

**ALJ REGIONAL HOLDINGS, INC. ANNOUNCES EARNINGS FOR THE FISCAL YEAR 2015,
APPOINTMENT OF NEW DIRECTOR AND PLANNED FILING OF REGISTRATION
STATEMENT ON FORM 10**

NEW YORK, NY, December 31, 2015 – ALJ Regional Holdings, Inc. (Pink Sheets: ALJJ) (“**ALJ**”) announced today results for its quarter and fiscal year ended September 30, 2015, the appointment of a new director and the planned filing of a registration statement on Form 10 with the Securities and Exchange Commission (the “**SEC**”) and listing on a national securities exchange.

Results for Fiscal Year Ended September 30, 2015

ALJ acquired Faneuil, Inc. (“**Faneuil**”) in October 2013, Floors-N-More, LLC, dba Carpets N' More (“**Carpets**”) in April 2014 and Phoenix Color Corp. (“**Phoenix**”) in August 2015. Faneuil is a leading provider of call center services, back office operations, staffing services, and toll collection services to government and regulated commercial clients across the United States. Carpets is one of the largest floor covering retailers in Las Vegas, Nevada, and a provider of multiple products for the commercial, retail and home builder markets including all types of flooring, countertops, cabinets, window coverings and garage/closet organizers, with five retail locations, as well as a stone and solid surface fabrication facility. Phoenix is a leading manufacturer of book components, educational materials and related products producing value-added components, heavily illustrated books and specialty commercial products using a broad spectrum of materials and decorative technologies.

Our financial statements reflect the full operations of Faneuil from October 18, 2013, Carpets from April 1, 2014 and Phoenix from August 9, 2015.

Investment Highlights

Consolidated Results for ALJ for Fourth Quarter and Full Fiscal Year

- ALJ recognized consolidated revenue of \$58.2 million for the three months ended September 30, 2015 compared to \$44.0 million for the three months ended September 30, 2014 and \$48.7 million for the three months ended June 30, 2015.
- ALJ recognized adjusted EBITDA of \$6.3 million for the three months ended September 30, 2015 compared to \$4.5 million for the three months ended September 30, 2014 and \$2.7 million for the three months ended June 30, 2015.
- ALJ posted net income of \$6.4 million and earnings per share (EPS) of \$0.18 (diluted) for the three months ended September 30, 2015 compared to net income of \$6.9 million and EPS of \$0.19 (diluted) for the three months ended September 30, 2014 and net income of \$0.6 million and EPS of \$0.02 (diluted) for the three months ended June 30, 2015.
- ALJ recognized consolidated revenue of \$210.0 million for the year ended September 30, 2015 compared to \$150.0 million for the year ended September 30, 2014.
- ALJ recognized adjusted EBITDA of \$18.1 million for the year ended September 30, 2015 compared to \$17.6 million for the year ended September 30, 2014.
- ALJ posted net income of \$11.9 million and EPS of \$0.35 (diluted) for the year ended September 30, 2015 compared to \$15.7 million and EPS of \$0.47 (diluted) for the year ended September 30, 2014.

- ALJ's non-cash compensation for the twelve months ended September 30, 2015 was \$1.5 million (primarily attributed to non-cash compensation of \$1.2 million related to the expense associated with stock option grants) compared to \$0.2 million for the twelve months ended September 30, 2014. The stock option grants were valued in accordance with GAAP using the Black Scholes Method for valuing stock options. This method utilizes a number of factors including the company's trading volatility over the expected term of the option. ALJ's historical volatility was significantly higher than comparable companies and therefore this expense is higher than would be expected in future periods.

Results for Faneuil for Fourth Quarter and Full Fiscal Year

- Faneuil recognized revenue of \$30.3 million for the three months ended September 30, 2015 compared to \$35.6 million for the three months ended September 30, 2014 and \$36.2 million for the three months ended June 30, 2015.
- Faneuil recognized adjusted EBITDA of \$2.5 million for the three months ended September 30, 2015 compared to \$5.0 million for the three months ended September 30, 2014 and \$2.9 million for the three months ended June 30, 2015.
- Faneuil recognized revenue of \$149.6 million for the twelve months ended September 30, 2015 compared to \$132.9 million for the twelve months ended September 30, 2014.
- Faneuil recognized adjusted EBITDA of \$15.1 million for the twelve months ended September 30, 2015 compared to \$18.5 million for the twelve months ended September 30, 2014.
- Faneuil's contract backlog as of September 30, 2015 was \$290.2 million as compared to \$110.1 million as of September 30, 2014.
- Faneuil estimates its revenue for the three months ending December 31, 2015 to be in the range of \$32.7 million to \$36.2 million, compared to \$40.7 million for the three months ending December 31, 2014.

Results for Carpets for Fourth Quarter and Full Fiscal Year

- Carpets recognized revenue of \$12.1 million for the three months ended September 30, 2015 compared to \$8.4 million for the three months ended September 30, 2014 and \$12.5 million for the three months ended June 30, 2015.
- Carpets recognized adjusted EBITDA of \$0.2 million for the three months ended September 30, 2015 compared to (\$1.0 million) for the three months ended September 30, 2014 and \$0.1 million for the three months ended June 30, 2015.
- Carpets recognized revenue of \$44.6 million for the twelve months ended September 30, 2015. Carpets was not owned by ALJ for the full year ended September 30, 2014 and therefore no comparable number is presented.
- Carpets recognized adjusted EBITDA of \$0.3 million for the twelve months ended September 30, 2015. Carpets was not owned by ALJ for the full year ended September 30, 2014 and therefore no comparable number is presented.

- Carpets estimates its revenue for the three months ending December 31, 2015 to be in the range of \$10.9 million to \$12.1 million, compared to \$9.1 million for the three months ending December 31, 2014.

Results for Phoenix for Partial Fourth Quarter

- Phoenix recognized revenue of \$15.8 million for the 52 days ended September 30, 2015. Phoenix was acquired on August 9, 2015 and therefore no comparable numbers for prior periods are presented.
- Phoenix recognized adjusted EBITDA of \$4.7 million for the 52 days ended September 30, 2015. Phoenix was acquired on August 9, 2015 and therefore no comparable numbers for prior periods are presented.
- Phoenix estimates its revenue for the three months ending December 31, 2015 to be in the range of \$18.0 million to \$20.0 million.

ALJ Regional Holdings, Inc.			
(in thousands except share and per share)			
3 Months ended September 30,	2015		2014
Net Revenue	\$	58,183	\$ 44,038
Net Income		6,422	6,862
Net Income Per Share (Basic)		\$0.18	\$0.20
Net Income Per Share (Diluted)		\$0.18	\$0.19
Shares Outstanding (Basic)		34,928,482	31,248,131
Shares Outstanding (Diluted)		35,980,225	34,038,702
12 Months Ended September 30,	2015		2014
Net Revenue	\$	209,947	\$ 149,605
Net Income		11,892	15,650
Net Income Per Share (Basic)	\$	0.36	\$ 0.52
Net Income Per Share (Diluted)	\$	0.35	\$ 0.47
Shares Outstanding (Basic)		33,101,793	30,302,436
Shares Outstanding (Diluted)		34,153,536	33,093,008

Non-GAAP Financial Measures

In this release, ALJ presents certain adjusted financial measures that are not calculated according to generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures are designed to complement the GAAP financial information presented in this release because management believes they present information regarding ALJ that management believes is useful to investors. The non-GAAP financial measures presented should not be considered in isolation from or as a substitute for the comparable GAAP financial measure.

Adjusted EBITDA represents net income before interest income and expense, income taxes, non-cash stock based compensation, depreciation and amortization. ALJ presents adjusted EBITDA because it believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in ALJ. Adjusted EBITDA measures are not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure for comparison. A reconciliation of ALJ adjusted EBITDA to operating income, the most directly comparable GAAP measure, can be obtained by subtracting depreciation and amortization and non-cash stock based compensation from ALJ adjusted EBITDA. A reconciliation of Faneuil, Carpets and Phoenix's adjusted EBITDA to operating income, the most directly comparable GAAP measure, can be obtained by subtracting depreciation and amortization and non-cash stock based compensation from Faneuil adjusted EBITDA.

"Fiscal 2015 was a transitional year for ALJ" said Jess Ravich, ALJ's Executive Chairman. He went on to say, "While Faneuil's revenues were up by over 10%, its adjusted EBITDA was lower by \$3.4 million. This was in part due to its need to compete for a large number of multi-year contracts that were rebid in 2015 as well as staff increases that allow Faneuil to bid for additional contracts. Our record backlog of \$290 million is a testament to Faneuil's quality of product and should position Faneuil well for Fiscal 2016 and beyond." "We have worked hard to expand our product offerings and the geographies we service over the past few years, and I believe we are well positioned for a strong upcoming year," added Anna Van Buren, Faneuil's Chief Executive Officer.

Mr. Ravich continued, "similarly, Carpets increased revenues significantly, from \$32.8 million in Fiscal 2014 to \$44.6 million in Fiscal 2015. Adding granite and cabinets to its offering of flooring should allow Carpets to continue its expansion in Fiscal 2016." "We are receiving great feedback from our customers on our expanded product offerings. In 2016, we will focus on improving our efficiencies in these new product categories while maintaining our product quality and customer service levels," added Steve Chesin, the Chief Executive Officer of Carpets.

Lastly, Mr. Ravich commented that "we are excited about the addition of Phoenix and its contribution to our profitability. Phoenix hit the ground running, generating \$15.8 million of revenue during the 52 days it was owned by ALJ. While this was an exceptionally strong period of time, we look forward to Phoenix continuing to be a strong contributor to our earnings and cash flow for years to come." "We are very excited to join the ALJ team," said Marc Reisch, the Chairman of Phoenix. "We look forward to continuing our integration and growing our business as part of the broader ALJ team," continued Mr. Reisch.

Appointment of New Director

The Board of Directors of ALJ (the "**Board**") is pleased to announce the appointment of Margarita Paláu Hernández to serve as an independent director on the Board. Ms. Paláu Hernández has been appointed as a Class II director with a term expiring in 2017.

Ms. Paláu Hernández is a Principal and Founding Partner of Hernández Ventures, a privately held entity engaged in the acquisition and management of a variety of business interests. She has served in

this capacity since 1988. Prior to founding Hernández Ventures, Ms. Paláu Hernández was an attorney with the law firm of McCutcheon, Black, Verleger & Shea, where she focused on domestic and international business and real estate transactions. Ms. Paláu Hernández has a B.A. from University of San Diego and a J.D. from UCLA School of Law.

Ms. Paláu Hernández's appointment to the Board was effective November 25, 2015. Her appointment brings the total number of board members to 9.

"We are thrilled to have Ms. Paláu Hernández on our board. Her background, expertise and business acumen will make her an invaluable member of our board. As ALJ grows, we need leaders like Ms. Paláu Hernández to be a part of our plans and help ensure our continued success," said Jess Ravich.

Planned Filing of Form 10 with the SEC

ALJ intends to have its common stock listed on a national stock exchange in 2016. It is our current intention to file an Form 10 Registration Statement ("**Form 10**") with the SEC to register ALJ's common stock under the Securities Exchange Act of 1934 (the "**Exchange Act**") during the month of January 2016. Our common stock must be registered under the Exchange Act in order for our stock to be listed on a national securities exchange. Once we complete the SEC review process and our Exchange Act registration is effective, we intend to pursue a listing on a national securities exchange. The Form 10 contains important information about ALJ, its business, risk factors and financial information, including our financial statements for the fiscal year ended September 30, 2015 and management's discussion and analysis thereof.

Audited Financial Statements for 2015 and Annual Report

Audited consolidated financial statements for ALJ can be found on the Pink Sheets website at www.otcm Markets.com, ticker symbol: ALJJ. These financial statements, together with financial statements of Phoenix Color for the comparable prior year, and pro forma financial statements, will also be included in the Registration Statement on Form 10 that ALJ intends to file with the SEC, as described above. In light of the pending Form 10 filing, ALJ has determined not to file an annual report with Pink Sheets for the year ended September 30, 2015 as all information that would otherwise be included in the Annual Report will be included in the Form 10, which will be publicly available when it is filed on the SEC's EDGAR database.

Stock Repurchase Program

During the fiscal year ended September 30, 2015, ALJ used \$1.2 million in cash to repurchase 320,837 shares at an average price per share of \$4.01. The company intends to continue its stock repurchase program in fiscal 2016, and the Board of Directors recently authorized an additional \$2 million for stock purchases.

About ALJ Regional Holdings, Inc.

ALJ Regional Holdings, Inc. is the parent company of Faneuil, Inc., a leading provider of outsourcing and co-sourced services to both commercial and government entities in the healthcare, utility, toll and transportation industries, Floors-N-More, LLC, dba Carpets N' More, one of the largest floor covering retailers in Las Vegas and a provider of multiple finishing products for commercial, retail and home builder markets including all types of flooring, countertops, cabinets, window coverings and garage/closet organizers, with 5 retail locations and Phoenix Color Corp., a leading manufacturer of book components, educational materials and related products producing value-added components, heavily

illustrated books and specialty commercial products using a broad spectrum of materials and decorative technologies.

This press release contains forward-looking statements. Such statements include information regarding ALJ Regional Holdings, Inc.'s expectations, goals or intentions regarding the future, including but not limited to statements about ALJ's financial projections, business growth, Exchange Act registration and regulatory review thereof, the timing, feasibility and business impact of the listing of ALJ's common stock on a national stock exchange, and other statements including the words "will" and "expect" and similar expressions. You should not place undue reliance on these statements, as they involve certain risks and uncertainties, and actual results or performance may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially are discussed in ALJ's Form 10 to be filed with the Securities and Exchange Commission and available through EDGAR on the SEC's website at www.sec.gov, and in its other periodic reports issued through the OTC Markets News Service and available at www.otcmarkets.com. All forward-looking statements in this release are made as of the date hereof and ALJ assumes no obligation to update any forward-looking statement.