AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Financial Statements
(unaudited)
June 30, 2021

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, 2021 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	/s/ Jackson Dunckel	/s/ Eric E. Jackson
Chief Executive Officer	Chief Financial Officer	Chief Operating Officer

Management Report

AMG is a global critical materials company at the forefront of CO_2 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. As of January 1, 2021 the Company changed its organizational structure. This change resulted in three reporting 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, Tantalum, and Lithium business units. AMG Critical Minerals is comprised of the Antimony, Silicon, and Graphite 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 CO_2 footprint of both suppliers and customers. 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 our leading vacuum furnace technology line with high-purity materials serving global leaders in the aerospace sector. AMG Critical Minerals consists of our mineral processing operations in antimony, graphite, and silicon metal.

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

All three of AMG's segments performed well in the first half of 2021 compared to the prior year. Global demand for our products started to strengthen in the second half of 2020 and has further accelerated in 2021. Market prices for materials across the Company's portfolio have increased from the depressed levels we faced at the peak of the pandemic. Prices for both the AMG Clean Energy Materials segment and the AMG Critical Minerals segment have improved, which has positively impacted financial results relative to the prior year.

AMG Clean Energy Materials benefited from higher sales volumes of vanadium, tantalum and lithium concentrate and higher prices in vanadium and lithium concentrate in the first half of 2021 compared to the first half of the prior year. Clean Energy Materials is the segment which is and will continue receiving the most capital investment within AMG, and the capital expenditures of $77.3 million in the first half of 2021 mainly reflect our investment into the Zanesville vanadium facility.

AMG Critical Minerals benefited from higher sales volumes and higher sales prices across the graphite, antimony, and silicon business units that comprise this segment.

AMG Critical Materials Technologies had higher revenue from remelting furnaces and heat treatment services businesses, as well as higher sales volumes of titanium aluminides and chrome metal, both of which have begun to recover from the Q2 2020 pandemic low. Order backlog was $190.6 million as of June 30, 2021, and the Company signed $114.8 million in new orders during the first half of 2021, representing a 1.0 book to bill ratio. The first half of 2021 benefited from strong orders of remelting and induction furnaces.

AMG's year to date June 2021 selling, general and administrative expenses were $66.3 million versus $62.1 million in the comparative period in 2020. This increase was primarily driven by increased strategic project costs and higher variable compensation expense.

AMG's net finance costs were $13.4 million in the first half of 2021 compared to $11.7 million in the first half of 2020. This increase was mainly driven by unfavorable foreign exchange movements.

AMG recorded an income tax benefit of $6.5 million in first half of 2021, compared to an income tax expense of $16.1 million in the same period in 2020. This variance was mainly driven by movements in the Brazilian real offset partially by higher pre-tax income compared to the prior period. Movements in the Brazilian real exchange rate impact the valuation of the Company's net deferred tax positions related to our operations in Brazil. AMG paid taxes of $4.5 million in the first half 2021, compared to a tax refund of $1.5 million in the first half of 2020. This was largely due to international COVID-19 tax measures that enabled AMG to delay most of its tax payments during the prior year.

Net income for the first half of 2021 was affected by an increase of $11.7 million to the environmental provision associated with our decommissioned site in New Jersey. The increase to the provision was primarily related to additional handling, transportation and disposal costs resulting from higher slag quantities located below surface level which were inconsistent with earlier estimates.

Cash from operating activities was $42.9 million in the first half of 2021, more than double the total cash from operating activities for all of 2020. This underscores AMG's continued focus on cash generation as well as the increased profitability during the first half of 2021.

AMG's annualized return on capital employed for the first half of 2021 was 10.0%, as compared to 2.9% for the same period in 2020, reflecting the increased profitability during the current period.

AMG finished Q2 2021 with $219.9 million of net debt. This debt position was positively impacted by the additional issuance of shares. In April 2021, AMG issued 3.1 million new shares, generating $118.7 million of net proceeds. These proceeds were offset by the significant investment in growth initiatives, especially in our vanadium expansion in Ohio.

As of June 30, 2021, AMG had $341.1 million of unrestricted cash and total liquidity of $510.9 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 income (loss) to adjusted EBITDA.

Net income (loss) to adjusted EBITDA reconciliation

	For the six months ended June 30,	
	2021	**2020**
Net income (loss)	9,950	(26,203)
Income tax (benefit) expense	(6,490)	16,102
Net finance cost (1)	13,415	12,137
Equity-settled share-based payment transactions (2)	2,308	2,744
Restructuring expense	401	798
Inventory cost adjustment	1,164	(808)
Asset impairment (reversal) expense	(776)	98
Environmental provision (3)	11,711	55
Strategic project expense (4)	5,077	2,561
Others	1,078	1,466
Adjusted EBIT	**37,838**	**8,950**
Depreciation and amortization	21,902	21,135
Adjusted EBITDA	**59,740**	**30,085**

(1) Beginning January 1, 2021, AMG has altered its calculation of adjusted EBITDA to no longer include the impact of foreign exchange. This alteration was made in consideration of a change in the Company's hedging policy and to better align the reported adjusted EBITDA with the calculation for our bank covenant calculations. Starting January 2021, the Company is no longer hedging certain intergroup balance sheet exposures which will result in higher volatility in our financial results from foreign exchange which we believe is not representative of our ongoing operating performance. Foreign exchange loss in the first half of 2021 was $2.1 million. Because of this hedging policy change, we did not retroactively apply this change to the prior year figures, otherwise it would have resulted in an decrease to the prior period adjusted EBIT of $0.4 million.

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

(3) Shieldalloy Metallurgical Corporation ("SMC"), AMG's subsidiary, has completed the removal of low-level radioactive materials, primarily including slag, from the former storage yard of SMC's decommissioned Newfield, NJ site. During the the first half of 2021, AMG discovered additional slag quantities that were primarily located below surface level and were inconsistent with earlier estimates. As such, AMG recorded an adjustment to its environmental provision of $11.7 million associated with these higher quantities, and management does not expect any additional remediation to be required.

(4) The Company is in the ramp-up phase for three significant strategic expansion projects, including AMG Vanadium's expansion project, the joint venture with Shell, and the lithium expansion in Germany, which incurred project expenses during the first half of 2021 but are not yet operational. AMG is adjusting EBITDA for these exceptional charges.

Risks and Uncertainties

In our 2020 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. The Company believes that the risks identified for the second half of 2021 are in line with the risks that AMG presented in its 2020 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's first and most important priority is to ensure the health and safety of our employees. Additionally, we are acutely focused on the financial health of the Company and are dedicated to preserving our strong liquidity position. While maintaining a strong balance sheet, we continue to drive long-term value creation through our transformational strategic projects in vanadium recycling and in our lithium downstream expansion. With the proceeds from the April 2021 equity raise, in combination with cash on hand and strong projected cash flow from operations, AMG can fully fund its current strategic projects while maintaining strong liquidity.

Given the current market conditions, we anticipate exceeding $120 million in adjusted EBITDA for full year 2021, and we expect to continue to sequentially improve our adjusted EBITDA quarter-over-quarter for the remainder of the year.

In thousands of US dollars

	Note	2021 Unaudited	2020 Unaudited
Continuing operations			
Revenue	6	562,360	485,900
Cost of sales	10	466,997	422,199
Gross profit		**95,363**	**63,701**
Selling, general and administrative expenses		**66,325**	**62,096**
Environmental expense	15	11,711	55
Other income, net		(173)	(86)
Net other operating expense (income)		**11,538**	**(31)**
Operating profit		**17,500**	**1,636**
Finance income		(474)	(1,291)
Finance cost		13,889	13,028
Net finance cost		**13,415**	**11,737**
Share of loss of associates and joint ventures		**(625)**	**—**
Profit (loss) before income tax		**3,460**	**(10,101)**
Income tax (benefit) expense	**7**	**(6,490)**	**16,102**
Profit (loss) for the period		**9,950**	**(26,203)**
Profit (loss) attributable to:			
Shareholders of the Company		8,665	(26,078)
Non-controlling interests		1,285	(125)
Profit (loss) for the period		**9,950**	**(26,203)**
Profit (loss) per share			
Basic earnings (loss) per share		0.29	(0.92)
Diluted earnings (loss) per share		0.28	(0.92)

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

In thousands of US dollars

	Note	2021 Unaudited	2020 Unaudited
Profit (loss) for the period		**9,950**	**(26,203)**
Other comprehensive income (loss)			
Items of other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,827)**	**(2,566)**
Cash flow hedges, effective portion and cost of hedging reserve, changes in fair value	12	10,502	(16,554)
Cash flow hedges reclassified to profit or loss	12	(6,852)	1,731
Income tax on cash flow hedges	12	(3,155)	3,254
Net increase (decrease) on cash flow hedges	**12**	**495**	**(11,569)**
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(2,332)**	**(14,135)**
Items of other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign operations - non-controlling interest		**(659)**	**(169)**
Actuarial gains (losses) on defined benefit plans		14,125	(1,542)
Income tax (expense) benefit on actuarial gains (losses)		(1,896)	117
Net gains (losses) on defined benefit plans		**12,229**	**(1,425)**
Change in fair value of equity investments classified as fair value through other comprehensive income		**4,628**	**(1,365)**
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		**16,198**	**(2,959)**
Other comprehensive income (loss) for the period, net of tax		**13,866**	**(17,094)**
Total comprehensive income (loss) for the period, net of tax		**23,816**	**(43,297)**
Total comprehensive income (loss) attributable to:			
Shareholders of the Company		23,197	(42,972)
Non-controlling interest		619	(325)

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

In thousands of US dollars

	Note	June 30, 2021 Unaudited	December 31, 2020
Assets			
Property, plant and equipment	8	625,467	551,926
Goodwill and other intangible assets	9	41,985	43,207
Derivative financial instruments	16	659	1,894
Other investments	16	32,404	27,527
Deferred tax assets	7	65,688	58,081
Restricted cash	8, 16	143,357	208,919
Other assets		9,817	8,496
Total non-current assets		**919,377**	**900,050**
Inventories	10	191,638	152,306
Derivative financial instruments	16	4,688	5,961
Trade and other receivables	6	151,374	122,369
Other assets	11	61,821	44,821
Current tax assets	7	5,439	5,108
Cash and cash equivalents		341,102	207,366
Assets held for sale		1,474	1,005
Total current assets		**757,536**	**538,936**
Total assets		**1,676,913**	**1,438,986**
Equity			
Issued capital	12	905	831
Share premium		608,194	489,546
Treasury shares	12	(71,481)	(80,165)
Other reserves	12	(96,192)	(110,593)
Retained earnings (deficit)		(181,757)	(184,139)
Equity attributable to shareholders of the Company		**259,669**	**115,480**
Non-controlling interest		27,867	25,790
Total equity		**287,536**	**141,270**
Liabilities			
Loans and borrowings	13	676,142	673,262
Lease liabilities		44,296	47,092
Employee benefits		181,275	197,158
Provisions	15	15,387	15,322
Deferred revenue		23,282	4,361
Other liabilities		14,677	8,237
Derivative financial instruments	16	3,369	4,389
Deferred tax liabilities	7	4,605	5,398
Total non-current liabilities		**963,033**	**955,219**
Loans and borrowings	13	20,670	23,392
Lease liabilities		4,450	4,789
Short-term bank debt	13	7,500	7,561
Deferred revenue		19,212	1,623
Other liabilities		83,425	66,182
Trade and other payables		225,726	164,999
Derivative financial instruments	16	2,951	10,264
Advance payments from customers	6	32,323	29,885
Current tax liability	7	9,614	7,480
Provisions	15	20,473	26,322
Total current liabilities		**426,344**	**342,497**
Total liabilities		**1,389,377**	**1,297,716**
Total equity and liabilities		**1,676,913**	**1,438,986**

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

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, 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 of tax	—	—	—	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
Net income 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	—	—	9,894	—	(2,511)	7,383	—	7,383
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**
Balance at January 1, 2020	831	489,546	(83,880)	(116,358)	(129,626)	160,513	23,893	184,406
Foreign currency translation	—	—	—	(2,566)	—	(2,566)	(169)	(2,735)
Change in fair value of equity investments classified as FVOCI	—	—	—	(1,365)	—	(1,365)	—	(1,365)
Losses on cash flow hedges, net of tax	—	—	—	(11,538)	—	(11,538)	(31)	(11,569)
Actuarial losses, net of tax	—	—	—	(1,425)	—	(1,425)	—	(1,425)
Net loss recognized through other comprehensive income	—	—	—	(16,894)	—	(16,894)	(200)	(17,094)
Net loss for the period	—	—	—	—	(26,078)	(26,078)	(125)	(26,203)
Total comprehensive loss for the period	—	—	—	(16,894)	(26,078)	(42,972)	(325)	(43,297)
Purchase of common shares	—	—	(684)	—	—	(684)	—	(684)
Equity-settled share-based payments	—	—	3,980	—	(1,186)	2,794	—	2,794
Transfer to retained deficit	—	—	—	(73)	73	—	—	—
Change in non-controlling interest	—	—	—	—	(706)	(706)	368	(338)
Dividend	—	—	—	—	(6,167)	(6,167)	—	(6,167)
Balance at June 30, 2020	**831**	**489,546**	**(80,584)**	**(133,325)**	**(163,690)**	**112,778**	**23,936**	**136,714**

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

In thousands of US dollars

	Note	2021 Unaudited	2020 Unaudited
Cash from operating activities			
Profit (loss) for the period		9,950	(26,203)
Adjustments to reconcile net profit (loss) to net cash flows:			
Non-cash:			
Income tax (benefit) expense	7	(6,490)	16,102
Depreciation and amortization		21,902	21,135
Asset impairment (reversal) expense	8	(776)	98
Net finance cost		13,415	11,737
Share of loss of associates and joint ventures		625	—
(Gain) loss on sale or disposal of property, plant and equipment	8	(91)	114
Equity-settled share-based payment transactions	14	2,127	2,744
Movement in provisions, pensions and government grants	15	2,647	(6,432)
Working capital and deferred revenue adjustments		14,171	4,724
Cash generated from operating activities		**57,480**	**24,019**
Finance costs paid, net		(10,053)	(8,826)
Income tax (paid) received, net		(4,499)	1,461
Net cash from operating activities		**42,928**	**16,654**
Cash used in investing activities			
Proceeds from sale of property, plant and equipment	8	1,055	6
Acquisition of property, plant and equipment and intangibles	8, 9	(78,606)	(46,480)
Investments in associates and joint ventures		(1,000)	(1,000)
Change in restricted cash	8	65,562	37,254
Interest received on restricted cash		25	1,067
Capitalized borrowing cost	8	(7,795)	(7,417)
Other		19	3
Net cash used in investing activities		**(20,740)**	**(16,567)**
Cash from (used in) financing activities			
Proceeds from issuance of debt	13	2,411	6,370
Payment of transaction costs related to debt	13	(390)	—
Repayment of borrowing	13	(3,127)	(2,281)
Net proceeds from (repurchase of) common shares		121,569	(638)
Dividends paid	12	(3,858)	(6,167)
Payment of lease liabilities		(2,608)	(2,167)
Contributions by non-controlling interests		648	368
Net cash from (used in) financing activities		**114,645**	**(4,515)**
Net increase (decrease) in cash and cash equivalents		**136,833**	**(4,428)**
Cash and cash equivalents at January 1		207,366	226,218
Effect of exchange rate fluctuations on cash held		(3,097)	(1,479)
Cash and cash equivalents at June 30		**341,102**	**220,311**

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, 2021 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, 2020 ('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, 2020 (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, 2021 but they do not have a material effect on the Group's financial statements.

5. Segment information

As of January 1, 2021 the Company changed its organizational structure. This change resulted in three reporting 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, Tantalum, and Lithium business units. AMG Critical Minerals is comprised of the Antimony, Silicon, and Graphite business units. AMG Critical Materials Technologies is comprised of the Engineering, Titanium Alloys and Chrome Metal business units. Accordingly, the Company has restated the previously reported segment information for the six months ended June 30, 2020 and as at December 31, 2020.

The following tables present revenue and profit information for the Company's operating segments for the six months ended June 30, 2021 and 2020, 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 2021 and 2020 based on an estimation of services provided to the operating segments.

Segment information:

Six month period ended June 30, 2021	AMG Clean Energy Materials	AMG Critical Minerals	AMG Critical Materials Technologies	Eliminations[1]	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**

Six month period ended June 30, 2020	AMG Clean Energy Materials	AMG Critical Minerals	AMG Critical Materials Technologies	Eliminations[1]	Total
Revenue					
Revenue from external customers	122,273	105,668	257,959	—	485,900
Intersegment revenue	6,508	—	23,392	(29,900)	—
Total revenue	**128,781**	**105,668**	**281,351**	**(29,900)**	**485,900**
Segment results					
Operating (loss) profit	**(11,135)**	**5,479**	**7,292**	**—**	**1,636**

Segment assets	AMG Clean Energy Materials	AMG Critical Minerals	AMG Critical Materials Technologies	Eliminations[1]	Total
At June 30, 2021	**877,081**	**235,267**	**564,565**	**—**	**1,676,913**
At December 31, 2020	734,634	185,881	518,471	—	1,438,986
Segment liabilities					
At June 30, 2021	**762,446**	**150,550**	**476,381**	**—**	**1,389,377**
At December 31, 2020	665,663	144,862	487,191	—	1,297,716

[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, 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**

	AMG Clean Energy Materials	AMG Critical Minerals	AMG Critical Materials Technologies	Total
Six month period ended June 30, 2020				
Europe	5,122	88,552	92,611	186,285
North America	82,638	2,950	83,157	168,745
Asia	18,497	13,188	77,820	109,505
South America	16,004	80	1,065	17,149
Other	12	898	3,306	4,216
Total Revenue	**122,273**	**105,668**	**257,959**	**485,900**
Timing of revenue recognition				
Products transferred at a point in time	122,273	105,668	149,669	377,610
Products and services transferred over time	—	—	108,290	108,290
Total Revenue	**122,273**	**105,668**	**257,959**	**485,900**

Contract balances

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

	June 30, 2021	December 31, 2020
Trade receivables, net of allowance for doubtful accounts	**114,199**	84,619
Gross amount due from customers for contract work	**37,078**	37,704
Trade payables – contract work[1]	**23,359**	25,348
Advance payments	**32,323**	29,885
Deferred revenue	**42,494**	5,984

[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 in deferred revenue of $36,510 is primarily driven by prepayments from customers for new contracts related to our spodumene sales and spent catalyst processing fees. The increase of $29,580 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 $42,085 (2020: $31,673) that were included in the balance of contract liabilities as of December 31, 2020. There were $131 (2020: 475) of revenues recognized in the six months ended June 30, 2021 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, 2021	June 30, 2020
Current income tax		
Current income tax charge	**(6,537)**	3,764
Deferred income tax		
Origination and reversal of temporary differences	**(11,263)**	(11,478)
Changes in previously recognized tax losses, tax credits and recognized temporary difference for changes in enacted tax rates and currency effects	**11,310**	23,816
Total income tax (benefit) expense	**(6,490)**	16,102

The June 30, 2021 effective tax rate was impacted by pre-tax losses 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.

The June 30, 2020 effective tax rate was impacted by pre-tax losses of $4,550 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, 2020, 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 increase to income tax expense of $23,289.

8. Property, plant and equipment

Acquisitions and disposals

During the six months ended June 30, 2021, assets with a cost of $92,038 (2020: $52,353) were acquired. Additionally, the property, plant and equipment in accounts payable increased $13,971 (2020: $6,293). The increase in property, plant and equipment is primarily related to the construction of AMG Vanadium's catalyst recycling facility in Zanesville, Ohio. For the six months ended June 30, 2021, restricted cash was used to fund $57,860 (2020: $31,033) of project cost requisitions and $7,655 (2020: $6,186) of capitalized interest payments, net of interest income, related to the project.

Assets with a book value of $964 were disposed of during the six months ended June 30, 2021 (2020: $120) resulting in a gain of $91 (2020: loss of ($114)).

During the six months ended June 30, 2021, the Company recorded an asset impairment reversal (expense) of $776 (2020: ($98)) related to equipment at one of our facilities in Germany.

Borrowing costs

The Company capitalized borrowing costs of $7,659 (2020: $6,672) during the six months ended June 30, 2021. These costs included $7,570 of capitalized interest related to the construction of AMG Vanadium's catalyst recycling facility in Ohio, net of $25 of cash interest received from the restricted cash generated from AMG Vanadium's municipal bond as well as $114 of capitalized interest for other AMG facilities.

9. Intangible assets

Intangible assets are tested for impairment annually and 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, 2021. At June 30, 2020, the Company performed an impairment test due to the onset of the COVID-19 pandemic and its related impact on the Company's results. The Company utilized the methodology and assumptions consistent with those disclosed in its 2019 annual report. Based on the calculations performed, there were no impairments noted. Sensitivities related to the value in use calculation implied that a 1% increase in the discount rates or using a 0% growth rate would not have created an impairment for any of the cash-generating units that were tested for impairment at the time.

During the six months ended June 30, 2021, intangible assets with a cost of $539 (2020: $420) were capitalized.

10. Inventory and cost of sales

As of June 30, 2021, inventory increased to $191,638 (December 31, 2020: $152,306) mainly driven by increasing metal prices. During the six months ended June 30, 2021 and 2020, the provision for inventory valuation did not have a significant impact on cost of sales.

11. Other assets

As of June 30, 2021, the current portion of other assets has increased to a balance of $61,821 from the December 31, 2020 balance of $44,821. The net increase is primarily due to higher prepayments related to supplier prepayments and insurance during the six months ended June 30, 2021.

12. Capital and reserves

For the six months ended June 30, 2021, gains on cash flow hedges, net of tax, increased other reserves by $502 compared to a loss on cash flow hedges, net of tax, of ($11,538) in the comparable prior year period. The variation from the prior period is largely driven by a modification to the Company's hedging policy. Beginning on January 1, 2021, the the Company is no longer hedging certain intergroup balance sheet exposures as well as certain long-term operating costs. As a result of this, the Company has lower overall hedging activity relative to the prior year which favorably impacted other reserves relative to the prior year period.

Actuarial gains for the six months ended June 30, 2021 increased other reserves by $12,229 (2020: decrease of ($1,425)), 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 (2020: nil), net of issuance costs.

The Company's treasury shares transactions are primarily executed in connection with its performance share unit compensation arrangements, stock option arrangements, and share-based bonuses with certain employees. See note 14 for additional information.

The table below includes the treasury shares activity for the six months ending June 30, 2021 and 2020:

	2021		2020	
	Shares	Amount	Shares	Amount
Beginning balance	2,909,924	(80,165)	2,993,565	(83,880)
Shares repurchased	32,557	(1,210)	46,132	(684)
Treasury shares delivered for share-based compensation	(309,108)	9,894	(117,432)	3,980
Ending balance	2,633,373	(71,481)	2,922,265	(80,584)

Dividends of $3,858 (2020: $6,167) or €0.10 (2020: €0.20) per share were paid during the six months ended June 30, 2021.

13. Loans and borrowings

	2021	2020
Beginning balance	696,654	691,237
New issues		
Subsidiary debt	2,411	6,370
Repayments		
Term loan and revolving credit facility	(2,140)	(1,750)
Subsidiary debt	(1,318)	(531)
Other movements	1,205	(1,050)
Ending balance	696,812	694,276

Subsidiary debt

During 2020, a local bank approved a loan to a Chinese subsidiary for the construction of the aluminum master alloys facility in China which a second installment of $2,008 was received as of June 30, 2021. The facility is denominated in Chinese renminbi, matures in 2028 and has an interest of 4.9%.

During 2020, a Chinese subsidiary obtained a revolving credit facility which is denominated in Chinese renminbi and received an additional installment of $403 as of June 30, 2021. The facility carries an interest rate of 6.0 %.

During 2020, a Brazilian subsidiary obtained an additional financing arrangement for $6,370 and there was no additional issuance of debt as of June 30, 2021. This arrangement is denominated in Brazilian reais, carries a variable interest rate and matures in 2023.

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 will no longer be awarded, and all awards for members of the Management Board will be in the form of performance share units ("PSU's"). The PSU's will 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 will 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, 2021. During the six months ended June 30, 2020, 144,445 share options were granted under the 2009 AMG Option Plan ("The Plan") to the AMG Management Board as part of their 2020 compensation package, as approved by the Supervisory Board. One half of the options granted to each option holder will vest on each of the third and fourth anniversaries of the grant date. The vesting is subject to performance conditions related to return on capital employed. All options under the Plan are equity-settled, in accordance with IFRS 2, by award of options to acquire ordinary shares or award of ordinary shares. The fair value of the options granted during the six months ended June 30, 2020 was calculated as €3.96 using a Black-Scholes model.

In the six months ended June 30, 2021, the Company recorded $246 (2020: $307) of expense related to stock options. There were 122,137 (2020: nil) vested stock options exercised during the six months ended June 30, 2021. These options were granted in the 2016, and the Company re-issued 122,137 (2020: nil) treasury shares with respect to settling these option exercises in 2021.

Performance share units

During the six months ended June 30, 2021, the Company issued 90,161 (2020: 242,840) performance share units to the AMG Management Board. The fair value of the PSU's granted during the six months ended June 30, 2021 was calculated as €32.49 using a Monte Carlo simulation. The Company recorded expense of $1,414 (2020: $2,437) related to the outstanding PSU's in the six months ended June 30, 2021.

During the six months ended June 30, 2021, the 2018 PSU awards vested and based on performance conditions, and the Company re-issued 84,314 (2020: 117,432) 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, 2021, the Company issued 80,057 (2020: nil) 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, 2021 was €31.61 based on the closing price of AMG's shares on the date of grant. The Company recorded expense of $467 (2020: nil) related to the outstanding RSU's in the six months ended June 30, 2021.

15. Provisions

Environmental

During the six months ended June 30, 2021, the Company recorded an environmental expense of $11,711 which is largely driven by Shieldalloy Metallurgical Corporation ("SMC"), one of the Company's US subsidiaries which completed the removal of low-level radioactive materials, primarily including slag, from the former storage yard of SMC's Newfield, NJ site. As part of the current period removal process, SMC's decommissioning contractor discovered slag quantities located below surface level which were inconsistent with earlier estimates and resulted in $11,651 incremental provision. In order, to complete SMC's obligations committed in the December 2016 Decommissioning Plan, SMC has instructed its decommissioning contractor to perform the remaining steps required for site decommissioning and license termination in accordance with NJ DEP regulations. This increase to the provision was offset by a reduction of $15,013 to the environmental provision for remediation efforts performed during the six months ended June 30, 2021 resulting in a net decrease of $3,302 to the environmental provision relative to year end. Of the $15,013, $12,265 remains unpaid and is included in other liabilities.

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, 2021. 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, 2020.

June 30, 2021	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Restricted cash	143,357	143,357	—	—
Other investments[1]	31,975	10,711	—	21,264
FVOCI - equity instruments	**175,332**	**154,068**	**—**	**21,264**
Foreign currency forward contracts	3,910		3,910	
Commodity forward contracts	1,063		1,063	
Derivatives designated as hedging instruments	**4,973**	**—**	**4,973**	**—**
Interest rate derivatives	374		374	
Derivatives not designated as hedging instruments	**374**	**—**	**374**	**—**
	180,679	**154,068**	**5,347**	**21,264**
Total current	**4,688**			
Total non-current	**175,991**			
Financial liabilities measured at fair value				
Foreign currency forward contracts	2,324	—	2,324	—
Commodity forward contracts	416	—	416	—
Derivatives designated as hedging instruments	**2,740**	**—**	**2,740**	**—**
Interest rate derivatives	3,580		3,580	
Derivatives not designated as hedging instruments	**3,580**	**—**	**3,580**	**—**
	6,320	**—**	**6,320**	**—**
Total current	**2,951**			
Total non-current	**3,369**			

[1] Excludes $429 investment in joint venture which is measured using the equity method and does not have a quoted market price.

December 31, 2020	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Restricted cash	208,919	208,919	—	—
Other investments[1]	27,474	10,744	—	16,730
FVOCI - equity instruments	**236,393**	**219,663**	**—**	**16,730**
Foreign currency forward contracts	6,825		6,825	
Commodity forward contracts	711		711	
Derivatives designated as hedging instruments	**7,536**	**—**	**7,536**	**—**
Interest rate derivatives	319		319	
Derivatives not designated as hedging instruments	**319**	**—**	**319**	**—**
	244,248	**219,663**	**7,855**	**16,730**
Total current	**5,961**			
Total non-current	**238,287**			
Financial liabilities measured at fair value				
Foreign currency forward contracts	10,521	—	10,521	—
Commodity forward contracts	143	—	143	—
Derivatives designated as hedging instruments	**10,664**	**—**	**10,664**	**—**
Interest rate derivatives	3,989		3,989	
Derivatives not designated as hedging instruments	**3,989**	**—**	**3,989**	**—**
	14,653	**—**	**14,653**	**—**
Total current	**10,264**			
Total non-current	**4,389**			

[1] Excludes $53 investment in joint venture which is measured using the equity method and does not have a quoted market price.

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. Loans and borrowings primarily maintain a floating interest rate and approximate fair value. However, the Company's municipal bonds are fixed rate borrowings, and the fair value of those bonds was $349,661 based on quoted prices at June 30, 2021.

There were no transfers of financial instruments between Levels 1 and 2 for the periods ended June 30, 2021 and 2020. There were also no transfers of financial instruments out of Level 3 for the periods ended June 30, 2021 and 2020.

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**
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**

	Non-qualified pension assets	Non-quoted equity investment in Global Advanced Metals Pty. LTD
Balance at January 1, 2020	4,424	7,854
Purchases	990	—
Changes in fair value	(11)	(778)
Balance at June 30, 2020	5,403	7,076

(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. During the six months ending June 30, 2021, the Company modified its hedging polices. Starting January 2021, the Company is no longer hedging 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 has decreased since year-end. There have been no other changes to the Company's risk management activities as disclosed in our December 31, 2020 annual report.

17. Commitments and contingencies

Commitments

There were commitments for the manufacture and purchase of property, plant and equipment in the amount of $121,158 (December 31, 2020: $78,265). This increase is mainly driven by the expansion project at AMG Vanadium in Zanesville, Ohio.

Other than the commitments to purchase property, plant and equipment noted above, there have been no material updates to the Company’s commitments as discussed in notes 32 and 33 in the 2020 consolidated financial statements.

Contingencies

At June 30, 2021, there were business-related bank guarantees for the benefit of third parties in the amount of $116,654 (December 31, 2020: $154,165), 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.