLC, ("PMPP"), a joint venture which commenced operations in the first quarter of fiscal year 2020. PMPP purchases products primarily from end-user retail customers, which are then sold to the Company, related parties of the Company or third parties.

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

In addition, PMPP is subject to the risks that it will be unable to sell the product that it acquires at economic prices or at all, similar to the risks described above with respect to JMB's repurchase program.

Risks Related to our Secured Lending Segment

CFC may in certain circumstances be required to repurchase loans that it has securitized.

CFC has entered into a securitization financing whereby it has transferred, and may continue from time to time to transfer, to its AMCF subsidiary loans secured by precious metal coins or bullion. AMCF has issued 4.98% Class A Notes due 2023 and 5.98% Class B Notes due 2023 (collectively, the "AMCF Notes") which are secured by these loans and related assets. While the AMCF Notes are non-recourse to the Company or CFC, CFC is required to provide certain warranties concerning the loans and the security interest in the metals collateral securing the loans. In the event the warranties made with respect to any loan are breached and the breach materially and adversely affects the interests of the noteholders, CFC is required to either cure the breach or repurchase the loan within specified a timeframe. If CFC were to default on its repurchase obligations, this could materially adversely affect the business of CFC, and could adversely affect the Company's future ability to access the credit markets.

CFC and the Company have exposure to the performance of AMCF.

Regulation RR of the SEC requires the sponsor of an asset-backed securitization transaction, or certain of its affiliates, to retain an economic interest in the transaction. In compliance with this rule, CFC retained the equity interest in AMCF, and the Company currently holds $5.0 million of Class B Notes, which are subordinated to the Class A Notes. In addition, CFC and the Company may, from time to time, also contribute cash or sell precious metals to AMCF in exchange for subordinated, deferred payment obligations from AMCF. If the performance of AMCF were to suffer such that AMCF were unable to service its AMCF Notes, CFC and the Company could lose part or all of their investments in AMCF.

Under the terms of the servicing arrangements for the precious metals loan securitization, CFC may be required to liquidate the collateral securing securitized loans, even if this would impair relationships with its customers.

CFC is the servicer for the loans transferred to AMCF in the securitization transaction. If, under certain circumstances, the equity levels of the obligors on particular loans falls below a specified level and those obligors fail to pay in additional equity, CFC is required to liquidate the metals collateral securing those loans within a specified time period. CFC does not have the flexibility to defer or refrain from the liquidation, even if CFC were to determine that it would be in its best interests to do so. This requirement could impair valuable relationships that the Company may otherwise have with its customers whose loans have been securitized.

Although the Company expects to refinance the AMCF Notes, there can be no assurance that it will be able to do so.

The AMCF Notes have a maturity date of December 15, 2023. The Company expects to refinance the AMCF Notes under its Trading Credit Facility, but the Company will require the consent of the lenders under such facility in order to do so, and additional lenders may need to be added to the facility for this purpose. There can be no assurance that the Company will receive the necessary consents or that additional lenders can be identified and joined to the facility. If the AMCF Notes cannot be refinanced using the Trading Credit Facility, the Company may be able to obtain alternative financing for this purpose, including by issuing replacement collateralized notes, although there can be no assurance that the Company would be successful in obtaining such alternative financing. Even if the Company were to be successful in refinancing the AMCF Notes, the interest rate on the replacement financing may be higher than the current rates of the AMCF Notes, making the financing for the Company's bullion loans more costly. If the Company is unable to refinance the AMCF Notes, not only would it risk the exercise of remedies against the collateral for the AMCF Notes, it could also be deprived of other sources of liquidity necessary to conduct its business, including in particular by the lenders' exercising their right of termination under the Trading Credit Facility.

Risks Relating to Commodities

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk Related to our Regulatory Environment

We are subject to laws and regulations.

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

The SEC has promulgated rules mandated by the Dodd-Frank Act regarding disclosure, on an annual basis, of the use of tin, tantalum, tungsten and gold, known as conflict minerals, in products manufactured by public companies. These rules require due diligence to determine whether such minerals originated from the Democratic Republic of Congo ("DRC") or an adjoining country and whether such minerals helped finance the armed conflict in the DRC.

The Company has concluded that it is not currently subject to the conflict minerals rules because it is not a manufacturer of conflict minerals under the definitions set forth in the rules. Depending on developments in the Company’s business, it could become subject to the rules at some point in the future. In that event, there will be costs associated with complying with these disclosure requirements, including costs to determine the origin of gold used in our products. In addition, the implementation of these rules could adversely affect the sourcing, supply and pricing of gold used in our products. Also, we may face disqualification as a supplier for customers and reputational challenges if the due diligence procedures we implement do not enable us to verify the origins for the gold used in our products or to determine that the gold is conflict free.

CFC operates under a California Finance Lenders License issued by the California Department of Financial Protection and Innovation. CFC is required to submit a finance lender law annual report to the state which summarizes certain loan portfolio and financial information regarding CFC. The Department of Financial Protection and Innovation may audit the books and records of CFC to determine whether CFC is in compliance with the terms of its lending license.

The Company believes that its Direct-to-Consumer operations are generally conducted in a manner that does not implicate the jurisdiction of the CFTC, as it does not sell products to retail customers for future delivery. The Commodity Exchange Act (the “CEA”) and the rules and regulations of the CFTC are drafted broadly, however, and practices that the Company does not regard as futures transactions may be regarded as such by the CFTC. The Company and Goldline recently settled an action in which the CFTC alleged, among other things, that certain financing arrangements that were made available to customers constituted off-exchange retail commodity transactions.

Although this matter was settled on terms satisfactory to the Company with no material financial impact, and Goldline has discontinued these particular arrangements and practices, there can be no assurance that the CFTC will not in the future accuse us of violating the CEA or the rules and regulations of the CFTC, or otherwise (along with other federal or state agencies) seek to assert oversight over aspects of our operations which could adversely affect us.

There can be no assurance that the regulation of our trading and lending businesses will not increase or that compliance with the applicable regulations will not become more costly or require us to modify our business practices.

For other risks related to government regulation, see “Risk Factors of General Applicability — We are subject to other laws and regulations,” below.

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

By reason of our Direct-to-Consumer business in particular, we collect personal data.

In 2016, the European Union ("EU") adopted a comprehensive overhaul of its data protection regime from the current national legislative approach to a single European Economic Area Privacy Regulation, the General Data Protection Regulation (“GDPR”), which went into effect in May 2018. The EU data protection regime expands the scope of the EU data protection law to all foreign companies processing personal data of EU residents, imposes a strict data protection compliance regime with severe penalties of up to the greater of 4% of worldwide turnover or €20 million, and includes new rights such as the “portability” of personal data. Although the GDPR applies across the EU without a need for local implementing legislation, EU member states have the ability to interpret the GDPR opening clauses, which permit region-specific data protection legislation and have the potential to create inconsistencies on a country-by-country basis.

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

In 2020, California passed amendments to the California Consumer Privacy Act ("CCPA") that took effect on January 1, 2023. This law provides California consumers with a high level of transparency and broad rights and choices with respect to their personal information. For example, the CCPA grants consumers privacy rights including the rights of data correction and data portability, the right to limit the Company's use of a new subset of personal information called "sensitive personal information" that requires heightened protections, and the right to appeal the Company's response to an individual's exercise of these new or existing privacy rights. The "personal information" regulated by CCPA is broadly defined to include identification or association with a California consumer or household, including demographics, usage, transactions and inquiries, preferences, inferences drawn to create a profile about a consumer, government identification numbers, and education information. Compliance with CCPA requires the implementation of a series of operational measures such as: preparing data maps, inventory, or other records of all personal information pertaining to California residents, households and devices, as well as information sources, usage, storage, and sharing; maintaining and updating detailed disclosures in privacy policies; conducting risk assessments for the use of sensitive personal information; establishing mechanisms (including, at a minimum, a toll-free telephone number and an online channel) to respond to consumers' data access, deletion, portability, and opt-out requests; and providing clear and conspicuous links on the home page of the business' website, where applicable, allowing residents to limit or opt-out of certain data processing activities. CCPA prohibits businesses from discriminating against consumers who have opted out of the sale of their personal information, subject to narrow exceptions. Failure to comply with the CCPA can result in civil penalties up to $7,500 per violation or actual damages suffered by a consumer.

Colorado, Virginia, Utah, and Connecticut also recently passed comprehensive privacy laws that will take effect in 2023, and Iowa's comprehensive privacy law will take effect in 2025. These new U.S. privacy laws have some provisions and requirements similar to the CCPA. However, preparing to comply with the varying requirements of these laws has already subjected the Company to costs and legal fees and will subject the Company to additional costs and risks as they take effect. For example, these laws may limit the Company's ability to use personal information for advertising purposes, may limit the ways in which the Company may use certain categories of personal information, may require the Company to obtain additional permissions from the consumer, and may require revision of the Company's contracts with service providers with whom the Company shares personal information in the course of providing its products and services. These laws may also limit the Company's ability to process sensitive personal information, which includes financial data, account information, identification card numbers, social security numbers, and precise geolocation. The Company will have to update is policies, notices, procedures, and permissions in response to these new privacy laws. The Company may also have to update its advertising practices. Failure to comply with the Virginia, Iowa, and Utah privacy laws can result in civil penalties up to $7,500 per violation. Failure to comply with the Connecticut privacy law can result in civil penalties up to $5,000 per violation. Failure to comply with the Colorado privacy law can result in civil penalties up to $20,000 per violation.

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

The changes introduced by these statutes, and other similar regulations enacted by other jurisdictions, will subject the Company to additional costs and complexity of compliance, by requiring, among other things, changes to the Company's security systems, policies, procedures and practices. In addition, a violation by the Company of the new regulations could expose us to penalties and sanctions.

One or more states or municipalities could assert that the Company is liable for sales and use, commerce, or similar type of taxes, which could adversely affect our business.

We ship product to retail customers throughout the United States. In *South Dakota v. Wayfair, Inc. et al* ("Wayfair"), the U.S. Supreme Court ruled that states may charge tax on purchases made from out-of-state sellers, even if the seller does not have a physical presence in the taxing state. The effect of Wayfair was to uphold economic nexus principles in determining sales and use tax nexus. As a result of the decision, most states have adopted laws that require an out-of-state retailer to register and collect sales and use or other non-income type taxes upon meeting certain economic nexus standards regardless of whether the company has physical presence in the state. Although the Company believes it is complying with these requirements, our interpretation and application of the newly enacted legislation may differ from the states, which could result in the states' attempt to impose additional tax liabilities, including potential penalties and interest. Furthermore, the requirements by state or local governments on out-of-state sellers to collect sales and use taxes could deter futures sales, which could have an adverse impact on our business.

For other risks related to taxation, see "Risk Factors of General Applicability — Changes in U.S. tax law could adversely affect our business," below.

We use lead providers and marketing affiliates to assist us in obtaining new customers and, and if lead providers or marketing affiliates do not comply with an increasing number of applicable laws and regulations, or if our ability to use such lead providers or marketing affiliates is otherwise impaired, it could adversely affect our business.

We are dependent on third parties, referred to as lead providers (or lead generators) and marketing affiliates, as a source of new customers for our Direct-to-Consumer segment and new borrowers for our Secured Lending segment. Our marketing affiliates place our advertisements on their websites that direct potential customers to our websites. Generally, lead providers operate, and also work with their own marketing affiliates who operate, separate websites to attract prospective customers and then sell those "leads" to online traders and lenders. As a result, the success of our Direct-to-Consumer and Secured Lending businesses depends substantially on the willingness and ability of lead providers or marketing affiliates to provide us customer leads at acceptable prices.

If regulatory oversight of lead providers or marketing affiliates is increased, through the implementation of new laws or regulations or the interpretation of existing laws or regulations, our ability to use lead providers or marketing affiliates could be restricted or eliminated. For example, the CFPB has indicated its intention to examine compliance with federal laws and regulations by lead providers and to scrutinize the flow of non-public, private borrower information between lead providers and lead buyers, such as us. Over the past few years, several states have taken actions that have caused us to discontinue the use of lead providers in those states. While these discontinuations did not have a material adverse effect on us, other states may propose or enact similar restrictions on lead providers and potentially on marketing affiliates in the future, and if other states adopt similar restrictions, our ability to use lead providers or marketing affiliates in those states would also be interrupted.

The failure by lead providers or marketing affiliates to comply with applicable laws or regulations, or any changes in laws or regulations applicable to lead providers or marketing affiliates or changes in the interpretation or implementation of such laws or regulations, could have an adverse effect on our business and could increase negative perceptions of our business and industry. Additionally, the use of lead providers and marketing affiliates could subject us to additional regulatory cost and expense. If our ability to use lead providers or marketing affiliates were to be impaired, our business could be materially adversely affected.

Judicial decisions, CFPB rulemaking or amendments to the Federal Arbitration Act could render the arbitration agreements we use illegal or unenforceable.

We include arbitration provisions in our loan and financing agreements. These provisions are designed to allow us to resolve any customer disputes through individual arbitration rather than in court and explicitly provide that all arbitrations will be conducted on an individual and not on a class basis. Thus, our arbitration agreements, if enforced, have the effect of shielding us from class action liability. Our arbitration agreements do not generally have any impact on regulatory enforcement proceedings. We take the position that the arbitration provisions in loan and financing agreements, including class action waivers, are valid and enforceable; however, the enforceability of arbitration provisions is often challenged in court. If those challenges are successful, our arbitration and class action waiver provisions could be unenforceable, which could subject us to additional litigation, including class action litigation.

In addition, the U.S. Congress has considered legislation that would generally limit or prohibit mandatory arbitration agreements in consumer contracts and has enacted legislation with such a prohibition with respect to certain mortgage loan agreements and also certain consumer loan agreements to members of the military on active duty and their dependents. Further, the Dodd-Frank Act directed the CFPB to study consumer arbitration and authorized the CFPB to adopt rules limiting or prohibiting consumer arbitration, consistent with the results of its study. In July 2017, the CFPB issued a new rule on arbitration, which would have prohibited class action waivers in certain consumer financial services contracts. However, in November 2017, a joint resolution passed by Congress was signed disapproving the rule under the Congressional Review Act. Because the rule was disapproved, it cannot be reissued in substantially the same form, and the CFPB cannot issue a substantially similar rule unless the new rule is specifically authorized by a law enacted after the date of the joint resolution disapproving the original rule.

Any judicial decisions, legislation or other rules or regulations that impair our ability to enter into and enforce consumer arbitration agreements and class action waivers could increase our exposure to class action litigation as well as litigation in plaintiff-friendly jurisdictions, which would be costly and could have a material adverse effect on our business.

Our advertising and marketing materials and disclosures related to our Direct-to-Consumer and Secured Lending segments have been and continue to be subject to regulatory scrutiny.

In the jurisdictions where our Direct-to-Consumer business operates, our advertising and marketing activities and disclosures are subject to regulation under various industry standards, borrower protection laws, and other applicable laws and regulations. Consistent with the lending industry as a whole, our advertising and marketing materials have come under increased scrutiny.

There can be no guarantee that we will be able to continue advertising and marketing our business units in a manner we consider effective. Any inability to do so could have a material adverse effect on our business.

Risks Relating to Our Common Stock

We may not continue to pay any dividends in the future.

A-Mark's board of directors recently adopted a regular quarterly cash dividend policy of $0.20 per common share ($0.80 per share on an annual basis). The initial quarterly cash dividend under the policy was paid on October 24, 2022 to stockholders of record as of October 10, 2022. The most recent cash dividend under the policy was paid on April 28, 2023 to stockholders of record as of April 17, 2023. The declaration of regular cash dividends in the future is subject to the determination each quarter by the board of directors, based on a number of factors, including the Company's financial performance, available cash resources, cash requirements and alternative uses of cash and applicable bank covenants.

There can be no assurance that the Company will pay dividends in the future on a regular basis or otherwise. If the board of directors were to determine not to pay dividends in the future, stockholders would not receive any further return on an investment in our capital stock in the form of dividends and may obtain an economic benefit from the common stock only after an increase in its trading price and only by selling the common stock.

In August 2021 and September 2022, the Company paid non-recurring special cash dividends to our stockholders, as a consequence in part of the Company's favorable performance during the preceding periods. There is no assurance that any such non-recurring special dividend will be paid in the future, and if made, the timing or amount of any such dividend.

Your percentage ownership in the Company could be diluted in the future.

Your percentage ownership in A-Mark potentially could be diluted in the future because of additional common stock-based equity awards that we expect will be granted to our directors, officers and employees, including through our current equity incentive plan. In addition, we may issue equity in order to raise capital or in connection with future acquisitions and strategic investments, which could dilute your percentage ownership. For example, in the acquisition of JMB and our increased investments in Pinehurst Coin Exchange, Inc. and Silver Gold Bull, Inc., we issued stock to the selling shareholders in partial consideration for their interests. We also issued stock to the public to finance, in part, the acquisition of JMB.

Provisions in our Certificate of Incorporation and Bylaws and of Delaware law may prevent or delay an acquisition of the Company, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law contain certain anti-takeover provisions that could have the effect of making it more difficult for a third-party to acquire, or of discouraging a third-party from attempting to acquire, control of the Company without negotiating with our board of directors. Such provisions could limit the price that certain investors might be willing to pay in the future for the Company's securities. Certain of such provisions allow the Company to issue preferred stock with rights senior to those of the common stock, impose various procedural and other requirements which could make it more difficult for stockholders to effect certain corporate actions and set forth rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. However, these provisions apply even if an acquisition offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of our Company and our stockholders. Accordingly, in the event that our board determines that a potential business combination transaction is not in the best interests of our Company and our stockholders, but certain stockholders believe that such a transaction would be beneficial to the Company and its stockholders, such stockholders may elect to sell their shares in the Company and the trading price of our common stock could decrease.

Our board and management beneficially own a sizable percentage of our common stock and therefore have the ability to exert substantial influence as stockholders.

Members of our board and management beneficially own approximately 24% of our outstanding common stock. Acting together in their capacity as stockholders, the board members and management could exert substantial influence over matters on which a stockholder vote is required, such as the approval of business combination transactions. Also because of the size of their beneficial ownership, the board members and management may be in a position effectively to determine the outcome of the election of directors and the vote on stockholder proposals. The concentration of beneficial ownership in the hands of our board and management may therefore limit the ability of our public stockholders to influence the affairs of the Company.

Risk Factors of General Applicability

If our customer data were breached, we could suffer damages and loss of reputation.

We maintain significant amounts of customer data on our systems, and certain third-party providers have access to confidential data concerning the Company. A breach of customer data maintained by the Company or third-party providers could damage our reputation and result in costs, fines and lawsuits. Our procedures to protect against unauthorized access to secured data may be inadequate to safeguard against all data security breaches.

The Company's failure or inability to protect its intellectual property could harm its competitive position.

The Company relies on a combination of patent, trade secret, copyright and trademark laws and contractual restrictions, such as confidentiality agreements and licenses, to protect its business, services, know-how and information. The Company's patent, trademarks or service marks may be challenged or found to be unenforceable, and contractual arrangements to protect our intellectual property may be insufficient to prevent its misappropriation. If that were the case, the Company's competitive position would suffer.

Third parties may assert violations of their intellectual property rights against the Company.

Third parties may currently have, or may be issued, patents upon which the technologies used by the Company infringe. The Company could incur significant costs to defend infringements claims, regardless of their validity, or could be required to develop non-infringing technology at considerable expense or be compelled to enter into expensive royalty or license agreements. For example, JMB was compelled to expend significant resources as a consequence of litigation in which it was accused of infringement prior to its acquisition by the Company.

We are subject to other laws and regulations.

In addition to matters discussed above, we are subject to various laws, and regulations, both domestic and foreign, as well as responsible business, social and environmental practices, which may change from time to time. Failure to comply with applicable laws and regulations or implement responsible business practices could subject us to damage to our reputation, lawsuits, criminal exposure, or increased cost of regulatory compliance.

Changes in U.S. tax law could adversely affect our business.

Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common stock. It cannot be predicted whether, when, in what form, or with what effective dates, new tax laws or regulations may be enacted under existing or new tax laws. This could result in an increase in our tax liability or require changes in our business in order to mitigate any adverse effects of changes in tax laws.

Third-party expectations relating to Environment, Social and Governance ("ESG") factors may impose additional costs and expose us to new risks.

In recent years, there has been an increasing focus by stakeholders of public companies—including investors, employees, customers, suppliers, governmental and non-governmental organizations—on ESG matters. A failure, whether real or perceived, to address ESG could adversely affect our business, including by heightening other risks that we face, such as those related to consumer behavior and consumer perceptions of us. We may also face pressure from stakeholders to provide disclosure and establish commitments, targets or goals, and take actions to meet them, regarding ESG. If we fail to satisfy the expectations of investors and other stakeholders or our initiatives are not executed as planned, our reputation, results of our operations and ability to grow our business may be negatively impacted. Additionally, new legislative or regulatory initiatives related to ESG could adversely affect our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Repurchase Program

In April 2018, the Company's board of directors approved a share repurchase program which authorized the Company to purchase up to 1,000,000 shares (as adjusted for the two-for-one split of A-Mark’s common stock in the form of a stock dividend in fiscal 2022) of its common stock. The share repurchase program was initially announced on May 8, 2018. Pursuant to the share repurchase program, which was re-authorized effective as of December 8, 2022, we may repurchase shares of our common stock from time to time at prevailing market prices, depending on market conditions, through open market or privately negotiated transactions. The authorization of the share repurchase program expires on June 30, 2023. Subject to applicable corporate securities laws, repurchases may be made at such times and in amounts as management deems appropriate. We are not obligated to repurchase any shares under the program, and repurchases under the program may be discontinued if management determines that additional repurchases are not warranted.

As of March 31, 2023, the maximum number of shares that may yet be repurchased under the share repurchase program authorized by the Board equaled 664,265 shares. The following table reflects activity related to equity securities we repurchased during the quarter ended March 31, 2023.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
1/1/23-1/31/23	—	—	—	1,000,000
2/1/23-2/28/23	200,000	$ 29.73	200,000	800,000
3/1/23-3/31/23	135,735	$ 27.81	135,735	664,265
Total	335,735	$ 28.96	335,735	

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit
10.1 *	Form of Indemnification Agreement.
10.2 *	Waiver and Fifth Amendment to Credit Agreement.
10.3 **	Employment Agreement, dated February 14, 2023, between A-Mark Precious Metals, Inc. and Gregory N. Roberts. Incorporated by reference to Exhibit 10.1 to the Report on Form 8-K as filed with the Securities and Exchange Commission on February 17, 2023.
31.1 *	Certification Under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification Under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Certification Under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 *	Certification Under Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS *	Inline XBRL Instance Document.
101.SCH *	Inline XBRL Taxonomy Extension Calculation Schema Document.
101.CAL *	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF *	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB *	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE *	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104 *	Cover Page interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith
** Previously filed

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

			A-MARK PRECIOUS METALS, INC.
Date:	May 9, 2023	**By:**	***/s/ Gregory N. Roberts*** Gregory N. Roberts Chief Executive Officer *(Principal Executive Officer)*
Date:	May 9, 2023	**By:**	***/s/ Kathleen Simpson-Taylor*** Kathleen Simpson-Taylor Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title(s)	Date
/s/ Gregory N. Roberts Gregory N. Roberts	Chief Executive Officer and Director *(Principal Executive Officer)*	May 9, 2023
/s/ Kathleen Simpson-Taylor Kathleen Simpson-Taylor	Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*	May 9, 2023

EXHIBIT 10.1

FORM OF INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is made and entered into as of ___________, between A-Mark Precious Metals, Inc., a Delaware corporation (the "**Company**"), and ________________ ("**Indemnitee**").

WITNESSETH THAT:

WHEREAS, Indemnitee is the _________ of the Company; and

WHEREAS, at the request of the Company, the Indemnitee has served and expects to continue to serve on the Board of Directors and as an officer of various affiliates of the Company; and

WHEREAS, the Company desires to hold harmless and indemnify Indemnitee to the fullest extent permitted by law in connection with Indemnitee's service on the Board of Directors and as an officer of all affiliates of the Company.

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as an director and officer of affiliates of the Company from and after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(a) if, by reason of her Corporate Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by her, or on her behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of her Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless, and then only to the extent that, the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of her Corporate Status, a party to (or participant in) and is successful, on the merits or otherwise, in any Proceeding, she shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by her, or on her behalf, in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one (1) or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by her, or on her behalf, in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(d) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by her, or on her behalf, if, by reason of her Corporate Status, she is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. [Reserved]

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of her Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, she shall be indemnified against all Expenses actually and reasonably incurred by her, or on her behalf, in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection

with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free. This Section 5 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 9.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are fully as favorable as may be permitted under the Delaware General Corporation Law (the "DGCL") and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request for indemnification, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification (the "Request"). The Secretary of the Company shall, promptly upon receipt of such a Request, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a Request to the Company, or to provide such a Request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and then only to the extent that, such failure actually and materially prejudices the interests of the Company. The Company will be entitled to participate in the Proceeding at its own Expense.

(b) Upon written Request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board: (i) by a majority vote of the disinterested directors, even though less than a quorum, (ii) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, or (iii), if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iv), if so directed by the Board, by the stockholders of the Company. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(c) [Reserved].

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. The provisions of this Section 6(e) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent, , advisor, employee or consultant of or to the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner she reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the Request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the Request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification), and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) In the event that any Proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, suit or proceeding with or without payment of money or other consideration), it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that her conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after receipt by the Company of the Request for indemnification, (iv) payment of indemnification is not made pursuant to Section 1(c), Section 1(d), Section 4 or the last sentence of Section 6(g) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made pursuant to Sections 1(a), Section 1(b) and Section 2 of this Agreement within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading in connection with a Request or other application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of her rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on her behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by her in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, if, in the case of indemnification, Indemnitee is wholly successful on the underlying claims; if Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders, a resolution of directors of the Company, or otherwise. This Agreement is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of the Company or other insured persons or of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent, fiduciary or other insured person under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) [Reserved].

(d) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (including under any insurance policy maintained or an indemnification right provided by an Enterprise other than the Company), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(f) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee, member of the governing body, general partner, member, agent or fiduciary of, or in any other capacity for, any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision, provided, that the foregoing shall not affect the rights of Indemnitee set forth in Section 8(c) above; or

(b) [Reserved]; or

(c) except as provided in Section 7(e) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) such payment arises in connection with any mandatory counterclaim or cross claim brought or raised by Indemnitee in any Proceeding (or any part of any Proceeding) or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

10. Duration of Agreement; Successors.

(a) All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is a director, officer of the Company or in any other Corporate Status, including serving at the request of the Company as a director, officer, employee, member of the governing body, general partner, member, agent or fiduciary of, or in any other capacity for, another corporation, partnership, joint venture, trust or other Enterprise, and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of her current or previous Corporate Status, whether or not she is acting or serving in any such capacity at the time any Proceeding is brought or any liability or expense is incurred for which indemnification can be provided under this Agreement.

(b) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

11. [Reserved].

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer of the Company and to serve in Corporate Status at subsidiaries, affiliates and other Enterprises, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

13. Definitions. For purposes of this Agreement:

(a) "**Corporate Status**" describes the status of a person who is or was a director, officer, employee, member of the governing body, general partner, member, agent or fiduciary of, or in any other capacity for, the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise that such person is or was serving at the request of the Company.

(b) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "**Enterprise**" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other entity that Indemnitee is or was serving at the request of the Company as a director, officer, employee, member of the governing body, general partner, member, agent or fiduciary, or in any other capacity.

(d) "**Expenses**" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, costs of administrative support for discovery, telephone charges, postage, delivery service fees, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent (ii) Expenses incurred in connection with recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee is ultimately determined to be entitled to such indemnification, advancement or Expenses or insurance recovery, as the case may be, and (iii) for purposes of Section 7(e) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, the Certificate of Incorporation, the Bylaws or under any directors' and officers' liability insurance policies maintained by the Company, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) [Reserved]

(f) "**Proceeding**" includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of her Corporate Status, by reason of any action taken by her, or of any inaction on her part, while acting in her Corporate Status; in each case whether or not she is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce her rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Without limiting the generality of the foregoing, this Agreement is intended to confer upon indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless, and then only to the extent that, such failure or delay materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:
2121 Rosecrans Ave., Suite 6300
El Segundo, California 90245
Attention: Thor Gjerdrum, President

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

19. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum. Indemnitee hereby by agrees and consents to be identified as an officer of the Company for purposes of 10 Del. § 3114 (pursuant to 10 Del. § 3114(b)(3)).

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

A-Mark Precious Metals, Inc.

By:______________________
Name: Gregory N. Roberts
Title: Chief Executive Officer

INDEMNITEE

______
[NAME]

Address:

EXHIBIT 10.2

WAIVER AND FIFTH AMENDMENT TO CREDIT AGREEMENT

THIS WAIVER AND FIFTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), effective as of March 30, 2023, is by and among A-MARK PRECIOUS METALS, INC., a Delaware corporation (the "Borrower"), the other Loan Parties party hereto, the Lenders party hereto, and CIBC BANK USA, as administrative agent for the Lenders (in such capacity, the "Agent").

RECITALS

A) The Borrower, the other Loan Parties from time to time party thereto, the Lenders from time to time party thereto, and Agent are party to a Credit Agreement, dated as of December 21, 2021 (as amended by the First Amendment to Credit Agreement, dated as of April 22, 2022, the Waiver and Second Amendment to Credit Agreement, dated as of September 1, 2022, the Joinder and Third Amendment to Credit Agreement, dated as of September 30, 2022, the Fourth Amendment to Credit Agreement, dated as of December 5, 2022, and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

B) Pursuant to the terms of Section 11.1(xi), the Borrower's Permitted Secured Metals Lease Obligations in an aggregate principal amount outstanding at any time may not exceed $40,000,000 on more than five separate occasions in any Fiscal Year;

C) The Borrower has informed the Agent that Borrower has exceeded $40,000,000 of Permitted Secured Metals Lease Obligations on more than five separate occasions in the 2022 Fiscal Year in violation of Section 11.1(xi)and, pursuant to Section 13.1(e), such violation is an Event Default under the Credit Agreement;

D) The Borrower has requested that the Agent and the Lenders waive the Event of Default under Section 11.1(xi) and amend Section 11.1(xi) pursuant to the terms and conditions set forth herein;

E) The Borrower desires to modify certain terms and conditions of the Credit Agreement on the terms and conditions set forth herein; and

F) The Agent and the Lenders are willing to agree to the requested waiver and the modifications contained in this Amendment, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing promises and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Defined Terms. Capitalized terms used in this Amendment and not defined herein shall have the meaning given in the Credit Agreement.

2. Waiver. The Agent and the Lenders party hereto hereby waive the Borrower's technical Event of Default under Section 11.1(xi) of the Credit Agreement. Except as set forth herein, the execution of this Amendment by the Agent and the Lenders party hereto does not and shall not constitute a waiver of any other provision set

forth in the Credit Agreement or the other Loan Documents or a consent to any other Acquisition that does not qualify as a Permitted Acquisition.

3. Amendments to Credit Agreement.

i. The following defined terms are hereby added to Section 1.1 of the Credit Agreement in proper alphabetical order:

"“**Fifth Amendment**” means the Waiver and Fifth Amendment to Credit Agreement, dated as of the Fifth Amendment Effective Date, by and among the Borrower, the other Loan Parties party thereto, the Lenders party thereto, and Agent.”

"“**Fifth Amendment Effective Date**” means March 30, 2023.”

ii. Clause (q) of the definition of “**Permitted Acquisition**” is hereby amended and restated in its entirety as follows:

“(q) Borrower and its domestic Wholly-Owned Subsidiaries shall not consummate more than four (4) Acquisitions and Investments permitted under Section 11.11(xv) in any Fiscal Year (other than de-minimis Acquisitions where the aggregate consideration paid in connection with the Acquisition is less than or equal to $10,000,000 (for purposes hereof, consideration shall include all amounts paid or payable in connection with an Acquisition, including all transaction costs and all debt, liabilities and contingent obligations incurred or assumed in connection therewith)); provided that, Borrower and its domestic Wholly-Owned Subsidiaries shall not consummate more than one (1) Acquisition or Investments permitted under Section 11.11(xv) during the term of this Agreement where the aggregate consideration paid in connection with the Acquisition or Investment is equal to or greater than $25,000,000 (for purposes hereof, consideration shall include all amounts paid or payable in connection with an Acquisition (including all transaction costs and all debt, liabilities and contingent obligations incurred or assumed in connection therewith)), without the prior approval of the Required Lenders;”

iii. Section 11.11(xv)(E) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“**(E)** the Loan parties shall not consummate more than four (4) Permitted Acquisitions and Investments permitted under this Section 11.11(xv) in any Fiscal Year (other than de-minimis Acquisitions where the aggregate consideration paid in connection with the Acquisition is less than or equal to $10,000,000 (for purposes hereof, consideration shall include all amounts paid or payable in connection with an Acquisition, including all transaction costs and all debt, liabilities and contingent obligations incurred or assumed in connection therewith)); provided that, the Loan Parties shall not consummate more than one (1) Permitted Acquisition or Investment permitted under this Section 11.11(xv) during the term of this Agreement where the aggregate consideration paid in connection with the Permitted Acquisition or

Investment is equal to or greater than $25,000,000 (for purposes hereof, consideration shall include all amounts paid or payable in connection with an Acquisition (including all transaction costs and all debt, liabilities and contingent obligations incurred or assumed in connection therewith)) without the prior approval of the Required Lenders; provided further that, the aggregate consideration paid in connection with any single Permitted Acquisition (or series of related Acquisitions) shall not be greater than $200,000,000 in the aggregate (for purposes hereof, consideration shall include all amounts paid or payable in connection with an Acquisition (including all transaction costs and all debt, liabilities and contingent obligations incurred or assumed in connection therewith)."

iv. Schedule 1.1(E) (Approved Carriers) to the Credit Agreement is hereby replaced with the form of Attachment A to this Amendment.

v. Section 11.1(xi) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"**(xi)** Permitted Secured Metals Lease Obligations in an aggregate principal amount outstanding at any time not to exceed $40,000,000; provided that an aggregate principal amount outstanding of Permitted Secured Metals Lease Obligations in excess of $40,000,000 shall not be a violation of this Section 11.1(xi) if cured within one business day after receiving notice by the Agent of such excess;"

4. Loan Document Amendments. Each of the other Loan Documents is hereby amended to conform to the amendments to the Credit Agreement as set forth in Paragraph 3 above.

5. Ratification of Loan Documents and Collateral. The Loan Documents are ratified and affirmed by the Borrower, and shall remain in full force and effect, as modified by this Amendment. Any property or rights to or interests in property granted as security in the Loan Documents shall remain as security for the Loans and the Obligations of Borrower and the other Loan Parties in the Loan Documents.

6. Payment of Costs and Fees. Borrower shall reimburse Agent for all attorney costs, search fees and other expenses incurred in connection with the negotiation, drafting, execution, filing and recording of this Amendment and any related Loan Documents.

7. Conditions Precedent. Notwithstanding anything to the contrary set forth herein, the terms and provisions of this Amendment shall not be effective unless and until all of the following shall have occurred or been waived by Agent and the Lenders:

i. Borrower, the Loan Parties party hereto, the Lenders party hereto, and Agent shall have executed and delivered this Amendment to Agent.

ii. No Event of Default or Default shall have occurred and be continuing on the date hereof or would exist after giving effect to this Amendment.

iii. Borrower shall have paid all fees required to be paid pursuant to Paragraph 6hereof.

iv. Borrower shall have provided to Agent such other items and shall have satisfied such other conditions as may be reasonably required by Agent or any Lender party hereto.

8. Post-Closing Obligations. Within 90 days of the Fifth Amendment Effective Date, Borrower shall have executed and delivered a Carrier Control Agreement, by and between Borrower and United States Armored Company, to Agent.

9. Representations, Warranties and Covenants. Each Loan Party represents, warrants and covenants to Agent and the Lenders that:

i. No Default or Event of Default under any of the Loan Documents, after giving effect to this Amendment, has occurred and is continuing.

ii. After giving effect to the amendments and waivers provided for in this Amendment, each and all representations and warranties of the Loan Parties in the Loan Documents are true and correct in all material respects (without duplication as to any materiality modifiers, qualifications or limitations set forth therein) on the date hereof (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date, without duplication as to any materiality modifiers, qualifications or limitations set forth therein).

iii. No Loan Party has any claims, counterclaims, defenses or set-offs with respect to the Loans or the Loan Documents as modified herein.

iv. The Loan Documents as modified herein are the legal, valid, and binding obligation of each Loan Party, enforceable against each such Loan Party in accordance with their terms.

v. Each Loan Party validly exists under the laws of the State of Delaware, and has the requisite power and authority to execute and deliver this Amendment and to perform the Loan Documents as modified herein. The execution and delivery of this Amendment and the performance of the Loan Documents as modified herein have been duly authorized by all requisite action by or on behalf of the Borrower and each other Loan Party that is a party hereto. This Amendment has been duly executed and delivered by the Borrower and each other Loan Party that is a party hereto.

10. Miscellaneous. Section 15.8 (*Governing Law*), Section 15.20 (*Forum Selection and Consent to Jurisdic*tion) and Section 15.21 (*Waiver of Jury Trial*) of the Credit Agreement are incorporated *mutatis mutandis*.

11. No Novation. Nothing in this Amendment shall be construed to be or constitute any novation of Borrower's obligations to the Lenders or the Agent.

12. Claims Release. Each Loan Party hereby fully, finally and forever releases, waives, and discharges Agent and each Lender and its successors, assigns, directors, officers, employees, agents and representatives (each a "Releasee") from any and

all actions, causes of action, claims, debts, demands, liabilities, obligations and suits ("Claims") of whatever kind or nature, in law or in equity, that such Loan Party has or in the future may have, whether known or unknown, arising from events prior to the date hereof in respect to the Loan and the Loan Documents; provided, that with respect to any Releasee, the foregoing release shall not apply to (x) any Claims arising as a result of material breach by, such Releasee of this Amendment, or (y) any Claims resulting from such Releasee's gross negligence, willful misconduct or bad faith as determined by a final, non-appealable judgment of a court of competent jurisdiction.

13. Headings of Subdivisions. The headings of subdivisions in this Amendment are for convenience of reference only, and shall not govern the interpretation of any of the provisions of this Amendment.

14. Counterpart Execution. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument. Delivery of an executed counterpart of this Amendment by pdf or facsimile shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by pdf or facsimile also shall deliver an original executed counterpart of this Amendment but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written. This Amendment shall constitute a Loan Document.

BORROWER:

A-MARK PRECIOUS METALS, INC.

By: /s/ Thor Gjerdrum

Name: Thor Gjerdrum

Title: President

SUBSIDIARY GUARANTORS:

CFC ALTERNATIVE INVESTMENTS, LLC

By: its sole member, A-Mark Precious Metals, Inc.

By: /s/ Thor Gjerdrum

Name: Thor Gjerdrum

Title: President

AM IP ASSETS, LLC

By: /s/ Thor Gjerdrum

Name: Thor Gjerdrum

Title: President

A-M GLOBAL LOGISTICS, LLC

By: /s/ Thor Gjerdrum

Name: Thor Gjerdrum

Title: President

COLLATERAL FINANCE CORPORATION

By: /s/ Gregory N. Roberts

Name: Gregory N. Roberts

Title: Chief Executive Officer

TRANSCONTINENTAL DEPOSITORY SERVICES, LLC

By: /s/ Gregory N. Roberts

Name: Gregory N. Roberts

Title: Chief Executive Officer

AM&ST ASSOCIATES, LLC

By: /s/ Gregory N. Roberts

Name: Gregory N. Roberts

Title: Chief Executive Officer

GOLDLINE, INC.

By: /s/ Gregory N. Roberts

Name: Gregory N. Roberts

Title: Chief Executive Officer

AM SERVICES, LLC

By: /s/ Gregory N. Roberts

Name: Gregory N. Roberts

Title: Chief Executive Officer

JM BULLION, INC.

By: /s/ Michael Wittmeyer

Name: Michael Wittmeyer

Title: President

GOLD PRICE GROUP

By: /s/ Michael Wittmeyer

Name: Michael Wittmeyer

Title: President

SILVER.COM, INC.

By: /s/ Michael Wittmeyer

Name: Michael Wittmeyer

Title: President

PROVIDENT METALS CORP

By: /s/ Michael Wittmeyer

Name: Michael Wittmeyer

Title: President

BUY GOLD AND SILVER CORP

By: /s/ Thor Gjerdrum

Name: Thor Gjerdrum

Title: President

MARKSMEN HOLDINGS, LLC

By: /s/ Thor Gjerdrum

Name: Thor Gjerdrum

Title: President

<u>AGENT:</u>

CIBC BANK USA

By: /s/ Jason J. Simon

Name: J.J. Simon

Title: Managing Director

PREMIER VALLEY BANK, as a Lender

By: /s/ Gary Fowler

Name: Gary Fowler

Title: Managing Director

AXOS BANK, as a Lender

By: /s/ Marc Kantor

Name: Marc Kantor

Title: SVP

BOKF, NA DBA BANK OF OKLAHOMA, as a Lender

By: /s/ Cory Christofferson

Name: Cory Christofferson

Title: SVP

ZIONS BANCORPORATION, N.A., dba CALIFORNIA BANK & TRUST, as a Lender

By: /s/ Tomas Jost

Name: Tomas Jost

Title: SVP

FIRST FOUNDATION BANK, as a Lender

By: /s/ Joe Kucik

Name: Joe Kucik

Title: SVP

HSBC BANK USA, N.A., as a Lender

By: /s/ Scott Yeager

Name: Scott Yeager

Title: Managing Director, FIG

TEXAS CAPITAL BANK, as a Lender

By: /s/ Megan Perkins

Name: Megan Perkins

Title: Vice President

BROWN BROTHERS HARRIMAN & CO., as a Lender

By: /s/ Lewis J. Hart

Name: Lewis J. Hart

Title: Managing Director

COÖPERATIVE RABOBANK U.A., NEW YORK BRANCH, as a Lender

By: /s/ Alex Zabrodsky

Name: Alex Zabrodsky

Title: Vice President

By: /s/ Edward Santos

Name: Edward Santos

Title: Executive Director

Attachment A

Schedule 1.1E
Approved Carriers

Carrier	**Limit**
Brink’s Global Services International Inc.	$50,000,000
IBI Armored Services, Inc.	$20,000,000
Loomis Armored Transport	$50,000,000
United States Armored Company	$32,000,000

Exhibit 31.1

CERTIFICATION

I, Gregory N. Roberts, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of A-Mark Precious Metals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2023

/s/ Gregory N. Roberts

Gregory N. Roberts
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Kathleen Simpson-Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of A-Mark Precious Metals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2023

/s/ Kathleen Simpson-Taylor
Kathleen Simpson-Taylor
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with A-Mark Precious Metals, Inc.'s (the “Company”) Quarterly Report on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 9, 2023

/s/ Gregory N. Roberts
Gregory N. Roberts
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with A-Mark Precious Metals, Inc.'s (the "Company") Quarterly Report on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 9, 2023

/s/ Kathleen Simpson-Taylor
Kathleen Simpson-Taylor
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.