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 September 30, 2024

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-MARK PRECIOUS METALS, INC.
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 November 1, 2024, the registrant had 23,184,059 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 September 30, 2024

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

	September 30, 2024 (unaudited)	June 30, 2024
ASSETS		
Current assets		
Cash	$ 46,924	$ 48,636
Receivables, net	71,831	36,596
Derivative assets	108,721	114,720
Secured loans receivable	101,887	113,067
Precious metals held under financing arrangements	27,354	22,066
Inventories:		
Inventories	735,555	579,400
Restricted inventories	541,744	517,744
	1,277,299	1,097,144
Income tax receivable	2,338	1,562
Prepaid expenses and other assets	9,188	8,412
Total current assets	1,645,542	1,442,203
Operating lease right of use assets	8,990	9,543
Property, plant, and equipment, net	20,008	20,263
Goodwill	199,937	199,937
Intangibles, net	97,807	101,663
Long-term investments	51,005	50,458
Other long-term assets	5,728	3,753
Total assets	$ 2,029,017	$ 1,827,820
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Liabilities on borrowed metals	$ 39,487	$ 31,993
Product financing arrangements	541,744	517,744
Accounts payable and other payables	10,712	18,831
Deferred revenue and other advances	327,556	263,286
Derivative liabilities	46,045	26,751
Accrued liabilities	17,378	16,798
Notes payable	6,694	8,367
Total current liabilities	989,616	883,770
Lines of credit	337,000	245,000
Notes payable	3,994	3,994
Deferred tax liabilities	22,293	22,187
Other liabilities	11,397	11,013
Total liabilities	1,364,300	1,165,964
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of September 30, 2024 or June 30, 2024	—	—
Common stock, par value $0.01; 40,000,000 shares authorized; 24,196,095 and 23,965,427 shares issued and 23,184,059 and 22,953,391 shares outstanding as of September 30, 2024 and June 30, 2024, respectively	242	240
Treasury stock, 1,012,036 and 1,012,036 shares at cost as of September 30, 2024 and June 30, 2024, respectively	(28,277)	(28,277)
Additional paid-in capital	172,372	168,771
Accumulated other comprehensive income	167	61
Retained earnings	466,556	466,838
Total A-Mark Precious Metals, Inc. stockholders' equity	611,060	607,633
Noncontrolling interests	53,657	54,223
Total stockholders' equity	664,717	661,856
Total liabilities and stockholders' equity	$ 2,029,017	$ 1,827,820

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 September 30, 2024	Three Months Ended September 30, 2023
Revenues	$ 2,715,096	$ 2,484,618
Cost of sales	2,671,653	2,435,213
Gross profit	43,443	49,405
Selling, general, and administrative expenses	(26,617)	(21,845)
Depreciation and amortization expense	(4,709)	(2,792)
Interest income	7,087	6,102
Interest expense	(9,987)	(9,823)
Earnings from equity method investments	578	2,709
Other income, net	200	273
Unrealized gains (losses) on foreign exchange	178	(94)
Net income before provision for income taxes	10,173	23,935
Income tax expense	(1,755)	(4,952)
Net income	8,418	18,983
Net (loss) income attributable to noncontrolling interests	(566)	156
Net income attributable to the Company	$ 8,984	$ 18,827
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:		
Basic	$ 0.39	$ 0.81
Diluted	$ 0.37	$ 0.77
Weighted-average shares outstanding:		
Basic	23,028,600	23,364,700
Diluted	23,979,500	24,532,600

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	Retained Earnings	Accumulated other comprehensive	Treasury Stock		Total A-Mark Precious Metals, Inc. Stockholders'	Non-controlling	Total Stockholders’
	Shares	Amount	Capital		income (loss)	Shares	Amount	Equity	Interest	Equity
Balance, June 30, 2023	23,672,122	$ 237	$ 169,034	$ 440,639	$ (1,025)	(335,735)	$ (9,762)	$ 599,123	$ 1,270	$ 600,393
Net income	—	—	—	18,827	—	—	—	18,827	156	18,983
Share-based compensation	—	—	664	—	—	—	—	664	—	664
Cumulative translation adjustment, net of tax	—	—	—	—	187	—	—	187	—	187
Exercise of share-based awards	159,999	2	958	—	—	—	—	960	—	960
Net settlement of share-based awards	10,556	—	(307)	—	—	—	—	(307)	—	(307)
Repurchases of common stock	—	—	—	—	—	(171,268)	(5,016)	(5,016)	—	(5,016)
Dividends declared	—	—	8	(32,787)	—	—	—	(32,779)	—	(32,779)
Balance, September 30, 2023	23,842,677	$ 239	$ 170,357	$ 426,679	$ (838)	(507,003)	(14,778) $	$ 581,659	$ 1,426	$ 583,085
Balance, June 30, 2024	23,965,427	$ 240	$ 168,771	$ 466,838	$ 61	(1,012,036)	(28,277) $	$ 607,633	$ 54,223	$ 661,856
Net income	—	—	—	8,984	—	—	—	8,984	(566)	8,418
Share-based compensation	—	—	320	—	—	—	—	320	—	320
Cumulative translation adjustment, net of tax	—	—	—	—	106	—	—	106	—	106
Exercise of share-based awards	230,668	2	3,279	—	—	—	—	3,281	—	3,281
Dividends declared	—	—	2	(9,266)	—	—	—	(9,264)	—	(9,264)
Balance, September 30, 2024	24,196,095	$ 242	$ 172,372	$ 466,556	$ 167	(1,012,036)	(28,277) $	$ 611,060	$ 53,657	$ 664,717

See accompanying Notes to the Condensed Consolidated Financial Statements

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

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
Cash flows from operating activities:		
Net income	$ 8,418	$ 18,983
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	4,709	2,792
Amortization of loan cost	665	522
Share-based compensation	320	664
Earnings from equity method investments	(578)	(2,709)
Dividends and distributions received from equity method investees	169	269
Other	1,085	344
Changes in assets and liabilities:		
Receivables, net	(35,235)	928
Secured loans made to affiliates	(4,816)	—
Derivative assets	5,999	(9,692)
Income tax receivable	(776)	—
Precious metals held under financing arrangements	(5,288)	6,251
Inventories	(180,155)	(19,166)
Prepaid expenses and other assets	(987)	(878)
Accounts payable and other payables	(8,119)	(16,665)
Deferred revenue and other advances	64,270	(30,194)
Derivative liabilities	19,294	12,341
Liabilities on borrowed metals	7,494	85
Accrued liabilities	(3,998)	(10,686)
Income tax payable	—	2,549
Net cash used in operating activities	(127,529)	(44,262)
Cash flows from investing activities:		
Capital expenditures for property, plant, and equipment	(607)	(1,886)
Secured loans receivable, net	16,001	1,458
Other	87	—
Net cash provided by (used in) investing activities	15,481	(428)
Cash flows from financing activities:		
Product financing arrangements, net	24,000	53,784
Dividends paid	(4,633)	(28,034)
Borrowings under lines of credit	542,000	584,000
Repayments under lines of credit	(450,000)	(549,000)
Repayments on notes payable to related party	(1,672)	(257)
Repurchases of common stock	—	(4,904)
Debt funding issuance costs	(2,640)	(2,625)
Proceeds from the exercise of share-based awards	3,281	960
Payments for tax withholding related to net settlement of share-based awards	—	(307)
Net cash provided by financing activities	110,336	53,617
Net (decrease) increase in cash	(1,712)	8,927
Cash, beginning of period	48,636	39,318
Cash, end of period	$ 46,924	$ 48,245
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest paid	$ 10,981	$ 8,494
Income taxes paid	$ 2,732	$ 2,757
Income taxes refunded	$ 200	$ 363
Non-cash investing and financing activities:		
Declared distributions and unpaid dividends	$ 4,631	$ 4,745
Repurchases of common stock on account	$ —	$ 112

See accompanying Notes to the Condensed Consolidated Financial Statements

1. DESCRIPTION OF BUSINESS

Basis of Presentation

The consolidated financial statements comprise those of A-Mark Precious Metals, Inc. ("A-Mark", also referred to as "we", "us", and the "Company"), its consolidated subsidiaries, 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. See Note 19 for further information regarding our reportable segments.

Wholesale Sales & Ancillary Services

The Company operates its Wholesale Sales & Ancillary Services segment directly and through its consolidated subsidiaries, A-Mark Trading AG (“AMTAG”), Transcontinental Depository Services, LLC ("TDS" or “Storage”), A-M Global Logistics, LLC (“AMGL” or "Logistics"), AM&ST Associates, LLC ("AMST" or the "Silver Towne Mint"), and AM/LPM Ventures, LLC, which we formed to acquire LPM Group Limited ("LPM").

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 approximately 2,100 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, a numismatics showroom in Hong Kong, 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 it also purchases product from other sovereign mints, for sale to its customers.

Through its wholly-owned subsidiary AMTAG, the Company promotes its products and services to certain international markets. 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.

The Company operates LPM, its Asia headquarters, through its subsidiary AM/LPM Ventures, LLC. Based in Hong Kong, LPM offers the Company's full-service precious metals products and services in Asia and internationally.

Direct-to-Consumer

The Company operates its Direct-to-Consumer segment through its wholly-owned subsidiaries JM Bullion, Inc. (“JMB”) and Goldline, Inc. (“Goldline”), and through its investment in Silver Gold Bull, Inc. ("SGB"). As of September 30, 2024, JMB had several wholly-owned subsidiaries, including: Buy Gold and Silver Corp. ("BGASC"), BX Corporation ("BullionMax"), Gold Price Group, Inc. (“GPG”), Silver.com, Inc. (“Silver.com”), Provident Metals Corp. (“PMC”), and CyberMetals Corp. ("CyberMetals"). Goldline, Inc. owns 100% of AMIP, LLC ("AMIP"). SGB and Goldline each have a 50% ownership interest in Precious Metals Purchasing Partners, LLC ("PMPP"). As the context requires, references in these Notes to JMB may include BGASC, BullionMax, GPG, Silver.com, 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. JMB owns and operates numerous websites targeting specific niches within the precious metals retail market, including JMBullion.com, ProvidentMetals.com, Silver.com, CyberMetals.com, GoldPrice.org, SilverPrice.org, BGASC.com, BullionMax.com, and Gold.com. Typically, JMB offers approximately 6,200 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 by the customer 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 with SGB, 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.

Silver Gold Bull, Inc.

In 2014, the Company acquired its initial ownership interest in SGB, a leading e-commerce precious metals retailer in Canada. Through its website, SilverGoldBull.com, SGB offers a variety of products from gold, silver, platinum, and palladium bars, coins and rounds, as well as certified coins from mints around the world. In 2018 and 2022, the Company made incremental investments to increase its ownership interest in SGB to 47.4% as of June 2022. Also in June 2022, the Company acquired an option to purchase an additional 27.6% of the outstanding equity of SGB to bring the Company's ownership interest up to 75%. In June 2024, the Company exercised part of its option and acquired an additional 8% ownership interest in SGB for $9.6 million, increasing its ownership interest to 55.4%, at which point SGB became a consolidated subsidiary of the Company. The increased investment in SGB allows the Company to continue its strategy to further expand internationally, particularly in Canada.

In connection with the exercise of its option in June 2024, the Company modified certain terms and conditions of its option to acquire additional ownership interest in SGB, including extending the term of the remaining unexercised option to September 2025 as well as reducing the option to increase its ownership from 75% to 70%. In accordance with ASC 480, *Distinguishing Liabilities from Equity,* the resulting modified option was not determined to be separately exercisable from the remaining shares of SGB, and therefore the value is embedded within the noncontrolling interest of SGB.

In June 2024, SGB declared a $15.9 million dividend to existing shareholders based on certain levels of working capital. $9.2 million of the dividend was paid to certain shareholders in September 2024. The dividend paid to the Company from SGB in September 2024 was $7.5 million.

Secured Lending

The Company operates its Secured Lending segment through its wholly-owned subsidiary, Collateral Finance Corporation, LLC, including its wholly-owned subsidiary, 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.

CAI is a holding company that has a 50%-ownership stake in Collectible Card Partners, LLC ("CCP"). CCP provides capital to fund commercial loans secured by graded sports cards. (See Note 14.)

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. In addition to A-Mark, our consolidated financial statements include the accounts of: AMTAG, TDS, AMGL, AMST, AM/LPM Ventures, JMB, Goldline, SGB, 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, assets and liabilities acquired in business combinations, certain financial instruments, and certain investments); impairment assessments of property, plant and equipment, long-term investments, 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.

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 months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2025 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, 2024 (the “2024 Annual Report”), as filed with the SEC. Amounts related to disclosure of June 30, 2024 balances within these interim condensed consolidated financial statements were derived from the audited consolidated financial statements and notes thereto included in the 2024 Annual Report.

Fair Value Measurement

The Accounting Standards Codification ("ASC") *Fair Value Measurements and Disclosures* Topic 820 ("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 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 USD at the then-current exchange rate(s). Upon settlement of the underlying transaction, all amounts are remeasured to USD 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 USD at the period end exchange rates. Foreign currency remeasurement gains and losses are recorded in the current period net income.

The Company has three foreign subsidiaries that generate foreign currency remeasurement gains and losses: AMTAG, LPM and SGB. Because these entities have a functional currency of USD, foreign currency remeasurement gains and losses from these foreign subsidiaries are recorded in net income.

For the Company’s foreign-based equity method investments, the proportionate share of the investee’s income is translated into USD 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 Combinations

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.

In circumstances where an acquisition involves a contingent consideration arrangement that meets the definition of a liability under ASC Topic 480, *Distinguishing Liabilities from Equity*, we recognize a liability equal to the fair value of the expected contingent payments as of the acquisition date. We remeasure this liability each reporting period, with the resulting changes recorded as selling, general, and administrative expenses. The assumptions used in estimating fair value of contingent consideration liabilities require significant judgment; the use of different assumptions and judgments could result in a materially different estimate of fair value which may have a material impact on our results from operations and financial position.

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.

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 September 30, 2024 and June 30, 2024.

Allowance for Credit Losses

On July 1, 2022, the Company adopted Accounting Standards Update No. 2016-13, *Financial Instruments-Credit Losses* Topic 326: Measurement of Credit Losses on Financial Instruments ("ASC 326"), which introduced 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.

The Company sets credit and position risk limits based on management's judgments 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. We expect trends and business practices to continue in a manner consistent with historical activity.

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 it 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. 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 market value of 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 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 of our bullion coins 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 by 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. Finance leases were not material during any period presented.

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, developed technology, and non-compete agreements. Certain existing customer relationships intangible assets are amortized in a non-linear manner which best reflects our estimate of 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, trademarks, and domain names) are not subject to amortization, but are evaluated for impairment at least annually. 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 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, trademarks, and domain names) 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 ongoing 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 September 30, 2024 and June 30, 2024.

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. Other than the shares issued to acquire LPM in February 2024, there have been no reissuances of treasury stock.

Noncontrolling Interests

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 the Company'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 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, respectively, 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 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 ASC 606, *Revenue from Contracts with Customers*, 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 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 (see Note 15) 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 $0.7 million and $0.5 million for the three months ended September 30, 2024 and 2023, respectively.

Earnings from Equity Method Investments

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

Other Income, Net

The Company's other income, net is comprised of royalty and consulting income, which is recognized when earned, gains on other investments, and fair value adjustments to our acquisition-related contingent consideration liability.

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 $4.6 million and $4.0 million for the three months ended September 30, 2024 and 2023, respectively. 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 consolidated statements of income. Shipping and handling costs totaled $6.1 million and $5.2 million for the three months ended September 30, 2024 and 2023, respectively.

Share-Based Compensation

Equity-based awards

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 (excluding awards settleable in cash) for actual forfeitures of unvested awards as they occur. For equity awards that contain a performance condition other than market condition, when the outcome of the performance condition is determined to be not probable, no compensation expense is recognized, and any previously recognized compensation expense is reversed. (See Note 17.)

Liability-based awards

The Company has granted a cash-incentive award based on the total shareholder return of the Company's common stock determined at the end of the award's performance period. Because the award will be settled in cash, the Company accounts for it as a liability-based award and, as such, expense relating to this award is required to be measured at fair value at each reporting date until the date of settlement. (See Note 17.)

Income Taxes

As part of the process of preparing its 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 calculates basic EPS by dividing net income by the weighted-average number of common shares outstanding during the year. Diluted EPS is calculated by dividing net income by the weighted-average number of common shares outstanding during the year, adjusted for the potentially dilutive effect of stock options, restricted stock units ("RSUs"), and deferred stock units ("DSUs") using the treasury stock method.

The Company considers participating securities in its calculation of EPS. Under the two-class method of calculating EPS, earnings are allocated to both common shares and participating securities. The Company's participating securities include vested RSU and DSU awards. Unvested RSU and DSU awards are not considered participating securities as they are forfeitable until the vesting date.

A reconciliation of shares used in calculating basic and diluted earnings per common share is presented below (in thousands):

	Three Months Ended September 30,	
	2024	**2023**
Basic weighted-average shares of common stock outstanding	23,029	23,365
Effect of common stock equivalents	951	1,168
Diluted weighted-average shares outstanding	23,980	24,533

The anti-dilutive shares excluded from the table above were 10,000 and 10,000 for the three months ended September 30, 2024 and 2023, respectively. Actual common shares outstanding totaled 23,184,059 and 23,335,674 as of September 30, 2024 and 2023, respectively.

Recent Accounting Pronouncements

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

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which updates the guidance on segment disclosures to require entities to disclose significant segment expenses and other segment items, as well as the title and position of its chief operating decision maker. This update will be applied retrospectively and is effective for the Company's annual reporting period for its fiscal year which began on July 1, 2024. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements, but we expect the adoption of the standard to impact certain of our segment reporting disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which updates the guidance on income tax disclosures to require entities to disclose specific categories within the rate reconciliation, provide additional information for reconciling items that meet certain quantitative thresholds, and provide additional information about income taxes paid. This update is effective for the Company for its fiscal year beginning on July 1, 2025; early adoption is permitted. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective for the Company, 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.

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 market value of 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 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 upon demand. 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.

Acquisition-related Contingent Consideration. We may be required to pay contingent consideration up to $37.5 million in cash in connection with the acquisition of LPM in February 2024 if certain EBITDA targets are met for 2024, 2025, and 2026. As of the acquisition date, the fair value of this contingent consideration was $2.8 million. The material factors that may impact the fair value of the contingent consideration, and therefore, this liability, are the probabilities and timing of achieving the related targets, which are estimated at each reporting date with changes reflected as selling, general, and administrative expense. As of September 30, 2024, the fair value of the contingent consideration was $2.3 million, which was classified as other liabilities on our consolidated balance sheet.

The contingent consideration liability related to our acquisition of LPM is measured at fair value at each reporting period using a Monte Carlo Simulation model ("MCS model") with Level 3 unobservable inputs including estimated future cash flows generated by LPM, discount rates, and earnings volatility. Key assumptions used in the MCS model as of September 30, 2024 were an EBITDA risk premium of 10.7%, an EBITDA volatility of 60.0%, and a risk-free rate based on the USD yield curve between 3.6% and 4.8%. During the three months ended September 30, 2024, we recorded a $0.2 million reduction to our contingent consideration reflected in selling, general, and administrative expenses.

The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis, aggregated by each fair value hierarchy level (in thousands):

	September 30, 2024			
	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]	$ 1,274,196	$ —	$ —	$ 1,274,196
Precious metals held under financing arrangements	27,354	—	—	27,354
Derivative assets — open sale and purchase commitments, net	105,083	—	—	105,083
Derivative assets — futures contracts	61	—	—	61
Derivative assets — forward contracts	3,577	—	—	3,577
Total assets, valued at fair value	$ 1,410,271	$ —	$ —	$ 1,410,271
Liabilities:				
Liabilities on borrowed metals	$ 39,487	$ —	$ —	$ 39,487
Product financing arrangements	541,744	—	—	541,744
Derivative liabilities — open sale and purchase commitments, net	10,663	—	—	10,663
Derivative liabilities — margin accounts	8,770	—	—	8,770
Derivative liabilities — futures contracts	7,231	—	—	7,231
Derivative liabilities — forward contracts	19,381	—	—	19,381
Acquisition-related contingent consideration	—	—	2,280	2,280
Total liabilities, valued at fair value	$ 627,276	$ —	$ 2,280	$ 629,556

(1) Commemorative coin inventory totaling $3.1 million was held at lower of cost or net realizable value, and thus is excluded from the inventories balance shown in this table.

	June 30, 2024			
	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]	$ 1,093,908	$ —	$ —	$ 1,093,908
Precious metals held under financing arrangements	22,066	—	—	22,066
Derivative assets — open sale and purchase commitments, net	98,012	—	—	98,012
Derivative assets — futures contracts	1,557	—	—	1,557
Derivative assets — forward contracts	15,151	—	—	15,151
Total assets, valued at fair value	$ 1,230,694	$ —	$ —	$ 1,230,694
Liabilities:				
Liabilities on borrowed metals	$ 31,993	$ —	$ —	$ 31,993
Product financing arrangements	517,744	—	—	517,744
Derivative liabilities — open sale and purchase commitments, net	7,690	—	—	7,690
Derivative liabilities — margin accounts	4,766	—	—	4,766
Derivative liabilities — futures contracts	39	—	—	39
Derivative liabilities — forward contracts	14,256	—	—	14,256
Acquisition-related contingent consideration	—	—	2,430	2,430
Total liabilities, valued at fair value	$ 576,488	$ —	$ 2,430	$ 578,918

(1) Commemorative coin inventory totaling $3.2 million was 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 ongoing 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) goodwill, and (v) indefinite-lived intangibles, all of which are written down to fair value when they are held for sale or determined to be impaired.

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.

4. RECEIVABLES, NET

Receivables, net consisted of the following (in thousands):

	September 30, 2024	June 30, 2024
Customer trade receivables	$ 29,680	$ 12,373
Wholesale trade advances	18,644	11,033
Due from brokers and other	23,507	13,190
	$ 71,831	$ 36,596

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 (in thousands):

	September 30, 2024	June 30, 2024
Secured loans originated	$ 81,076	$ 96,573
Secured loans originated - with a related party	4,832	15
	85,908	96,588
Secured loans acquired	15,979	16,479
	$ 101,887	$ 113,067

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 customer's assets, which predominantly include bullion, numismatic, and semi-numismatic material, and are typically held in safekeeping by the Company. See Note 14 for further information regarding our secured loans made to related parties.

Secured Loans - Acquired: 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 borrower's assets, which could include bullion, numismatic or semi-numismatic material, and 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 September 30, 2024 and June 30, 2024, our secured loans carried weighted-average effective interest rates of 10.4% and 10.5%, respectively, and mature in periods ranging typically from on-demand to one year.

The secured loans that the Company generates with its active customers 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 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, 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 loan is considered non-performing and 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. 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. 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 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 (in thousands):

	September 30, 2024		June 30, 2024	
Bullion	$ 45,481	44.6 %	$ 64,764	57.3 %
Numismatic and semi-numismatic	48,127	47.2 %	42,588	37.7 %
Graded sports cards	8,279	8.2 %	5,715	5.0 %
	$ 101,887	100.0 %	$ 113,067	100.0 %

Due to the nature of market fluctuations of precious metal commodity prices, we monitor the bullion collateral value of each loan on a daily basis, based on spot price of precious metals. Numismatic and graded sports cards collateral values are updated by numismatic and graded sports cards 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) 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):

	September 30, 2024		June 30, 2024	
Loan-to-value of less than 75%	$ 96,157	94.4 %	$ 101,197	89.5 %
Loan-to-value of 75% or more	5,730	5.6 %	11,870	10.5 %
	$ 101,887	100.0 %	$ 113,067	100.0 %

The Company had no loans with an LTV ratio in excess of 100% as of September 30, 2024 and June 30, 2024.

Non-Performing Loans/Impaired Loans

Historically, the Company has not established an allowance for any credit losses because the Company maintains sufficient collateral to satisfy amounts due.

Non-performing loans have the highest probability for credit loss. If needed, an allowance for secured loan credit losses attributable to non-performing loans is recorded 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. In the event a loan were to become non-performing and the collateral is not sufficient to satisfy amounts due, the Company would determine a reserve to reduce the carrying balance to its estimated net realizable value. As of September 30, 2024 and June 30, 2024, 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 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 principal and then to any unrecognized interest income. For the three months ended September 30, 2024 and 2023, 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. The following table summarizes the components of our inventory (in thousands):

	September 30, 2024	June 30, 2024
Inventory held for sale	$ 467,898	$ 342,196
Repurchase arrangements with customers	222,230	199,559
Consignment arrangements with customers	2,837	2,416
Commemorative coins, held at lower of cost or net realizable value	3,103	3,236
Borrowed precious metals	39,487	31,993
Product financing arrangements	541,744	517,744
	$ 1,277,299	$ 1,097,144

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 September 30, 2024 and June 30, 2024, inventory held for sale totaled $467.9 million and $342.2 million, respectively.

Repurchase Arrangements with Customers. The Company enters into arrangements with certain customers under which A-Mark sells and then purchases precious metals from the customer which are subject to repurchase by the customer at the fair value of the product on the repurchase date. These initial transactions with the customer do not qualify as sales and are excluded from revenue. 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 September 30, 2024 and June 30, 2024, included within inventories is $222.2 million and $199.6 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 September 30, 2024 and June 30, 2024 totaled $2.8 million and $2.4 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 by 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 $3.1 million and $3.2 million as of September 30, 2024 and June 30, 2024, 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 $39.5 million and $32.0 million as of September 30, 2024 and June 30, 2024, respectively, with a corresponding offsetting obligation reflected as liabilities on borrowed metals on the 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 repurchase 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 consolidated statements of income. Such obligations totaled $541.7 million and $517.7 million as of September 30, 2024 and June 30, 2024, respectively.

The Company mitigates market risk of its physical inventory and open commitments through commodity hedge transactions. (See Note 12.) As of September 30, 2024 and June 30, 2024, the unrealized gains or losses resulting from the difference between market value and cost of physical inventory were gains of $115.2 million and gains of $55.5 million, respectively.

Premium Component of Inventory

The premium component, at market value, included in the inventory as of September 30, 2024 and June 30, 2024 totaled $36.7 million and $34.2 million, respectively.

7. LEASES

Components of lease expense were as follows (in thousands):

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
Operating lease costs	$ 709	$ 366
Variable lease costs	182	104
Short term lease costs	10	27
Finance lease costs	7	—
	$ 908	$ 497

For the three months ended September 30, 2024, we made cash payments of $0.7 million for operating lease obligations. These payments are included in operating cash flows. As of September 30, 2024, the weighted-average remaining lease term under our capitalized operating leases was 4.3 years, while the weighted-average discount rate for our operating leases was approximately 6.1%.

The future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities as of September 30, 2024 for our operating leases were as follows (in thousands):

Fiscal Year ending June 30,	Operating Leases
2025 (remainder)	$ 2,201
2026	2,762
2027	2,053
2028	1,952
2029	1,086
Thereafter	936
Total lease payments	10,990
Imputed interest	(1,408)
Total operating lease liability	$ 9,582 (1)
Operating lease liability - current	$ 2,405 (2)
Operating lease liability - long-term	7,177 (3)
	$ 9,582 (1)

(1) Represents the present value of the operating lease liabilities as of September 30, 2024.
(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.

For information regarding the Company's related party leases, refer to Note 14.

8. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following (in thousands):

	September 30, 2024	June 30, 2024
Computer software	$ 9,396	$ 9,300
Plant equipment	10,650	10,566
Leasehold improvements	4,196	4,196
Office furniture, and fixtures	4,037	4,042
Computer equipment	2,346	2,337
Building and other	2,575	2,571
Total depreciable assets	33,200	33,012
Less: Accumulated depreciation and amortization	(17,199)	(16,356)
Property and equipment not placed in service	3,601	3,201
Land	406	406
Property, plant, and equipment, net	$ 20,008	$ 20,263

Property, plant and equipment depreciation and amortization expense was $0.8 million and $0.6 million for the three months ended September 30, 2024 and 2023, 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 our goodwill and intangible assets:

- In connection with the Company's formation of AMST in August 2016, the Company recorded $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.
- 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.
- 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. These values represent their fair values at the acquisition date.
- 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.
- In connection with the Company's acquisition of LPM in February 2024, we recorded $10.3 million and $21.0 million of identifiable intangible assets and goodwill, respectively. These values represent their fair values at the acquisition date.
- In March 2024, JMB acquired $8.5 million of intangible assets that included Gold.com's domain name.
- In June 2024, we obtained a controlling interest in SGB, at which point SGB became a consolidated subsidiary of the Company. We measured the value of identifiable intangible assets and goodwill at $28.8 million and $78.0 million, respectively. These values represent their fair values as of the acquisition date.

Carrying Value

The carrying value of goodwill and other purchased intangibles are described below (dollar amounts in thousands):

			September 30, 2024				June 30, 2024			
	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	4 - 15	4.3	$ 75,568	$ (54,827)	$ —	$ 20,741	$ 75,568	$ (52,203)	$ —	$ 23,365
Developed technology	4	3.3	20,336	(10,165)	—	10,171	20,336	(8,933)	—	11,403
Non-compete and other	3 - 5	3.0	2,310	(2,300)	—	10	2,310	(2,300)	—	10
Employment agreement	1 - 3	0.0	295	(295)	—	—	295	(295)	—	—
Intangibles subject to amortization			98,509	(67,587)	—	30,922	98,509	(63,731)	—	34,778
Trade names and trademarks	Indefinite	Indefinite	59,660	—	(1,290)	58,370	59,660	—	(1,290)	58,370
Domain name	Indefinite	Indefinite	8,515	—	—	8,515	8,515	—	—	8,515
Identifiable intangible assets			$ 166,684	$ (67,587)	$ (1,290)	$ 97,807	$ 166,684	$ (63,731)	$ (1,290)	$ 101,663
Goodwill	Indefinite	Indefinite	$ 201,301	$ —	$ (1,364)	$ 199,937	$ 201,301	$ —	$ (1,364)	$ 199,937

The Company's intangible assets are subject to amortization except for trade names, trademarks, and domain names, which have indefinite lives. Amortization expense related to the Company's intangible assets was $3.9 million and $2.2 million for the three months ended September 30, 2024 and 2023, 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
2025 (remainder)	9,624
2026	7,798
2027	6,059
2028	4,866
2029	734
Thereafter	1,841
	$ 30,922

10. LONG-TERM INVESTMENTS

The following table shows the carrying value and ownership percentage of the Company's investment in privately-held entities accounted for either under the equity or cost method (in thousands):

	September 30, 2024		June 30, 2024	
Investee	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Pinehurst Coin Exchange, Inc.	$ 17,998	49.0 %	$ 17,503	49.0 %
Sunshine Minting, Inc.	18,000	44.9 %	18,603	44.9 %
Company A	283	33.3 %	283	33.3 %
Company B	2,064	50.0 %	2,036	50.0 %
Texas Precious Metals, LLC	7,689	12.0 %	7,236	12.0 %
Atkinsons Bullion & Coins	2,965	25.0 %	2,783	25.0 %
APS Investment, LLC (1)	2,006	33.3 %	2,014	33.3 %
	$ 51,005		$ 50,458	

(1) APS Investment, LLC is a holding company that owns a 10% equity interest in AMS Holding, LLC. Pinehurst Coin Exchange, Inc. and Stack's Bowers Numismatics, LLC also each own a one-third equity interest in APS Investment, LLC.

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. 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 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):

	September 30, 2024	June 30, 2024
Trade payables to customers	$ 5,404	$ 12,005
Other accounts payable	5,308	6,826
Accounts payable and other payables	$ 10,712	$ 18,831
Deferred revenue	$ 12,935	$ 22,354
Advances from customers	314,621	240,932
Deferred revenue and other advances	$ 327,556	$ 263,286

As of September 30, 2024 and June 30, 2024, advances from customers included $123.0 million and $99.6 million, respectively, of advances related to precious metals leases.

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 forward 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 forward 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 forward and futures 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 forward and futures contracts. The precious metals forward 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, forward and margin accounts. The aggregate gross and net derivative receivables and payables balances by contract type and type of hedge, were as follows (in thousands):

	September 30, 2024				June 30, 2024			
	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	$ 107,580	$ (2,497)	$ —	$ 105,083	$ 102,091	$ (4,079)	$ —	$ 98,012
Futures contracts	61	—	—	61	1,557	—	—	1,557
Forward contracts	3,577	—	—	3,577	15,151	—	—	15,151
	$ 111,218	$ (2,497)	$ —	$ 108,721	$ 118,799	$ (4,079)	$ —	$ 114,720
Nettable derivative liabilities:								
Open sale and purchase commitments	$ 12,852	$ (2,189)	$ —	$ 10,663	$ 8,724	$ (1,034)	$ —	$ 7,690
Margin accounts	32,055	—	(23,285)	8,770	22,316	—	(17,550)	4,766
Futures contracts	7,231	—	—	7,231	39	—	—	39
Forward contracts	19,381	—	—	19,381	14,256	—	—	14,256
	$ 71,519	$ (2,189)	$ (23,285)	$ 46,045	$ 45,335	$ (1,034)	$ (17,550)	$ 26,751

Gains or Losses on Derivative Instruments

The Company records the derivative at the trade date with 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, respectively, and the net realized gains and losses for futures contracts are recorded in cost of sales.

Below is a summary of the net gains (losses) on derivative instruments (in thousands):

	Three Months Ended September 30,	
	2024	2023
Gains (losses) on derivative instruments:		
Unrealized losses on open futures commodity and forward contracts and open sale and purchase commitments, net	$ (21,134)	$ (3,035)
Realized losses on futures commodity contracts, net	(1,129)	(7,471)
	$ (22,263)	$ (10,506)

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 (in thousands):

	September 30, 2024	June 30, 2024
Inventories	$ 1,277,299	$ 1,097,144
Precious metals held under financing arrangements	27,354	22,066
	1,304,653	1,119,210
Less unhedgeable inventories:		
Commemorative coin inventory, held at lower of cost or net realizable value	(3,103)	(3,236)
Premium on metals position	(36,727)	(34,175)
Precious metal value not hedged	(39,830)	(37,411)
Commitments at market:		
Open inventory purchase commitments	751,031	817,900
Open inventory sales commitments	(410,010)	(388,184)
Margin sales commitments	(32,055)	(22,316)
In-transit inventory no longer subject to market risk	(14,423)	(21,715)
Unhedgeable premiums on open commitment positions	13,744	10,986
Borrowed precious metals	(39,487)	(31,993)
Product financing arrangements	(541,744)	(517,744)
Advances on industrial metals	209	394
	(272,735)	(152,672)
Precious metal subject to price risk	992,088	929,127
Precious metal subject to derivative financial instruments:		
Precious metals forward contracts at market values	803,667	843,439
Precious metals futures contracts at market values	189,282	83,214
Total market value of derivative financial instruments	992,949	926,653
Net precious metals subject to commodity price risk	$ (861)	$ 2,474

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. The Company had the following outstanding commitments and open forward and futures contracts (in thousands):

	September 30, 2024	June 30, 2024
Purchase commitments	$ 751,031	$ 817,900
Sales commitments	$ (410,010)	$ (388,184)
Margin sales commitments	$ (32,055)	$ (22,316)
Open forward contracts	$ 803,667	$ 843,439
Open futures contracts	$ 189,282	$ 83,214

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 sheets. 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. As of September 30, 2024, 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):

	September 30, 2024	June 30, 2024
Foreign exchange forward contracts	$ 3,402	$ 4,793
Open sale and purchase commitment transactions, net	$ (1,171)	$ 4,705

13. INCOME TAXES

Net income from operations before provision for income taxes is shown below (in thousands):

	Three Months Ended September 30,	
	2024	2023
U.S.	$ 9,374	$ 23,928
Foreign	799	7
	$ 10,173	$ 23,935

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 are shown below (in thousands):

	Three Months Ended September 30,	
	2024	2023
Current:		
Federal	$ 1,325	$ 4,387
State and local	154	560
Foreign	276	5
	$ 1,755	$ 4,952
Effective income tax rate	17.3 %	20.7 %

Our provision for income taxes varied from the tax computed at the U.S. federal statutory income tax rates for the three months ended September 30, 2024 primarily due to the excess tax benefit from share-based compensation, partially offset by state taxes (net of federal tax benefit), foreign tax rate differential, Section 162(m) executive compensation disallowance, and other normal course non-deductible expenditures. Our provision for income taxes varied from the tax computed at the U.S. federal statutory income tax rates for the three months ended September 30, 2023 primarily due to the excess tax benefit from share-based compensation and the foreign derived intangible income special deduction, partially offset by state taxes (net of federal tax benefit), Section 162(m) executive compensation disallowance, and other normal course non-deductible expenditures.

Income Taxes Receivable and Payable

As of September 30, 2024 and June 30, 2024, we had an income tax receivable of $2.3 million and $1.6 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 September 30, 2024 and June 30, 2024, 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 September 30, 2024, the consolidated balance sheet reflects the deferred tax items for each tax-paying component (i.e., federal, state and foreign), resulting in a federal deferred tax liability of $12.5 million, a state deferred tax liability of $1.7 million, and a foreign deferred tax liability of $8.1 million. As of June 30, 2024, the condensed consolidated balance sheet reflects the deferred tax items for each tax-paying component (i.e., federal and state), resulting in a federal deferred tax liability of $12.5 million, a state deferred tax liability of $1.7 million, and a foreign deferred tax liability of $8.1 million.

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 September 30, 2024 there have been no material changes to our unrecognized tax benefits or any related interest or penalties since June 30, 2024.

Tax Examinations

The Company files income tax returns in the United States, and various state, local, and foreign jurisdictions. The Company is currently subject to a three year statute of limitations for federal income tax purposes and, in general, three to six year statutes of limitations for state and foreign tax purposes.

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) *Solid Crossing Inc. ("Solid Crossing").* SGB's corporate office space is leased from Solid Crossing, whose owners are affiliates of SGB.

3) *Equity method investees.* As of September 30, 2024, the Company had six investments in privately-held entities which have been determined to be equity method investees and related parties.

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

Balances with Related Parties

Receivables and Payables, Net

Our related party net receivables and payables balances were as shown below (in thousands):

	September 30, 2024		June 30, 2024	
	Receivables	Payables	Receivables	Payables
Stack's Bowers Galleries	$ 5,166 (1)	$ —	$ 729 (1)	$ —
Equity method investees	142 (2)	8,991 (3)	—	12,986 (3)
Other	—	6,769 (3)	—	8,449 (3)
	$ 5,308	$ 15,760	$ 729	$ 21,435

(1) Balance includes trade receivables, secured loans receivables, and other receivables, net
(2) Balance includes trade receivables and other receivables, net
(3) Balance includes note payables, trade payables, and other payables, net

Secured Loans Receivable

On March 1, 2018, CFC entered into a loan agreement with Stack's Bowers Galleries providing a secured line of credit on the wholesale value (i.e., the excess over the spot value of the metal), of numismatic products bearing interest at a competitive rate per annum, with a maximum borrowing line (subject to temporary increases) of $10.0 million. In addition to the annual rate of interest, the Company is entitled to receive a participation interest (or "royalty income") equal to 10% of the net profits realized by Stack's Bowers Galleries on the ultimate sale of the products. The initial term of the loan was 180 days; thereafter, the line of credit has been extended by additional consecutive 30-day periods by mutual agreement. As of September 30, 2024 and June 30, 2024, the outstanding principal balance of this loan was $4.8 million and $0.0 million, respectively.

On March 4, 2022, CFC entered into a loan agreement with Stack's Bowers Galleries providing a secured line of credit based on the collateral value of Stack's Bowers Galleries' secured customers' notes. The loan bears interest at a competitive rate per annum, with a maximum borrowing line of $3.0 million. The initial term of the loan was 180 days; thereafter, the line of credit has been extended by additional consecutive 180-day periods by mutual agreement. As of September 30, 2024 and June 30, 2024, the outstanding principal balance of this loan was $0.0 million and $0.0 million, respectively.

Operating Lease Right of Use Assets

As of September 30, 2024 and June 30, 2024, our related party right of use assets were $1.9 million and $2.0 million, respectively.

Long-term Investments

As of September 30, 2024 and June 30, 2024, the aggregate carrying balance of the equity method investments was $50.7 million and $50.2 million, respectively. (See Note 10.)

Other Long-term Assets

In June 2022, the Company acquired an option to purchase additional ownership interest in SGB. This option was partially exercised and modified in June 2024. The option is exercisable through September 2025. (See Note 1.)

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 to its borrowers. All loans to be funded using the proceeds from the CCP Note are subject to CCP's prior written approval. In March 2024, the expiration date for the CCP Note was amended to expire on April 1, 2026; the CCP Note may be further extended by mutual agreement. As of September 30, 2024 and June 30, 2024, the outstanding principal balance of the CCP Note was $4.0 million and $4.0 million, respectively.

In June 2024, SGB declared a $15.9 million dividend to existing shareholders based on certain levels of working capital. $9.2 million of the dividend was paid to certain shareholders in September 2024. The dividend paid to the Company from SGB in September 2024 was $7.5 million. The remaining unpaid dividend of $6.7 million and $8.4 million due to the other shareholders as of September 30, 2024 and June 30, 2024, respectively, was recorded as a note payable by SGB.

Activity with Related Parties

Sales and Purchases

Our sales and purchases with companies deemed to be related parties were as follows (in thousands):

	Three Months Ended September 30,			
	2024		2023	
	Sales	Purchases	Sales	Purchases
Stack's Bowers Galleries	$ 45,457	$ 33,847	$ 40,183	$ 6,539
Equity method investees[(1)]	274,840	13,305	345,350	12,452
	$ 320,297	$ 47,152	$ 385,533	$ 18,991

(1) Includes sales and purchases activity with SGB prior to the Company acquiring a majority ownership interest in SGB in June 2024.

Interest Income

We earned interest income from related parties as set forth below (in thousands):

	Three Months Ended September 30,	
	2024	2023
Interest income from secured loans receivables	$ 85	$ —
Interest income from finance products and repurchase arrangements	2,327	2,614
	$ 2,412	$ 2,614

Selling, General, and Administrative

The Company incurred selling, general, and administrative expense related to its leasing agreements with Solid Crossing and Stack's Bowers Galleries and its consulting agreement with Cerberus Limited of $0.4 million and $12,000, during the three months ended September 30, 2024 and 2023, respectively.

Interest Expense

The Company incurred interest expense related to its note with CCP of $47,000 and $2,000 during the three months ended September 30, 2024 and 2023, respectively.

Equity Method Investments — Earnings, Dividends and Distributions Received

The Company's proportional share of our equity method investee's earnings was $0.6 million and $2.7 million during the three months ended September 30, 2024 and 2023, respectively.

The Company received dividend and distribution payments from our equity method investees that totaled, in the aggregate, $0.2 million and $0.3 million during the three months ended September 30, 2024 and 2023, respectively.

Other Income

The Company earned royalty and consulting services income from related parties that totaled $0.2 million and $0.3 million during the three months ended September 30, 2024 and 2023, respectively.

Foreign Currency Exchange Transactions with Related Person

Jeffrey D. Benjamin, A-Mark's Chairman of the Board, engaged in foreign currency transactions through A-Mark for an aggregate dollar value of $0.1 million and $0.1 million during the three months ended September 30, 2024 and 2023, respectively. The Company believes that all transactions were on an arms' length basis and on terms and conditions applicable to unaffiliated third parties.

15. FINANCING AGREEMENTS

Lines of Credit - Trading Credit Facility

On December 21, 2021, the Company entered into a three-year committed facility provided by a syndicate of financial institutions (the "Trading Credit Facility"), with a total revolving commitment of up to $350.0 million and with a termination date of December 21, 2024. The Trading Credit Facility has since been amended to add new lenders and modify certain terms and conditions, including increasing the incremental facility feature to $190 million, eliminating provisions whereby lenders under certain conditions could require repayment of all obligations outstanding under the Trading Credit Facility within 10 days on demand, extend the maturity date to September 30, 2026, and increase the total facility to $422.5 million.

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. The Trading Credit Facility currently bears interest at the daily SOFR rate plus an applicable margin of 236 basis points. As of September 30, 2024, the interest rate on our Trading Credit Facility was approximately 7.4% and the daily SOFR rate was approximately 5.0%.

The Trading Credit Facility provides the Company with the liquidity to buy and sell billions of dollars of precious metals annually. We routinely use funds drawn under the Trading Credit Facility to purchase metals from our 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 $337.0 million and $245.0 million at September 30, 2024 and June 30, 2024, 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 $85.5 million and $145.5 million as determined on September 30, 2024 and June 30, 2024, respectively. As of September 30, 2024 and June 30, 2024, the remaining unamortized balance of loan costs was approximately $5.4 million and $3.4 million, respectively.

The Trading Credit Facility contains various covenants, all of which the Company was in compliance with as of September 30, 2024.

Interest expense related to the Company's Trading Credit Facility totaled $6.4 million and $5.7 million, which represented 63.9% and 58.2% of the total interest expense recognized for the three months ended September 30, 2024 and 2023, respectively. The Trading Credit Facility carried a daily weighted-average effective interest rate of 9.1% and 8.2% for the three months ended September 30, 2024 and 2023, respectively.

Notes Payable - AMCF Notes

In September 2018, AM Capital Funding, LLC ("AMCF"), previously 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 bore interest at a rate of 4.98% and the Class B Notes bore interest at a rate of 5.98%. The AMCF Notes were repaid in full in December 2023; AMCF was dissolved in June 2024.

Prior to its dissolution in June 2024, AMCF was a VIE because its initial equity investment may have been insufficient to maintain its ongoing collateral requirements without additional financial support from the Company. The Company was the primary beneficiary of this VIE because the Company had the right to determine the type of collateral (i.e., cash, secured loans, or precious metals), had the right to receive (and had received) the proceeds from the securitization transaction, earn ongoing interest income from the secured loans (subject to collateral requirements), and had the obligation to absorb losses should AMCF's interest expense and other costs have exceeded its interest income.

For the three months ended September 30, 2024 and 2023, interest expense related to the AMCF Notes (including loan amortization costs) totaled $0.0 million and $1.4 million which represented 0.0% and 13.9% of the total interest expense recognized by the Company, respectively. Prior to repayment, the AMCF Notes' weighted-average effective interest rate was 5.9%.

Notes Payable — Related Party

See Note 14.

Liabilities on Borrowed Metals

The Company recorded liabilities on borrowed metals with market values totaling $39.5 million and $32.0 million as of September 30, 2024 and June 30, 2024, respectively, which were included in inventories on the consolidated balance sheet.

For the three months ended September 30, 2024 and 2023, the interest expense related to liabilities on borrowed metals totaled $0.8 million and $0.5 million which represented 7.6% and 5.6% 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 upon demand 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 $541.7 million and $517.7 million as of September 30, 2024 and June 30, 2024, respectively.

For the three months ended September 30, 2024 and 2023, the interest expense related to product financing arrangements totaled $2.6 million and $1.9 million, which represented 26.5% and 19.7% 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 2024 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 2024 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 particular claims, 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

Dividends

Dividends are recorded if and when they are declared by the board of directors.

On July 5, 2024, the Company's board of directors declared a regular dividend of $0.20 per share of common stock to stockholders of record at the close of business on July 18, 2024. The dividend was paid on July 31, 2024 and totaled $4.6 million.

On August 20, 2024, the Company's board of directors declared a regular cash dividend of $ 0.20 per share of common share to stockholders of record at the close of business on October 8, 2024. The dividend was paid on October 22, 2024 and totaled $4.6 million.

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 1.0 million 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. Prior to fiscal 2023, no shares were repurchased under our share repurchase program. In fiscal 2023, we repurchased a total of 335,735 shares under the program for $9.8 million. In the fourth quarter of fiscal 2023, the board revised the repurchase program to authorize the purchase of up to 1.0 million shares of our common stock, in addition to the shares previously repurchased, and extended the expiration date from June 30, 2023 to June 30, 2028. In November 2023, the Company's board of directors further amended the share repurchase program to authorize an additional 1.2 million shares to be repurchased under the program, resulting in a total of 2.0 million shares authorized for repurchase, after taking into account the shares previously purchased at that date. As of September 30, 2024, 848,509 shares remain authorized for repurchase under the program.

During the three months ended September 30, 2024, we did not repurchase any shares under the program. From inception of the program through September 30, 2024, we repurchased a total of 1,151,491 shares for $32.2 million.

Under the share repurchase program, 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. Subject to applicable corporate securities laws, repurchases may be made at such times and prices 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.

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 September 30, 2024, 1,692,839 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, 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 ten 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 measures the compensation cost of stock options using the Black-Scholes option pricing model, which uses various inputs such as the market price per share of common stock and estimates that include the risk-free interest rate, volatility, expected life and dividend yield.

The Company incurred compensation expense related to stock options of $0.0 million and $0.2 million during the three months ended September 30, 2024 and 2023, respectively. As of September 30, 2024, there was total remaining compensation expense of $0.1 million related to employee stock options, which will be recorded over a weighted-average vesting period of approximately 0.8 years.

The following table summarizes stock option activity:

	Options	Weighted-Average Exercise Price Per Share	Aggregate Intrinsic Value (in thousands)	Weighted-Average Grant Date Fair Value Per Award [(1)]
Fiscal 2024				
Outstanding at June 30, 2023	1,446,260	$ 7.11	$ 43,882	$ 3.58
Exercises	(174,295)	$ 5.82	$ 4,985	$ 3.54
Outstanding at September 30, 2023	1,271,965	$ 7.29	$ 28,144	$ 3.59
Exercisable at September 30, 2023	1,087,963	$ 5.29	$ 26,150	$ 2.71
Fiscal 2025				
Outstanding at June 30, 2024	1,158,530	$ 7.10	$ 29,354	$ 3.53
Exercises	(230,668)	$ 14.23	$ 6,828	$ 6.56
Outstanding at September 30, 2024	927,862	$ 5.32	$ 36,035	$ 2.78
Exercisable at September 30, 2024	922,862	$ 5.14	$ 36,012	$ 2.70

(1) The Company issued the options with an exercise price per share not less than the closing market price of common stock on the grant date.

The following table summarizes information about stock options as of September 30, 2024:

Exercise Price Ranges		Options Outstanding			Options Exercisable		
From	To	Number of Underlying Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Underlying Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price
$ —	$ 5.00	559,862	4.91	$ 1.96	559,862	4.91	$ 1.96
$ 5.01	$ 7.50	15,000	2.03	$ 6.33	15,000	2.03	$ 6.33
$ 7.51	$ 12.50	301,000	1.39	$ 8.96	301,000	1.39	$ 8.96
$ 12.51	$ 30.00	42,000	6.28	$ 15.51	42,000	6.28	$ 15.51
$ 30.01	$ 50.00	10,000	8.35	$ 39.69	5,000	8.35	$ 39.69
		927,862	3.82	$ 5.32	922,862	3.80	$ 5.14

The following table summarizes nonvested stock option activity:

	Options	Weighted-Average Grant Date Fair Value Per Award
Nonvested outstanding at June 30, 2024	41,664	$ 9.23
Vested	(36,664)	$ 8.23
Nonvested outstanding at September 30, 2024	5,000	$ 16.56

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. RSUs granted to a non-US citizen are referred to as "deferred stock units" or "DSUs". The Company measures the compensation cost of RSUs based on the closing price of the underlying shares at the grant date.

The Company incurred compensation expense related to RSUs of $0.3 million and $0.5 million during the three months ended September 30, 2024 and 2023, respectively. As of September 30, 2024, there was $1.1 million of remaining compensation expense related to RSUs, which will be recorded over a weighted-average vesting period of approximately 2.0 years.

The following table summarizes RSU activity:

	Awards Outstanding		Weighted-Average Fair Value per Unit at Grant Date	
Fiscal 2024				
Nonvested outstanding at June 30, 2023	63,587	$	32.37	
Granted (as deemed reinvestment of cash dividend equivalents)	285	$	—	(1)
Vested & delivered	(6,439)	$	31.06	
Vested & deferred (2)	(205)	$	—	(1)
Nonvested outstanding at September 30, 2023	57,228	$	32.48	
Vested but subject to deferred settlement at September 30, 2023 (2)	29,575	$	24.33	
Outstanding at September 30, 2023	86,803	$	29.70	
Fiscal 2025				
Nonvested outstanding at June 30, 2024 (3)	61,317	$	30.61	
Granted (as deemed reinvestment of cash dividend equivalents)	52	$	—	(1)
Vested & deferred (2)	(40)	$	—	(1)
Nonvested outstanding at September 30, 2024 (3)	61,329	$	30.61	
Vested but subject to deferred settlement at September 30, 2024 (2)	41,987	$	26.03	
Outstanding at September 30, 2024 (3)	103,316	$	28.75	

(1) These shares were granted upon deemed reinvestment of dividend equivalents, in accordance with mandatory terms of the award agreement. The measured fair value of the original award fully valued the participant's right to deemed reinvestment of dividend equivalents, and therefore this grant resulted in no incremental compensation expense, which is reflected in the table as zero fair value for the shares.

(2) 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.

(3) Includes 6,265 RSUs that vest based on continuous employment and achievement of non-market performance goals through June 30, 2025, and 2026.

Cash Incentive Bonus Award

Effective in the first quarter of fiscal 2024, a cash incentive bonus is payable at the end of the fiscal 2024-2027 employment term of our chief executive officer ("CEO") (subject to acceleration in the event of certain terminations of employment or a change in control) equal to two percent of the total stockholder return on the outstanding shares at June 30, 2023, including dividends paid during the employment term, minus the total salary and annual cash bonuses that were paid to our CEO for services during the employment term. This award is analogous to a cash-settled stock appreciation right with a base price that is at a premium over the market price of our shares at the grant date, such premium being measured by the direct cash compensation paid to the CEO during the four-year term. The award is generally equivalent to stock appreciation rights on 466,728 shares with a base price of $36.32, including dividend equivalents but subject to adjustment for the specified compensation offsets.

The fair value of this liability award is estimated with a Black-Scholes valuation model that uses certain assumptions, such as expected volatility, risk-free interest rate, life of the award, dividend rate and strike price. The Company also estimates the most probable aggregate total of the performance bonus to be paid over the performance period in determining the strike price of the award. The grant date fair value of this liability award was $5.7 million. The fair value of this liability award was $6.2 million as of September 30, 2024 resulting from the following assumptions: a performance bonus estimate of $3.3 million to be paid over the four-year term, a risk-free rate of 3.6%, and an equity volatility of 50.0%.

Compensation expense is recognized on a straight-line basis over the performance period, with the amount recognized fluctuating due to remeasurement of fair value at the end of each reporting period because the award is classified as a liability. During the three months ended September 30, 2024 and 2023, the Company recognized $1.1 million and $0.2 million, respectively, of compensation expense related to this cash incentive bonus 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 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 Concentrations

The following customers provided 10 percent or more of the Company's revenues (in thousands):

	Three Months Ended September 30,			
	2024		2023	
	Amount	Percent	Amount	Percent
Total revenue	$ 2,715,096	100.0 %	$ 2,484,618	100.0 %
Customer concentrations				
HSBC Bank [(1)]	$ 578,783	21.3 %	$ 599,048	24.1 %
Morgan Stanley [(1)]	$ 345,058	12.7 %	$ 259,161	10.4 %

(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 & Ancillary Services segment.

No single customer provided 10 percent or more of the Company's accounts receivable balances as of September 30, 2024.

The following customer accounted for 10 percent or more of the Company's secured loans receivable (in thousands):

	September 30, 2024		June 30, 2024	
	Amount	Percent	Amount	Percent
Total secured loans receivable	$ 101,887	100.0 %	$ 113,067	100.0 %
Customer concentrations				
Customer A	$ 13,500	13.2 %	$ 13,500	11.9 %

Supplier Concentrations

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 September 30,	
	2024	2023
Revenue by segment [(1)]		
Wholesale Sales & Ancillary Services	$ 2,547,998	$ 2,387,324
Eliminations of inter-segment sales	(321,009)	(228,252)
Wholesale Sales & Ancillary Services, net of eliminations [(2)]	2,226,989	2,159,072
Direct-to-Consumer	488,107 [(a)]	325,546 [(b)]
	$ 2,715,096	$ 2,484,618

(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 $20.4 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(b) Includes $1.6 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.

in thousands	Three Months Ended September 30,	
	2024	2023
Revenue by geographic region		
United States	$ 1,013,855	$ 1,251,799
Europe	1,323,683	1,086,706
North America, excluding United States	325,672	136,366
Asia Pacific	48,434	8,504
Australia	3,452	1,243
	$ 2,715,096	$ 2,484,618

Gross Profit and Gross Margin Percentage

in thousands	Three Months Ended September 30,	
	2024	2023
Gross profit by segment[(1)]		
Wholesale Sales & Ancillary Services	$ 19,809	$ 26,082
Eliminations and adjustments	181	2,265
Wholesale Sales & Ancillary Services, net of eliminations and adjustments	19,990	28,347
Direct-to-Consumer, net of eliminations	23,453	21,058
	$ 43,443	$ 49,405
Gross margin percentage by segment		
Wholesale Sales & Ancillary Services	0.777 %	1.093 %
Wholesale Sales & Ancillary Services, net of eliminations and adjustments	0.898 %	1.313 %
Direct-to-Consumer	4.805 %	6.469 %
Consolidated gross margin percentage	1.600 %	1.988 %

(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 September 30,	
	2024	2023
Operating income (expenses) by segment		
Wholesale Sales & Ancillary Services	$ (16,449)	$ (11,537)
Eliminations	(47)	(45)
Wholesale Sales & Ancillary Services, net of eliminations	$ (16,496)	$ (11,582)
Wholesale Sales & Ancillary Services, net of eliminations		
Selling, general, and administrative expenses	$ (12,734)	$ (10,587)
Depreciation and amortization expense	(802)	(297)
Interest income	4,015	3,408
Interest expense	(7,480)	(6,763)
Earnings from equity method investments	551	2,715
Other income, net	5	36
Unrealized losses on foreign exchange	(51)	(94)
	$ (16,496)	$ (11,582)
Direct-to-Consumer		
Selling, general, and administrative expenses	$ (13,591)	$ (10,866)
Depreciation and amortization expense	(3,904)	(2,407)
Interest income	52	—
Interest expense	(484)	(1,102)
Unrealized gains on foreign exchange	229	—
	$ (17,698)	$ (14,375)
Secured Lending		
Selling, general, and administrative expenses	$ (292)	$ (392)
Depreciation and amortization expense	(3)	(88)
Interest income	3,020	2,694
Interest expense	(2,023)	(1,958)
Earnings (losses) from equity method investments	27	(6)
Other income, net	195	237
	$ 924	$ 487

Net Income Before Provision for Income Taxes

in thousands

	Three Months Ended September 30,	
	2024	2023
Net income before provision for income taxes by segment		
Wholesale Sales & Ancillary Services	$ 3,494	$ 16,765
Direct-to-Consumer	5,755	6,683
Secured Lending	924	487
	$ 10,173	$ 23,935

Advertising Expense

in thousands

	Three Months Ended September 30,	
	2024	2023
Advertising expense by segment		
Wholesale Sales & Ancillary Services	$ (620)	$ (611)
Direct-to-Consumer	(3,956)	(3,290)
Secured Lending	(70)	(52)
	$ (4,646)	$ (3,953)

Capital Expenditures for Long-Lived Assets

in thousands

	Three Months Ended September 30,	
	2024	2023
Capital expenditures for long-lived assets by segment		
Wholesale Sales & Ancillary Services	$ (505)	$ (1,516)
Direct-to-Consumer	(102)	(370)
	$ (607)	$ (1,886)

Inventories

in thousands

	September 30, 2024	June 30, 2024
Inventories by segment		
Wholesale Sales & Ancillary Services	$ 1,105,202	$ 924,804
Direct-to-Consumer	172,097	172,340
	$ 1,277,299	$ 1,097,144

in thousands

	September 30, 2024	June 30, 2024
Inventories by geographic region		
United States	$ 1,155,881	$ 989,272
North America, excluding United States	48,284	53,648
Europe	27,419	18,519
Asia	45,715	35,705
	$ 1,277,299	$ 1,097,144

Total Assets

in thousands

	September 30, 2024	June 30, 2024
Total assets by segment		
Wholesale Sales & Ancillary Services (1)	$ 1,453,608	$ 1,262,385
Eliminations	(225,792)	(240,380)
Wholesale Sales & Ancillary Services, net of eliminations	1,227,816	1,022,005
Direct-to-Consumer	695,601	690,547
Secured Lending	105,600	115,268
	$ 2,029,017	$ 1,827,820

(1) Our equity method investments and precious metals held under financing arrangements are primarily recorded within our Wholesale Sales & Ancillary Services segment.

in thousands

	September 30, 2024	June 30, 2024
Total assets by geographic region		
United States	$ 1,726,769	$ 1,539,395
North America, excluding United States	178,959	188,100
Europe	34,202	20,512
Asia	89,087	79,813
	$ 2,029,017	$ 1,827,820

Long-term Assets

in thousands

	September 30, 2024	June 30, 2024
Long-term assets by segment		
Wholesale Sales & Ancillary Services	$ 111,540	$ 109,643
Direct-to-Consumer	269,870	273,933
Secured Lending	2,065	2,041
	$ 383,475	$ 385,617

in thousands

	September 30, 2024	June 30, 2024
Long-term assets by geographic region		
United States	$ 238,662	$ 238,169
North America, excluding United States	112,365	$ 114,475
Europe	2	2
Asia	32,446	32,971
	$ 383,475	$ 385,617

Goodwill

in thousands

	September 30, 2024	June 30, 2024
Goodwill by segment		
Wholesale Sales & Ancillary Services	$ 29,915	$ 29,915
Direct-to-Consumer(1)	170,022	170,022
	$ 199,937	$ 199,937

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

Intangible assets

in thousands

	September 30, 2024	June 30, 2024
Intangible assets by segment		
Wholesale Sales & Ancillary Services	$ 12,313	$ 12,586
Direct-to-Consumer(1)	85,494	89,077
	$ 97,807	$ 101,663

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

20. SUBSEQUENT EVENTS

On October 22, 2024, the Company paid a regular cash dividend of $0.20 per share to stockholders of record as of October 8, 2024.

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 and uncertainties. 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.

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 audited consolidated financial statements and notes contained in the Form 10-K for the fiscal year ended June 30, 2024. 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 and JMB 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:
  - o *Wholesale Sales & Ancillary Services,*
  - o *Direct-to-Consumer*, and
  - o *Secured Lending*

  comparing results for the periods presented.
- *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 consolidated financial statements. The Company uses the following two non-GAAP measures:
  - o "adjusted net income before provision for income taxes", and
  - o "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 September 30, 2024, sources of liquidity and the amount of financial capacity available to fund our future commitments and other financing arrangements.
- *Critical accounting policies and estimates*. 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 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

The Company conducts its 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 consolidated subsidiaries, A-Mark Trading AG ("AMTAG"), Transcontinental Depository Services, LLC ("TDS" or "Storage"), A-M Global Logistics, LLC ("AMGL" or "Logistics"), AM&ST Associates, LLC ("AMST" or the "Silver Towne Mint"), and AM/LPM Ventures, LLC, which we formed to acquire LPM Group Limited ("LPM").

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 approximately 2,100 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, a numismatics showroom in Hong Kong, 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 it also purchases product from other sovereign mints, for sale to its customers.

Through its wholly-owned subsidiary AMTAG, the Company promotes its products and services to certain international markets. 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 fabricated silver products during volatile market environments, which have historically created higher demand for precious metals products.

In February 2024, the Company acquired LPM, one of Asia's largest precious metals dealers. Headquartered in Hong Kong, LPM extends A-Mark's global reach by offering its full-service precious metals products and services in Asia and internationally.

Direct-to-Consumer

The Company operates its Direct-to-Consumer segment through its wholly-owned subsidiaries JM Bullion, Inc. (“JMB”) and Goldline, Inc. (“Goldline”), and through its investment in Silver Gold Bull, Inc. ("SGB"). JMB currently has several wholly-owned subsidiaries, including: Buy Gold and Silver Corp. ("BGASC"), BX Corporation ("BullionMax"), Gold Price Group, Inc. (“GPG”), Silver.com, Inc. (“Silver.com”), Provident Metals Corp. (“PMC”), and CyberMetals Corp. ("CyberMetals"). Goldline owns 100% of AMIP, LLC ("AMIP"). SGB and Goldline each have a 50% ownership interest in Precious Metals Purchasing Partners, LLC ("PMPP"). As the context requires, references to JMB may include BGASC, BullionMax, GPG, Silver.com, 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. JMB owns and operates numerous websites targeting specific niches within the precious metals retail market, including JMBullion.com, ProvidentMetals.com, Silver.com, CyberMetals.com, GoldPrice.org, SilverPrice.org, BGASC.com, BullionMax.com, and Gold.com.

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 between Goldline and SGB, 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.

In 2014, the Company acquired its initial ownership interest in SGB, a leading e-commerce precious metals retailer in Canada, increasing its ownership to 55.4% in June 2024 at which time we obtained a controlling ownership interest in SGB, and SGB became a consolidated subsidiary of the Company. Our investment in SGB expands our direct-to-consumer footprint in the international market. Through its website, SilverGoldBull.com, SGB offers a variety of products from gold, silver, platinum, and palladium bars, coins and rounds, as well as certified coins from mints around the world.

Secured Lending

The Company operates its Secured Lending segment through its wholly-owned subsidiary, Collateral Finance Corporation, LLC, including its wholly-owned subsidiary, 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. As of September 30, 2024, CFC had approximately $101.9 million in secured loans outstanding, of which approximately 15.7% were acquired from third parties (some of which may be customers of A-Mark) and approximately 84.3% were originated by CFC.

CAI is a holding company that has an equity method interest in Collectible Card Partners, LLC (“CCP”). CCP originates commercial loans secured by graded sports cards. CCP commenced operations in fiscal 2022.

AM Capital Funding, LLC (“AMCF”), previously a wholly-owned subsidiary of CFC, was formed for the purpose of securitizing eligible secured loans of CFC. AMCF issued and administered 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 AMCF Notes were repaid in full in December 2023. AMCF was dissolved in June 2024.

Our Strategy

The Company was formed in 1965 and has grown into a significant participant in the bullion and coin markets, with $9.7 billion in revenues for fiscal year 2024. 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, which span trading, e-commerce, distribution, logistics, minting, storage, hedging, financing, and consignment products and services, including:

- our expertise in e-commerce and marketing;
- the depth of our customer relationships and our ability to acquire and retain new customers;
- our long-standing relationships with the United States Mint and other sovereign and private mints;
- our access to market makers and suppliers;
- our global trading systems;
- our network of precious metals dealers;
- our depository relationships around the world;
- our design and production of minted silver products;
- our ability to obtain more favorable pricing and financing terms due to our size;
- our ability to manage exposure to commodity price risk through our experienced traders;
- our distribution, storage and logistics capabilities;
- our knowledge of secured lending; 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 and SGB 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 may be attributable to 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 futures 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 change 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.

Interest Income. The Company enters into secured loans and secured financing structures with its customers under which it charges interest. CFC originates loans and acquires loan portfolios 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. 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. SGB's performance metrics have been included in our consolidated financial results from June 21, 2024, the date we obtained a controlling ownership interest in SGB, and SGB became a consolidated subsidiary of the Company.

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 set up a new account, made a purchase for the first time during the period, or acquired through investment activity.
- *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 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 product orders from new customers (refer to the definition of new customers above) processed by JMB, Goldline, SGB, and PMPP during the period.
- *Ticket Volume from Pre-existing Direct-to-Consumer Customers* means the number of product orders from pre-existing customers, processed by JMB, Goldline, SGB, and PMPP during the period.
- *Total Ticket Volume from Direct-to-Consumer Customers* means the aggregate number of product orders processed by JMB, Goldline, SGB, and PMPP during the period.

Average Order Value. Average order value for the Direct-to-Consumer segment and JMB measures the average dollar value of 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 it 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 utilize 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 consolidated statements of cash flows 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

Macroeconomic uncertainty and the volatility in the financial markets in recent years have positively affected the Company's trading revenues and gross profit as the volatility of the price of precious metals and numismatics typically results in an increase in the spread between bid and ask prices on these products. Although conditions may fluctuate from period to period, when volatility is high, we historically experience increased demand for products in each of our coin and bar, industrial, and retail businesses. While macroeconomic uncertainty continues to impact our business, its effects have been less pronounced in the current and prior fiscal year. The Company cannot predict the periods during which increased volatility will occur or the level of increased volatility, the effect of volatility and macroeconomic uncertainty on the Company, or whether other effects on the Company and its businesses will materialize in the short or long term.

RESULTS OF OPERATIONS

Overview of Results of Operations

Consolidated Results of Operations for the Three Months Ended September 30, 2024 and 2023

The operating results of our business were as follows (in thousands, except per share and performance metrics data):

Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 2,715,096	100.000 %	$ 2,484,618	100.000 %	$ 230,478	9.3 %
Gross profit	43,443	1.600 %	49,405	1.988 %	$ (5,962)	(12.1 %)
Selling, general, and administrative expenses	(26,617)	(0.980 %)	(21,845)	(0.879 %)	$ 4,772	21.8 %
Depreciation and amortization expense	(4,709)	(0.173 %)	(2,792)	(0.112 %)	$ 1,917	68.7 %
Interest income	7,087	0.261 %	6,102	0.246 %	$ 985	16.1 %
Interest expense	(9,987)	(0.368 %)	(9,823)	(0.395 %)	$ 164	1.7 %
Earnings from equity method investments	578	0.021 %	2,709	0.109 %	$ (2,131)	(78.7 %)
Other income, net	200	0.007 %	273	0.011 %	$ (73)	(26.7 %)
Unrealized gains (losses) on foreign exchange	178	0.007 %	(94)	(0.004 %)	$ 272	289.4 %
Net income before provision for income taxes	10,173	0.375 %	23,935	0.963 %	$ (13,762)	(57.5 %)
Income tax expense	(1,755)	(0.065 %)	(4,952)	(0.199 %)	$ (3,197)	(64.6 %)
Net income	8,418	0.310 %	18,983	0.764 %	$ (10,565)	(55.7 %)
Net (loss) income attributable to noncontrolling interests	(566)	(0.021 %)	156	0.006 %	$ (722)	(462.8 %)
Net income attributable to the Company	$ 8,984	0.331 %	$ 18,827	0.758 %	$ (9,843)	(52.3 %)
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:						
Per Share Data:						
Basic	$ 0.39		$ 0.81		$ (0.42)	(51.9 %)
Diluted	$ 0.37		$ 0.77		$ (0.40)	(51.9 %)
Performance Metrics:[1]						
Gold ounces sold[2]	398,000		495,000		(97,000)	(19.6 %)
Silver ounces sold[3]	20,449,000		30,378,000		(9,929,000)	(32.7 %)
Inventory turnover ratio[4]	2.3		2.5		(0.2)	(8.0 %)
Number of secured loans at period end[5]	562		803		(241)	(30.0 %)

(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

in thousands, except performance metrics **Three Months Ended September 30,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 2,715,096	100.000 %	$ 2,484,618	100.000 %	$ 230,478	9.3 %
Performance Metrics						
Gold ounces sold	398,000		495,000		(97,000)	(19.6 %)
Silver ounces sold	20,449,000		30,378,000		(9,929,000)	(32.7 %)

Revenues for the three months ended September 30, 2024 increased $230.5 million, or 9.3%, to $2.715 billion from $2.485 billion in 2023. Excluding an increase of $217.4 million of forward sales, our revenues increased $13.1 million, or 0.9%, which was due to higher average selling prices of gold and silver, partially offset by a decrease in gold and silver ounces sold.

Gold ounces sold for the three months ended September 30, 2024 decreased 97,000 ounces, or 19.6%, to 398,000 ounces from 495,000 ounces in 2023. Silver ounces sold for the three months ended September 30, 2024 decreased 9,929,000 ounces, or 32.7%, to 20,449,000 ounces from 30,378,000 ounces in 2023. On average, the selling prices for gold increased by 26.5% and selling prices for silver increased by 24.5% during the three months ended September 30, 2024 as compared to the prior year.

JMB's revenue represented 11.3% and 11.8% of the Company's consolidated revenue for the three months ended September 30, 2024 and 2023, respectively.

Gross Profit

in thousands, except performance metric **Three Months Ended September 30,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 43,443	1.600 %	$ 49,405	1.988 %	$ (5,962)	(12.1 %)
Performance Metric						
Inventory turnover ratio	2.3		2.5		(0.2)	(8.0 %)

Gross profit for the three months ended September 30, 2024 decreased $6.0 million, or 12.1%, to $43.4 million from $49.4 million in 2023. The overall gross profit decrease was due to lower gross profits earned from the Wholesale Sales & Ancillary Services segment, partially offset by an increase in gross profits earned by the Direct-to-Consumer segment.

The Company’s overall gross margin percentage for the three months ended September 30, 2024 decreased by 38.8 basis points to 1.600% from 1.988% in 2023. Excluding an increase of $217.4 million of forward sales that had a negligible impact to the amount of gross profit, our gross margin percentage for the three months ended September 30, 2024 decreased by 43.6 basis points to 2.962% from 3.398%, which was primarily due to lower premium spreads and lower trading profits. JMB’s retail market activity represented 37.1% and 35.6%, respectively, of the Company’s consolidated gross profit for the three months ended September 30, 2024 and 2023.

Our inventory turnover ratio for the three months ended September 30, 2024 decreased by 8.0% to 2.3 from 2.5 in 2023. 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

in thousands **Three Months Ended September 30,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Selling, general, and administrative expenses	$ (26,617)	(0.980 %)	$ (21,845)	(0.879 %)	$ 4,772	21.8 %

Selling, general, and administrative expenses for the three months ended September 30, 2024 increased $4.8 million, or 21.8%, to $26.6 million from $21.8 million in 2023. The change was primarily due to: (i) an increase in compensation expense (including performance-based accruals) of $2.6 million, (ii) an increase in advertising costs of $0.7 million, (iii) an increase in consulting and professional fees of $0.2 million, (iv) an increase in information technology costs of $0.2 million, and (v) an increase in insurance costs of $0.2 million.

Depreciation and Amortization Expense

in thousands **Three Months Ended September 30,**	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Depreciation and amortization expense	$ (4,709)	(0.173 %)	$ (2,792)	(0.112 %)	$ 1,917	68.7 %

Depreciation and amortization expense for the three months ended September 30, 2024 increased $1.9 million, or 68.7%, to $4.7 million from $2.8 million in 2023 primarily due to an increase in amortization expense of $2.2 million relating to intangible assets acquired through our acquisition of LPM and acquisition of a controlling interest in SGB, partially offset by a decrease in JMB intangible asset amortization of $0.5 million.

Interest Income

in thousands, except performance metric Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Interest income	$ 7,087	0.261 %	$ 6,102	0.246 %	$ 985	16.1 %
Performance Metric						
Number of secured loans at period-end	562		803		(241)	(30.0 %)

Interest income for the three months ended September 30, 2024 increased $1.0 million, or 16.1%, to $7.1 million from $6.1 million in 2023. The aggregate increase in interest income was primarily due to an increase in other finance product income of $0.6 million and an increase in interest income earned by our Secured Lending segment of $0.3 million.

The interest income from our Secured Lending segment increased by $0.3 million, or 12.1%, compared with the prior year period. The increase in interest income earned from the segment's secured loan portfolio was primarily due to higher average monthly loan balances, partially offset by fewer loans outstanding. The number of secured loans outstanding decreased by 30.0% to 562 as of September 30, 2024, from 803 as of September 30, 2023.

Interest Expense

in thousands Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Interest expense	$ (9,987)	(0.368 %)	$ (9,823)	(0.395 %)	$ 164	1.7 %

Interest expense for the three months ended September 30, 2024 increased $0.2 million, or 1.7%, to $10.0 million from $9.8 million in 2023. The increase in interest expense was primarily driven by each of the following components: (i) an increase of $0.7 million associated with our Trading Credit Facility due to increased borrowings as well as an increase in interest rates and (ii) an increase of $0.7 million related to product financing arrangements, partially offset by (iii) a decrease of $1.4 million related to the AMCF Notes (including amortization of debt issuance costs) due to the repayment in December 2023.

Earnings from Equity Method Investments

in thousands Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Earnings from equity method investments	$ 578	0.021 %	$ 2,709	0.109 %	$ (2,131)	(78.7 %)

Earnings from equity method investments for the three months ended September 30, 2024 decreased $2.1 million, or 78.7%, to $0.6 million from $2.7 million in 2023 due to decreased earnings of our equity method investees.

Other Income, Net

in thousands Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Other income, net	$ 200	0.007 %	$ 273	0.011 %	$ (73)	(26.7 %)

Other income, net for the three months ended September 30, 2024 decreased $0.1 million, or 26.7%, to $0.2 million from $0.3 million in 2023. The decrease in other income, net was not significant.

Income Tax Expense

in thousands Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Income tax expense	$ (1,755)	(0.065 %)	$ (4,952)	(0.199 %)	$ (3,197)	(64.6 %)

Our income tax expense was $1.8 million and $5.0 million for the three months ended September 30, 2024 and 2023, respectively. Our effective tax rate was approximately 17.3% and 20.7% for the three months ended September 30, 2024 and 2023, respectively. Our effective tax rate varied from the federal statutory rate for the three months ended September 30, 2024 primarily due to the excess tax benefit from share-based compensation, partially offset by state taxes (net of federal tax benefit), foreign tax rate differential, Section 162(m) executive compensation disallowance, and other normal course non-deductible expenditures. Our effective tax rate for the three months ended September 30, 2023 varied from the tax computed at the federal statutory rate primarily due to the excess tax benefit from share-based compensation and the foreign derived intangible income special deduction, partially offset by state taxes (net of federal tax benefit), Section 162(m) executive compensation disallowance, 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.

Results of Operations — Wholesale Sales & Ancillary Services Segment

The Company operates its Wholesale Sales & Ancillary Services segment directly and through its consolidated subsidiaries, A-Mark Trading AG ("AMTAG"), Transcontinental Depository Services ("TDS"), A-M Global Logistics, LLC ("Logistics"), AM&ST Associates, LLC ("AMST" or "Silver Towne" or the "Mint"), and AM/LPM Ventures, LLC, which we formed to acquire LPM Group Limited ("LPM"). 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 September 30, 2024 and 2023

— Wholesale Sales & Ancillary Services Segment

The operating results of our Wholesale Sales & Ancillary Services segment were as follows (in thousands, except performance metrics data):

Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 2,226,989 (a)	100.000 %	$ 2,159,072 (b)	100.000 % (d)	$ 67,917	3.1 %
Gross profit	19,990	0.898 % (c)	28,347	1.313 %	$ (8,357)	(29.5 %)
Selling, general, and administrative expenses	(12,734)	(0.572 %)	(10,587)	(0.490 %)	$ 2,147	20.3 %
Depreciation and amortization expense	(802)	(0.036 %)	(297)	(0.014 %)	$ 505	170.0 %
Interest income	4,015	0.180 %	3,408	0.158 %	$ 607	17.8 %
Interest expense	(7,480)	(0.336 %)	(6,763)	(0.313 %)	$ 717	10.6 %
Earnings from equity method investments	551	0.025 %	2,715	0.126 %	$ (2,164)	(79.7 %)
Other income, net	5	0.000 %	36	0.002 %	$ (31)	(86.1 %)
Unrealized losses on foreign exchange	(51)	(0.002 %)	(94)	(0.004 %)	$ (43)	(45.7 %)
Net income before provision for income taxes	$ 3,494	0.157 %	$ 16,765	0.776 %	$ (13,271)	(79.2 %)
Performance Metrics:						
Gold ounces sold[1]	272,000		378,000		(106,000)	(28.0 %)
Silver ounces sold[2]	15,960,000		27,357,000		(11,397,000)	(41.7 %)
Wholesale Sales ticket volume[3]	29,655		22,044		7,611	34.5 %

(a) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $321.0 million. This segment's gross sales before eliminations of inter-segment activity totaled $2.548 billion.
(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $228.3 million. This segment's gross sales before eliminations of inter-segment activity totaled $2.387 billion.
(c) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 0.777% for the period.
(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.093% 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

<u>in thousands, except performance metrics</u>

Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Revenues	$ 2,226,989 (a)	100.000 %	$ 2,159,072 (b)	100.000 %	$ 67,917	3.1 %
Performance Metrics						
Gold ounces sold	272,000		378,000		(106,000)	(28.0 %)
Silver ounces sold	15,960,000		27,357,000		(11,397,000)	(41.7 %)
Wholesale Sales ticket volume	29,655		22,044		7,611	34.5 %

(a) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $321.0 million. This segment's gross sales before eliminations of inter-segment activity totaled $2.548 billion.
(b) Revenues are presented net of inter-segment transactions with the Direct-to-Consumer segment that totaled $228.3 million. This segment's gross sales before eliminations of inter-segment activity totaled $2.387 billion.

Revenues for the three months ended September 30, 2024 increased $67.9 million, or 3.1%, to $2.227 billion from $2.159 billion in 2023. Excluding an increase in forward sales of $217.4 million, our revenues decreased $149.5 million, which was due to a decrease in gold and silver ounces sold, partially offset by higher average selling prices of gold and silver.

Gold ounces sold for the three months ended September 30, 2024 decreased 106,000 ounces, or 28.0%, to 272,000 ounces from 378,000 ounces in 2023. Silver ounces sold for the three months ended September 30, 2024 decreased 11,397,000 ounces, or 41.7%, to 15,960,000 ounces from 27,357,000 ounces in 2023. On average, the selling prices for gold increased by 25.5% and selling prices for silver increased by 23.1% during the three months ended September 30, 2024 as compared to the prior year.

The Wholesale Sales ticket volume for the three months ended September 30, 2024 increased by 7,611 tickets, or 34.5% to 29,655 tickets from 22,044 tickets in 2023.

Gross Profit — Wholesale Sales & Ancillary Services

in thousands

Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Gross profit	$ 19,990	0.898 % (c)	$ 28,347	1.313 % (d)	$ (8,357)	(29.5 %)

(c) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 0.777% for the period.
(d) Gross profit percentage before elimination of inter-segment sales to the Direct-to-Consumer segment was 1.093% for the period.

Gross profit for the three months ended September 30, 2024 decreased $8.4 million, or 29.5%, to $20.0 million from $28.3 million in 2023. The gross profit decrease was primarily due to lower premium spreads and lower trading profits.

This segment’s profit margin percentage decreased by 41.5 basis points to 0.898% from 1.313% in 2023. The decrease in gross margin percentage was mainly attributable to the impact of increased forward sales, lower premium spreads, and lower trading profits.

Excluding an increase of $217.4 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 September 30, 2024 decreased by 47.0 basis points to 2.042% from 2.512% in the prior year. 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

in thousands

Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Selling, general, and administrative expenses	$ (12,734)	(0.572 %)	$ (10,587)	(0.490 %)	$ 2,147	20.3 %

Selling, general, and administrative expenses for the three months ended September 30, 2024 increased $2.1 million, or 20.3%, to $12.7 million from $10.6 million in 2023. The change was primarily due to an increase in compensation expense (including performance-based accruals) of $1.5 million.

Interest Income — Wholesale Sales & Ancillary Services

in thousands

Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Interest income	$ 4,015	0.180 %	$ 3,408	0.158 %	$ 607	17.8 %

Interest income for the three months ended September 30, 2024 increased $0.6 million, or 17.8%, to $4.0 million from $3.4 million in 2023. The overall increase was primarily due to (i) a $0.4 million increase in interest income earned from spot deferred trade orders and (ii) a $0.2 million increase in interest and fees earned related to margin orders.

Interest Expense — Wholesale Sales & Ancillary Services

in thousands

Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Interest expense	$ (7,480)	(0.336 %)	$ (6,763)	(0.313 %)	$ 717	10.6 %

Interest expense for the three months ended September 30, 2024 increased $0.7 million, or 10.6%, to $7.5 million from $6.8 million in 2023. The overall increase was primarily due to (i) an increase in inter-segment eliminations related to the DTC segment's product financing activity with A-Mark of $0.7 million and (ii) higher interest and fees from product financing arrangements of $0.6 million, partially offset by (iii) a decrease of $0.8 million related to the AMCF Notes (including amortization of debt issuance costs) due to the repayment in December 2023.

Earnings from Equity Method Investments — Wholesale Sales & Ancillary Services

in thousands

Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Earnings from equity method investments	$ 551	0.025 %	$ 2,715	0.126 %	$ (2,164)	(79.7 %)

Earnings from equity method investments for the three months ended September 30, 2024 decreased $2.2 million, or 79.7%, to $0.6 million from $2.7 million in 2023 due to decreased earnings of our equity method investees.

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"), through our investment in Silver Gold Bull, Inc. ("SGB"), and through our subsidiary Precious Metals Purchasing Partners, LLC ("PMPP").

Overview of Results of Operations for the Three Months Ended September 30, 2024 and 2023

— Direct-to-Consumer Segment

The operating results of our Direct-to-Consumer ("DTC") segment were as follows (in thousands, except performance metrics data):

Three Months Ended September 30,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 488,107 (a)	100.000 %	$ 325,546 (b)	100.000 %	$ 162,561	49.9 %
Gross profit	23,453	4.805 %	21,058	6.469 %	$ 2,395	11.4 %
Selling, general, and administrative expenses	(13,591)	(2.784 %)	(10,866)	(3.338 %)	$ 2,725	25.1 %
Depreciation and amortization expense	(3,904)	(0.800 %)	(2,407)	(0.739 %)	$ 1,497	62.2 %
Interest income	52	0.011 %	—	— %	$ 52	— %
Interest expense	(484)	(0.099 %)	(1,102)	(0.339 %)	$ (618)	(56.1 %)
Unrealized gains on foreign exchange	229	0.047 %	—	— %	$ 229	— %
Net income before provision for income taxes	$ 5,755	1.179 %	$ 6,683	2.053 %	$ (928)	(13.9 %)
Performance Metrics:						
Gold ounces sold[(1)]	126,000		117,000		9,000	7.7 %
Silver ounces sold[(2)]	4,489,000		3,021,000		1,468,000	48.6 %
Number of new customers[(3)]	55,300		39,100		16,200	41.4 %
Number of active customers[(4)]	129,900		106,400		23,500	22.1 %
Number of total customers[(5)]	3,122,100		2,387,400		734,700	30.8 %
DTC ticket volume from new customers[(6)]	38,546		24,560		13,986	56.9 %
DTC ticket volume from pre-existing customers[(7)]	128,032		111,797		16,235	14.5 %
DTC total ticket volume[(8)]	166,578		136,357		30,221	22.2 %
DTC average order value[(9)]	$ 2,967		$ 2,440		$ 527	21.6 %
JMB average order value[(9)]	$ 2,198		$ 2,239		$ (41)	(1.8 %)

(a) Includes $20.4 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(b) Includes $1.6 million of inter-segment sales from the Direct-to-Consumer segment to the Wholesale Sales & Ancillary Services segment.
(1) Gold ounces sold represents the ounces of gold product sold and delivered during the period. SGB's metrics are included after the Company acquired a controlling interest on June 21, 2024.
(2) Silver ounces sold represents the ounces of silver product sold and delivered during the period. SGB's metrics are included after the Company acquired a controlling interest on June 21, 2024.
(3) Number of new customers represents the number of customers that have registered or set up a new account or made a purchase for the first time during the period. SGB's metrics are included after the Company acquired a controlling interest on June 21, 2024.
(4) Number of active customers represents the number of customers that have made a purchase during any month during the period. SGB's metrics are included after the Company acquired a controlling interest on June 21, 2024.
(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. SGB's metrics are included after the Company acquired a controlling interest on June 21, 2024.
(6) Ticket volume from new customers represents the number of product orders from new customers processed by JMB, Goldline, SGB, and PMPP during the period. SGB's metrics are included after the Company acquired a controlling interest on June 21, 2024.
(7) Ticket volume from pre-existing customers represents the total number of product orders from pre-existing customers processed by JMB, Goldline, SGB, and PMPP during the period. SGB's metrics are included after the Company acquired a controlling interest on June 21, 2024.
(8) Total ticket volume represents the total number of product orders processed by JMB, Goldline, SGB, and PMPP during the period. SGB's metrics are included after the Company acquired a controlling interest on June 21, 2024.
(9) Average Order Value ("AOV") represents the average dollar value of product orders (excluding accumulation program orders) delivered to the customer during the period. SGB's metrics are included after the Company acquired a controlling interest on June 21, 2024.

Revenues — Direct-to-Consumer

in thousands, except performance metrics

Three Months Ended September 30,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Revenues	$ 488,107	100.000 %	$ 325,546	100.000 %	$ 162,561	49.9 %
Performance Metrics:						
Gold ounces sold	126,000		117,000		9,000	7.7 %
Silver ounces sold	4,489,000		3,021,000		1,468,000	48.6 %
Number of new customers	55,300		39,100		16,200	41.4 %
Number of active customers	129,900		106,400		23,500	22.1 %
Number of total customers	3,122,100		2,387,400		734,700	30.8 %
DTC ticket volume from new customers	38,546		24,560		13,986	56.9 %
DTC ticket volume from pre-existing customers	128,032		111,797		16,235	14.5 %
DTC total ticket volume	166,578		136,357		30,221	22.2 %
DTC average order value	$ 2,967		$ 2,440		$ 527	21.6 %
JMB average order value	$ 2,198		$ 2,239		$ (41)	(1.8 %)

Revenues for the three months ended September 30, 2024 increased $162.6 million, or 49.9%, to $488.1 million from $325.5 million in 2023. The increase in revenue was due to an increase in gold and silver ounces sold as well as by higher average selling prices of gold and silver. For the three months ended September 30, 2024, revenue of Goldline, SGB and PMPP, in the aggregate, was higher by $147.9 million as compared to the prior year, primarily related to acquiring a controlling interest in SGB in June 2024. For the three months ended September 30, 2024, JMB's revenue increased $14.7 million as compared to the prior year

Gold ounces sold for the three months ended September 30, 2024 increased 9,000 ounces, or 7.7%, to 126,000 ounces from 117,000 ounces in 2023. Silver ounces sold for the three months ended September 30, 2024 increased 1,468,000 ounces, or 48.6%, to 4,489,000 ounces from 3,021,000 ounces in 2023.

Gold ounces sold by Goldline, SGB and PMPP, in the aggregate, increased 34,500 ounces compared to 2023, primarily due to the Company acquiring a controlling interest in SGB in June 2024. Gold ounces sold by JMB decreased 25,500 ounces for the three months ended September 30, 2024 compared to 2023. Silver ounces sold by Goldline, SGB and PMPP, in the aggregate, increased 1,514,000 ounces compared to 2023, primarily due to the Company acquiring a controlling interest in SGB in June 2024. Silver ounces sold by JMB decreased 46,000 ounces for the three months ended September 30, 2024 compared to 2023.

On average, selling prices for gold increased by 24.7% and selling prices for silver increased by 22.0% during the three months ended September 30, 2024 as compared to the prior year.

The number of new customers for the three months ended September 30, 2024 increased 16,200, or 41.4%, to 55,300 from 39,100 in 2023. The number of active customers for the three months ended September 30, 2024 increased 23,500, or 22.1% to 129,900 from 106,400 in 2023. The number of total customers as of September 30, 2024 increased 734,700, or 30.8% to 3,122,100 from 2,387,400 as of September 30, 2023. These changes in customer-based metrics were primarily due the acquisition of SGB's customers upon the Company acquiring a controlling interest in June 2024, as well as JMB's activity.

As of September 30, 2024, the number of total CyberMetals customers was 31,100, and CyberMetals customer assets under management were $8.3 million.

For the three months ended September 30, 2024, the Direct-to-Consumer ticket volume related to new customers increased by 13,986 tickets, or 56.9%, to 38,546 tickets from 24,560 tickets in 2023. For the three months ended September 30, 2024, Direct-to-Consumer ticket volume related to pre-existing customers increased by 16,235 tickets, or 14.5%, to 128,032 tickets from 111,797 tickets in 2023. For the three months ended September 30, 2024, the Direct-to-Consumer total ticket volume increased by 30,221 tickets, or 22.2%, to 166,578 tickets from 136,357 tickets in 2023.

For the three months ended September 30, 2024, the Direct-to-Consumer average order value increased by $527, or 21.6%, to $2,967 from $2,440 in 2023.

Gross Profit — Direct-to-Consumer

in thousands

Three Months Ended September 30,	**2024**		**2023**		**Change**	
	$	**% of revenue**	**$**	**% of revenue**	**$**	**%**
Gross profit	$ 23,453	4.805 %	$ 21,058	6.469 %	$ 2,395	11.4 %

Gross profit for the three months ended September 30, 2024 increased by $2.4 million, or 11.4%, to $23.5 million from $21.1 million in 2023. The increase in gross profit was mainly due to gross profit recognized as a result of our acquisition of a controlling interest in SGB and higher ticket volume during the period, partially offset by a lower gross profit margin percentage.

For the three months ended September 30, 2024, the Direct-to-Consumer segment's profit margin percentage decreased by 166.4 basis points to 4.805% from 6.469% in 2023. The decrease in the gross profit margin percentage was primarily due to our acquisition of a controlling interest in SGB, as well as lower gross profit percentages of JMB, Goldline and PMPP.

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

in thousands Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Selling, general, and administrative expenses	$ (13,591)	(2.784%)	$ (10,866)	(3.338%)	$ 2,725	25.1%

Selling, general, and administrative expenses for the three months ended September 30, 2024 increased $2.7 million, or 25.1%, to $13.6 million from $10.9 million in 2023. The change was primarily due to: (i) an increase in compensation expense (including performance-based accruals) of $1.0 million, (ii) an increase in advertising costs of $0.7 million, (iii) an increase in consulting and professional fees of $0.2 million, and (iv) an increase in information technology costs of $0.2 million.

Depreciation and Amortization Expense — Direct-to-Consumer

in thousands Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Depreciation and amortization expense	$ (3,904)	(0.800%)	$ (2,407)	(0.739%)	$ 1,497	62.2%

Depreciation and amortization expense for the three months ended September 30, 2024, increased $1.5 million, or 62.2%, to $3.9 million from $2.4 million in 2023 primarily due to a $2.0 million increase in SGB's intangible asset amortization expense, partially offset by a $0.5 million decrease in JMB's intangible asset amortization expense.

Interest expense — Direct-to-Consumer

in thousands Three Months Ended September 30,	2024		2023		Change	
	$	% of revenue	$	% of revenue	$	%
Interest expense	$ (484)	(0.099%)	$ (1,102)	(0.339%)	$ (618)	(56.1%)

Interest expense for the three months ended September 30, 2024 decreased $0.6 million to $0.5 million from $1.1 million in 2023. The decrease is primarily related to the DTC segment's reduced product financing activity with A-Mark.

Results of Operations — Secured Lending Segment

The Company operates its Secured Lending segment through its wholly-owned subsidiaries, Collateral Finance Corporation, LLC ("CFC") and CFC Alternative Investments ("CAI"). AM Capital Funding, LLC ("AMCF"), previously a wholly-owned subsidiary of CFC, was formed for the issuance of certain notes, which were repaid in December 2023. AMCF was dissolved in June 2024.

Overview of Results of Operations for the Three Months Ended September 30, 2024 and 2023

— Secured Lending Segment

The operating results of our Secured Lending segment were as follows (in thousands, except performance metrics data):

Three Months Ended September 30,	2024		2023		Change	
	$	% of interest income	$	% of interest income	$	%
Interest income	$ 3,020	100.000%	$ 2,694	100.000%	$ 326	12.1%
Interest expense	(2,023)	(66.987%)	(1,958)	(72.680%)	$ 65	3.3%
Selling, general, and administrative expenses	(292)	(9.669%)	(392)	(14.551%)	$ (100)	(25.5%)
Depreciation and amortization expense	(3)	(0.099%)	(88)	(3.267%)	$ (85)	(96.6%)
Earnings (losses) from equity method investments	27	0.894%	(6)	(0.223%)	$ 33	550.0%
Other income, net	195	6.457%	237	8.797%	$ (42)	(17.7%)
Net income before provision for income taxes	$ 924	30.596%	$ 487	18.077%	$ 437	89.7%
Performance Metric:						
Number of secured loans at period end[(1)]	562		803		(241)	(30.0%)

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

Interest Income — Secured Lending

in thousands, except performance metric

Three Months Ended September 30,	**2024**		**2023**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Interest income	$ 3,020	100.000 %	$ 2,694	100.000 %	$ 326	12.1 %
Performance Metric						
Number of secured loans at period-end	562		803		(241)	(30.0 %)

Interest income for the three months ended September 30, 2024 increased $0.3 million, or 12.1%, to $3.0 million from $2.7 million in 2023. The increase in interest income earned from the segment's secured loan portfolio was primarily due to higher average monthly loan balances, partially offset by fewer loans outstanding. The number of secured loans outstanding decreased by 241, or 30.0% to 562 from 803 as of September 30, 2023.

Interest Expense — Secured Lending

in thousands

Three Months Ended September 30,	**2024**		**2023**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Interest expense	$ (2,023)	(66.987 %)	$ (1,958)	(72.680 %)	$ 65	3.3 %

Interest expense for the three months ended September 30, 2024 increased $0.1 million, or 3.3%, to $2.0 million from $2.0 million in 2023. The increase in interest expense was not significant.

Selling, General, and Administrative Expenses — Secured Lending

in thousands

Three Months Ended September 30,	**2024**		**2023**		**Change**	
	$	**% of interest income**	**$**	**% of interest income**	**$**	**%**
Selling, general, and administrative expenses	$ (292)	(9.669 %)	$ (392)	(14.551 %)	$ (100)	(25.5 %)

Selling, general, and administrative expenses for the three months ended September 30, 2024 decreased $0.1 million, or 25.5%, to $0.3 million from $0.4 million in 2023. The change in selling, general, and administrative expenses was not significant.

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 non-GAAP measure of "adjusted net income before provision for income taxes" is useful in evaluating our operating performance. We use this financial measure to present our pre-tax earnings from core 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 core operating performance. We eliminate the impact of the following items: (i) contingent consideration fair value adjustments, (ii) acquisition costs, (iii) amortization expenses related to intangible assets acquired, and (iv) depreciation expense.

See below for the reconciliation of this non-GAAP financial performance measure to its most closely comparable U.S. GAAP measure on our financial statements (in thousands):

Three Months Ended September 30,	**2024**	**2023**	**Change**	
	$	**$**	**$**	**%**
Net income before provision for income taxes	$ 10,173	$ 23,935	$ (13,762)	(57.5 %)
Adjustments:				
Contingent consideration fair value adjustment	(150)	—	$ 150	— %
Acquisition costs	52	52	$ —	— %
Amortization of acquired intangibles	3,864	2,165	$ 1,699	78.5 %
Depreciation expense	845	627	$ 218	34.8 %
Adjusted net income before provision for income taxes (non-GAAP)	$ 14,784	$ 26,779	$ (11,995)	(44.8 %)

Adjustments

Contingent consideration fair value adjustments. Upon our acquisition of LPM, we recognized a contingent consideration liability representing the amount we expect to pay in connection with the achievement of certain EBITDA targets. We remeasure this liability each reporting period, with the resulting changes recorded as other income and expense in the Company's condensed consolidated statements of income. We exclude these fair value adjustments when we evaluate our core operating performance and to facilitate comparison of period-to-period operating performance. See Note 3 to the Company's condensed consolidated financial statements for additional information.

Acquisition costs. 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 core operating performance and to facilitate comparison of period-to-period operating 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 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 (in thousands):

Three Months Ended September 30,	2024	2023	Change	
	$	$	$	%
Net income	$ 8,418	$ 18,983	$ (10,565)	(55.7%)
Adjustments:				
Interest income	(7,087)	(6,102)	$ 985	16.1%
Interest expense	9,987	9,823	$ 164	1.7%
Amortization of acquired intangibles	3,864	2,165	$ 1,699	78.5%
Depreciation expense	845	627	$ 218	34.8%
Income tax expense	1,755	4,952	$ (3,197)	(64.6%)
	9,364	11,465	$ (2,101)	(18.3%)
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 17,782	$ 30,448	$ (12,666)	(41.6%)
Reconciliation of Operating Cash Flows to EBITDA:				
Net cash used in operating activities	$ (127,529)	$ (44,262)	$ 83,267	188.1%
Changes in operating working capital	142,317	65,127	$ 77,190	118.5%
Interest expense	9,987	9,823	$ 164	1.7%
Interest income	(7,087)	(6,102)	$ 985	16.1%
Income tax expense	1,755	4,952	$ (3,197)	(64.6%)
Dividends and distributions received from equity method investees	(169)	(269)	$ (100)	(37.2%)
Earnings from equity method investments	578	2,709	$ (2,131)	(78.7%)
Share-based compensation	(320)	(664)	$ (344)	(51.8%)
Amortization of loan cost	(665)	(522)	$ 143	27.4%
Other	(1,085)	(344)	$ 741	215.4%
Earnings before interest, taxes, depreciation, and amortization (non-GAAP)	$ 17,782	$ 30,448	$ (12,666)	(41.6%)
Cash Flow Data:				
Net cash used in operating activities	$ (127,529)	$ (44,262)	$ 83,267	188.1%
Net cash provided by (used in) investing activities	$ 15,481	$ (428)	$ 15,909	3,717.1%
Net cash provided by financing activities	$ 110,336	$ 53,617	$ 56,719	105.8%

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 September 30, 2024, approximately 81% 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 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 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

	September 30, 2024	June 30, 2024	Change
Lines of credit	$ 337,000	$ 245,000	$ 92,000

Effective December 21, 2021, A-Mark entered into a committed borrowing facility (the "Trading Credit Facility") with CIBC Bank USA, as agent and joint lead arranger, and a syndicate of banks. As of September 30, 2024, the Trading Credit Facility provided the Company with access up to $422.5 million and has a maturity date of September 30, 2026. (See Note 15.)

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

	September 30, 2024	June 30, 2024	Change
Notes payable — short-term	$ 6,694	$ 8,367	$ (1,673)
Notes payable — long-term	3,994	3,994	—
	$ 10,688	$ 12,361	$ (1,673)

In June 2024, SGB declared a $15.9 million dividend to existing shareholders based on certain levels of working capital. The dividend was paid to certain shareholders in September 2024. The dividend paid to the Company from SGB in September 2024 was $7.5 million. The remaining unpaid dividend of $6.7 million and $8.4 million due to the other shareholders as of September 30, 2024 and June 30, 2024, respectively, was recorded as a note payable by SGB.

In April 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 to its borrowers. All loans to be funded using the proceeds from the CCP Note are subject to CCP's prior written approval. In March 2024, the expiration date for the CCP Note was amended to expire on April 1, 2026 and may be extended by mutual agreement. As of September 30, 2024 and June 30, 2024 the outstanding principal balance of the CCP Note was $4.0 million and $4.0 million. See Note 14 to the Company's condensed consolidated financial statements.

Liabilities on Borrowed Metals

in thousands

	September 30, 2024	June 30, 2024	Change
Liabilities on borrowed metals	$ 39,487	$ 31,993	$ 7,494

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

	September 30, 2024	June 30, 2024	Change
Product financing arrangements	$ 541,744	$ 517,744	$ 24,000

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 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

	September 30, 2024	June 30, 2024	Change
Secured loans receivable	$ 101,887	$ 113,067	$ (11,180)

CFC is a California licensed finance lender that makes and acquires commercial loans secured by bullion and numismatic coins, and graded sports cards that affords our customers a convenient means of financing their inventory or collections. See Note 5 to the 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. Below is a summary of dividends paid to stockholders in the three months ended September 30, 2024.

- On July 5, 2024, the Company's board of directors declared a regular dividend of $0.20 per share of common stock to stockholders of record at the close of business on July 18, 2024. The dividend was paid on July 31, 2024 and totaled $4.6 million.

See Note 17 and Note 20 to the Company's condensed consolidated financial statements for more information regarding our dividends.

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 (in thousands):

Three Months Ended	September 30, 2024	September 30, 2023	Change
Net cash used in operating activities	$ (127,529)	$ (44,262)	$ 83,267
Net cash provided by (used in) investing activities	$ 15,481	$ (428)	$ 15,909
Net cash provided by financing activities	$ 110,336	$ 53,617	$ 56,719

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 used $127.5 million and used $44.3 million in cash for the three months ended September 30, 2024 and 2023, respectively, representing a $83.3 million change compared to the three months ended September 30, 2023. The period over period change was primarily due to net changes in working capital, which includes inventories, derivative assets and liabilities, deferred revenue and other advances, liabilities on borrowed metals, accounts payable and other payables, precious metals held under financing arrangements, and receivables, net.

Net Cash Flows From Investing Activities

Investing activities provided $15.5 million and used $0.4 million in cash for the three months ended September 30, 2024 and 2023, respectively, representing a $15.9 million change compared to the three months ended September 30, 2023. This period over period change was primarily due to (i) higher inflows of $14.5 million associated with the net originations of secured loans in the current period and (ii) a $1.3 million decrease in capital expenditures for property, plant and equipment.

Net Cash Flows From Financing Activities

Financing activities provided $110.3 million and provided $53.6 million in cash for the three months ended September 30, 2024 and 2023, respectively, representing a $56.7 million change compared to the three months ended September 30, 2023. This period over period change was primarily due to (i) an increase in cash provided from our net borrowings and repayments of $57.0 million under our Trading Credit Facility, (ii) a decrease in cash paid for dividends of $23.4 million, (iii) a decrease of $4.9 million cash used to repurchase of our common stock under our share repurchase program, and (iv) an increase in cash provided of $2.6 million related to the exercise and taxes related to share-based awards. These were partially offset by a decrease in cash provided of $29.8 million related to our product financing arrangements and an increase of $1.4 million on repayments of related party notes.

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 & 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 forward and futures 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, respectively, and the net realized gains and losses for futures are recorded in cost of sales.

The Company’s net gains and losses on derivative instruments totaled losses of $22.3 million and losses of $10.5 million for the three months ended September 30, 2024 and 2023, respectively. These 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 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 (in thousands):

	September 30, 2024	June 30, 2024
Inventories	$ 1,277,299	$ 1,097,144
Precious metals held under financing arrangements	27,354	22,066
	1,304,653	1,119,210
Less unhedgeable inventories:		
Commemorative coin inventory, held at lower of cost or net realizable value	(3,103)	(3,236)
Premium on metals position	(36,727)	(34,175)
Precious metal value not hedged	(39,830)	(37,411)
Commitments at market:		
Open inventory purchase commitments	751,031	817,900
Open inventory sales commitments	(410,010)	(388,184)
Margin sales commitments	(32,055)	(22,316)
In-transit inventory no longer subject to market risk	(14,423)	(21,715)
Unhedgeable premiums on open commitment positions	13,744	10,986
Borrowed precious metals	(39,487)	(31,993)
Product financing arrangements	(541,744)	(517,744)
Advances on industrial metals	209	394
	(272,735)	(152,672)
Precious metal subject to price risk	992,088	929,127
Precious metal subject to derivative financial instruments:		
Precious metals forward contracts at market values	803,667	843,439
Precious metals futures contracts at market values	189,282	83,214
Total market value of derivative financial instruments	992,949	926,653
Net precious metals subject to commodity price risk	$ (861)	$ 2,474

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 September 30, 2024, 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.

We had the following outstanding sale and purchase commitments and open forward and futures contracts, which are normal and recurring, in nature (in thousands):

	September 30, 2024	June 30, 2024
Purchase commitments	$ 751,031	$ 817,900
Sales commitments	$ (410,010)	$ (388,184)
Margin sales commitments	$ (32,055)	$ (22,316)
Open forward contracts	$ 803,667	$ 843,439
Open futures contracts	$ 189,282	$ 83,214
Foreign exchange forward contracts	$ 3,402	$ 4,793

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 is 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 futures 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.

Commitments and Contingencies

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 ASC 606, *Revenue from Contracts with Customers*, 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 market value of 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 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 by 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 repurchase date. The third-party charges a monthly fee as a 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

The accounting for a business combination requires tangible and intangible assets acquired and liabilities assumed to be recorded at estimated fair value. We value 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. In circumstances where an acquisition involves a contingent consideration arrangement, we recognize a liability equal to the fair value of the expected contingent payments as of the acquisition date. We remeasure this liability each reporting period, with the resulting changes recorded in earnings. The assumptions used in estimating fair value of contingent consideration liabilities require significant judgment; the use of different assumptions and judgments could result in a materially different estimate of fair value which may have a material impact on our results from operations and financial position.

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, trademarks and domain names). 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.

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. 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).

To manage the volatility related to this exposure, the Company enters into precious metals commodity 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 similarly seek to minimize the effect of price changes on our open sale and purchase commitments through hedging activity. 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.

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. 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 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 Company's 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.

The functional currencies of our recent acquisitions LPM and SGB are U.S. dollars and therefore, we do not believe our exposure to foreign exchange risk related to these entities is material.

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 Company's 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 Company's 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. While our weighted-average effective interest rates on these products increased during the year, the rate increases only partially mitigated the effect of higher interest rates related to our product financing arrangements and Trading Credit Facility. 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 (our "Certifying Officers"), 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 consolidated financial position, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

Introductory Risks

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.

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. For example, we have placed 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 committed facility provided by a syndicate of financial institutions (the “Trading Credit Facility”), with a total current revolving commitment of up to $422.5 million and with a termination date of September 30, 2026. 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). Owing to the variability of our business, we may be required to request limited waivers of compliance with certain financial covenants under the Trading Credit Facility. There can be no assurance that such waivers will be granted. 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.

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 acceleration or at maturity, or that we would be able to refinance or restructure the payments under the Trading Credit Facility. Our failure 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 securing 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 replaced rates based on the London interbank offered rate (LIBOR), and reflects the cessation of the publication of LIBOR rates 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 up to 10 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, (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, and our borrowing availability under the Trading Credit Facility. There can be no assurance that our sources of liquidity 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, 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 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 and 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 Robert Pacelli, Chief Executive Officer and President of JMB, which expires in June 2026.

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. Our dependence on computer and communications technology increased with the acquisition of JMB, whose sales are conducted exclusively through the internet. 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 backups 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. Breaches, damage or malfunctions affecting our systems may require significant investment for repair or replacement, and could interrupt our ability to provide quotations or trading services, or to conduct our e-commerce business.

We are also subject to ransomware attacks, in which malicious actors may seek to deprive us of access to our computer systems unless we pay substantial fees, and, if personal data were compromised, could result in costly litigation or regulatory fines. See also “Risk Factors of General Applicability—If our customer data were breached, we could suffer damages and loss of reputation;” and “—New rules have recently become effective that will require the Company to provide disclosures regarding cybersecurity management and events.”

The Company has minority investments in several entities engaged in precious metal marketing; as a minority investor the Company is not able to exercise absolute control over these entities.

We hold minority interests in entities that are engaged in the business of precious metal and numismatic sales to consumers. Although by virtue of the Company's investment in these entities, the Company is able to exert influence, and in some cases substantial influence, on the management of the entities, the Company does not have absolute control of these entities. As a consequence, circumstances may arise in which the management of these entities may take actions which we believe is not in our best interest and to which we object. The value of our investment in one or more of these entities may therefore decline. Also, because these investments are illiquid, we may not be able to dispose of our ownership interests in these entities should we choose to do so, at a price that we believe reflects its fair value or at all.

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.

Russia is continuing to engage in its 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 the continuing or expanded military activity in that region. Hamas' attack on Israel and Israel's response have the potential for further disruption of economic markets, particularly as hostilities have expanded to include Hezbolah in Lebanon and the Houthis in Yemen and Iran. The Company has no operations in the Middle East at the current time. However, events there could result in political turmoil in Europe, which could directly affect our operations there, and could adversely affect the business that we conduct with customers in the Middle East and other parts of the world. Also, the turmoil in the Middle East could have global economic effects that are the same as or more severe than those of the war in the Ukraine, with similar consequences for our business. In particular, a depressing effect on the global economy as a consequence of the military action in Ukraine and the Middle East could dampen our business activity and reduce the demand for our products and services.

The Company experienced outsized growth in its revenues and operating profits during periods of volatility in the financial markets over the last several years, and there can be no assurance that this level of performance will be attainable in the future.

The unprecedented growth of the business of the Company over the last several years may be attributed to a high degree of volatility in the financial markets, resulting from various geopolitical, macroeconomic, military and global uncertainties and events. In this environment, consumers may have sought perceived financial safety in precious coins and metals. Our stock price responded favorably to these unprecedented circumstances as well.

Our profits have since retreated from their all-time highs experienced during these times, and there can be no assurance that this historically unprecedented performance of the precious metals business will be attainable in future periods. Our business in the past has been subject to fluctuations, and we are beginning to experience to a degree a return to cyclicality in our more recent operating results. Consumer perceptions with respect to precious coins and metals could shift, and these commodities may no longer be viewed as secure investments. Slower precious metals markets with lower volatility and greater supply, as we have experienced more recently, have had and could continue to have the effect of decreasing the volume of products sold and also adversely impacting our product premiums, which are a key driver of our overall performance. A sustained decline in our revenues and earnings would have adverse effects on our operations and would likely cause our stock price to decline. It is not possible to predict with any accuracy future market trends, and in particular whether the extremely favorable environment for our business during volatile financial markets will return. As a result, we cannot tell when, if at all, our profitability will once more achieve the unprecedented levels that we experienced during recent periods. Moreover, because of the nature of the current business and financial environment, particularly concerning 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 derive significant revenues from business 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 tariffs; 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 Company's recent acquisition of LPM, a precious metals business located in Hong Kong, reflects the Company's efforts to increase its presence in Asia, particularly the Far East. There can be no assurance that the Company's expansion efforts in the Far East will be successful. Moreover, there are particular regulatory and other challenges to the conduct of business in the Peoples Republic of China, and as a result certain foreign businesses have recently been decreasing their presence there. The Company may encounter similar challenges, which may impede the Company's expansion efforts in the region.

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 interest rates and have recently experienced high levels of inflation, although this has eased in recent months. Certain investors, including customers of our Direct-to-Consumer segment, may regard precious metal products as a hedge against inflation and high interest rates, which could positively affect demand for our goods and services. However, inflation may also increase our operational expenses, 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 higher interest rates will also increase our cost of borrowing under that facility, and higher interest rates may also increase the costs under our product financing arrangements. We may be unable to compensate for these increases through higher interest income and other fees and charges received from our counterparties. Also, inflation, together with high 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

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 and marketing, 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. One such casualty event recently occurred as a result of a tornado, which although covered by insurance, temporarily interrupted operations at the mint.

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 constrain AMST's operations and its growth opportunities.

Our business may at times be 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.

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. Transactions between the Company and Stack's Bowers are approved by our Audit Committee, as appropriate, 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 facilities, at third-party depositories and in transit. There is a risk that 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 facilities 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 Direct-to-Consumer segment (JMB, Goldline, and our investment in SGB), the Company sells precious metals and numismatics directly to the retail investor community. JMB and SGB market their products primarily 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, JMB or SGB, 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 enforcement actions or be forced to modify the sales and marketing practices of its direct-to-consumer business.

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

JMB, Goldline, and SGB 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 us, 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 we 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.

We intend to continue to pursue selective acquisitions and investments to complement our organic growth, which may not be successful.

As part of our Direct-to-Consumer operating strategy, we have sought, and in the future may seek, to supplement our organic growth through strategic acquisitions of and investments in other e-commerce retailers of coins and precious metals. We may not be able to identify suitable acquisition or investment candidates in the future. If we are unable to successfully execute on organic growth opportunities or complete acquisitions or investments in the future, or if we incur greater than anticipated costs to execute this strategy, our growth may be limited. To the extent that we grow through acquisitions or investments, we cannot ensure that we will be able to adequately or profitably manage this growth.

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 and SGB rely upon paid and unpaid internet search engines to rank their product offerings and drive traffic to their websites, and their website traffic may suffer if their rankings decline or their relationships with these services deteriorates.

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

If JMB, Goldline, and SGB 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, Goldline, and SGB must continue to enhance and improve the responsiveness, functionality and features of their online operations. The internet and the e-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 our Direct-to-Consumer segment'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 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 our Direct-to-Consumer segment fails to timely anticipate or respond to changes in its industry, the effects of missteps may be amplified.

Future advances in technology may not be beneficial to, or compatible with, JMB's, Goldline's, or SGB's businesses. Furthermore, JMB, Goldline and SGB 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, Goldline or SGB is unable to adapt in a timely manner and at reasonable cost to changing market conditions or user requirements, they 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 numerous websites targeting specific niches within the precious metals retail market, including JMBullion.com, ProvidentMetals.com, Silver.com, CyberMetals.com, GoldPrice.org, SilverPrice.org, BGASC.com, BullionMax.com, and Gold.com. JMB must continually update its websites (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 traction, traffic to JMB's websites 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, Goldline, and SGB expect to profit on precious metals acquired from their customers, but that might not be the case.

Through the Direct-to-Consumer Purchase Program, JMB and, through PMPP, Goldline and SGB, offer to purchase precious coins and bullion owned by their customers. We believe that this program encourages the purchase of coins and bullion as an investment because it assures customers that their investment in the products offered by JMB, Goldline, and SGB will be liquid and can be monetized if the customers have a need for cash. JMB, Goldline, and SGB offer to purchase coins and bullion from their customers at prices designed to reflect current market valuations, but also allow JMB, Goldline, and SGB to profit on the resale of the products. There can be no assurance, however, that JMB, Goldline, or SGB will in fact be able to resell product that they purchase at a price that will justify the cost of purchase. In a declining market for precious metal products, JMB, Goldline, and SGB could be burdened with substantial amounts of purchased inventory that they are unable to resell at an economic price, or at all. The suspension or discontinuance of the Direct-to-Consumer Purchase Program because of adverse market conditions could impair the perception among JMB's, Goldline's, and SGB's customers that precious coin and bullion is a safe and attractive investment.

Risks Related to our Secured Lending Segment

Our lending business depends on the ability of CFC to originate or acquire loans secured principally by bullion and numismatic coins.

The performance of our Secured Lending segment depends on having a portfolio of loans of sufficient size and quality to justify the expenses and allocation of financial resources committed to the Company's loan business. CFC both originates loans to customers of our wholesale and trading business and also acquires portfolios of loans originated by other parties. The Company typically stores the bullion and numismatics that serve as collateral for the loans. As CFC does not independently market its lending business, it is dependent on the interest of the customers of the Company's wholesale and trading business in financing their acquisition of bullion and numismatics with loans made by CFC. The interest of the Company's customers in obtaining loans from CFC is dependent on numerous factors, including the availability of other sources of financing, the interest rate environment, other alternatives for the storage of their bullion and numismatics, their business relationship with the Company and the level and types of businesses conducted by the Company's Wholesale Sales & and Ancillary Services segment. The Secured Lending segment is also dependent on CFC's ability to identify and acquire portfolios of loans secured by bullion and numismatics originated by third parties satisfying the Company's standard for quality and risk. There can be no assurance the CFC will be successful in continuing to originate and acquire secured loans in amounts sufficient to justify the conduct of this business.

The number of loans and the size of CFC's loan portfolio can vary significantly from period to period.

CFC's loan portfolio can vary considerably from period to period, both as to the number of loans in the portfolio and the total size of the portfolio in terms of dollar amount. The variation of CFCs loan portfolio is attributable to a variety of factors, including the success of the Company in originating and acquiring loans discussed above, as well as the maturities of the loans in the portfolio and the decisions of borrowers to prepay or extend the terms of their loans. As a consequence, the performance of the Secured Lending segment in a particular financial reporting period may not be indicative of how the segment will perform in any future period, either in the short or the long term.

The growth of the Secured Lending segment is likely to require significant resources.

Historically, the Company has originated loans almost exclusively to customers of its wholesale and trading business. The opportunity to finance purchases of bullion and numismatics with secured loans obtained from CFC is part of a suite of ancillary services that the Company provides to its customers. The business of the Secured Lending segment, with respect to both the origination and acquisition of loan portfolios, is constrained by the Company's borrowing capacity under its Trading Credit Facility, on which it relies to finance the much larger business of the Wholesale Sales & Ancillary Services segment. Any significant future growth of the Secured Lending segment will require the application of significant additional resources to this business, and there can be no assurance that such resources will be available or that the Company will not determine that such resources, even if available, should be applied to other areas of the Company's business.

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 prices, 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 financial instruments that we use to hedge our inventory. 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 and Direct-to-Consumer 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

The CFTC may seek to assert jurisdiction over the Company’s activities.

The Company believes that its Direct-to-Consumer operations are generally conducted in a manner that does not implicate the jurisdiction of the Commodity Futures Trading Commission ("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.

During the first quarter of fiscal 2023, the Company and Goldline 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.

Recent legislative and regulatory initiatives will require us to expend time and resources on environmental reporting.

Although our manufacturing activity is limited to the production of silver bullion products at our Silver Towne Mint, recent California legislation and new rules of the SEC will require us to make disclosures regarding environmental matters that could entail significant time and expense.

On October 7, 2023, California Governor Gavin Newsom signed into law Senate Bill ("SB") 261, Greenhouse Gases: Climate-Related Financial Risk, and SB 253, the Climate Corporate Data Accountability Act, which significantly expand climate-related disclosure requirements for companies doing business in California. As a company with operations in California, we may fall under the jurisdiction of these new laws, which impose rigorous reporting obligations regarding our climate-related financial risks and extensive requirements for the disclosure of greenhouse gas emissions.

SB 253 imposes its greenhouse gas reporting obligations on companies with annual revenues exceeding $1.0 billion. Given our revenue levels, we are subject to the requirements of SB 253. SB 253 requires the reporting of Scope 1 greenhouse gas emissions (direct emissions from our operations) and Scope 2 greenhouse gas emissions (indirect emissions from our operations) for the prior fiscal year beginning in 2026. SB 253 requires reporting of Scope 3 greenhouse gas emissions (emission from third parties in our value chain) for the prior fiscal year beginning in 2027. Although we will not know the full requirements of this law until the California Air Resources Board issues implementing rules, the law will likely require us to report emissions from our operations in and outside of California, including our mint operations in Winchester, Indiana, and emissions from our suppliers and customers. Non-compliance with these reporting requirements could expose us to administrative penalties of up to $500,000 per reporting year.

Commencing on January 1, 2026, and biennially thereafter, SB 261 mandates that we publicly disclose our climate-related financial risks, which may include risks to our own operations, the operations of our suppliers and customers and the precious metals markets generally. This includes detailing the strategies we have adopted to mitigate and adapt to these risks. Our compliance reports must be made publicly available on our company's website. Non-compliance with the requirements of SB 261 could expose us to a fine of up to $50,000 per reporting year and we may also be required to pay an annual filing fee. The California climate disclosure is the subject of ongoing litigation that could impact whether and when the Company is required to make the disclosures required by the regime. The Company will monitor that litigation as it prepares to comply with the rule.

On March 6, 2024 the Securities and Exchange Commission (“SEC”) issued final rules requiring public companies, such as A-Mark, to disclose both greenhouse gas emissions and climate risk. The SEC final rules overlap significantly with both the California reporting regime discussed above and the European Corporate Sustainability Directive (“CSRD”) discussed below, but there are also material differences.

Like the California reporting regime, the SEC final rule would require the Company to measure and disclose both Scope 1 and Scope 2 greenhouse gas emissions from its facilities including its mint operations in Winchester, Indiana. Unlike the California reporting scheme, the final SEC rules would not require the Company to report Scope 3 greenhouse gas emissions. The SEC final rule would also require the Company to obtain attestation reports of its Scope 1 and Scope 2 greenhouse gas emissions from an independent expert in greenhouse gas emissions measurement.

Like the California reporting regime, the SEC final rule will also require the Company to track and disclose material climate related financial risks and how we manage those risks. Unlike the California rule, the SEC final rule will require the Company to track and report material capitalized costs, expenditures expensed and charged and losses incurred as a result of severe weather events and other natural conditions and any carbon reduction goal we may have along with our use of offsets or Renewable Energy Credits to achieve that goal.

Like the California reporting regime, the SEC final rule is the subject to ongoing litigation that could impact whether and when the Company is required to make the disclosures required by the rule. The Company will monitor that litigation as it prepares to comply with the rule.

The European Union adopted new disclosure standards and rules related to environmental, social, and corporate governance ("ESG") matters in the Corporate Sustainability Reporting Directive (CSRD) which became effective in 2023 and applies to both EU and non-EU entities. Because our operations in Europe surpass the net turnover threshold in the rule and we may be deemed to have an EU branch or subsidiary, we may be subject to CSRD reporting requirements. We will know more about the specific disclosure requirements when the EU adopts implementing regulations for the non-EU groups that are covered by the rule.

These changing rules and regulations, and the stakeholder expectations related to ESG described in "Risk Factors of General Applicability – Third-party expectations relating to ESG factors may impose additional costs and expose us to new risks," have resulted in and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations.

Compliance with new and existing data protection/privacy and artificial intelligence statutes could increase our costs and expose the Company to possible fines for violation.

By reason of our Direct-to-Consumer business in particular, we collect personal data or personal information, which is broadly defined to include all information that can be linked or reasonably linked to an identified or identifiable individual, including, but not limited to, identification information, demographics, transactions, preferences, and inferences drawn to create a profile about a consumer (“Personal Data”). We are subject to numerous data privacy and protection obligations that govern our handling of Personal Data, including: various federal, state, local and foreign laws, regulations, and guidance; industry standards; external and internal privacy notices and policies; contracts; and other obligations that apply to the handling of Personal Data by us and on our behalf (“Applicable Data Privacy Obligations”). These obligations may change, are subject to differing interpretations, and may be inconsistent across applicable jurisdictions in which we operate or in which we collect or process Personal Data. The data privacy and protection landscape continues to evolve in jurisdictions worldwide. This evolution may create uncertainty in our business; affect us or our service providers’ and others’ ability to operate in certain jurisdictions or to collect, store, transfer, use, share, and otherwise process Personal Data; necessitate the acceptance or imposition of more onerous obligations in our contracts; result in liabilities; or otherwise impose additional compliance costs on us. Moreover, despite our efforts, we may not be successful in achieving compliance if our personnel or third parties upon whom we rely fail to comply with such obligations. For example, any failure by a service provider to comply with Applicable Data Privacy Obligations could result in significant consequences against us, including, but not limited to: government enforcement actions (e.g., investigations, fines, and similar activities); litigation (including class-related claims); additional reporting requirements and/or oversight; orders to destroy or not use Personal Data; damage to our reputation; loss of revenue and profits; loss of goodwill; and other adverse business impacts.

Applicable Data Privacy Obligations are imposed in several international jurisdictions in which we operate. For example, in 2016, the European Union ("EU") adopted the General Data Protection Regulation (“GDPR”), effective May 2018. The United Kingdom (“UK”) adopted similar privacy regulations, effective in 2021 (the “UK GDPR”). Because we offer goods and services in the EU and UK, we are likely subject to the GDPR and UK GDPR, which impose a strict data protection compliance regime with severe penalties of up to the greater of 4% of worldwide turnover or €20 million/ €17.5 million. We may also be subject to many other foreign privacy laws that are modeled at least in part after the GDPR, including China’s Personal Information Protection Law (PIPL), Canada’s Personal Information Protection and Electronic Documents Act (PIPEDA) and territorial Canadian privacy laws, and the Privacy Acts of Australia and New Zealand.

Our Direct-to-Consumer business currently has limited international operations which would subject it to these foreign privacy laws. Our Wholesale Sales & Ancillary Services segment maintains an office in Vienna, Austria that provides marketing support services for its international customers. We have evaluated foreign privacy laws and regulations and their requirements, and believe we are currently in compliance 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 applicable foreign laws and regulations could expose us to penalties and sanctions.

Additionally, several states in the United States have enacted consumer privacy laws and, in some instances, promulgated additional regulations and rules. These currently include California, Colorado, Connecticut, Utah, Montana, Oregon, Texas, and Virginia. These state consumer privacy laws impose significant obligations on businesses within scope: including providing and responding to certain data privacy rights (such as the right to delete, access, correct data or opt out of data sale, sharing, or targeted advertising); data mapping, minimization, and transparency; providing disclosures concerning the processing of Personal Data (such as through privacy policies); preparing risk assessments for certain processing; vendor and service provider management; and other compliance activities. Failure to comply with state consumer privacy law obligations may result in public investigations, significant fines and penalties, disgorgement of data, reputational harm, and other ramifications. Additionally, Nevada law requires operators of websites and online services to post a notice on their websites regarding their privacy practices. Several other states have passed similar consumer privacy laws, which will take effect in 2025 and 2026. 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 additional laws take effect. For example, these laws may limit the Company's ability to use Personal Data for advertising purposes, may limit the ways in which the Company may use certain categories of Personal Data, may require the Company to obtain consent from the consumer for certain processing activities, and may require revision of the Company's contracts with service providers. These laws may also limit the Company's ability to process sensitive Personal Data, which includes financial data, account information, identification card numbers, social security numbers, biometric data, and precise geolocation. As each pending consumer privacy law takes effect, the Company will have to assess and potentially update its policies, notices, procedures, and permissions in response. The Company may also have to update its advertising practices.

All fifty U.S. states and the District of Columbia have enacted data breach notification laws that may require us to notify investors, employees, regulators and others in the event of a security breach (for example, unauthorized access to or disclosure of Personal Information experienced by us or our service providers). These laws may not be consistent, and compliance in the event of a widespread data breach may be difficult and costly. We may also be contractually required or otherwise obligated to notify investors and others of a security breach. Although we may have contractual protections against our service providers should they experience a security breach, any actual or perceived security breach could harm our reputation and brand, expose us to potential liability and require us to expend significant resources on data security as well as in responding to any such actual or perceived breach. Any contractual protections we may have against relevant counterparties may not be sufficient to protect adequately us from any such liabilities and losses, and we may be unable to enforce any such contractual protections.

We are also subject to various federal privacy laws, such as the Telephone Consumer Protection Act (TCPA) and the Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM), which govern certain SMS text messaging, emails, and telephone communications with consumers. Our Direct-to-Consumer business is also subject to rules and regulations promulgated by the Federal Trade Commission and State Attorney General's Offices concerning consumer protection, privacy, and data security.

We have evaluated these state and federal privacy, data protection, and artificial intelligence laws, and believe we are currently in compliance in all material respects with those that are in effect. Going forward, however, the changes introduced by additional state privacy laws 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 privacy obligations could expose us to fines and other penalties.

To the extent the Company deploys artificial intelligence ("AI") or generative artificial intelligence ("GAI") tools, we may be subject to emerging national and international laws and regulations concerning the development, training, and use of such AI and GAI tools. For example, in the state of California, several laws have been enacted concerning the use of GAI content, including requiring developers of GAI technologies to disclose summaries of datasets used in developing and training those services. Certain consumer state privacy laws include obligations and limitations concerning the use of Personal Data for automated decision making in certain instances. The EU has recently enacted the EU AI Act, which imposes significant compliance and disclosure obligations on businesses that use, design, or deploy AI systems in the EU based on risk levels associated with AI use cases. The Company is evaluating our use of AI and GAI tools on an ongoing basis and implementing policies and procedures to ensure compliance with applicable domestic and international laws related to their use. Failure to comply with applicable AI and GAI laws and regulations could result in regulatory investigations, fines, reputational harm, disgorgement of data, and other penalties to the Company.

We are subject to other laws and regulations.

There are various other 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.

There can be no assurance that the regulation of our trading, Direct-to-Consumer, and lending businesses will not increase or that compliance with the applicable laws and regulations will not become more costly or require us to modify our business practices.

For other risks related to government regulation, see below this section and see "Risk Factors of General Applicability — We are subject to other laws and regulations," below.

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 tax law could adversely affect our business," below.

We use lead providers and marketing affiliates to assist us in obtaining new customers, 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. 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. Our marketing affiliates place our advertisements on their websites that direct potential customers to our websites. As a result, the success of our Direct-to-Consumer business depends materially on the willingness and ability of lead providers or marketing affiliates to provide us with 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 Consumer Financial Protection Bureau ("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. Several states have enacted data broker registration laws that require businesses that, among other things, sell consumer Personal Data to third parties to register and honor opt-out or deletion requests by consumers. 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 and Secured Lending businesses operate, our advertising and marketing activities and disclosures are subject to regulation under various industry standards, borrower protection laws, and other applicable laws and regulations. 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 has 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 October 22, 2024 to stockholders of record as of October 8, 2024. The declaration of regular cash dividends in the future is subject to the determination each quarter by our 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 our 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.

The Company has 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.

See Note 20 to the Company's condensed consolidated financial statements for more information regarding our dividends.

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, our increased investments in Pinehurst Coin Exchange, Inc. and SGB and our recent acquisition of LPM, we issued stock to the sellers in partial consideration for the acquired 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 22% 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

New rules have recently become effective that will require the Company to provide disclosures regarding cybersecurity management and events.

The SEC recently changed its disclosure requirements regarding cybersecurity risk management, strategy, governance and incident reporting. While the Company believes it has robust cybersecurity risk management procedures for addressing cybersecurity events, the new rules may increase the costs of cybersecurity protection and require disclosure of cybersecurity events that the Company might not otherwise deem to be material. The new rules require companies to investigate all cybersecurity incidents without unreasonable delay, determine their level of materiality, and report specific details about any material cybersecurity incidents in a separate filing within four business days. The new rules also require additional information in annual disclosures regarding the Company's cybersecurity risk management and reporting processes, as well as the cybersecurity expertise of relevant Company personnel and third-party service providers or auditors.

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 are alleged to 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 to implement responsible business practices could subject us to damage to our reputation, lawsuits, criminal exposure, or increased cost of regulatory compliance.

Changes in 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 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, and 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 1.0 million 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. Prior to fiscal 2023, no shares were repurchased under our share repurchase program. In fiscal 2023, we repurchased a total of 335,735 shares under the program for $9.8 million. In the fourth quarter of fiscal 2023, the board revised the repurchase program to authorize the purchase of up to 1.0 million shares of our common stock, in addition to the shares previously repurchased, and extended the expiration date from June 30, 2023 to June 30, 2028. In November 2023, the Company's board of directors further amended the share repurchase program to authorize an additional 1.2 million shares to be repurchased under the program, resulting in a total of 2.0 million shares authorized for repurchase, after taking into account the shares previously purchased at that date. As of September 30, 2024, 1,151,491 shares had been repurchased and 848,509 shares remain authorized for repurchase under the program.

Under the share repurchase program, 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. 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.

We did not repurchase any shares during the quarter ended September 30, 2024.

Recent Sales of Unregistered Equity Securities

We did not sell any unregistered equity securities during the period covered by this report.

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
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 Schema with Embedded Linkbase Documents.
104*	Cover Page interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

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:	November 8, 2024	**By:**	***/s/ Gregory N. Roberts*** Gregory N. Roberts Chief Executive Officer *(Principal Executive Officer)*
Date:	November 8, 2024	**By:**	***/s/ Kathleen Simpson-Taylor*** Kathleen Simpson-Taylor Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*

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: November 8, 2024

/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: November 8, 2024

/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 September 30, 2024, 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: November 8, 2024

/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 September 30, 2024, 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: November 8, 2024

/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.