



LITHIUM PERFORMANCE DRIVES AMG TO ALL-TIME RECORD EARNINGS AND INCREASED FULL YEAR GUIDANCE

Amsterdam, 2 November 2022 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. (“AMG”, Euronext Amsterdam: “AMG”), a global critical materials company at the forefront of CO₂ reduction trends, reported third quarter 2022 revenue of \$425 million, a 36% increase versus the third quarter of 2021. Third quarter 2022 EBITDA of \$103 million was the highest in AMG’s history, and a 210% increase versus the third quarter of 2021.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, “This outstanding result was largely driven by AMG Lithium. The continued strength in both lithium demand and our low-cost position led to improved profitability in AMG Lithium in Brazil. The mission of AMG Lithium is to be the number one producer of electric vehicle battery materials in Europe by expanding production of battery-grade hydroxide, vertically integrating its Brazilian spodumene production and pursuing additional mineral resources.”

Outlook

Given the strong performance to date and the visibility into year end, AMG is increasing its EBITDA guidance for the full year 2022 to \$320 million or higher, from a previous range of between \$280 million and \$300 million.

Important parameters for 2023 guidance are first and foremost the startup of the expanded production of lithium concentrate in Brazil in the second half of 2023; the market conditions primarily in lithium; and the ramp-up of the Zanesville refinery to full production. In view of this, AMG’s EBITDA guidance for 2023 is to exceed \$400 million. It is important to note that since the increase of spodumene production will occur in the latter half of the year, 2023 EBITDA development will be back-end weighted.

Strategic Highlights

Lithium

- The project to expand the spodumene production in AMG Brazil is under construction. The objective is to be at full capacity in the second half of 2023.
- The AMG Lithium refinery in Bitterfeld, Germany, Europe's first lithium hydroxide refinery, is under construction, and commissioning for the first 20,000-ton module of the battery-grade lithium hydroxide upgrader will commence in the fourth quarter of 2023.
- AMG Lithium's battery-grade hydroxide refinery has signed a binding supply agreement with EcoPro, a leading South Korean cathode paste producer, for an initial three-year term to deliver a minimum of 5,000 tons per annum of battery-grade lithium hydroxide to EcoPro's cathode materials production plant in Debrecen, Hungary.
- AMG has negotiated a strategic tolling contract for our spodumene production as well as third-party spodumene to supply technical-grade hydroxide to Bitterfeld.
- AMG has consolidated its lithium value chain under one legal entity and is currently aligning its lithium management and governance structures to further increase the long-term value of its lithium activities. Accordingly, we are preparing a re-segmentation of AMG to be approved by the Supervisory Board in December and become effective on January 1, 2023.

Vanadium

- The new vanadium spent catalyst recycling facility in Zanesville, Ohio, which started operating on October 29, 2022, is a clear manifestation of AMG's industry leadership in the recycling of hazardous refinery waste globally. We are extremely pleased about the successful startup of both the roaster and the melt shop, and we expect the ramp-up to full production to take between three to four months.
- Shell & AMG Recycling B.V. ("SARBV") and its partner, the United Company for Industry ("UCI"), continue to advance the first project of the Supercenter in conjunction with Saudi Arabian Oil Company ("Aramco"). Plant design optimization, site selection and permitting activities are progressing and the FEL3 partnering with Hatch is expected to begin later this month. The SARBV-UCI-Aramco consortium are also developing a pipeline of projects which will conclude with the deployment of AMG's LIVA Hybrid Energy Storage System technology.

- AMG's innovative lithium vanadium battery ("LIVA") for industrial power management applications has successfully started up at our plant in Hauzenberg, Germany.

Financial Highlights

- Revenue increased by 36% to \$425 million in the third quarter of 2022 from \$312 million in the third quarter of 2021.
- EBITDA was a record \$103 million in the third quarter of 2022, up 210% versus the third quarter 2021 EBITDA of \$33 million.
- Annualized return on capital employed was 29.5% for the first nine months of 2022, more than double the 10.4% for the same period in 2021.
- Cash flow from operations was \$75 million for the third quarter 2022, driven by the high profitability of AMG Lithium in Brazil.
- Net income attributable to shareholders for the third quarter of 2022 was \$68 million, yielding \$2.09 diluted earnings per share, compared to \$0.02 diluted loss per share in the third quarter of 2021.
- AMG's liquidity as of September 30, 2022 was \$489 million, with \$306 million of unrestricted cash and \$183 million of revolving credit availability.

Key Figures

In 000's US dollars

	Q3 '22	Q3 '21	Change
Revenue	\$424,813	\$311,946	36%
Gross profit	112,071	51,083	119%
Gross margin	26.4%	16.4%	
Operating profit	121,680	17,346	601%
Operating margin	28.6%	5.6%	
Net income (loss) attributable to shareholders	68,146	(599)	N/A
EPS - Fully diluted	2.09	(0.02)	N/A
EBIT ⁽¹⁾	91,536	22,475	307%
EBITDA ⁽²⁾	102,603	33,051	210%
EBITDA margin	24.2%	10.6%	
Cash from operating activities	74,747	17,635	324%

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 and other exceptional items, equity-settled share-based payments, and strategic expenses.
- (2) EBITDA is defined as EBIT adjusted for depreciation and amortization.

Operational Review

AMG Clean Energy Materials

	Q3 '22	Q3 '21	Change
Revenue	\$188,318	\$105,308	79%
Gross profit	86,454	20,120	330%
Gross profit before non-recurring items	87,710	21,721	304%
Operating profit	74,888	9,985	650%
EBITDA	83,674	18,029	364%

AMG Clean Energy Materials' revenue increased 79% compared to the third quarter of 2021, to \$188 million, driven mainly by higher prices in vanadium, tantalum and lithium concentrates, as well as increased sales volumes of lithium concentrate. Sales volumes were up due to shipping schedule variances from AMG Brazil. This increase in the third quarter of 2022 includes a catch up from the second quarter as well as additional volumes that shipped in the third quarter that were planned for the fourth quarter.

Gross profit before non-recurring items for the quarter increased 304% compared to the same period in the prior year, primarily due to the increased price environment.

SG&A expenses in the third quarter of 2022 were \$12 million, 15% higher than the third quarter of 2021, largely due to strategic project costs and higher variable compensation expense in the current quarter.

The third quarter 2022 EBITDA increased 364%, to \$84 million, from \$18 million in the third quarter of 2021, due to the improved gross profit as noted above.

AMG Critical Minerals

	Q3 '22	Q3 '21	Change
Revenue	\$84,935	\$79,392	7%
Gross profit	674	10,660	(94%)
Gross profit before non-recurring items	12,210	10,843	13%
Operating profit	40,301	4,028	901%
EBITDA	7,327	6,509	13%

AMG Critical Minerals' revenue increased by \$6 million, or 7%, to \$85 million, driven by higher sales prices in all three businesses.

Gross profit before non-recurring items of \$12 million in the third quarter was 13% higher compared to the third quarter of 2021. The higher revenue was due to the improved price environment, partially offset by increased raw material prices as well as the ongoing rise in energy and shipping costs.

SG&A expenses in the third quarter of 2022 slightly increased by 3%, to \$7 million, compared to the same period in 2021.

Despite ongoing inflationary pressures, the third quarter 2022 EBITDA increased 13% compared to the same period in 2021.

Effective January 1, 2023, AMG will place its silicon metal plant in Pocking, Germany, on care and maintenance due to external economic factors and will review this decision on a quarterly basis. The overall EBITDA effect, should there be a shutdown longer than one quarter, is immaterial to AMG's overall projected 2023 results.

Associated with this shutdown, AMG recorded income from the sale of an existing supply contract which positively impacted operating profit for the quarter. This income was offset by a settlement with a major customer and an impairment of existing assets. The future proceeds are also available to offset potential restructuring expenses in the future. The cost associated with retaining current employees for care and maintenance will be recorded as incurred in accordance with accounting standards.

AMG Critical Materials Technologies

	Q3 '22	Q3 '21	Change
Revenue	\$151,560	\$127,246	19%
Gross profit	24,943	20,303	23%
Gross profit before non-recurring items	24,990	20,293	23%
Operating profit	6,491	3,333	95%
EBITDA	11,602	8,513	36%

AMG Critical Materials Technologies' third quarter 2022 revenue increased by \$24 million, or 19%, compared to the same period in 2021. This improvement was due to increased titanium alloys sales, as well as higher titanium alloy and chrome metal pricing. Third quarter 2022 gross profit before non-recurring items increased by \$5 million, or 23%, to \$25 million due to the higher volumes and prices.

SG&A expenses increased by 9% in the third quarter of 2022 compared to the same period in 2021, mainly driven by higher share-based and variable compensation expense and higher professional fees in the current quarter.

AMG Critical Materials Technologies' EBITDA increased to \$12 million during the quarter, compared to \$9 million in the third quarter of 2021. This was primarily due to higher profitability in chrome metal and titanium alloys.

AMG Engineering signed \$93 million in new orders during the third quarter of 2022, driven by strong orders of remelting, induction and heat treatment furnaces, representing a 1.73x book to bill ratio. Order backlog was \$211 million as of September 30, 2022, 17% greater than the \$181 million as of June 30, 2022.

Financial Review

Tax

AMG recorded an income tax expense of \$39 million in the third quarter of 2022, compared to \$10 million in the same period in 2021. This variance was mainly driven by enhanced operating results coupled with movements in the Brazilian real. The effects of the Brazilian real caused a \$2 million deferred tax benefit in the third quarter of 2022 (2021: \$8 million tax expense). Fluctuations 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 \$10 million in the third quarter of 2022, compared to tax payments of \$4 million in the third quarter of 2021.

Exceptional Items

AMG's third quarter 2022 gross profit 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 2022 and 2021 are below:

Exceptional items included in gross profit

	Q3 '22	Q3 '21	Change
Gross profit	\$112,071	\$51,083	119%
Restructuring expense	11	261	(96%)
Asset impairment expense (reversal)	11,587	(88)	N/A
Strategic project expense	1,241	1,095	13%
Others	—	506	N/A
Gross profit excluding exceptional items	124,910	52,857	136%

Energy Costs

Total energy costs were \$5 million higher in the third quarter of 2022 versus the same period in 2021 due to significant increases in gas and electricity costs during the quarter. The majority of this increase was at our silicon business in Germany, but that business benefited from fully hedged power costs. Other business units benefited from long-term electricity contracts that have no price escalation clauses, and the business units that did experience energy cost increases were able to pass through most of these increased costs to their customers.

SG&A

AMG's third quarter 2022 SG&A expenses were \$37 million compared to \$34 million in the third quarter of 2021, with the variance largely driven by higher compensation expense due to higher profitability forecasted for the year and increased professional fees associated with strategic projects.

Net Other Operating Income

AMG recorded a net contract settlement benefit of \$46 million associated with the cancellation of a supply contract for AMG Silicon, offset by a settlement with a major customer.

Liquidity

	September 30, 2022	December 31, 2021	Change
Senior secured debt	\$357,685	\$371,897	(4%)
Cash & cash equivalents	306,416	337,877	(9%)
Senior secured net debt	51,269	34,020	51%
Other debt	14,926	24,398	(39%)
Net debt excluding municipal bond	66,195	58,418	13%
Municipal bond debt	319,304	319,476	—%
Restricted cash	17,069	93,434	(82%)
Net debt	368,430	284,460	30%

AMG had a net debt position of \$368 million as of September 30, 2022. This increase was mainly due to the significant investment in growth initiatives during the quarter.

AMG continued to maintain a strong balance sheet and adequate sources of liquidity during the third quarter. As of September 30, 2022, the Company had \$306 million in unrestricted cash and cash equivalents and \$183 million available on its revolving credit facility. As such, AMG had \$489 million of total liquidity as of September 30, 2022.

Net Finance Costs

AMG's third quarter 2022 net finance costs were \$14 million compared to \$8 million in the third quarter of 2021. This increase was mainly driven by foreign exchange losses of \$6 million during the quarter primarily due to non-cash intergroup balances.

AMG capitalized \$2 million of interest costs in the third quarter of 2022 versus \$4 million in the same period in 2021, driven by interest associated with the Company's tax-exempt municipal bond supporting the vanadium expansion in Ohio. This decrease is due to a portion of the municipal bond interest costs which are no longer being capitalized due to the ramp-up of production at our Zanesville facility.

Profit (loss) for the period to EBITDA reconciliation

	Q3 '22	Q3 '21
Profit (loss) for the period	\$68,339	(\$310)
Income tax expense	38,603	9,904
Net finance cost	13,988	7,543
Equity-settled share-based payment transactions	1,386	1,015
Restructuring expense	11	261
Net contract settlements	(46,407)	—
Asset impairment expense (reversal)	11,587	(88)
Strategic project expense ⁽¹⁾	3,282	3,311
Share of loss of associates	750	209
Others	(3)	630
EBIT	91,536	22,475
Depreciation and amortization	11,067	10,576
EBITDA	102,603	33,051

(1) The Company is in the initial development and ramp-up phases 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

	2022	2021
	Unaudited	Unaudited
Continuing operations		
Revenue	424,813	311,946
Cost of sales	(312,742)	(260,863)
Gross profit	112,071	51,083
Selling, general and administrative expenses	(36,888)	(33,750)
Other income, net	46,497	13
Net other operating income	46,497	13
Operating profit	121,680	17,346
Finance income	1,222	357
Finance cost	(15,210)	(7,900)
Net finance cost	(13,988)	(7,543)
Share of loss of associates and joint ventures	(750)	(209)
Profit before income tax	106,942	9,594
Income tax expense	(38,603)	(9,904)
Profit (loss) for the period	68,339	(310)
Profit (loss) attributable to:		
Shareholders of the Company	68,146	(599)
Non-controlling interests	193	289
Profit (loss) for the period	68,339	(310)
Earnings (loss) per share		
Basic earnings (loss) per share	2.13	(0.02)
Diluted earnings (loss) per share	2.09	(0.02)

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

For the nine months ended September 30

In thousands of US dollars

	2022	2021
	Unaudited	Unaudited
Continuing operations		
Revenue	1,252,770	874,306
Cost of sales	(963,265)	(727,860)
Gross profit	289,505	146,446
Selling, general and administrative expenses	(111,384)	(100,075)
Environmental expense	—	(11,711)
Other income, net	46,619	186
Net other operating income (expense)	46,619	(11,525)
Operating profit	224,740	34,846
Finance income	3,602	831
Finance cost	(38,720)	(21,789)
Net finance cost	(35,118)	(20,958)
Share of loss of associates and joint ventures	(1,250)	(834)
Profit before income tax	188,372	13,054
Income tax expense	(60,270)	(3,414)
Profit for the period	128,102	9,640
Profit attributable to:		
Shareholders of the Company	126,892	8,066
Non-controlling interests	1,210	1,574
Profit for the period	128,102	9,640
Earnings per share		
Basic earnings per share	3.97	0.26
Diluted earnings per share	3.91	0.26

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

<i>In thousands of US dollars</i>	September 30,2022 Unaudited	December 31, 2021
Assets		
Property, plant and equipment	748,398	693,624
Goodwill and other intangible assets	40,241	44,684
Derivative financial instruments	34,753	95
Other investments	26,218	29,830
Deferred tax assets	32,824	52,937
Restricted cash	11,841	85,023
Other assets	8,709	8,471
Total non-current assets	902,984	914,664
Inventories	273,804	218,320
Derivative financial instruments	5,689	4,056
Trade and other receivables	160,789	145,435
Other assets	123,329	65,066
Current tax assets	8,621	5,888
Restricted cash	5,228	8,411
Cash and cash equivalents	306,416	337,877
Total current assets	883,876	785,053
Total assets	1,786,860	1,699,717

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

<i>In thousands of US dollars</i>	September 30, 2022 Unaudited	December 31, 2021
Equity		
Issued capital	853	853
Share premium	553,715	553,715
Treasury shares	(14,906)	(16,596)
Other reserves	(54,829)	(96,421)
Retained earnings (deficit)	(66,832)	(173,117)
Equity attributable to shareholders of the Company	418,001	268,434
Non-controlling interests	23,978	25,718
Total equity	441,979	294,152
Liabilities		
Loans and borrowings	662,181	675,384
Lease liabilities	39,318	45,692
Employee benefits	105,256	162,628
Provisions	14,031	14,298
Deferred revenue	20,541	22,341
Other liabilities	5,260	11,098
Derivative financial instruments	1,014	2,064
Deferred tax liabilities	16,263	5,617
Total non-current liabilities	863,864	939,122
Loans and borrowings	23,844	27,341
Lease liabilities	4,161	4,857
Short-term bank debt	5,890	13,046
Deferred revenue	22,713	18,478
Other liabilities	67,971	80,672
Trade and other payables	262,143	252,765
Derivative financial instruments	15,749	6,010
Advance payments from customers	40,766	35,091
Current tax liability	26,524	10,586
Provisions	11,256	17,597
Total current liabilities	481,017	466,443
Total liabilities	1,344,881	1,405,565
Total equity and liabilities	1,786,860	1,699,717

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

	2022	2021
	Unaudited	Unaudited
Cash from operating activities		
Profit for the period	128,102	9,640
Adjustments to reconcile net profit to net cash flows:		
Non-cash:		
Income tax expense	60,270	3,414
Depreciation and amortization	32,957	32,478
Asset impairment expense (reversal)	11,587	(864)
Net finance cost	35,118	20,958
Share of loss of associates and joint ventures	1,250	834
Loss (gain) on sale or disposal of property, plant and equipment	12	(96)
Equity-settled share-based payment transactions	4,138	3,143
Movement in provisions, pensions, and government grants	(7,532)	(3,267)
Working capital and deferred revenue adjustments	(113,601)	17,908
Cash generated from operating activities	152,301	84,148
Finance costs paid, net	(19,014)	(14,960)
Income tax paid	(22,689)	(8,625)
Net cash from operating activities	110,598	60,563
Cash used in investing activities		
Proceeds from sale of property, plant and equipment	151	1,071
Acquisition of property, plant and equipment and intangibles	(134,244)	(125,366)
Investments in associates and joint ventures	(1,250)	(1,000)
Change in restricted cash	76,365	94,092
Interest received on restricted cash	179	33
Capitalized borrowing cost	(15,307)	(15,608)
Other	12	(428)
Net cash used in investing activities	(74,094)	(47,206)

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

	2022	2021
	Unaudited	Unaudited
Cash (used in) from financing activities		
Proceeds from issuance of debt	83	2,644
Payment of transaction costs related to debt	—	(390)
Repayment of borrowings	(23,948)	(8,047)
Net (repurchase of) proceeds from issuance of common shares	(1,523)	121,569
Dividends paid	(19,885)	(7,598)
Payment of lease liabilities	(3,738)	(3,939)
Contributions by non-controlling interests	—	648
Net cash (used in) from financing activities	(49,011)	104,887
Net (decrease) increase in cash and cash equivalents	(12,507)	118,244
Cash and cash equivalents at January 1	337,877	207,366
Effect of exchange rate fluctuations on cash held	(18,954)	(6,156)
Cash and cash equivalents at September 30	306,416	319,454

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

With approximately 3,300 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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