

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Financial Statements
(unaudited)
June 30, 2022

Semi-Annual Financial Report

This report contains the semi-annual financial report of AMG Advanced Metallurgical Group N.V. (“AMG” or “the Company”), a Company which was incorporated in the Netherlands as a public limited liability company on November 21, 2006. The address of the Company’s registered office is WTC Amsterdam, Toren C, Strawinskylaan 1343, 1077 XX Amsterdam.

The semi-annual report for the six months ended June 30, 2022 consists of the responsibility statement by the Company’s Management Board, the semi-annual management report and the condensed consolidated semi-annual financial statements. The information in this semi-annual financial report is unaudited.

The Management Board of the Company hereby declares that to the best of their knowledge, the semi-annual financial statements, which have been prepared in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the entities included in the consolidation taken as a whole. The half-year management board report gives a true and fair view of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and the most important related party transactions.

/s/ Heinz C. Schimmelbusch
Chief Executive Officer

/s/ Jackson Dunckel
Chief Financial Officer

/s/ Eric E. Jackson
Chief Operating Officer

Management Report

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 is organized under three reportable segments: AMG Clean Energy Materials ("CEM"), AMG Critical Minerals ("CMI") and AMG Critical Materials Technologies ("CMT"). AMG Clean Energy Materials is comprised of the Vanadium, Lithium, and Tantalum business units. AMG Critical Minerals is comprised of the Graphite, Silicon, and Antimony business units. AMG Critical Materials Technologies is comprised of the Engineering, Titanium Alloys and Chrome Metal business units.

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. AMG Clean Energy Materials spans the vanadium, lithium, and tantalum value chains, and in lithium we will move further downstream into lithium hydroxide production. AMG Critical Materials Technologies combines AMG's 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 3,300 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.

AMG generated the highest profit attributable to shareholders in our history in the first half of 2022. This outstanding result is mainly driven by our AMG Clean Energy Materials segment, where strong lithium prices lead to improved profitability, as well as by increased aerospace activity within our AMG Critical Materials Technologies segment.

AMG Clean Energy Materials benefited from higher sales volumes and pricing of vanadium and lithium concentrate in the first half of 2022 compared to the first half of the prior year. AMG Clean Energy Materials is the segment which is and will continue receiving the most capital investment within AMG, and the capital expenditures of \$91 million in the first half of 2022 mainly reflect our investment into the Zanesville vanadium facility and expansion of our lithium activities globally.

AMG Critical Minerals benefited from higher sales volumes and prices across the graphite, antimony, and silicon business units that comprise this segment. The higher revenue was offset by increased raw material prices as well as the ongoing rise in energy and shipping costs.

AMG Critical Materials Technologies had higher revenue compared to the same period in the prior year. This improvement was due to increased titanium alloys sales, as well as higher chrome metal pricing associated with improving conditions in the aerospace sector. Order backlog was \$181.0 million as of June 30, 2022, and the Company signed \$120.9 million in new orders during the first half of 2022, representing a 1.10x book to bill ratio. The first half of 2022 benefited from strong orders of remelting, heat treatment and induction furnaces.

AMG's first half 2022 selling, general and administrative expenses were \$74 million versus \$66 million in the comparative period in 2021. This increase was primarily driven by increased strategic project costs and higher variable compensation expense.

AMG's net finance costs were \$21 million in the first half of 2022 compared to \$13 million in the first half of 2021. This increase was mainly driven by unfavorable foreign exchange movements.

AMG recorded an income tax expense of \$22 million in first half of 2022, compared to an income tax benefit of \$6 million in the same period in 2021. This variance was mainly driven by movements in the Brazilian real offset partially by higher pre-tax income compared to the prior period. 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 \$13 million in the first half 2022, compared to tax payments of \$4 million in the first half of 2021. This was largely due to higher profitability.

Net profit attributable to shareholders for the first half of 2022 of \$58.7 million was driven by the higher revenue noted above offset partially by increased cost of sales, selling, general, and administrative expenses, finance costs and income tax expense.

Cash from operating activities was \$36 million in the first half of 2022, driven by the higher net profit and offset partially by an increase in working capital.

AMG's annualized return on capital employed for the first half of 2022 was 25.5%, as compared to 10.0% for the same period in 2021, reflecting the increased profitability during the current period.

AMG finished the first half of 2022 with \$365 million of net debt. This increase was mainly due to the significant investment in growth initiatives.

AMG continued to maintain a strong balance sheet and adequate sources of liquidity during the year. Employee benefit liabilities decreased to \$108 million mainly due to rising discount rates. This decrease in employee benefit liabilities combined with AMG's higher earnings have increased our equity attributable to shareholders to \$357 million, a 33% increase over the year-end value.

As of June 30, 2022, AMG had \$301 million of unrestricted cash and total liquidity of \$476 million. With this cash on hand and strong projected operating cash flows, AMG believes it can fully fund its current strategic projects while maintaining a strong balance sheet.

Management's objectives consistently focus on delivering positive operational results as well as generating cash to be able to support expansion, research and development, and vertical integration strategies. These objectives are measured by the Company primarily using adjusted EBITDA and cash from operating activities. EBITDA, adjusted for exceptional items, is a measure used by management as a proxy for operating profit. Short-term incentive plans have adjusted EBITDA and cash flow from operations targets.

Adjusted EBITDA is not a defined performance measure in IFRS Standards. The Company's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities. The following table shows a reconciliation of the Company's net profit to adjusted EBITDA.

Profit for the period to adjusted EBITDA reconciliation

	For the six months ended	
	June 30,	
	2022	2021
Profit for the period	59,763	9,950
Income tax expense (benefit)	21,667	(6,490)
Net finance cost	21,130	13,415
Equity-settled share-based payment transactions	2,752	2,308
Restructuring expense	182	401
Inventory cost adjustment	—	1,164
Asset impairment reversal	—	(776)
Environmental provision	—	11,711
Strategic project expense ⁽¹⁾	7,903	5,077
Share of loss of associates	500	625
Others	99	453
Adjusted EBIT	113,996	37,838
Depreciation and amortization	21,890	21,902
Adjusted EBITDA	135,886	59,740

⁽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 the first half of 2022 but are not yet operational. AMG is adjusting EBITDA for these exceptional charges.

Risks and Uncertainties

In our 2021 Annual Report, we have described certain risk categories and risk factors which could have a material adverse effect on our financial position and results. These risks include the COVID-19 pandemic, metal price volatility, mining, customer, supply, legal and regulatory, currency, competition, product quality, safety and liability, financing, business interruption, and information technology. During the first half of 2022, the global markets have experienced significant risks related to increased inflation in many countries and higher energy prices resulting from the conflict in Ukraine. While the Company has enacted measures to mitigate these risks including index-based sales contracts and energy contract hedges, the future consequences of these economic uncertainties cannot currently be estimated with any accuracy. Apart from these factors, the Company believes that the risks identified for the second half of 2022 are in line with the risks that AMG presented in its 2021 Annual Report.

Additional risks currently not known to us, or currently believed not to be material, could ultimately have a material impact on our business, objectives, revenues, income, assets, liquidity, or capital resources.

Operational Outlook

AMG continues to provide strong and consistent results despite the global economic fallout from the geopolitical turbulence in recent months. We are continuing to focus on the things we can control and are extremely pleased with the noted achievements in our strategic initiatives which will drive long-term value creation.

As the year has progressed and more information is available, AMG is increasing its EBITDA guidance for the full year 2022 to a range of between \$280 million and \$300 million. This range is supported by AMG's geographic diversification and the strength of the global lithium market.

AMG anticipates the Company will increase overall staffing from 3,300 at the end of 2022 by 5% to 10% due to the hiring associated with the ramp-up of the vanadium expansion in Ohio and the lithium expansion in Germany.

Capital expenditures for 2022 are expected to be between \$175 million and \$200 million mainly driven by the finalization of construction for the vanadium expansion in Ohio and expenditures related to the construction of the lithium hydroxide plant in Germany.

With regard to financing in 2022, AMG finalized its debt refinancing in 2021, and although we look to consistently optimize our financial structure, our current liquidity can fully fund all of the approved capital expansion projects mentioned above.

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Income Statement
For the six months ended June 30,
In thousands of US dollars

	Note	2022 Unaudited	2021 Unaudited
Continuing operations			
Revenue	6	827,957	562,360
Cost of sales	10	(650,523)	(466,997)
Gross profit		177,434	95,363
Selling, general and administrative expenses		(74,496)	(66,325)
Environmental expense	15	—	(11,711)
Other income, net		122	173
Net other operating income (expense)		122	(11,538)
Operating profit		103,060	17,500
Finance income		2,380	474
Finance cost		(23,510)	(13,889)
Net finance cost		(21,130)	(13,415)
Share of loss of associates and joint ventures		(500)	(625)
Profit before income tax		81,430	3,460
Income tax (expense) benefit	7	(21,667)	6,490
Profit for the period		59,763	9,950
Profit attributable to:			
Shareholders of the Company		58,746	8,665
Non-controlling interests		1,017	1,285
Profit for the period		59,763	9,950
Earnings per share			
Basic earnings per share		1.84	0.29
Diluted earnings per share		1.81	0.28

The notes are an integral part of these condensed interim consolidated financial statements.

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Comprehensive Income
For the six months ended June 30,
In thousands of US dollars

	Note	2022 Unaudited	2021 Unaudited
Profit for the period		59,763	9,950
Other comprehensive income			
<i>Items of other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(6,721)	(2,827)
Cash flow hedges, effective portion of changes in fair value	12	18,008	10,707
Cash flow hedges reclassified to profit or loss		(44)	(6,852)
Cost of hedging reserve, changes in fair value	12	896	(205)
Income tax expense on cash flow hedges	12	(644)	(3,155)
Net increase on cash flow hedges	12	18,216	495
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods		11,495	(2,332)
<i>Items of other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations - non-controlling interest		(2,920)	(659)
Actuarial gains on defined benefit plans	12	46,097	14,125
Income tax expense on actuarial gains	12	(13,795)	(1,896)
Net gain on defined benefit plans	12	32,302	12,229
Change in fair value of equity investments classified as fair value through other comprehensive income		(2,998)	4,628
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		26,384	16,198
Other comprehensive income for the period, net of tax		37,879	13,866
Total comprehensive income for the period, net of tax		97,642	23,816
Total comprehensive income attributable to:			
Shareholders of the Company		98,366	23,197
Non-controlling interest		(724)	619
Total comprehensive income for the period, net of tax		97,642	23,816

The notes are an integral part of these condensed interim consolidated financial statements.

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Financial Position
In thousands of US dollars

	Note	June 30, 2022 Unaudited	December 31, 2021
Assets			
Property, plant and equipment	8	739,610	693,624
Goodwill and other intangible assets	9	41,761	44,684
Derivative financial instruments	16	22,508	95
Other investments	16	26,707	29,830
Deferred tax assets	7	39,953	52,937
Restricted cash	8, 16	33,682	85,023
Other assets		8,394	8,471
Total non-current assets		912,615	914,664
Inventories	10	263,273	218,320
Derivative financial instruments	16	5,854	4,056
Trade and other receivables	6	194,563	145,435
Other assets	11	80,641	65,066
Current tax assets	7	9,093	5,888
Restricted cash	16	8,500	8,411
Cash and cash equivalents		300,758	337,877
Total current assets		862,682	785,053
Total assets		1,775,297	1,699,717
Equity			
Issued capital	12	853	853
Share premium	12	553,715	553,715
Treasury shares		(14,906)	(16,596)
Other reserves	12	(56,868)	(96,421)
Retained earnings (deficit)	12	(126,088)	(173,117)
Equity attributable to shareholders of the Company		356,706	268,434
Non-controlling interests		25,052	25,718
Total equity		381,758	294,152
Liabilities			
Loans and borrowings	13	663,781	675,384
Lease liabilities		41,277	45,692
Employee benefits		107,827	162,628
Provisions	15	14,467	14,298
Deferred revenue	6	21,105	22,341
Other liabilities		7,116	11,098
Derivative financial instruments	16	818	2,064
Deferred tax liabilities	7	5,076	5,617
Total non-current liabilities		861,467	939,122
Loans and borrowings	13	31,528	27,341
Lease liabilities		4,237	4,857
Short-term bank debt	13	12,449	13,046
Deferred revenue	6	20,957	18,478
Other liabilities		83,078	80,672
Trade and other payables		283,443	252,765
Derivative financial instruments	16	12,518	6,010
Advance payments from customers	6	49,601	35,091
Current tax liability	7	18,318	10,586
Provisions	15	15,943	17,597
Total current liabilities		532,072	466,443
Total liabilities		1,393,539	1,405,565
Total equity and liabilities		1,775,297	1,699,717

The notes are an integral part of these condensed interim consolidated financial statements.

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Changes in Equity
In thousands of US dollars

Equity attributable to shareholders of the Company

(Unaudited)

	Issued capital	Share premium	Treasury shares (note 12)	Other reserves (note 12)	Retained earnings (deficit)	Total	Non-controlling interests	Total equity
Balance at January 1, 2022	853	553,715	(16,596)	(96,421)	(173,117)	268,434	25,718	294,152
Foreign currency translation	—	—	—	(6,721)	—	(6,721)	(2,920)	(9,641)
Change in fair value of equity investments classified as FVOCI	—	—	—	(2,998)	—	(2,998)	—	(2,998)
Gains on cash flow hedges, net of tax	—	—	—	18,215	—	18,215	1	18,216
Actuarial gains, net of tax	—	—	—	31,124	—	31,124	1,178	32,302
Net income (loss) recognized through other comprehensive income	—	—	—	39,620	—	39,620	(1,741)	37,879
Profit for the period	—	—	—	—	58,746	58,746	1,017	59,763
Total comprehensive income (loss) for the period	—	—	—	39,620	58,746	98,366	(724)	97,642
Issuance of common shares	—	—	—	—	—	—	—	—
Purchase of common shares	—	—	(1,503)	—	—	(1,503)	—	(1,503)
Equity-settled share-based payments	—	—	—	—	2,752	2,752	—	2,752
Settlement of share-based payment awards	—	—	3,193	—	(3,528)	(335)	—	(335)
Transfer to retained deficit	—	—	—	(67)	67	—	—	—
Change in non-controlling interest	—	—	—	—	(910)	(910)	58	(852)
Dividend	—	—	—	—	(10,098)	(10,098)	—	(10,098)
Balance at June 30, 2022	853	553,715	(14,906)	(56,868)	(126,088)	356,706	25,052	381,758
Balance at January 1, 2021	831	489,546	(80,165)	(110,593)	(184,139)	115,480	25,790	141,270
Foreign currency translation	—	—	—	(2,827)	—	(2,827)	(659)	(3,486)
Change in fair value of equity investments classified as FVOCI	—	—	—	4,628	—	4,628	—	4,628
Gains (losses) on cash flow hedges, net	—	—	—	502	—	502	(7)	495
Actuarial gains, net of tax	—	—	—	12,229	—	12,229	—	12,229
Net income (loss) recognized through other comprehensive income	—	—	—	14,532	—	14,532	(666)	13,866
Profit for the period	—	—	—	—	8,665	8,665	1,285	9,950
Total comprehensive income for the period	—	—	—	14,532	8,665	23,197	619	23,816
Issuance of common shares	74	118,648	—	—	—	118,722	—	118,722
Purchase of common shares	—	—	(1,210)	—	—	(1,210)	—	(1,210)
Equity-settled share-based payments	—	—	—	—	2,127	2,127	—	2,127
Settlement of share-based payment awards	—	—	9,894	—	(4,638)	5,256	—	5,256
Transfer to retained deficit	—	—	—	(131)	131	—	—	—
Change in non-controlling interest	—	—	—	—	(45)	(45)	1,458	1,413
Dividend	—	—	—	—	(3,858)	(3,858)	—	(3,858)
Balance at June 30, 2021	905	608,194	(71,481)	(96,192)	(181,757)	259,669	27,867	287,536

The notes are an integral part of these condensed interim consolidated financial statements.

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Cash Flows
For the six months ended June 30,
In thousands of US dollars

	Note	2022 Unaudited	2021 Unaudited
Cash from operating activities			
Profit for the period		59,763	9,950
Adjustments to reconcile net profit to net cash flows:			
Non-cash:			
Income tax expense (benefit)	7	21,667	(6,490)
Depreciation and amortization		21,890	21,902
Asset impairment reversal	8	—	(776)
Net finance cost		21,130	13,415
Share of loss of associates and joint ventures		500	625
Loss (gain) on sale or disposal of property, plant and equipment	8	33	(91)
Equity-settled share-based payment transactions	14	2,752	2,127
Movement in provisions, pensions, and government grants	15	(2,917)	2,647
Working capital and deferred revenue adjustments		(63,774)	14,171
Cash generated from operating activities		61,044	57,480
Finance costs paid, net		(12,153)	(10,053)
Income tax paid		(13,040)	(4,499)
Net cash from operating activities		35,851	42,928
Cash used in investing activities			
Proceeds from sale of property, plant and equipment	8	93	1,055
Acquisition of property, plant and equipment and intangibles	8, 9	(82,608)	(78,606)
Investments in associates and joint ventures		(500)	(1,000)
Change in restricted cash	8	51,252	65,562
Interest received on restricted cash		76	25
Capitalized borrowing cost	8	(8,321)	(7,795)
Other		8	19
Net cash used in investing activities		(40,000)	(20,740)
Cash (used in) from financing activities			
Proceeds from issuance of debt	13	152	2,411
Payment of transaction costs related to debt	13	—	(390)
Repayment of borrowings	13	(8,437)	(3,127)
Net (repurchase of) proceeds from issuance of common shares		(1,523)	121,569
Dividends paid	12	(10,098)	(3,858)
Payment of lease liabilities		(2,588)	(2,608)
Contributions by non-controlling interests		—	648
Net cash (used in) from financing activities		(22,494)	114,645
Net (decrease) increase in cash and cash equivalents		(26,643)	136,833
Cash and cash equivalents at January 1		337,877	207,366
Effect of exchange rate fluctuations on cash held		(10,476)	(3,097)
Cash and cash equivalents at June 30		300,758	341,102

The notes are an integral part of these condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1. Reporting entity

AMG Advanced Metallurgical Group N.V. (herein referred to as “the Company”, “AMG NV” or “AMG”) is domiciled in the Netherlands. These condensed consolidated interim financial statements (‘interim financial statements’) as of and for the six months ended June 30, 2022 comprise the Company and its subsidiaries (together referred to as ‘the Group’). The Group is primarily involved in the supply of critical materials, producing highly engineered specialty metals and mineral products and providing related vacuum furnace systems and services (see notes 5 and 6).

2. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group’s last annual consolidated financial statements as of and for the year ended December 31, 2021 (‘last annual financial statements’). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

3. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

4. Significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group’s consolidated financial statements as of and for the year ended December 31, 2021 (the policy for recognizing and measuring income taxes in the interim period is described in note 7). A number of new standards are effective from January 1, 2022 but they do not have a material effect on the Group’s financial statements.

5. Segment Reporting

The following tables present revenue and profit information for the Company’s operating segments for the six months ended June 30, 2022 and 2021, respectively. AMG headquarters costs and assets are allocated fifty percent to AMG Critical Materials Technologies, thirty percent to AMG Clean Energy Materials and twenty percent to AMG Critical Minerals in 2022 and 2021 based on an estimation of services provided to the operating segments.

Segment information:

Six month period ended June 30, 2022	AMG Clean Energy Materials	AMG Critical Minerals	AMG Critical Materials Technologies	Eliminations ¹	Total
Revenue					
Revenue from external customers	303,421	210,325	314,211	—	827,957
Intersegment revenue	14,503	—	4,369	(18,872)	—
Total revenue	317,924	210,325	318,580	(18,872)	827,957
Segment results					
Operating profit	77,923	12,733	12,404	—	103,060

Six month period ended June 30, 2021	AMG Clean Energy Materials	AMG Critical Minerals	AMG Critical Materials Technologies	Eliminations¹	Total
Revenue					
Revenue from external customers	160,762	149,709	251,889	—	562,360
Intersegment revenue	10,282	36	8,307	(18,625)	—
Total revenue	171,044	149,745	260,196	(18,625)	562,360
Segment results					
Operating (loss) profit	(3,810)	13,569	7,741	—	17,500
Segment assets					
At June 30, 2022	950,062	246,319	578,916	—	1,775,297
At December 31, 2021	891,452	237,465	570,800	—	1,699,717
Segment liabilities					
At June 30, 2022	758,488	154,509	480,542	—	1,393,539
At December 31, 2021	746,003	173,746	485,816	—	1,405,565

¹ Eliminations column includes intersegment trade eliminations. The intersegment revenue eliminates against the intersegment cost of sales.

6. Revenue

The Company's operations and main revenue streams are those described in the last annual financial statements. The Company's revenue is derived from contracts with customers.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 5).

Geographical information:

	AMG Clean Energy Materials	AMG Critical Minerals	AMG Critical Materials Technologies	Total
Six month period ended June 30, 2022				
Europe	6,708	175,984	131,457	314,149
North America	137,286	9,446	91,333	238,065
Asia	124,396	21,599	81,170	227,165
South America	34,644	452	1,602	36,698
Other	387	2,844	8,649	11,880
Total Revenue	303,421	210,325	314,211	827,957
Timing of revenue recognition				
Products transferred at a point in time	303,421	210,325	233,494	747,240
Products and services transferred over time	—	—	80,717	80,717
Total Revenue	303,421	210,325	314,211	827,957

	AMG Clean Energy Materials	AMG Critical Minerals	AMG Critical Materials Technologies	Total
Six month period ended				
June 30, 2021				
Europe	6,768	123,371	93,866	224,005
North America	86,589	4,541	56,442	147,572
Asia	42,180	20,267	94,823	157,270
South America	23,740	12	1,672	25,424
Other	1,485	1,518	5,086	8,089
Total Revenue	160,762	149,709	251,889	562,360
Timing of revenue recognition				
Products transferred at a point in time	160,762	149,709	163,814	474,285
Products and services transferred over time	—	—	88,075	88,075
Total Revenue	160,762	149,709	251,889	562,360

Contract balances

The following table provides information about receivables, contract assets, and contract liabilities from contracts with customers.

	June 30, 2022	December 31, 2021
Trade receivables, net of allowance for doubtful accounts	156,869	107,682
Gross amount due from customers for contract work	37,659	37,627
Trade payables – contract work ¹	19,379	17,551
Advance payments	49,601	35,091
Deferred revenue	42,062	40,819

¹ Balance is included within Trade and other payables line item in the Statement of Financial Position

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date for furnace construction contracts. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers. The advanced payments balance above pertains to consideration received for furnace construction contracts. The remaining contract liabilities pertain to prepayments received from customers for spodumene sale contracts, spent catalyst processing fee contracts, and titanium aluminide contracts and are included in the deferred revenue balance. The increase of \$49,187 in trade receivables is primarily driven by higher sales volumes and prices across all of the Company's businesses relative to year-end.

The Company recognized revenues of \$33,022 (2021: \$42,085) that were included in the balance of contract liabilities as of December 31, 2021. There were \$411 (2021: \$131) of revenues recognized in the six months ended June 30, 2022 that pertained to performance obligations that were satisfied or partially satisfied in previous periods.

7. Income tax expense

The major components of income tax expense in the condensed interim consolidated income statement are:

	June 30, 2022	June 30, 2021
Current income tax		
Current income tax expense	(23,828)	6,537
Deferred income tax		
Origination and reversal of temporary differences	(5,409)	11,263
Changes in previously recognized tax losses, tax credits and recognized temporary difference for changes in enacted tax rates and currency effects	7,570	(11,310)
Total income tax (expense) benefit	(21,667)	6,490

The June 30, 2022 effective tax rate was impacted by pre-tax losses and related carryforwards of \$8,049 for which tax benefits could not be recorded due to the ongoing loss positions in the respective jurisdictions where the losses have occurred. Also, during the period ended June 30, 2022, the net recognized deferred tax assets (liabilities) were adjusted to reflect changes in currency rates in Brazil. The impact of the currency rates in Brazil was an decrease to income tax expense of \$10,844.

The June 30, 2021 effective tax rate was impacted by pre-tax losses and related carryforwards of \$4,849 for which tax benefits could not be recorded due to the ongoing loss positions in the respective jurisdictions where the losses have occurred. Also, during the period ended June 30, 2021, the net recognized deferred tax assets (liabilities) were adjusted to reflect changes in currency rates in Brazil. The impact of the currency rates in Brazil was a decrease to income tax expense of \$12,301.

8. Property, plant and equipment

Acquisitions and disposals

During the six months ended June 30, 2022, assets with a cost of \$76,788 (2021: \$92,038) were acquired. Additionally, the property, plant and equipment in accounts payable decreased \$5,552 (2021: increased by \$13,971). This decrease in property, plant and equipment is mainly driven by the ramp up of production at our Zanesville facility. For the six months ended June 30, 2022, restricted cash was used to fund \$51,386 (2021: \$57,860) of project cost requisitions and \$7,604 (2021: \$7,655) of capitalized interest payments, net of interest income, related to the project.

Assets with a book value of \$126 were disposed of during the six months ended June 30, 2022 (2021: \$964) resulting in a loss on sale or disposal of (\$33) (2021: gain of \$91).

During the six months ended June 30, 2022, there was nil asset impairment expense recorded. During 2021, the Company recorded an asset impairment reversal of \$776 related to equipment at one of our facilities in Germany.

Borrowing costs

The Company capitalized borrowing costs of \$6,459 (2021: \$7,659) during the six months ended June 30, 2022. These costs included \$5,893 (2021: \$7,570) of capitalized interest related to the construction of AMG Vanadium's catalyst recycling facility in Ohio, net of \$76 (2021: \$25) of cash interest received from the restricted cash generated from AMG Vanadium's municipal bond as well as \$642 (2021: \$114) of capitalized interest for other AMG facilities.

9. Intangible assets

Goodwill and indefinite-lived intangible assets are tested for impairment annually, and all other intangible assets are tested when circumstances indicate the carrying value may be impaired. No impairment tests were deemed necessary as there were no indicators of impairment at June 30, 2022 and 2021.

During the six months ended June 30, 2022, intangible assets with a cost of \$268 (2021: \$539) were capitalized.

10. Inventory and cost of sales

As of June 30, 2022, inventory increased to \$263,273 (December 31, 2021: \$218,320) mainly driven by increasing metal prices. During the six months ended June 30, 2022 and 2021, the provision for inventory valuation did not have a significant impact on cost of sales.

11. Other assets

As of June 30, 2022, the current portion of other assets has increased to a balance of \$80,641 from the December 31, 2021 balance of \$65,066. The net increase is primarily due to higher prepayments related to supplier prepayments, deposits, and prepaid taxes during the six months ended June 30, 2022.

12. Capital and reserves

For the six months ended June 30, 2022, gains on cash flow hedges, net of tax, increased other reserves by \$18,215 (2021: \$502). The variation from the prior period is largely driven by gains on the Company's floating-to-fixed interest rate swap that the Company executed as part of its hedging program for the Company's term loan.

Actuarial gains for the six months ended June 30, 2022 increased other reserves by \$31,124 (2021: 12,229), net of tax. These gains were primarily driven by increases in the discount rate assumptions determined by the Company's actuaries in relation to its various pension plans.

In April 2021, the Company issued 3,136,742 ordinary shares for total proceeds of \$118,722, net of issuance costs.

Dividends of \$10,098 (2021: \$3,858) or €0.30 (2021: €0.10) per share were paid during the six months ended June 30, 2022.

13. Loans and borrowings

The table below includes loans and borrowings for the six months ending June 30, 2022 and 2021:

	2022	2021
Beginning balance	702,725	696,654
New issues		
Subsidiary debt	85	2,411
Repayments		
Term loan and revolving credit facility	(1,750)	(2,140)
Subsidiary debt	(6,550)	(1,318)
Other movements	799	1,205
Ending balance	695,309	696,812

Subsidiary debt

During 2022, a Chinese subsidiary obtained an additional loan with a local bank of \$85 (2021: \$2,411) for the acquisition of property, plant and equipment related to its expansion projects, such as the construction of the aluminum master alloys facility in China. The facility is denominated in Chinese renminbi, matures in 2028 and has an interest of 4.85% (2021: from 4.9% to 6.0%).

AMG's net finance costs were \$21,130 for the six month period ended June 30, 2022 compared to \$13,415 in the first half of 2021. This increase was mainly driven by unfavorable foreign exchange movements.

14. Share-based payments

In May 2021, the shareholders of the Company approved an amendment to the Company's Remuneration Policy and long-term incentive program at the Annual General Meeting. Under the terms of the new Remuneration Policy, equity-settled stock options were removed from the policy, and all awards for members of the Management Board will be in the form of performance share units ("PSU's"). The PSU's continue to feature a three year service period; however, the new PSU plan will also require an additional two year holding period subsequent to vesting in line with the Dutch Corporate Governance Code. The PSU's will also continue to have a market performance vesting condition based upon the Company's total shareholder return relative to a relevant global peer group. However, the performance share units will no longer vest for performance below the 50th percentile (previously, the awards would fail to vest for performance below the 30th percentile). Only members of the AMG Management Board receive PSU's. The Company established a new restricted share unit ("RSU") plan for the Company's employees outside of the AMG Management Board, which is discussed in detail below. These revisions to the Company's Remuneration Policy were effective on May 6, 2021 and did not impact or modify previously issued share-based payment awards.

Equity-settled stock options

As noted above, equity-settled stock options were discontinued as a result of the Company's amended Remuneration Policy. As such, there were no share options issued for the six months ended June 30, 2022 and 2021.

In the six months ended June 30, 2022, the Company recorded \$162 (2021: \$246) of expense related to stock options. There were nil (2021: nil) vested stock options exercised during the six months ended June 30, 2022.

Performance share units

During the six months ended June 30, 2022, the Company issued 83,357 (2021: 90,161) performance share units to the AMG Management Board. The fair value of the PSU's granted during the six months ended June 30, 2022 was calculated as €35.98 using a Monte Carlo simulation. The Company recorded expense of \$1,844 (2021: \$1,414) related to the outstanding PSU's in the six months ended June 30, 2022.

During the six months ended June 30, 2022, the 2019 PSU awards vested and based on performance conditions, and the Company re-issued 107,737 (2021: 84,314) treasury shares with respect to the settlement of the awards.

Restricted share units

In May 2021, the AMG Management Board approved a new RSU plan that provides share-based payments as a component of compensation to employees of the Company. In the six months ended June 30, 2022, the Company issued 79,888 (2021: 80,057) RSU's to certain employees which are share-settled under the new plan. The RSU's granted to each employee will vest on the third anniversary of the grant date. The vesting is subject only to service conditions provided that the employee has remained continuously in the employment of the Company or a Group Company until the vesting date. In the event that the Supervisory Board has approved to pay-out any dividends to shareholders of the Company, the equivalent of the cash amount of the dividend will be converted to incremental RSU's to be awarded upon the vesting date to employees. As these awards will be equity-settled, the balance is recorded in equity rather than as a liability in accordance with IFRS 2. The fair value of the RSU's granted during the six months ended June 30, 2022 was €32.74 (2021: €31.61) based on the closing price of AMG's shares on the date of grant. The Company recorded expense of \$746 (2021: 467) related to the outstanding RSU's in the six months ended June 30, 2022.

15. Provisions

Environmental

There have been no other significant changes to the provisions disclosed in the Company's last annual financial statements.

During the six months ended June 30, 2021 the Company recorded an environmental expense of \$11,711 which was largely driven by SMC which completed the removal of low-level radioactive materials, primarily including slag, from the former storage

yard of SMC's Newfield, NJ site. This increase to the provision was offset by a reduction of \$15,013 to the environmental provision for remediation efforts which \$12,265 remain unpaid and included in other liabilities during the six months ended June 30, 2021.

16. Financial instruments - Fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy at June 30, 2022. The fair value of the financial assets and liabilities are included at the price that would be received to sell the instrument in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Methods and assumptions used to estimate fair values are consistent with those used in the year ended December 31, 2021.

June 30, 2022	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Restricted cash	42,182	42,182	—	—
Other investments	26,707	8,260	—	18,447
FVOCI - equity instruments	68,889	50,442	—	18,447
Foreign currency forward contracts	5,747	—	5,747	—
Interest rate derivatives	22,508	—	22,508	—
Derivatives designated as hedging instruments	28,255	—	28,255	—
Interest rate derivatives	107	—	107	—
Derivatives not designated as hedging instruments	107	—	107	—
	97,251	50,442	28,362	18,447
Total current	14,354			
Total non-current	82,897			
Financial liabilities measured at fair value				
Foreign currency forward contracts	11,491	—	11,491	—
Commodity forward contracts	1,008	—	1,008	—
Derivatives designated as hedging instruments	12,499	—	12,499	—
Interest rate derivatives	837	—	837	—
Derivatives not designated as hedging instruments	837	—	837	—
Contingent consideration	2,468	—	—	2,468
	15,804	—	13,336	2,468
Total current	13,129			
Total non-current	2,675			

December 31, 2021	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Restricted cash	93,434	93,434	—	—
Other investments	29,830	11,079	—	18,751
FVOCI - equity instruments	123,264	104,513	—	18,751
Foreign currency forward contracts	3,676	—	3,676	—
Commodity forward contracts	445	—	445	—
Derivatives designated as hedging instruments	4,121	—	4,121	—
Interest rate derivatives	30	—	30	—
Derivatives not designated as hedging instruments	30	—	30	—
	127,415	104,513	4,151	18,751
Total current	4,056			
Total non-current	123,359			
Financial liabilities measured at fair value				
Foreign currency forward contracts	5,548	—	5,548	—
Commodity forward contracts	36	—	36	—
Interest rate derivatives	295	—	295	—
Derivatives designated as hedging instruments	5,879	—	5,879	—
Interest rate derivatives	2,195	—	2,195	—
Derivatives not designated as hedging instruments	2,195	—	2,195	—
Contingent consideration	2,673	—	—	2,673
	10,747	—	8,074	2,673
Total current	8,683			
Total non-current	2,064			

For cash and cash equivalents, trade and other receivables, trade payables, and short-term bank debt, the carrying amounts approximate fair value because of the short maturity of these instruments, and therefore, fair value information is not included in the tables above. The fair value of the Company's term loan B was \$325,614 (December 31, 2021: \$347,375) based on quoted prices at June 30, 2022. The Company's municipal bonds are fixed rate borrowings, and the fair value of those bonds was \$277,568 (December 31, 2021: \$353,434) based on quoted prices at June 30, 2022. The fair value of the term loan and municipal bonds is based on quoted prices for similar securities adjusted for the prevailing market-based yields and are deemed to be Level 2 inputs. The decrease in the fair value of the term loan and municipal bond from year end was commensurate with the increase in overall market interest rates. The remaining loans and borrowings primarily maintain a floating interest rate and approximate fair value.

There were no transfers of financial instruments between Levels 1 and 2 for the periods ended June 30, 2022 and 2021.

There were also no transfers of financial instruments out of Level 3 for the periods ended June 30, 2022 and 2021.

Reconciliation of recurring fair value measurements categorized as Level 3 within the fair value hierarchy:

	Non-qualified pension assets	Non-quoted equity investment in Global Advanced Metals Pty. LTD	Contingent consideration
Balance at January 1, 2022	6,451	12,300	2,673
Purchases	990	—	—
Changes in fair value	(28)	(1,266)	(205)
Balance at June 30, 2022	7,413	11,034	2,468

	Non-qualified pension assets	Non-quoted equity investment in Global Advanced Metals Pty. LTD
Balance at January 1, 2021	5,438	11,292
Purchases	990	—
Changes in fair value	(26)	3,570
Balance at June 30, 2021	6,402	14,862

(b) Risk management activities

The Company views derivative instruments as risk management tools and does not use them for trading or speculative purposes. During the course of operations, including normal purchases and normal sales of product, the Company enters into commodity forward and foreign exchange forward contracts to manage price and currency risks. There have been no other changes to the Company's risk management activities as disclosed in our December 31, 2021 annual report.

During the six months ending June 30, 2021, the Company modified its hedging policies. Starting January 2021, the Company no longer hedged certain intergroup balance sheet exposures as well certain long-term operating costs. As a result of these changes along with movements in the underlying foreign exchange and commodity prices, the value Company's derivative positions decreased relative to its historical activity prior to the adoption of the new policy.

17. Commitments and contingencies

Commitments

There were commitments for the manufacture and purchase of property, plant and equipment in the amount of \$149,589 (December 31, 2021: \$71,080). These capital commitments related primarily to AMG Lithium's site preparation and construction of building site facilities in Bitterfeld, Germany, AMG Brazil's capital expenditures related to Spodumene 1+ and AMG Vanadium's catalyst recycling facility in Ohio.

Contingencies

At June 30, 2022, there were business-related bank guarantees for the benefit of third parties in the amount of \$170,142 (December 31, 2021: \$144,875), which were made in the normal course of business.

Other than the noted above, there have been no material updates to the Company's contingencies.

18. Related parties

Material related party transactions during the period include the recognition of stock-based compensation for certain employees and the exercise and settlement of certain stock-based compensation arrangements. These transactions are disclosed in more detail in notes 12 and 14.

19. Subsequent events

On July 5, 2022, Shell & AMG Recycling B.V. (“SARBV”) and its partner, the United Company for Industry (“UCI”), announced the signing of an agreement (“the Agreement”) with the Saudi Arabian Oil Company (“Aramco”) under which SARBV and UCI shall construct and operate a world-class ‘Metals Reclamation Complex’ for the recovery and recycling of metals in Al-Jubail Industrial City, in Saudi Arabia (“the Kingdom”). The joint venture plans to execute four distinct projects under an entity currently being formed, Advanced Circular Materials Company (“ACMC”):

1. Build, own and operate a conversion plant of vanadium-containing gasification ash into vanadium oxide and vanadium electrolyte for redox flow batteries;
2. A spent catalyst recycling facility;
3. A fresh catalyst R&D laboratory;
4. Mass energy storage facilities (vanadium redox flow battery manufacturing).

Basic engineering for the first project has begun and it will lay the foundation for all other projects with the Supercenter. It will produce and sell high-purity vanadium oxide and vanadium electrolyte. This is the largest such project in the world and is under long-term market-based contracts with Aramco. The materials this project will produce are destined to feed the emerging vanadium redox flow battery market.