



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

Coronavirus Update

- As of today, out of over 3,000 employees we have 9 active confirmed coronavirus cases globally. AMG has not experienced any coronavirus related fatalities, and our current cases have not resulted in a facility closure or operational interruption. AMG continues to implement preventive measures such as practicing social distancing, remote working when possible, and restrictions on travel to protect the health and safety of our employees.

Strategic Highlights

- The construction of AMG's second ferrovanadium plant in Zanesville, Ohio is proceeding as planned. As of April 22, 2021, AMG Vanadium had committed \$257 million in construction and engineering contracts. All significant contracts for the project have now been committed and signed.
- AMG Vanadium signed a new long-term, multi-year agreement to process and recycle spent catalysts from a major oil refinery operator in North America.
- AMG purchased a site on the premises of Chemiepark Bitterfeld-Wolfen, advancing its strategic expansion project for a battery-grade lithium hydroxide production plant which will reliably supply the European battery industry with this key raw material via short delivery routes.
- AMG has progressed its methodology to achieve Verified Carbon Unit (VCU) credits. AMG's proposed Verra Carbon Standard for processing metal bearing wastes has passed through public comment and is currently being reviewed by an approved third-party validation/verification body.

Financial Highlights

- EBITDA was \$28.3 million in the first quarter of 2021, 27% higher than the first quarter 2020 EBITDA of \$22.3 million.
- Cash from operating activities was \$19.9 million in the first quarter of 2021, an increase of \$23.6 million over the same period in 2020.
- Net income attributable to shareholders was \$5.1 million in the first quarter of 2021 compared to a net loss of \$13.6 million in the first quarter of 2020.

- AMG's liquidity as of March 31, 2021, was \$381 million, with \$211 million of unrestricted cash and \$170 million of revolving credit availability.
- The Company has maintained its final 2020 declared dividend of €0.10 to be paid to shareholders of record on May 13, 2021.
- AMG was promoted from the Euronext's AScX® (small cap) index to their AMX® (mid cap) index, effective March 22, 2021.

Amsterdam, 5 May 2021 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", EURONEXT AMSTERDAM: "AMG") reported first quarter 2021 revenue of \$264.0 million, a 5% decrease from \$278.3 million in the first quarter of 2020. EBITDA for the first quarter of 2021 was \$28.3 million, a 27% increase over the \$22.3 million in the same period in 2020.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "Out of over 3,000 AMG employees at 33 sites in 15 countries, AMG has 9 active confirmed coronavirus cases globally. AMG's priority continues to be the health and safety of our employees.

"All three of AMG's segments performed well in the first quarter. Global demand for our products started to strengthen in the second half of 2020 and has further accelerated in 2021.

"Market prices for materials across the Company's portfolio have increased from the depressed levels we faced at the peak of the pandemic. Prices for both the AMG Clean Energy Materials segment and the AMG Critical Minerals segment have improved, which has positively impacted financial results relative to the prior year.

"EBITDA for the AMG Critical Materials Technologies segment is lower than the same period in 2020, however, the segment delivered sequentially increasing EBITDA in the first three months of 2021 for the third straight quarter, improving 37% from the fourth quarter of 2020 while recording a greater than 1.0 book to bill ratio.

"Last year, we communicated that we believed that the second quarter of 2020 would be the pandemic low and our financial results have proven that to be true as our EBITDA has improved sequentially each quarter since then.

"AMG's strategic projects have all advanced during the quarter. We have finalized all outstanding major contracts for the construction of our new recycling plant in Ohio and we are proceeding toward project completion at the end of the first quarter of next year. AMG Brazil is operating at full capacity and preliminary engineering for the spodumene expansion, known as SP1+, is underway post the receipt of a \$20 million prepayment from our customer. AMG Lithium commenced detailed engineering as well as the purchase of long lead time items, and in addition purchased a site on the premises of Chemiepark Bitterfeld-Wolfen for the lithium hydroxide upgrader project.

“We made progress in our comprehensive strategy to advance our CO₂ reduction activities. In particular, AMG has progressed its methodology to achieve Verified Carbon Unit (VCU) credits. AMG’s proposed Verra Carbon Standard for processing metal bearing wastes has passed through public comment and is currently being reviewed by an approved third-party validation/verification body.

“Although not reflected in the first quarter financial results, in April 2021 AMG issued 3.1 million new shares, generating \$119 million of net proceeds and increasing current liquidity to approximately \$500 million. With this equity raise, in combination with cash on hand and strong projected cash flow from operations, AMG believes it can fully fund its current strategic Clean Energy Materials projects while maintaining strong balance sheet and liquidity positions.”

Key Figures

In 000's US dollars

	Q1 '21	Q1 '20	Change
Revenue	\$263,986	\$278,290	(5%)
Gross profit	46,864	43,160	9%
Gross margin	17.8%	15.5%	
Operating profit	13,809	8,326	66%
Operating margin	5.2%	3.0%	
Net income (loss) attributable to shareholders	5,099	(13,568)	N/A
EPS - Fully diluted	0.18	(0.48)	N/A
EBIT ⁽¹⁾	17,376	11,851	47%
EBITDA ⁽²⁾	28,339	22,329	27%
EBITDA margin	10.7%	8.0%	
Cash from (used in) operating activities	19,939	(3,679)	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 certain 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 first quarter of 2021 was \$3.0 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 reduction of prior year EBIT of \$0.9 million.
- (2) EBITDA is defined as EBIT adjusted for depreciation and amortization.

Operational Review

AMG Clean Energy Materials

	Q1 '21	Q1 '20	Change
Revenue	\$70,627	\$69,219	2%
Gross profit	13,203	4,307	207%
Gross profit before non-recurring items	13,383	3,897	243%
Operating profit (loss)	3,605	(5,654)	N/A
EBITDA	10,286	(1,048)	N/A

AMG Clean Energy Materials' revenue increased by \$1.4 million, or 2%, to \$70.6 million, driven mainly by higher sales volumes of tantalum and lithium concentrate and higher prices in vanadium, tantalum and lithium concentrate.

Gross profit before non-recurring items more than tripled in the first quarter due to the improving price environment experienced in the first quarter of 2021.

SG&A expenses in the first quarter of 2021 were \$9.6 million, 3% lower than the first quarter of 2020 due to non-recurring legal expenses in the first quarter of 2020.

The first quarter 2021 EBITDA increased by \$11.3 million, to \$10.3 million from negative \$1.0 million in the first quarter of 2020, due to the improved gross profit and SG&A noted above.

AMG Critical Minerals

	Q1 '21	Q1 '20	Change
Revenue	\$72,916	\$57,760	26%
Gross profit	13,154	10,289	28%
Gross profit before non-recurring items	13,071	10,308	27%
Operating profit	6,560	4,285	53%
EBITDA	9,012	6,807	32%

AMG Critical Minerals' revenue increased by \$15.2 million, or 26%, to \$72.9 million, driven by higher sales volumes and higher sales prices across all three business units.

Gross profit before non-recurring items increased by 27% in the first quarter due to increased revenue noted above.

SG&A expenses in the first quarter of 2021 slightly increased by \$0.5 million, to \$6.6 million, primarily due to higher personnel costs and insurance expenses in the current period.

The first quarter 2021 EBITDA margin was 12%, in line with the same period in the prior year.

AMG Critical Materials Technologies

	Q1 '21	Q1 '20	Change
Revenue	\$120,443	\$151,311	(20%)
Gross profit	20,507	28,564	(28%)
Gross profit before non-recurring items	20,569	28,894	(29%)
Operating profit	3,644	9,695	(62%)
EBITDA	9,041	16,570	(45%)

AMG Critical Materials Technologies' first quarter 2021 revenue decreased by \$30.9 million, or 20%, due to reduced aerospace activity and volume reductions. These declines were partially offset by higher revenue from remelting and nuclear waste recycling furnaces, highlighting AMG Engineering's diversified technology base outside of its aerospace activities. As a result of these factors, first quarter 2021 gross profit before non-recurring items decreased by \$8.3 million, or 29%, to \$20.6 million.

SG&A expenses decreased by \$2.0 million, or 11%, in the first quarter of 2021 compared to the first quarter of 2020, due to lower personnel costs and lower professional fees as a result of cost reduction efforts across the business.

AMG Critical Materials Technologies' first quarter EBITDA decreased by 45% to \$9.0 million from \$16.6 million in the first quarter of 2020 due to lower profitability related to the pandemic-impacted aerospace market, offset partially by cost reduction efforts. First quarter EBITDA was 37% higher than fourth quarter 2020, demonstrating continuing recovery in the segment.

Order backlog was \$190.7 million as of March 31, 2021, a 4% decrease from \$198.1 million as of December 31, 2020. The Company signed \$57.5 million in new orders during the first quarter of 2021, representing a 1.03x book to bill ratio. The quarter benefited from strong orders of remelting, induction, and heat treatment furnaces.

Financial Review

Tax

AMG recorded an income tax benefit of \$0.9 million in the first quarter of 2021, compared to an expense of \$16.5 million in the same period in 2020. This variance was mainly driven by movements in the Brazilian real offset partially by higher pre-tax income compared to the prior period. The effects of the Brazilian real caused a \$14.2 million lower non-cash tax expense in the first quarter of 2021 versus the first quarter of

2020. 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 \$2.0 million in the first quarter of 2021, compared to tax payments of \$0.9 million in the first quarter of 2020.

Exceptional Items

AMG's first quarter 2021 gross profit of \$46.9 million includes exceptional items, which are not included in the calculation of EBITDA.

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

Exceptional items included in gross profit

	Q1 '21	Q1 '20	Change
Gross profit	\$46,864	\$43,160	9%
Inventory cost adjustment (reversal)	(333)	(1,901)	82%
Restructuring expense	67	428	(84%)
Asset impairment (reversal) expense	(136)	17	N/A
Strategic project expense	561	1,395	(60%)
Gross profit excluding exceptional items	47,023	43,099	9%

AMG had a \$0.3 million exceptional non-cash net reversal during the first quarter of 2021 as a result of inventory cost adjustments primarily from our Brazilian operations, which has been adjusted in EBITDA. During the quarter, the Company incurred expenses for expansion projects which are not yet operational. AMG is adjusting EBITDA for these exceptional charges.

Liquidity

	March 31, 2021	December 31, 2020	Change
Senior secured debt	\$363,917	\$364,640	—
Cash & equivalents	211,079	207,366	2%
Senior secured net debt	152,838	157,274	(3%)
Other debt	19,775	19,876	(1%)
Net debt excluding municipal bond	172,613	177,150	(3%)
Municipal bond debt	319,645	319,699	—
Restricted cash	175,041	208,919	(16%)
Net debt	317,217	287,930	10%

AMG had a net debt position of \$317.2 million as of March 31, 2021. This increase was mainly due to the significant investment in growth initiatives during the quarter, especially in our vanadium expansion in Ohio.

AMG continued to maintain a strong balance sheet and adequate sources of liquidity during the first quarter. As of March 31, 2021, the Company had \$211 million in unrestricted cash and cash equivalents and \$170 million available on its revolving credit facility. As such, AMG had \$381 million of total liquidity as of March 31, 2021.

Subsequent to the close of the quarter, AMG issued additional shares and generated \$119 million of net proceeds which are not reflected in the above figures.

Net Finance Costs

AMG's first quarter 2021 net finance costs were \$8.7 million compared to \$5.4 million in the first quarter of 2020. This increase is mainly driven by higher foreign exchange losses during the quarter, which were partially offset by lower borrowing rates versus the prior period.

AMG capitalized \$3.8 million of interest costs in the first quarter of 2021 compared to \$2.8 million in the prior year, driven by interest associated with the Company's tax-exempt municipal bond supporting the vanadium expansion in Ohio.

SG&A

AMG's first quarter 2021 SG&A expenses were \$33.1 million compared to \$34.9 million in the first quarter of 2020, primarily due to lower professional fees and continued cost reduction efforts across the business.

Outlook

Due to improving market conditions, AMG's financial results for the first quarter were above previous expectations. We believe that these improvements will continue as we advance in 2021 and, as such, we are updating our outlook for the full year to exceed \$120 million EBITDA.

AMG's long-term guidance will be detailed at the Annual General Meeting tomorrow at 15:00 CEST.

Net income (loss) to EBITDA reconciliation

	Q1 '21	Q1 '20
Net income (loss)	\$5,678	(\$13,597)
Income tax (benefit) expense	(910)	16,515
Net finance cost *	8,654	6,335
Equity-settled share-based payment transactions **	1,114	1,490
Restructuring expense	67	428
Inventory cost adjustment (reversal)	(333)	(1,901)
Strategic project expense ***	2,552	1,395
Non-recurring legal expense	—	1,049
Share of loss of associates	387	—
Others	167	137
EBIT	17,376	11,851
Depreciation and amortization	10,963	10,478
EBITDA	28,339	22,329

*Beginning January 1, 2021, AMG has altered its calculation of adjusted EBITDA 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 certain 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 ongoing operating performance. Foreign exchange loss in the first quarter of 2021 was \$3.0 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 reduction of the prior year adjusted EBIT of \$0.9 million.

**Amount includes variable compensation expense which was share-settled in 2021.

***The Company is in the ramp-up phase for three significant strategic expansion projects, including AMG Vanadium's expansion project, the joint venture with Shell, 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 March 31

In thousands of US dollars

	2021	2020
	Unaudited	Unaudited
Continuing operations		
Revenue	263,986	278,290
Cost of sales	217,122	235,130
Gross profit	46,864	43,160
Selling, general and administrative expenses	33,093	34,887
Other income, net	38	53
Net other operating income	38	53
Operating profit	13,809	8,326
Finance income	(210)	(1,399)
Finance cost	8,864	6,807
Net finance cost	8,654	5,408
Share of loss of associates and joint ventures	(387)	-
Profit before income tax	4,768	2,918
Income tax (benefit) expense	(910)	16,515
Profit (loss) for the period	5,678	(13,597)
Profit (loss) attributable to:		
Shareholders of the Company	5,099	(13,568)
Non-controlling interests	579	(29)
Profit (loss) for the period	5,678	(13,597)
Earnings (loss) per share		
Basic earnings (loss) per share	0.18	(0.48)
Diluted earnings (loss) per share	0.18	(0.48)

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

<i>In thousands of US dollars</i>	March 31, 2021 Unaudited	December 31, 2020
Assets		
Property, plant and equipment	581,569	551,926
Goodwill and other intangible assets	42,109	43,207
Derivative financial instruments	477	1,894
Other investments	28,505	27,527
Deferred tax assets	58,509	58,081
Restricted cash	175,041	208,919
Other assets	8,054	8,496
Total non-current assets	894,264	900,050
Inventories	173,829	152,306
Derivative financial instruments	4,702	5,961
Trade and other receivables	148,329	122,367
Other assets	51,009	44,821
Current tax assets	5,018	5,108
Cash and cash equivalents	211,079	207,366
Assets held for sale	971	1,005
Total current assets	594,937	538,936
Total assets	1,489,201	1,438,986

AMG Advanced Metallurgical Group N.V.

Condensed Interim Consolidated Statement of Financial Position

(continued)

In thousands of US dollars

	March 31, 2021 Unaudited	December 31, 2020
Equity		
Issued capital	831	831
Share premium	489,546	489,546
Treasury shares	(74,706)	(80,165)
Other reserves	(113,430)	(110,593)
Retained earnings (deficit)	(183,688)	(184,139)
Equity attributable to shareholders of the Company	118,553	115,480
Non-controlling interests	25,679	25,790
Total equity	144,232	141,270
Liabilities		
Loans and borrowings	672,553	673,262
Lease liabilities	44,285	47,092
Employee benefits	189,376	197,158
Provisions	14,716	15,322
Other liabilities	31,905	12,598
Derivative financial instruments	4,283	4,389
Deferred tax liabilities	4,543	5,398
Total non-current liabilities	961,661	955,219
Loans and borrowings	23,284	23,392
Lease liabilities	4,433	4,789
Short-term bank debt	7,500	7,561
Other liabilities	76,430	67,805
Trade and other payables	203,796	164,999
Derivative financial instruments	5,901	10,264
Advance payments from customers	31,490	29,885
Current tax liability	8,686	7,480
Provisions	21,788	26,322
Total current liabilities	383,308	342,497
Total liabilities	1,344,969	1,297,716
Total equity and liabilities	1,489,201	1,438,986

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

For the quarter ended March 31

In thousands of US dollars

	2021	2020
	Unaudited	Unaudited
Cash from (used in) operating activities		
Profit (loss) for the period	5,678	(13,597)
Adjustments to reconcile net profit (loss) to net cash flows:		
Non-cash:		
Income tax (benefit) expense	(910)	16,515
Depreciation and amortization	10,963	10,478
Asset impairment (reversal) expense	(136)	17
Net finance cost	8,654	5,408
Share of loss of associates and joint ventures	387	—
Loss on sale or disposal of property, plant and equipment	9	112
Equity-settled share-based payment transactions	1,088	1,490
Movement in provisions, pensions, and government grants	(3,796)	(2,761)
Working capital and deferred revenue adjustments	4,748	(15,468)
Cash generated from operating activities	26,685	2,194
Finance costs paid, net	(4,749)	(4,951)
Income tax paid	(1,997)	(922)
Net cash from (used in) operating activities	19,939	(3,679)
Cash used in investing activities		
Proceeds from sale of property, plant and equipment	171	—
Acquisition of property, plant and equipment and intangibles	(35,583)	(15,500)
Investments in associates and joint ventures	(1,000)	—
Change in restricted cash	33,878	14,086
Interest received on restricted cash	15	941
Capitalized borrowing cost	(7,722)	(7,336)
Other	13	8
Net cash used in investing activities	(10,228)	(7,801)

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

For the quarter ended March 31
In thousands of US dollars

	2021 Unaudited	2020 Unaudited
Cash used in financing activities		
Proceeds from issuance of debt	1,481	-
Payment of transaction costs related to debt	(390)	-
Repayment of borrowings	(1,510)	(1,257)
Net proceeds from (repurchase of) common shares	176	(592)
Payment of lease liabilities	(1,283)	(1,057)
Contributions by non-controlling interests	244	-
Net cash used in financing activities	(1,282)	(2,906)
Net increase (decrease) in cash and cash equivalents	8,429	(14,386)
Cash and cash equivalents at January 1	207,366	226,218
Effect of exchange rate fluctuations on cash held	(4,716)	(2,888)
Cash and cash equivalents at March 31	211,079	208,944

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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Disclaimer

Certain statements in this press release are not historical facts and are “forward looking.” Forward looking statements include statements concerning AMG’s plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans and intentions relating to acquisitions, AMG’s competitive strengths and weaknesses, plans or goals relating to forecasted production, reserves, financial position and future operations and development, AMG’s business strategy and the trends AMG anticipates in the industries and the political and legal environment in which it operates and other information that is not historical information. When used in this press release, the words “expects,” “believes,” “anticipates,” “plans,” “may,” “will,” “should,” and similar expressions, and the negatives thereof, are intended to identify forward looking statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These forward-looking statements speak only as of the date of this press release. AMG expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in AMG’s expectations with regard thereto or any change in events, conditions, or circumstances on which any forward-looking statement is based.