



AMG REPORTS FIRST QUARTER 2024 RESULTS: LITHIUM PROJECTS ON SCHEDULE

Amsterdam, 7 May 2024 (Regulated Information) --- AMG Critical Materials N.V. (“AMG”, Euronext Amsterdam: “AMG”) reports first quarter 2024 revenue of \$358 million, a 21% decrease versus the first quarter of 2023. First quarter 2024 adjusted EBITDA of \$31 million decreased largely due to the decline in global metal prices compared to the prior period.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, “The first quarter 2024 adjusted EBITDA of \$31 million is in line with our guidance for the year. We are pleased to announce that our major lithium expansions continue on-schedule. Our Brazilian mine expansion and the ramp-up of our lithium conversion plant in Germany place us in an enviable position for when prices recover. The lithium market is volatile and will remain so for the foreseeable future. Long-term demand trends are encouraging, and additional supply prospects are confronting challenging constraints throughout the industry. Our low-cost position allows us to endure the current market conditions and prosper considerably at more normalized price levels.

Market prices for all products in our portfolio weakened during the first quarter of 2024 compared to the first quarter of 2023. The decrease in adjusted EBITDA compared to the first quarter of 2023 was predominantly driven by the global decline in lithium and vanadium prices. The average quarterly prices of lithium carbonate and ferrovandium, the material prices that most significantly impact our financial results, decreased 76% and 33%, respectively, versus the average pricing in the first quarter of 2023.

Despite these market conditions, our lithium expansion strategy remains on track, and we have significant liquidity to support our growth opportunities. Including our \$100 million term loan expansion, which occurred after the end of the first quarter, AMG has close to \$600 million of total liquidity.”

Lithium

- In Brazil, the expansion of our lithium concentrate plant from 90,000 tons to 130,000 tons per annum is progressing as planned. We expect to reach full nameplate capacity of 130,000 tons in the fourth quarter of 2024.
- In Bitterfeld, Germany, AMG’s lithium hydroxide refinery’s first 20,000-ton module is on schedule, both in its advanced commissioning and product qualification

process. We plan to ship production batches to clients in the third quarter of 2024.

Vanadium

- AMG Vanadium continues to implement its global satellite roasting strategy through the implementation of our recently acquired TTI technology.
- The vanadium electrolyte plant at AMG Titanium in Nuremberg, Germany is in the final stages of completion. We expect to have nameplate capacity available by the second half of 2024 as part of the vertical integration into LIVA batteries.
- Shell & AMG Recycling's (SARBV) "Supercenter" project in Saudi Arabia is in final stages of basic engineering for Phase 1. The joint venture has begun the selection process for financial advisors for non-recourse project financing.

Technologies

- In April, NewMOX SAS, Grenoble, France, was formed to service the nuclear fuel market. NewMOX is a subsidiary of ALD Vacuum Technologies GmbH, Hanau, Germany ("ALD"), AMG's engineering subsidiary focused on vacuum furnace technology, which includes sintering furnace systems enabling the production of commercial nuclear fuel from plutonium and depleted uranium (termed "MOX"). ALD's MOX technology has been applied in Germany, the United States, France, Belgium, the United Kingdom and recently ALD has been delivering such furnace systems to China.
- AMG LIVA is engaged in the execution of several battery projects to optimize the energy management of industrial plants and incorporate renewable energy sources. In June we will celebrate the opening of a 4.5 MWh energy storage system shifting wind and solar energy for a major industrial client. The system enables 80% self-sufficiency and is also used for peak shaving, process heating and cooling, EV charging and grid services.

Financial Highlights

- In April, AMG entered into a new \$100 million incremental term loan, structured as a fungible add-on to the existing \$350 million senior secured term loan. The \$100 million incremental term loan has the same pricing, terms and 2028 maturity as the existing \$350 million term loan. AMG will use the proceeds of the new incremental term loan for general corporate purposes and lithium resource development.
- AMG's liquidity as of March 31, 2024 was \$485 million, with \$285 million of unrestricted cash and \$200 million of revolving credit availability. These figures

do not include the term loan expansion noted above, as it occurred after the end of the quarter.

- AMG Engineering signed \$82 million in new orders for the first three months of 2024, 8% higher than for the same period in 2023.
- The Company will pay its final 2023 declared dividend of €0.20 per ordinary share on or around May 15, 2024, to shareholders of record on May 13, 2024.

Key Figures

In 000's US dollars

	Q1 '24	Q1 '23	Change
Revenue	\$358,159	\$450,590	(21%)
Gross profit	47,322	139,842	(66%)
Gross margin	13.2%	31.0%	
Operating profit	2,678	100,023	(97%)
Operating margin	0.7%	22.2%	
Net (loss) income attributable to shareholders	(16,260)	56,221	N/A
EPS - Fully diluted	(0.50)	1.72	N/A
EBIT ⁽¹⁾	17,092	105,144	(84%)
Adjusted EBITDA ⁽²⁾	30,807	118,111	(74%)
Adjusted EBITDA margin	8.6%	26.2%	
Cash (used in) from operating activities	(14,918)	93,395	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, strategic expenses, and other exceptional items.
- (2) Adjusted EBITDA is defined as EBIT adjusted for depreciation and amortization.

Operational Review

AMG Lithium

	Q1 '24	Q1 '23	Change
Revenue	\$41,574	\$130,668	(68%)
Gross profit	5,346	92,013	(94%)
Operating (loss) profit	(5,351)	83,589	N/A
Adjusted EBITDA	5,759	89,799	(94%)

AMG Lithium's revenue and gross profit decreased 68% and 94%, respectively, compared to the first quarter of 2023. These variances were largely driven by the

decline in lithium market prices, since the first quarter of 2023, as well as the unabsorbed fixed costs incurred during construction of the spodumene expansion project in Brazil in the current quarter.

SG&A expenses of \$11 million in the first quarter of 2024 were 26% higher than in the same period last year, mainly driven by the increase in headcount related to both the German and Brazilian lithium expansion projects, as well as higher employee benefit costs and professional fees.

The first quarter 2024 adjusted EBITDA decreased 94%, to \$6 million, from \$90 million in the first quarter of 2023, due to the decline in metal prices as noted above.

During the first quarter of 2024, a total of 15,652 dry metric tons (“dmt”) of lithium concentrates were sold, 24% lower than the 20,509 dmt in the first quarter of 2023 due to shipping variances in 2023. Volumes were negatively impacted by shipments that arrived in the fourth quarter of 2023 to the detriment of our first quarter 2024 volumes. The average realized sales price was \$1,163/dmt CIF China for the quarter. The average cost per ton for the quarter was \$616/dmt CIF China.

Our lithium concentrate plant is currently ramping to 130,000 tons and shipping volumes will be impacted in the second quarter. The cost per ton will rise relative to historical costs due to unabsorbed costs during the ramp-up, as well as lower relative tantalum sales volumes offsetting higher spodumene production. We expect to reach design capacity production in the fourth quarter of 2024. AMG is one of the lowest cost lithium concentrate mines in the world and we plan to maintain that position.

AMG Vanadium

	Q1 '24	Q1 '23	Change
Revenue	\$165,141	\$194,280	(15%)
Gross profit	17,646	26,424	(33%)
Operating profit	3,830	13,103	(71%)
Adjusted EBITDA	14,440	20,331	(29%)

AMG Vanadium’s revenue for the first quarter of 2024 decreased by 15%, to \$165 million, due primarily to lower sales prices in vanadium and chrome metal partially offset by increased volumes in vanadium.

Gross profit in the first quarter of 2024 was \$9 million lower compared to the same period in 2023, largely due to lower prices noted above.

SG&A expenses in the first quarter of 2024 of \$14 million were 4% higher than in the first quarter of 2023 related to an increase in research and development costs during the current quarter.

The first quarter 2024 adjusted EBITDA decreased 29% compared to the same period in 2023, to \$14 million, largely driven by the decline in metal prices noted above.

AMG Technologies

	Q1 '24	Q1 '23	Change
Revenue	\$151,444	\$125,642	21%
Gross profit	24,330	21,405	14%
Operating profit	4,199	3,331	26%
Adjusted EBITDA	10,608	7,981	33%

AMG Technologies' first quarter 2024 revenue increased by \$26 million, or 21%, compared to the same period in 2023. This improvement was driven by strong revenues in our engineering unit, as well as higher sales volumes of silicon. Despite challenging overall market conditions for AMG, the AMG Technologies segment is delivering strong financial results, evidencing the strength of our portfolio to succeed in a varied set of market conditions.

SG&A expenses increased by 9% in the first quarter of 2024 compared to the same period in 2023, due to additional personnel at AMG Engineering and AMG LIVA corresponding to the increased order backlog and business development, respectively.

AMG Technologies' adjusted EBITDA was \$11 million during the first quarter, 33% higher than in the first three months of 2023. The increase was primarily due to higher profitability in Engineering driven by remelting and induction furnace sales as well as the after sales and service division.

AMG Engineering signed \$82 million in new orders during the first quarter of 2024, 8% higher than the same period in 2023, representing a 1.03x book to bill ratio. The first quarter 2024 order intake was driven by strong orders of remelting and turbine blade coating furnaces, as well as the spare parts and services division. Order backlog was \$300 million as of March 31, 2024.

AMG Silicon began operating two of its four furnaces in March 2024. We plan to run two of four furnaces for the remainder of 2024. The operational parameters of the silicon business will continue to be reviewed on an ongoing basis. Due to the noted interruptions in AMG Silicon's operations, the profitability of the business is immaterial and excluded from adjusted EBITDA during this period of abnormal operations.

Financial Review

Tax

AMG recorded an income tax expense of \$3 million in the first quarter of 2024, compared to \$36 million in the first quarter of 2023. This variance was due to lower

profitability in the current quarter relative to the same period in the prior year, marginally offset by non-cash deferred tax expenses related to the derecognition of certain tax assets. These tax assets were associated with interest expense carryforwards in our US business as well as loss carryforwards in our German and Dutch entities.

AMG paid taxes of \$8 million in the first quarter of 2024, compared to tax payments of \$21 million in the first quarter of 2023. The reduced cash payments in the current period were largely a result of the decrease in profitability year-over-year, offset by tax payments due in Brazil related to positive results in the fourth quarter of 2023.

Exceptional Items

AMG's first quarter 2024 gross profit includes exceptional items, which are not included in the calculation of adjusted EBITDA.

A summary of exceptional items included in gross profit in the first quarters of 2024 and 2023 are below:

Exceptional items included in gross profit

	Q1 '24	Q1 '23	Change
Gross profit	\$47,322	\$139,842	(66%)
Inventory cost adjustment	3,055	510	499%
Restructuring expense (reversal)	644	(263)	N/A
Asset impairment reversal	—	(767)	N/A
Brazil's SP1+ expansion and commissioning	2,053	—	N/A
Silicon's partial closure	(61)	(156)	(61%)
Strategic project expense (reversal)	21	(51)	N/A
Gross profit excluding exceptional items	53,034	139,115	(62%)

AMG had \$3 million non-cash expense during the first quarter of 2024 mainly driven by Vanadium's inventory cost adjustment due to lower vanadium prices, and \$2 million of costs associated with AMG Brazil's lithium concentrate expansion, which have been excluded from the calculation of adjusted EBITDA.

SG&A

AMG's first quarter 2024 SG&A expenses were \$45 million compared to \$40 million in the first quarter of 2023, with the increase largely due to higher personnel costs driven by increased hiring in our Lithium, Engineering, and LIVA businesses.

Liquidity

	March 31, 2024	December 31, 2023	Change
Senior secured debt	\$336,856	\$337,402	—%
Cash & cash equivalents	285,271	345,308	(17%)
Senior secured net debt (cash)	51,585	(7,906)	N/A
Other debt	12,298	13,105	(6%)
Net debt excluding municipal bond	63,883	5,199	1,129%
Municipal bond debt	318,939	319,002	—%
Restricted cash	1,429	1,451	(2%)
Net debt	381,393	322,750	18%

AMG continued to maintain a strong balance sheet and adequate sources of liquidity during the first quarter. As of March 31, 2024, the Company had \$285 million in unrestricted cash and cash equivalents and \$200 million available on its revolving credit facility. As such, AMG had \$485 million of total liquidity as of March 31, 2024. These figures do not include the term loan expansion previously noted, as it occurred after the end of the quarter.

Net Finance Costs

AMG's first quarter 2024 net finance cost was \$15 million compared to \$7 million in the first quarter of 2023. This variance was largely driven by non-cash, intercompany foreign exchange losses of \$7 million during the current quarter, compared to \$2 million in foreign exchange gains in the prior period.

Outlook

Regarding 2024 outlook, low prices continue for both lithium and vanadium. Utilizing today's price levels, we reiterate that AMG's 2024 adjusted EBITDA will be approximately \$130 million.

AMG's lithium projects are progressing on schedule and we expect that they will have a substantially positive impact as market conditions improve.

Regarding AMG's 5-year guidance, utilizing a variety of price and quantity assumptions with a lithium carbonate equivalent price of \$25,000, we guide to an EBITDA of \$500 million or more in five years or earlier.

(Loss) profit for the period to adjusted EBITDA reconciliation

	Q1 '24	Q1 '23
(Loss) profit for the period	(\$15,295)	\$56,447
Income tax expense	2,748	35,927
Net finance cost	14,548	6,617
Equity-settled share-based payment transactions	1,453	1,469
Restructuring expense (reversal)	644	(263)
Brazil's SP1+ expansion and commissioning	2,053	—
Silicon's partial closure	1,210	547
Inventory cost adjustment	3,055	510
Asset impairment reversal	—	(767)
Strategic project expense ⁽¹⁾	5,999	3,625
Share of loss of associates	677	1,032
EBIT	17,092	105,144
Depreciation and amortization	13,715	12,967
Adjusted EBITDA	30,807	118,111

Notes:

- (1) The Company is in the initial development and ramp-up phases for several strategic expansion projects, including the joint venture with Shell, the LIVA 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 Critical Materials N.V.
Condensed Interim Consolidated Income Statement

For the quarter ended March 31

In thousands of US dollars

	2024	2023
	Unaudited	Unaudited
Continuing operations		
Revenue	358,159	450,590
Cost of sales	(310,837)	(310,748)
Gross profit	47,322	139,842
Selling, general and administrative expenses	(44,739)	(40,360)
Other expenses	—	—
Other income	95	541
Net other operating income	95	541
Operating profit	2,678	100,023
Finance income	4,755	5,476
Finance cost	(19,303)	(12,093)
Net finance cost	(14,548)	(6,617)
Share of loss of associates and joint ventures	(677)	(1,032)
(Loss) profit before income tax	(12,547)	92,374
Income tax expense	(2,748)	(35,927)
(Loss) profit for the period	(15,295)	56,447
(Loss) profit attributable to:		
Shareholders of the Company	(16,260)	56,221
Non-controlling interests	965	226
(Loss) Profit for the period	(15,295)	56,447
Loss (earnings) per share		
Basic (loss) earnings per share	(0.50)	1.76
Diluted (loss) earnings per share	(0.50)	1.72

AMG Critical Materials N.V.
Condensed Interim Consolidated Statement of Financial Position

<i>In thousands of US dollars</i>	March 31, 2024 Unaudited	December 31, 2023
Assets		
Property, plant and equipment	926,720	921,178
Goodwill and other intangible assets	52,710	40,313
Derivative financial instruments	24,999	22,847
Equity-accounted investees	17,588	18,266
Other investments	38,518	38,160
Deferred tax assets	28,220	26,882
Restricted cash	377	387
Other assets	12,499	12,060
Total non-current assets	1,101,631	1,080,093
Inventories	265,784	260,945
Derivative financial instruments	1,294	3,397
Trade and other receivables	168,235	164,027
Other assets	93,420	100,128
Current tax assets	6,765	7,845
Restricted cash	1,052	1,064
Cash and cash equivalents	285,271	345,308
Total current assets	821,821	882,714
Total assets	1,923,452	1,962,807

AMG Critical Materials N.V.
Condensed Interim Consolidated Statement of Financial Position
(continued)

<i>In thousands of US dollars</i>	March 31, 2024 Unaudited	December 31, 2023
Equity		
Issued capital	853	853
Share premium	553,714	553,715
Treasury shares	(9,558)	(10,593)
Other reserves	(53,305)	(52,269)
Retained earnings	53,427	70,077
Equity attributable to shareholders of the Company	545,131	561,783
Non-controlling interests	44,212	44,220
Total equity	589,343	606,003
Liabilities		
Loans and borrowings	655,418	656,265
Lease liabilities	44,733	46,629
Employee benefits	130,513	133,333
Provisions	17,769	17,951
Deferred revenue	14,012	17,836
Other liabilities	4,658	4,784
Derivative financial instruments	42	27
Deferred tax liabilities	7,231	6,664
Total non-current liabilities	874,376	883,489
Loans and borrowings	5,168	5,566
Lease liabilities	5,438	5,725
Short-term bank debt	7,507	7,678
Deferred revenue	15,820	14,083
Other liabilities	80,344	77,052
Trade and other payables	248,024	259,339
Derivative financial instruments	2,545	2,828
Advance payments from customers	62,940	60,561
Current tax liability	17,600	24,279
Provisions	14,347	16,204
Total current liabilities	459,733	473,315
Total liabilities	1,334,109	1,356,804
Total equity and liabilities	1,923,452	1,962,807

AMG Critical Materials N.V.
Condensed Interim Consolidated Statement of Cash Flows

For the quarter ended March 31

In thousands of US dollars

	2024	2023
	Unaudited	Unaudited
Cash (used in) from operating activities		
(Loss) profit for the period	(15,295)	56,447
Adjustments to reconcile net profit to net cash flows:		
Non-cash:		
Income tax expense	2,748	35,927
Depreciation and amortization	13,715	12,967
Asset impairment reversal	—	(767)
Net finance cost	14,548	6,617
Share of loss of associates and joint ventures	677	1,032
Loss on sale or disposal of property, plant and equipment	33	9
Equity-settled share-based payment transactions	1,453	1,469
Movement in provisions, pensions, and government grants	805	2,755
Working capital and deferred revenue adjustments	(15,373)	4,905
Cash generated from operating activities	3,311	121,361
Finance costs paid, net	(9,942)	(7,012)
Income tax paid	(8,287)	(20,954)
Net cash (used in) from operating activities	(14,918)	93,395
Cash used in investing activities		
Proceeds from sale of property, plant and equipment	13	—
Acquisition of property, plant and equipment and intangibles	(33,652)	(44,718)
Investments in associates and joint ventures	—	(17,500)
Use of restricted cash	22	4,009
Interest received on restricted cash	—	19
Capitalized borrowing cost paid	(3,681)	(5,739)
Other	(7)	3
Net cash used in investing activities	(37,305)	(63,926)

AMG Critical Materials N.V.
Condensed Interim Consolidated Statement of Cash Flows
(continued)

For the quarter ended March 31

In thousands of US dollars

	2024	2023
	Unaudited	Unaudited
Cash used in financing activities		
Proceeds from issuance of debt	—	423
Repayment of loans and borrowings	(127)	(10,750)
Net repurchase of common shares	(688)	(6,672)
Payment of lease liabilities	(1,579)	(1,316)
Net cash used in financing activities	(2,394)	(18,315)
Net (decrease) increase in cash and cash equivalents	(54,617)	11,154
Cash and cash equivalents at January 1	345,308	346,043
Effect of exchange rate fluctuations on cash held	(5,420)	2,328
Cash and cash equivalents at March 31	285,271	359,525

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's mission is to provide critical materials and related process technologies to advance a less carbon-intensive world. To this end, AMG is focused on the production and development of energy storage materials such as lithium, vanadium, and tantalum. In addition, AMG's products include highly engineered systems to reduce CO₂ in aerospace engines, as well as critical materials addressing CO₂ reduction in a variety of other end use markets.

AMG's Lithium segment spans the lithium value chain, reducing the CO₂ footprint of both suppliers and customers. AMG's Vanadium segment is the world's market leader in recycling vanadium from oil refining residues, spanning the Company's vanadium, titanium, and chrome businesses. AMG's Technologies segment is the established world market leader in advanced metallurgy and provides equipment engineering to the aerospace engine sector globally. It serves as the engineering home for the Company's fast-growing LIVA batteries, and spans AMG's mineral processing operations in graphite, antimony, and silicon metal.

With approximately 3,600 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 Japan (www.amg-nv.com).

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Disclaimer

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