



AMG ADVANCED METALLURGICAL GROUP N.V. REPORTS THIRD QUARTER 2021 RESULTS

Coronavirus Update

- Active cases at AMG remain at a very low level. We continue to apply all safety measures at our disposal with the highest degree of attention in order to ensure our employees are working in the lowest risk environment possible.

Strategic Highlights

- The construction of AMG Vanadium's second spent catalyst recycling facility in Zanesville, Ohio, a \$325 million investment and AMG's largest capital project to date, is proceeding as planned. Commissioning starts in the first quarter of 2022 and the plant is forecast to achieve full run rate capacity in the fourth quarter of 2022.
- Spodumene 1+ will increase Brazil's spodumene production by 40,000 tons. The project is currently in detailed engineering and commissioning is planned to start in the second quarter of 2023.
- AMG's Supervisory Board approved the construction of the first module of a battery grade lithium hydroxide upgrader in Bitterfeld, Germany in its meeting on October 27, 2021. The total expenditure of \$120 million includes the infrastructure necessary to support the next four modules. Commissioning of the facility will commence in the third quarter of 2023.
- Shell & AMG Recycling B.V. (SARBV) and its local partner, the United Company for Industry (UCI), signed a memorandum of understanding with Saudi Arabian Oil Company (Saudi Aramco) to jointly explore the feasibility of building a recycling "Supercenter" in the Kingdom of Saudi Arabia.
- AMG is building its first lithium vanadium battery ("LIVA") for industrial power management applications. In order to manage its entrance into this market, AMG acquired Phyr7 GmbH, Heidelberg, a specialist for artificial intelligence-based power management solutions. The first LIVA system will be installed in one of AMG's German manufacturing plants and is scheduled to be commissioned in the first quarter of 2022.

Financial Highlights

- Revenue increased by 58% to \$311.9 million in the third quarter 2021 from \$197.7 million in the third quarter 2020.

- EBITDA was \$33.1 million in the third quarter of 2021, more than double the third quarter 2020 EBITDA of \$14.1 million, marking the fifth straight quarter of sequential improvement.
- Cash from operating activities was \$17.6 million in the third quarter of 2021, and \$60.6 million on a year-to-date basis, more than triple the total cash from operating activities for full year 2020.
- AMG's liquidity as of September 30, 2021, was \$489 million, with \$319 million of unrestricted cash and \$170 million of revolving credit availability.

Amsterdam, 27 October 2021 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported third quarter 2021 revenue of \$311.9 million, a 58% increase over \$197.7 million in the third quarter of 2020. EBITDA for the third quarter of 2021 was \$33.1 million, the fifth straight quarter of sequential growth after the pandemic low point in the second quarter of 2020.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "With regard to COVID, we continue to apply all safety measures at our disposal with the highest degree of attention in order to ensure our employees are working in the lowest risk environment possible.

"AMG continued to sequentially improve EBITDA in the third quarter despite negative seasonality impacts. All of AMG's businesses are experiencing ongoing price increase and strong volumes, however the operating environment has grown more challenging, with increases in shipping times and costs and higher energy prices affecting every business unit. AMG passes these cost increases through to its customers where possible, and we will continue to actively manage these cost exposures going forward.

"All segments performed well, most notably our Clean Energy Materials segment where presently our major strategic projects are clustered. This segment continues to deliver strong EBITDA, which increased 44% over the second quarter of 2021, to \$18 million, the sixth straight quarter of sequentially increasing EBITDA.

"AMG's Clean Energy Materials segment strategic projects are proceeding as planned. Each of these projects is oriented toward growing our production of electricity storage materials and/or increasing our footprint in the circular economy, and each of these projects - the second spent catalyst recycling facility, Spodumene 1+, and the battery grade lithium hydroxide upgrader in Germany - will significantly enhance our profitability and contribute to meeting our long-term goals.

"Regarding our project execution capability, the construction of AMG Vanadium's second spent catalyst recycling facility in Zanesville, Ohio continues to be on time and within budget. As a reminder, we have also met the spodumene production cost and yield in Brazil that was targeted at the time of the project decision. In transitioning into a high growth company through projects of this kind, execution capability is a critical success factor.

“All of these investments are consistent with our CO₂ reduction strategy. Our Enabling CO₂ Reduction Portfolio (ECO₂RP) in 2021 will substantially outperform our 2020 CO₂ enabled reduction. In addition, we are preparing comprehensive long-term direct Scope 1 and Scope 2 CO₂ reduction targets which will be announced at the Annual General Meeting in May of 2022.”

Key Figures

In 000's US dollars

	Q3 '21	Q3 '20	Change
Revenue	\$311,946	\$197,740	58%
Gross profit	51,083	20,849	145%
Gross margin	16.4%	10.5%	
Operating profit (loss)	17,346	(8,687)	N/A
Operating margin	5.6%	(4.4%)	
Net loss attributable to shareholders	(599)	(12,775)	95%
EPS - Fully diluted	(0.02)	(0.45)	96%
EBIT (1)	22,475	3,097	626%
EBITDA (2)	33,051	14,143	134%
EBITDA margin	10.6%	7.2%	
Cash from (used in) operating activities	17,635	(8,393)	N/A

Notes:

- (1) EBIT is defined as earnings before interest and income taxes. EBIT excludes restructuring, asset impairment, inventory cost adjustments, environmental provisions, exceptional legal expenses, equity-settled share-based payments, and strategic expenses. Beginning January 1, 2021, AMG has altered its calculation of adjusted EBIT to no longer include the impact of foreign exchange. This alteration was made in consideration of a change in the Company's hedging policy and to better align the reported adjusted EBITDA with the calculation for our bank covenant calculations. Starting January 2021, the Company is no longer hedging European cash pool intergroup balance sheet exposures which will result in higher volatility in our financial results from foreign exchange which we believe is not representative of our operating performance. Foreign exchange loss in the third quarter of 2021 was \$2.5 million. Because of this hedging policy change, we did not retroactively apply this change to the prior year figures, otherwise it would have resulted in a decrease to the prior period EBIT of \$0.9 million.
- (2) EBITDA is defined as EBIT adjusted for depreciation and amortization.

Operational Review

AMG Clean Energy Materials

	Q3 '21	Q3 '20	Change
Revenue	\$105,308	\$56,396	87%
Gross profit (loss)	20,120	(135)	N/A
Gross profit before non-recurring items	21,721	4,782	354%
Operating profit (loss)	9,985	(8,269)	N/A
EBITDA	18,029	3,268	452%

AMG Clean Energy Materials' revenue increased by \$48.9 million, or 87%, to \$105.3 million, driven mainly by higher sales volumes of lithium concentrate, as well as higher prices in vanadium, tantalum, and lithium concentrate.

Gross profit before non-recurring items during the quarter increased by \$16.9 million compared to the same period in the prior year, primarily due to the increased price environment.

SG&A expenses in the third quarter of 2021 were \$10.1 million, \$2.0 million higher than the third quarter of 2020 due to higher strategic project costs and increased variable compensation expense.

The third quarter 2021 EBITDA increased by \$14.8 million, to \$18.0 million from \$3.3 million in the third quarter of 2020, due to the improved gross profit as noted above.

AMG Critical Minerals

	Q3 '21	Q3 '20	Change
Revenue	\$79,392	\$52,167	52%
Gross profit	10,660	8,642	23%
Gross profit before non-recurring items	10,843	8,661	25%
Operating profit	4,028	3,409	18%
EBITDA	6,509	6,562	(1%)

AMG Critical Minerals' revenue increased by \$27.2 million, or 52%, to \$79.4 million, driven by higher sales volumes across all three businesses, and improved antimony sales prices.

Gross profit before non-recurring items increased by 25% in the third quarter due to increased revenue from each business unit. On a sequential basis, however, energy and shipping costs were higher in the third quarter of 2021 versus the second quarter of 2021, and were only partially passed on to customers.

SG&A expenses in the third quarter of 2021 increased by \$1.3 million, to \$6.6 million, primarily due to higher personnel costs in the current period.

The third quarter 2021 EBITDA was in line with the same period in the prior year, due to higher personnel costs offset by the improved gross profit as noted above.

AMG Critical Materials Technologies

	Q3 '21	Q3 '20	Change
Revenue	\$127,246	\$89,177	43%
Gross profit	20,303	12,342	65%
Gross profit before non-recurring items	20,293	13,144	54%
Operating profit (loss)	3,333	(3,827)	N/A
EBITDA	8,513	4,313	97%

AMG Critical Materials Technologies' third quarter 2021 revenue increased by \$38.1 million, or 43% compared to the same period in 2020. This increase was due to higher sales volumes of titanium aluminides and chrome metal, and higher chrome pricing. Therefore, third quarter 2021 gross profit before non-recurring items increased by \$7.1 million, or 54%, to \$20.3 million.

SG&A expenses increased by \$0.8 million, or 5%, in the third quarter of 2021 compared to the same period in 2020, due to higher personnel costs, offset partially by lower professional fees during the quarter.

AMG Critical Materials Technologies' EBITDA increased to \$8.5 million during the quarter, compared to \$4.3 million in the third quarter of 2020. This was primarily due to higher profitability related to the higher sales volumes of titanium aluminides and chrome metal as noted above.

The Company signed \$27.9 million in new orders during the third quarter of 2021, representing a 0.50x book to bill ratio. This low ratio was driven mainly by timing and seasonality and is expected to be compensated by higher intake in the fourth quarter resulting in a normalized full year book to bill ratio. Order backlog was \$155.1 million as of September 30, 2021, 19% lower than \$190.6 million as of June 30, 2021, due largely to the delayed orders noted above as well as product mix impacts. The Company is experiencing higher volumes of smaller orders due to diversifying outside of the aerospace market, which reduces the period ending order backlog but does not indicate lower profitability levels.

Financial Review

Tax

AMG recorded an income tax expense of \$9.9 million in the third quarter of 2021, compared to a nominal expense in the same period in 2020. This variance was mainly driven by improvements in operating results coupled with movements in the Brazilian real. The effects of the Brazilian real caused a \$7.5 million non-cash deferred tax expense in the third quarter of 2021 (2020: \$2.1 million expense). Movements in the Brazilian real exchange rate impact the valuation of the Company's net deferred tax positions related to our operations in Brazil.

AMG paid taxes of \$4.1 million in the third quarter of 2021, compared to \$10.7 million in the third quarter of 2020. The third quarter 2020 payments were primarily a result of final tax payments in Germany related to the highly profitable 2018 tax year.

Profit (loss) for the period

AMG's third quarter loss for the period of \$0.3 million was negatively impacted by two significant non-cash items: (1) The Brazilian real caused a \$7.5 million deferred tax expense in the third quarter of 2021. (2) Intergroup balance sheet positions associated with our European cash pooling arrangements incurred \$1.8 million of foreign exchange expense (net of tax) during the third quarter of 2021. Excluding these non-cash items would have resulted in profit for the period of \$9.0 million for the quarter.

Exceptional Items

AMG's third quarter 2021 gross profit of \$51.1 million includes exceptional items, which are not included in the calculation of EBITDA.

A summary of exceptional items included in gross profit in the third quarters of 2021 and 2020 are below:

Exceptional items included in gross profit

	Q3 '21	Q3 '20	Change
Gross profit	\$51,083	20,849	145%
Inventory cost adjustment	—	4,867	(100%)
Restructuring expense	261	528	(51%)
Strategic project expense	1,095	343	219%
Others	418	—	N/A
Gross profit excluding exceptional items	52,857	26,587	99%

During the quarter, the Company incurred expenses for expansion projects which are not yet operational. AMG is adjusting EBITDA for these exceptional charges.

Liquidity

	September 30, 2021	December 31, 2020	Change
Senior secured debt	\$363,058	\$364,640	—
Cash & cash equivalents	319,454	207,366	54%
Senior secured net debt	43,604	157,274	(72%)
Other debt	16,956	19,876	(15%)
Net debt excluding municipal bond	60,560	177,150	(66%)
Municipal bond debt	319,533	319,699	—
Restricted cash	114,827	208,919	(45%)
Net debt	265,266	287,930	(8%)

AMG had a net debt position of \$265.3 million as of September 30, 2021. This decrease was mainly due to the issuance of 3.1 million shares for net proceeds of \$119 million in April 2021, offset by the significant investment in growth initiatives during the quarter, especially in our vanadium expansion in Ohio, which reduced AMG's restricted cash balance.

AMG continued to maintain a strong balance sheet and adequate sources of liquidity during the third quarter. As of September 30, 2021, the Company had \$319 million in unrestricted cash and cash equivalents and \$170 million available on its revolving credit facility. As such, AMG had \$489 million of total liquidity as of September 30, 2021.

Net Finance Costs

AMG's third quarter 2021 net finance costs were \$7.5 million compared to \$4.5 million in the third quarter of 2020. This increase was mainly driven by higher foreign exchange losses during the quarter.

AMG capitalized \$3.8 million of interest costs in the third quarter of 2021, in line with prior year, driven by interest associated with the Company's tax-exempt municipal bond supporting the vanadium expansion in Ohio.

SG&A

AMG's third quarter 2021 SG&A expenses were \$33.8 million compared to \$29.6 million in the third quarter of 2020, with the variance driven largely by increased strategic project and personnel costs. The prior period personnel cost had been reduced by cost reduction efforts in response to the onset of the pandemic.

Outlook

For 2021, we reiterate our expectation to sequentially improve our EBITDA quarter-over-quarter for the year.

Given the current market conditions, we expect EBITDA to exceed \$150 million for full year 2022, and we expect to reach \$50 million of quarterly run-rate EBITDA by the end of 2022, as our vanadium expansion project concludes ramp-up.

Net loss to EBITDA reconciliation

	Q3 '21	Q3 '20
Net loss	(\$310)	(\$13,644)
Income tax expense	9,904	32
Net finance cost ⁽¹⁾	7,543	5,431
Equity-settled share-based payment transactions ⁽²⁾	1,015	3,212
Restructuring expense	261	528
Inventory cost adjustment	—	4,867
Strategic project expense ⁽³⁾	3,311	1,995
Others	751	676
EBIT	22,475	3,097
Depreciation and amortization	10,576	11,046
EBITDA	33,051	14,143

(1) See note (1) to the Key Figures table.

(2) Amount includes variable compensation expense which settled in shares in 2021.

(3) The Company is in the ramp-up phase for several strategic expansion projects, including AMG Vanadium's expansion project, the joint venture with Shell, Hybrid Lithium Vanadium Redox Flow Battery System, and the lithium expansion in Germany, which incurred project expenses during the quarter but are not yet operational. AMG is adjusting EBITDA for these exceptional charges.

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Income Statement

For the quarter ended September 30

In thousands of US dollars

	2021	2020
	Unaudited	Unaudited
Continuing operations		
Revenue	311,946	197,740
Cost of sales	260,863	176,891
Gross profit	51,083	20,849
Selling, general and administrative expenses	33,750	29,619
Other income, net	13	83
Net other operating income	13	83
Operating profit (loss)	17,346	(8,687)
Finance income	(357)	(1,155)
Finance cost	7,900	5,651
Net finance cost	7,543	4,496
Share of loss of associates and joint ventures	(209)	(429)
Profit (loss) before income tax	9,594	(13,612)
Income tax expense	9,904	32
Loss for the period	(310)	(13,644)
Loss attributable to:		
Shareholders of the Company	(599)	(12,775)
Non-controlling interests	289	(869)
Loss for the period	(310)	(13,644)
Loss per share		
Basic loss per share	(0.02)	(0.45)
Diluted loss per share	(0.02)	(0.45)

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Income Statement

For the nine months ended September 30

In thousands of US dollars

	2021	2020
	Unaudited	Unaudited
Continuing operations		
Revenue	874,306	683,640
Cost of sales	727,860	599,090
Gross profit	146,446	84,550
Selling, general and administrative expenses	100,075	91,715
Environmental expense	(11,711)	(55)
Other income, net	186	169
Net other operating (expense) income	(11,525)	114
Operating profit (loss)	34,846	(7,051)
Finance income	(831)	(2,446)
Finance cost	21,789	18,679
Net finance cost	20,958	16,233
Share of loss of associates and joint ventures	(834)	(429)
Profit (loss) before income tax	13,054	(23,713)
Income tax expense	3,414	16,134
Profit (loss) for the period	9,640	(39,847)
Profit (loss) attributable to:		
Shareholders of the Company	8,066	(38,853)
Non-controlling interests	1,574	(994)
Profit (loss) for the period	9,640	(39,847)
Earnings (loss) per share		
Basic earnings (loss) per share	0.26	(1.37)
Diluted earnings (loss) per share	0.26	(1.37)

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Financial Position

<i>In thousands of US dollars</i>	September 30, 2021 Unaudited	December 31, 2020
Assets		
Property, plant and equipment	657,790	551,926
Goodwill and other intangible assets	41,845	43,207
Derivative financial instruments	144	1,894
Other investments	32,146	27,527
Deferred tax assets	57,933	58,081
Restricted cash	114,827	208,919
Other assets	9,370	8,496
Total non-current assets	914,055	900,050
Inventories	197,030	152,306
Derivative financial instruments	4,002	5,961
Trade and other receivables	146,721	122,369
Other assets	64,344	44,821
Current tax assets	6,832	5,108
Cash and cash equivalents	319,454	207,366
Assets held for sale	60	1,005
Total current assets	738,443	538,936
Total assets	1,652,498	1,438,986

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Financial Position
(continued)

<i>In thousands of US dollars</i>	September 30, 2021 Unaudited	December 31, 2020
Equity		
Issued capital	853	831
Share premium	553,715	489,546
Treasury shares	(16,828)	(80,165)
Other reserves	(99,292)	(110,593)
Retained earnings (deficit)	(185,583)	(184,139)
Equity attributable to shareholders of the Company	252,865	115,480
Non-controlling interests	27,674	25,790
Total equity	280,539	141,270
Liabilities		
Loans and borrowings	671,133	673,262
Lease liabilities	44,466	47,092
Employee benefits	176,580	197,158
Provisions	15,170	15,322
Deferred revenue	22,798	4,361
Other liabilities	10,427	8,237
Derivative financial instruments	3,530	4,389
Deferred tax liabilities	4,620	5,398
Total non-current liabilities	948,724	955,219
Loans and borrowings	23,914	23,392
Lease liabilities	4,690	4,789
Short-term bank debt	4,500	7,561
Deferred revenue	17,852	1,623
Other liabilities	76,737	66,182
Trade and other payables	233,648	164,999
Derivative financial instruments	4,798	10,264
Advance payments from customers	28,673	29,885
Current tax liability	9,185	7,480
Provisions	19,238	26,322
Total current liabilities	423,235	342,497
Total liabilities	1,371,959	1,297,716
Total equity and liabilities	1,652,498	1,438,986

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Cash Flows

For the nine months ended September 30

In thousands of US dollars

	2021	2020
	Unaudited	Unaudited
Cash from operating activities		
Profit (loss) for the period	9,640	(39,847)
Adjustments to reconcile net profit (loss) to net cash flows:		
Non-cash:		
Income tax expense	3,414	16,134
Depreciation and amortization	32,478	32,181
Asset impairment (reversal) expense	(864)	98
Net finance cost	20,958	16,233
Share of loss of associates and joint ventures	834	429
(Gain) loss on sale or disposal of property, plant and equipment	(96)	248
Equity-settled share-based payment transactions	3,143	5,956
Movement in provisions, pensions, and government grants	(3,267)	(7,468)
Working capital and deferred revenue adjustments	17,908	7,813
Cash generated from operating activities	84,148	31,777
Finance costs paid, net	(14,960)	(14,261)
Income tax paid	(8,625)	(9,255)
Net cash from operating activities	60,563	8,261
Cash used in investing activities		
Proceeds from sale of property, plant and equipment	1,071	48
Acquisition of property, plant and equipment and intangibles	(125,366)	(77,042)
Investments in associates and joint ventures	(1,000)	(1,000)
Change in restricted cash	94,092	68,436
Interest received on restricted cash	33	1,107
Capitalized borrowing cost	(15,608)	(15,134)
Other	(428)	25
Net cash used in investing activities	(47,206)	(23,560)

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Cash Flows
(continued)

For the nine months ended September 30
In thousands of US dollars

	2021 Unaudited	2020 Unaudited
Cash from (used in) financing activities		
Proceeds from issuance of debt	2,644	7,684
Payment of transaction costs related to debt	(390)	-
Repayment of borrowings	(8,047)	(2,997)
Net proceeds from issuance (repurchase of) common shares	121,569	(638)
Dividends paid	(7,598)	(9,513)
Payment of lease liabilities	(3,939)	(3,308)
Contributions by non-controlling interests	648	557
Net cash from (used in) financing activities	104,887	(8,215)
Net increase (decrease) in cash and cash equivalents	118,244	(23,514)
Cash and cash equivalents at January 1	207,366	226,218
Effect of exchange rate fluctuations on cash held	(6,156)	3,376
Cash and cash equivalents at September 30	319,454	206,080

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

This press release contains regulated information as defined in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

About AMG

AMG is a global critical materials company at the forefront of CO₂ reduction trends. AMG produces highly engineered specialty metals and mineral products and provides related vacuum furnace systems and services to the transportation, infrastructure, energy, and specialty metals & chemicals end markets.

AMG Clean Energy Materials combines our recycling and mining operations producing materials for infrastructure and energy storage solutions while reducing the CO₂ footprint of both suppliers and customers. Clean Energy Materials spans the vanadium, lithium, and tantalum value chains. AMG Critical Materials Technologies combines our leading vacuum furnace technology line with high-purity materials serving global leaders in the aerospace sector. AMG Critical Minerals consists of our mineral processing operations in antimony, graphite, and silicon metal.

With approximately 3,000 employees, AMG operates globally with production facilities in Germany, the United Kingdom, France, the United States, China, Mexico, Brazil, India, Sri Lanka, and Mozambique, and has sales and customer service offices in Russia and Japan (www.amg-nv.com).

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