

November 14, 2017



A-Mark Precious Metals Reports Fiscal First Quarter 2018 Results

EL SEGUNDO, Calif., Nov. 14, 2017 (GLOBE NEWSWIRE) -- **A-Mark Precious Metals, Inc.** (NASDAQ:AMRK), a full-service precious metals trading company and an official distributor for all the major sovereign mints, reported results for the fiscal first quarter ended September 30, 2017.

Fiscal Q1 2018 Financial Highlights

- Revenues increased 20% to \$2.16 billion from \$1.81 billion for the three months ended September 30, 2016 and increased 63% from \$1.33 billion for the three months ended June 30, 2017
- Gross profit decreased 9% to \$7.3 million from \$8.1 million for the three months ended September 30, 2016 and increased 20% from \$6.1 million for the three months ended June 30, 2017
- Net income decreased 75% to \$478,000 or \$0.07 per diluted share from \$2.0 million or \$0.27 per diluted share for the three months ended September 30, 2016 and decreased 61% from \$1.2 million or \$0.17 per diluted share for the three months ended June 30, 2017
- Gold ounces sold decreased 37% to 332,000 ounces from 530,000 for the three months ended September 30, 2016 and increased 14% from 290,000 for the three months ended June 30, 2017
- Silver ounces sold decreased 33% to 14.5 million ounces from 21.8 million ounces for the three months ended September 30, 2016 and increased 3% from 14.1 million from the three months ended June 30, 2017
- Trading ticket volume increased 35% to 29,833 tickets from 22,031 for the three months ended September 30, 2016 and increased 6% from 28,098 for the three months ended June 30, 2017 (this increase was due in part to the company's online trading portal, which allows for smaller minimum order sizes)
- As of September 30, 2017, the number of secured loans increased 47% to 2,454 from 1,667 as of September 30, 2016 and increased 3% from 2,375 as of June 30, 2017

Fiscal Q1 2018 Financial Results

Revenues increased 20% to \$2.16 billion from \$1.81 billion in the same year-ago quarter. The increase in revenues was mainly due to higher forward sales, partially offset by a decrease in the amount of gold and silver prices and ounces sold.

Gross profit decreased 9% to \$7.3 million (0.3% of revenue) from \$8.1 million (0.4% of revenue) in the same year-ago quarter. The decrease in gross profit was primarily related to a decrease in the total volume of gold and silver ounces sold and trading profits partially offset by increased gross profits from the company's new Goldline subsidiary. The decrease in volume of gold and silver ounces sold was primarily related to slower market conditions in

the current period compared to the same year-ago quarter.

Selling, general and administrative expenses increased 23% to \$7.0 million from \$5.7 million in the same year-ago quarter. The increase was primarily due to the acquisition of Goldline on August 28, 2017, whose September results are included in the consolidated earnings for fiscal Q1 2018, partially offset by a decrease in performance-based compensation expense.

Interest income increased 10% to \$3.2 million from \$2.9 million in same year-ago quarter. The increase in interest income was primarily due to an increase in the size of the company's loan portfolio, which generated an increase in interest income of \$0.4 million as compared to the same year-ago quarter, an increase of 21%.

Interest expense increased 22% to \$2.7 million from \$2.2 million in same year-ago quarter. The increase was primarily due to a greater usage of the company's lines of credit, the new Goldline Credit Facility and other product financing arrangements. The increase was also due, in part, to higher LIBOR interest rates, which went into effect subsequent to the Federal Reserve rate increases and increased amortization of loan facility costs.

Net income decreased 75% to \$478,000 or \$0.07 per diluted share as compared to \$2.0 million or \$0.27 per diluted share in the same year-ago quarter. This decrease in net income was due primarily to lower physical sales volumes.

Management Commentary

"Although demand for physical precious metals products remains subdued industrywide, we believe we are gaining market share and continue to look for ways to do more business in this environment," said company CEO Greg Roberts. "To that end, we are judiciously investing in growth areas to further diversify our business and offerings, with the objective of being in a stronger position to capitalize on profitable opportunities when market conditions improve.

"One recent example of this strategy is our acquisition of Goldline, a leading direct retailer of precious metals to the investor community, which we completed at the end of August. While the costs associated with the acquisition adversely affected our results for the first quarter, we believe the acquisition presents a substantial opportunity for us to leverage Goldline's marketing platform to upsell and cross-sell our suite of services to their 150,000 clients and prospective client leads."

Conference Call

A-Mark will hold a conference call today (November 14, 2017) to discuss these financial results. The company's CEO Greg Roberts, President Thor Gjerdrum and CFO Cary Dickson will host the call at 4:30 p.m. Eastern time (1:30 p.m. Pacific time). A question and answer session will follow management's presentation.

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

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

International number: 1-201-689-8562

The conference call will be broadcast simultaneously and available for replay via the

Investor Relations section of A-Mark's website at www.amark.com. If you have any difficulty connecting with the conference call or webcast, please contact Liolios Group at 949-574-3860.

A replay of the call will be available after 7:30 p.m. Eastern time through November 28, 2017.

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

International replay number: 1-412-317-6671

Conference ID: 13673299

About A-Mark Precious Metals

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

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

Through its subsidiary Collateral Finance Corporation, a licensed California Finance Lender, the company offers loans collateralized by numismatic and semi-numismatic coins and bullion to coin and metal dealers, investors and collectors. Through its Transcontinental Depository Services subsidiary, it offers a variety of managed storage options for precious metals products to financial institutions, dealers, investors and collectors around the world. Through its A-M Global Logistics subsidiary, the company provides its customers an array of complementary services, including storage, shipping, handling, receiving, processing, and inventorying of precious metals and custom coins on a secure basis. Through its Goldline subsidiary, A-Mark sells precious metals directly to the global collector and investor community, while also acting as the exclusive supplier to Goldline. For more information, visit www.goldline.com.

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

Important Cautions Regarding Forward-Looking Statements

Statements in this press release that relate to future plans, objectives, expectations, performance, events and the like are "forward-looking statements" within the meaning of the

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

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

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

	September 30, 2017	June 30, 2017
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash	\$ 8,357	\$ 13,059
Receivables, net	42,133	39,295
Derivative assets	20,326	17,587
Secured loans receivable	88,871	91,238
Inventories:		
Inventories	186,720	149,316
Restricted inventories	124,864	135,343
	<u>311,584</u>	<u>284,659</u>
Income taxes receivable	5,881	—
Prepaid expenses and other assets	2,627	1,183
Total current assets	<u>479,779</u>	<u>447,021</u>
Plant, property and equipment, net	8,320	6,607
Goodwill	10,331	8,881
Intangibles, net	8,910	4,065
Long-term investments	8,024	7,967
Deferred tax assets - non-current	1,176	3,959
Total assets	<u>\$ 516,540</u>	<u>\$ 478,500</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit	\$ 219,000	\$ 180,000
Liability on borrowed metals	15,010	5,625
Product financing arrangements	124,864	135,343
Accounts payable	45,660	41,947
Derivative liabilities	23,989	34,582
Note payable - related party	—	500
Accrued liabilities	4,831	4,945
Income taxes payable	—	1,418
Total current liabilities	<u>433,354</u>	<u>404,360</u>
Deferred tax liabilities - non-current	1,904	—
Debt obligation (related party)	6,818	—
Other long-term liabilities (related party)	1,123	1,117
Total liabilities	<u>443,199</u>	<u>405,477</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of September 30, 2017 and June 30, 2017	—	—
Common Stock, par value \$0.01; 40,000,000 shares authorized; 7,031,450 shares issued and outstanding as of September 30, 2017 and June 30, 2017	71	71
Additional paid-in capital	23,962	23,526
Retained earnings	45,910	45,994
Total A-Mark Precious Metals, Inc. stockholders' equity	<u>69,943</u>	<u>69,591</u>
Non-controlling interest	3,398	3,432
Total stockholders' equity	<u>73,341</u>	<u>73,023</u>
Total liabilities, non-controlling interest and stockholders' equity	<u>\$ 516,540</u>	<u>\$ 478,500</u>

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

	Three Months Ended September 30,	2017	2016
Revenues	\$	2,163,790	\$ 1,805,653
Cost of sales		2,156,484	1,797,589
Gross profit		<u>7,306</u>	<u>8,064</u>
Selling, general and administrative expenses		(6,976)	(5,664)
Interest income		3,161	2,884
Interest expense		(2,733)	(2,241)
Other income (expense)		61	(39)
Unrealized loss on foreign exchange		(101)	(6)
Net income before provision for income taxes		<u>718</u>	<u>2,998</u>
Provision for income taxes		(274)	(1,059)
Net income		444	1,939
Add: Net loss attributable to non-controlling interest		(34)	(11)
Net income attributable to the Company	\$	<u>478</u>	<u>\$ 1,950</u>
 Basic and diluted income per share attributable to A-Mark Precious Metals, Inc.:			
Basic	\$	<u>0.07</u>	<u>\$ 0.28</u>
Diluted	\$	<u>0.07</u>	<u>\$ 0.27</u>
 Weighted average shares outstanding:			
Basic		<u>7,031,400</u>	<u>7,023,300</u>
Diluted		<u>7,122,400</u>	<u>7,108,500</u>

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

	Three Months Ended	September 30, 2017	September 30, 2016
Cash flows from operating activities:			
Net income		\$ 444	\$ 1,939
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization		529	321
Amortization of loan cost		233	204
Deferred income taxes		4,687	1,868
Interest added to principal of secured loans		(15)	(17)
Share-based compensation		436	191
Earnings from equity method investment		(57)	14
Receivables		(1,792)	22,556
Secured loans		(77)	(3,262)
Secured loans to Former Parent		(2,215)	1,369
Derivative assets		(1,914)	4,957
Income tax receivable		(5,881)	(1,023)
Inventories		(14,384)	(52,558)
Prepaid expenses and other assets		(802)	(357)
Accounts payable		1,417	14,606
Derivative liabilities		(10,593)	(22,935)
Liabilities on borrowed metals		436	(156)
Accrued liabilities		(3,147)	(3,787)
Earn-out payments for related party contingent consideration in excess of acquisition-date fair value		(208)	—
Receivable from/payables to Former Parent		—	203
Income taxes payable		(1,418)	—
Net cash used in operating activities		<u>(34,321)</u>	<u>(35,867)</u>
Cash flows from investing activities:			
Capital expenditures for property and equipment		(318)	(336)
Secured loans, net		4,674	(10,368)
Acquisition of subsidiary, net of cash		(9,548)	(3,421)
Net cash used in investing activities		<u>(5,192)</u>	<u>(14,125)</u>
Cash flows from financing activities:			
Product financing arrangements, net		(10,478)	58,431
Dividends		(562)	—
Borrowings (repayments) under lines of credit, net		39,000	(9,000)
Proceeds from issuance of debt obligation payable to related party		7,500	—
Repayments on notes payable to related party		(500)	—
Stock award grant		—	172
Debt funding fees		(149)	—
Net cash provided by financing activities		<u>34,811</u>	<u>49,603</u>
Net decrease in cash, cash equivalents, and restricted cash		(4,702)	(389)
Cash, cash equivalents, and restricted cash, beginning of period		13,059	17,142
Cash, cash equivalents, and restricted cash, end of period		<u>\$ 8,357</u>	<u>\$ 16,753</u>

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

	Three Months Ended	September 30, 2017	September 30, 2016
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest expense	\$	1,823	\$ 1,456
Income taxes	\$	2,869	\$ 307
Non-cash investing and financing activities:			
Interest added to principal of secured loans	\$	15	\$ 17
Debt funding fee	\$	534	\$ —
Contribution of assets from minority interest	\$	—	\$ 3,454
Payable to minority interest partner for acquired business	\$	—	\$ 500
Earn out obligation payable to minority interest partner	\$	—	\$ 1,523

Overview of Results of Operations for the Three Months Ended September 30, 2017 and 2016

Condensed Consolidated Results of Operations

The operating results of our business for the three months ended September 30, 2017 and 2016 are as follows:

in thousands, except per share data

Three Months Ended September 30,	2017		2016		\$	%
	\$	% of revenue	\$	% of revenue	Increase/ (decrease)	Increase/ (decrease)
Revenues	\$ 2,163,790	100.000 %	\$ 1,805,653	100.000 %	\$ 358,137	19.8 %
Gross profit	7,306	0.338 %	8,064	0.447 %	\$ (758)	(9.4)%
Selling, general and administrative expenses	(6,976)	(0.322)%	(5,664)	(0.314)%	\$ 1,312	23.2 %
Interest income	3,161	0.146 %	2,884	0.160 %	\$ 277	9.6 %
Interest expense	(2,733)	(0.126)%	(2,241)	(0.124)%	\$ 492	22.0 %
Other income (expense)	61	0.003 %	(39)	(0.002)%	\$ 100	(256.4)%
Unrealized gain on foreign exchange	(101)	(0.005)%	(6)	— %	\$ (95)	NM
Net income before provision for income taxes	718	0.033 %	2,998	0.166 %	\$ (2,280)	(76.1)%
Provision for income taxes	(274)	(0.013)%	(1,059)	(0.059)%	\$ (785)	(74.1)%
Net income	444	0.021 %	1,939	0.107 %	\$ (1,495)	(77.1)%
Net loss attributable to non-						
Add: controlling interest	(34)	(0.002)%	(11)	(0.001)%	\$ 23	NM
Net income attributable to the Company	\$ 478	0.022 %	\$ 1,950	0.108 %	\$ (1,472)	(75.5)%

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

Per Share Data:

Basic	\$ 0.07	\$ 0.28	\$ (0.21)	(75.0)%
Diluted	\$ 0.07	\$ 0.27	\$ (0.20)	(74.1)%

NM Not meaningful.

Source: A-Mark Precious Metals