



## NATIONAL HOLDINGS CORPORATION ANNOUNCES FISCAL 2015 YEAR END RESULTS

*Management to Host Conference Call on December 29, 2015 at 9:00 a.m. ET*

**NEW YORK, NY, December 28, 2015** – National Holdings Corporation (NASDAQ:NHLD) (“National” or the “Company”), a leading full service independent brokerage, investment banking and asset management firm providing diverse services including tax preparation, today announced its financial results for the fiscal year ended September 30, 2015.

### **Full Year Fiscal 2015 Financial Highlights**

- Revenue of \$163.0 million, versus \$184.3 million for fiscal year 2014
- Investment banking revenue increased 10% to \$21.0 million, a record year
- Non-recurring expenses totaled \$2.1 million
- Third consecutive year of positive net income
- Fourth consecutive year of positive EBITDA
- Cash and equivalents of \$28.6 million and no debt at September 30, 2015
- Equity of \$45.3 million at September 30, 2015

### **Management Commentary**

“During fiscal 2015, we maintained positive net income and EBITDA for the third and fourth consecutive years, respectively, while enduring significant revenue headwinds,” said Robert Fagenson, Executive Chairman and Chief Executive Officer of National. “While our alternative investments platform recovered nicely from a rocky first quarter, overall commissions fell \$18.5 million on lower volumes, reflecting unease among retail investors in the face of persistent economic uncertainty and geopolitical unrest. In fact, commissions accounted for approximately 85% of our year-over-year revenue decline.”

Added Mark Goldwasser, President of National, “Our diversification strategy served us well this year, as commission and trading weakness were partially offset by growth in our investment banking, investment advisory and tax preparation and accounting businesses. We also successfully implemented additional cost reduction actions at the corporate level throughout the year.

“Consistent with our strategy, we continued to expand our distribution network during fiscal 2015. The addition of new registered reps and advisors should contribute to improved operating performance going forward as they ramp their respective businesses up to more normalized production levels. Most importantly, we remain in a strong environment to acquire registered reps and advisors and, as our industry continues to consolidate, we see increasing availability of both individuals and small groups, with larger opportunities presenting themselves from time to time.”

Concluded Mr. Fagenson, “We are enthusiastic about the market opportunities that we see before us and are well positioned to resume revenue and profit growth when industry-wide commission levels rebound. As we near the end of the first quarter of fiscal year 2016, we have been encouraged to see a reversal of commission trends for the first time since the second quarter of 2015. We remain focused on executing on our diversification strategy,

while scaling our business through continued expansion of our brokerage system and lowering the cost base of the business.”

### **Full Year 2015 Financial Results**

National reported fiscal year 2015 revenue of \$163.0 million, a decline of 12% versus \$184.3 million in fiscal 2014, which was a record year for the firm. The Company experienced a 16% decrease in commission revenues to \$96.2 million for the full year due to lower transaction volumes and a sluggish market environment for trade execution. Investment banking revenue in fiscal 2015 increased 10% to \$21.0 million driven by a strong deal pipeline with solid offerings and executions. Investment advisory revenue increased 6% to \$15.0 million, primarily due to the addition of new investment advisors, which increased total assets under management. Full year revenues from the Company’s tax and accounting business also increased 6%, to \$8.2 million, primarily due to the acquisition of a tax preparation and accounting office during the year. Revenue from net dealer inventory gains dropped 36% to \$10.5 million as light trading volumes, coupled with low interest rates and low market volatility, all contributed to a weaker trading environment.

Total expenses decreased 8% to \$162.6 million for fiscal year 2015, compared with \$176.5 million in the prior year. The decrease in total expenses was primarily due to the decline in commissions and net dealer inventory gains, which had a direct effect on compensation, variable fees and clearing costs. Clearing costs were also reduced by the amortization of deferred clearing credits received from National Financial Services. Professional fees increased by \$0.2 million or 5% to \$4.3 for fiscal 2015 as a result of higher legal and consulting costs.

Income from operations for fiscal 2015 was \$0.5 million, compared with \$7.8 million for the prior year. Net income for the year ended September 30, 2015 was \$0.3 million, or \$0.02 per basic and diluted share, compared with net income of \$18.6 million, or \$1.51 per basic and \$1.50 per diluted share in 2014. Net income in fiscal 2014 benefitted from the recognition of tax credits, which resulted in a total tax benefit of \$10.8 million. Adjusted EBITDA, a non-GAAP measure, was \$2.7 million for fiscal 2015, compared with \$10.4 million in the prior fiscal year.

### **Balance Sheet**

As of September 30, 2015, National had \$28.6 million in cash and equivalents, receivables from broker dealers and clearing organizations, and marketable securities and no debt, versus \$30.5 million and no debt as of September 30, 2014. The decline was a result of lower receivables from broker dealers and clearing organizations due to lower levels of brokerage business. The company reported total stockholder’s equity of approximately \$45.3 million, which represents a \$0.7 million increase from September 30, 2014.

### **Fiscal Year 2015 Financial Results Conference Call**

Management will host a conference call to discuss the operating and financial results at 9:00 am ET on Tuesday, December 29, 2015. To participate in the conference call, please dial (888)-364-3108 or (719)-325-2463 approximately 10 minutes prior to the call. Please reference conference ID #2627864.

A live webcast of the conference call will be available at <https://www.webcaster4.com/Webcast/Page/1363/12538>. Please access the website 15 minutes prior to the start of the call to download and install any necessary audio software.

A telephonic replay of the conference call will be available through December 30, 2015 and can be accessed by dialing (888)-203-1112 or (719)-457-0820, conference ID #2627864. A webcast replay of the conference call will also be available in the Investors section of the Company’s website following the call.

### **About National Holdings Corporation**

National Holdings Corporation is a full-service investment banking and asset management firm that provides a range of services, including independent retail brokerage and advisory services, investment banking, institutional sales and trading and equity research, financial planning, market making, tax preparation, insurance and annuities, to corporations, institutional investors and high net-worth clients. With over 1,100 independent advisors,

registered reps, traders and sales associates, the Company is a leading Independent Advisor and Broker services company. National operates through five subsidiaries: National Securities Corporation, vFinance Investments, Inc., National Insurance Corporation, National Asset Management, Inc. and Gilman Ciocia, Inc. The Company's National Securities subsidiary was founded in 1947. National was organized in 1999 and is headquartered in New York and Florida. For more information, visit [www.nhldcorp.com](http://www.nhldcorp.com).

## **FORWARD-LOOKING STATEMENTS**

This press release may contain certain forward-looking statements. Any such statements, other than statements of historical fact, are based on management's current expectations, estimates, projections, beliefs and assumptions about the Company, its current and prospective portfolio investments, and its industry. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company's control, difficult to predict and could cause actual results to differ materially from those expected or forecasted in such forward-looking statements. Actual developments and results are likely to vary materially from these estimates and projections as a result of a number of factors, including those described from time to time in National's filings with the Securities and Exchange Commission. Such statements speak only as of the time when made, and National undertakes no obligation to update any such forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

**NATIONAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

|  | <u>September 30,</u><br><u>2015</u> | <u>September 30,</u><br><u>2014</u> |
|--|-------------------------------------|-------------------------------------|
| <b>ASSETS</b>  |                                     |                                     |
| Cash   | \$ 24,642,000                       | \$ 24,465,000                       |
| Restricted cash  | 218,000                             | 92,000                              |
| Cash deposits with clearing organizations  | 1,005,000                           | 1,005,000                           |
| Securities owned, at fair value  | 887,000                             | 1,061,000                           |
| Receivables from broker-dealers and clearing organizations   | 3,078,000                           | 4,985,000                           |
| Forgivable loans receivable  | 1,368,000                           | 662,000                             |
| Other receivables, net   | 3,709,000                           | 3,998,000                           |
| Prepaid expenses   | 1,727,000                           | 932,000                             |
| Fixed assets, net  | 712,000                             | 752,000                             |
| Intangible assets, net   | 7,331,000                           | 7,595,000                           |
| Goodwill   | 6,531,000                           | 6,531,000                           |
| Deferred tax asset, net  | 11,662,000                          | 11,925,000                          |
| Other assets, principally refundable deposits  | 512,000                             | 790,000                             |
| <b>Total Assets</b>  | <b><u>\$ 63,382,000</u></b>         | <b><u>\$ 64,793,000</u></b>         |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                     |                                     |
| <b>Liabilities</b>   |                                     |                                     |
| Securities sold, but not yet purchased, at fair value  | \$ 32,000                           | \$ 55,000                           |
| Accrued commissions and payroll payable  | 10,244,000                          | 13,520,000                          |
| Accounts payable and other liabilities   | 6,602,000                           | 5,636,000                           |
| Deferred clearing and marketing credit   | 1,205,000                           | 971,000                             |
| Other  | 37,000                              | 79,000                              |
| <b>Total Liabilities</b>   | <b><u>18,120,000</u></b>            | <b><u>20,261,000</u></b>            |
| <b>Stockholders' Equity</b>  |                                     |                                     |
| Preferred stock, \$0.01 par value, 10,000,000 shares authorized; none outstanding  |                                     |                                     |
| Common stock \$0.02 par value, 150,000,000 shares authorized; 12,473,968 issued and outstanding at September 30, 2015 and 12,464,941 shares issued and outstanding at September 30, 2014 | 249,000                             | 249,000                             |
| Additional paid-in-capital   | 80,282,000                          | 79,837,000                          |
| Accumulated deficit  | (35,284,000)                        | (35,569,000)                        |
| <b>Total National Holdings Corporation Stockholders' Equity</b>  | <b><u>45,247,000</u></b>            | <b><u>44,517,000</u></b>            |
| <b>Non-Controlling interest</b>  | <u>15,000</u>                       | <u>15,000</u>                       |
| <b>Total Stockholders' Equity</b>  | <b><u>45,262,000</u></b>            | <b><u>44,532,000</u></b>            |
| <b>Total Liabilities and Stockholders' Equity</b>  | <b><u>\$ 63,382,000</u></b>         | <b><u>\$ 64,793,000</u></b>         |

**NATIONAL HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

|  | <b>Full Year Period Ended</b> |                             |
|--|-------------------------------|-----------------------------|
|  | <b>September 30,</b>          |                             |
|  | <b>2015</b>                   | <b>2014</b>                 |
| Revenues   |                               |                             |
| Commissions  | \$ 96,222,000                 | \$ 114,301,000              |
| Net dealer inventory gains                             | 10,512,000                    | 16,482,000                  |
| Investment banking                                     | 21,004,000                    | 19,035,000                  |
| Investment advisory                                    | 14,967,000                    | 14,161,000                  |
| Interest and dividends                                 | 3,604,000                     | 3,541,000                   |
| Transfer fees and clearing services                    | 7,993,000                     | 8,676,000                   |
| Tax preparation and accounting                         | 8,248,000                     | 7,811,000                   |
| Other  | 496,000                       | 285,000                     |
| <b>Total Revenues</b>                                  | <b><u>163,046,000</u></b>     | <b><u>184,292,000</u></b>   |
| Operating Expenses                                     |                               |                             |
| Commissions, compensation and fees                     | 139,452,000                   | 152,145,000                 |
| Clearing fees  | 2,904,000                     | 3,701,000                   |
| Communications   | 4,774,000                     | 4,772,000                   |
| Occupancy  | 4,051,000                     | 4,056,000                   |
| License and registration                               | 1,725,000                     | 1,620,000                   |
| Professional fees                                      | 4,301,000                     | 4,099,000                   |
| Interest   | 13,000                        | 33,000                      |
| Depreciation and amortization                          | 1,127,000                     | 1,136,000                   |
| Other administrative expenses                          | 4,221,000                     | 4,908,000                   |
| <b>Total Operating Expenses</b>                        | <b><u>162,568,000</u></b>     | <b><u>176,470,000</u></b>   |
| <b>Income before Income Tax Expense</b>                | <b>478,000</b>                | <b>7,822,000</b>            |
| Income tax (benefit) expense                           | 193,000                       | (10,821,000)                |
| <b>Net Income</b>                                      | <b><u>\$ 285,000</u></b>      | <b><u>\$ 18,643,000</u></b> |
| <b>Net income per share of common stock - Basic</b>    | <b><u>\$ 0.02</u></b>         | <b><u>\$ 1.51</u></b>       |
| <b>Net income per share of common stock - Diluted</b>  | <b><u>\$ 0.02</u></b>         | <b><u>\$ 1.50</u></b>       |
| <b>Weighted number of shares outstanding - Basic</b>   | <b><u>12,464,496</u></b>      | <b><u>12,322,110</u></b>    |
| <b>Weighted number of shares outstanding - Diluted</b> | <b><u>12,502,254</u></b>      | <b><u>12,408,348</u></b>    |

## Non-GAAP Financial Measures

To provide investors with greater insight, promote transparency and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making, the Company supplements its consolidated statements of income presented on a GAAP basis with non-GAAP financial measures of earnings. Please refer to the schedule in this release for a reconciliation of non-GAAP financial measures to GAAP measures.

Management uses Earnings before Interest, Income Taxes, Depreciation and Amortization (“EBITDA”) and adjusted EBITDA as financial measures to evaluate the profitability and efficiency of the Company’s business model. EBITDA and adjusted EBITDA are not presented in accordance with GAAP.

Investors should consider the non-GAAP measures in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP. Additionally, the Company’s non-GAAP measures may differ from similar measures used by other companies, even if similar terms are used to identify such measures.

### National Holdings Corporation Reconciliation of Non-GAAP Financial Measures to GAAP Measures

|                               | Full Year Ended September 30, |                      |
|-------------------------------|-------------------------------|----------------------|
|                               | 2015                          | 2014                 |
| Net income, as reported       | \$ 285,000                    | \$ 18,643,000        |
| Interest expense              | 13,000                        | 33,000               |
| Income taxes                  | 193,000                       | (10,821,000)         |
| Depreciation and amortization | <u>1,127,000</u>              | <u>1,136,000</u>     |
| EBITDA                        | 1,618,000                     | 8,991,000            |
| Non-cash compensation expense | 590,000                       | 1,124,000            |
| Forgivable loan amortization  | <u>538,000</u>                | <u>243,000</u>       |
| EBITDA, as adjusted           | <u>\$ 2,746,000</u>           | <u>\$ 10,358,000</u> |

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