



PRESS RELEASE

5N Plus Reports Second Quarter 2022 Financial Results

Montreal, Quebec, August 2, 2022 – 5N Plus Inc. (TSX:VNP) (“5N Plus” or the “Company”), a leading global producer of specialty semiconductors and performance materials, today announced its financial results for the second quarter (“Q2 2022”) ended June 30, 2022. All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

Standing up to the challenges, new and higher value-added products boosted Adjusted EBITDA¹. The Company’s strategic sectors of activity yielded a quarter of revenue and Adjusted EBITDA growth over and above the contribution from AZUR, showing adaptability to inflation and very favorable outlook despite macro-economic and geopolitical uncertainties.

Q2 2022 Highlights

- Revenue in Q2 2022 increased by 52%, reaching \$72.4 million, compared to \$47.7 million for the same period last year, supported by higher demand in Specialty Semiconductors, as well as pharmaceutical and health in Performance Materials. Not accounting for the contribution from AZUR SPACE Solar Power GmbH (“AZUR”), revenue increased by 20% compared to Q2 2021.
- Adjusted EBITDA in Q2 2022 reached \$8.6 million, compared to \$6.3 million for the same period last year. Adjusted EBITDA increased by \$3.1 million under Specialty Semiconductors, and \$0.4 million under Performance Materials despite the impact of inflation and supply challenges.
- On June 30, 2022, the backlog¹ represented 140 days of annualized revenue, 56 days lower than the previous quarter. The net difference in backlog is largely attributable to the timing of negotiations for long-term contracts, the quarterly realization of long-term contracts under negotiation for renewal in the coming quarters and our commercial go-to-market strategy to effectively mitigate the impact of inflation.
- Net debt¹ stood at \$89.6 million on June 30, 2022, from \$80.1 million at the end of last year, the increase reflecting additional working capital required at this time of the year.
- On May 11, 5N Plus announced that it has reached a strategic commercial agreement with Rio Tinto to refine the tellurium to be produced at its Kennecott copper operation in Utah. An important step towards securing a North American supply chain of critical minerals to support the clean energy transition and other technological advancements.
- On June 16, 5N Plus announced the renewal of its \$124 million senior secured multi-currency revolving syndicated credit facility to fund operations and growth initiatives. The facility can be increased to \$154 million through a \$30 million accordion feature.

“Our strong revenue and earnings growth in Q2 2022 demonstrates the adaptability of our business, that we are focusing on the right end markets across both segments, and that our past investments and commercial initiatives are bearing fruit in the context of high inflation and complex global market dynamics. We will continue to pursue our growth and business strategy with discipline, focusing on value-added markets and value-creating client partnerships, while strategically investing in our business to expand our total addressable market,” said Gervais Jacques, President and CEO of 5N Plus.

¹ See Non-IFRS Measures

“We also continue to actively promote our commercial excellence program focused on a segmented approach to commercial partnering. To support and spearhead these efforts, I am very pleased to welcome Roland Dubois, a seasoned sales and marketing executive with relevant industry experience who joins us as Chief Commercial Officer, a newly created and highly strategic role for 5N Plus at this stage of our growth,” concluded Mr. Jacques.

Outlook

While remaining mindful of the current geo-political environment and inflationary pressures, 5N Plus believes it is advantageously positioned to capitalize on business opportunities and strategic partnerships over the medium term, namely in the renewable energy, solar space and medical imaging markets, each of which are expected to sustain well above double-digit growth rates over the coming years.

We expect to benefit from growing demand for specialty semiconductor compounds in renewable energy in support of the climate transition, with plans to substantially increase our production capacity in the coming quarters. The commissioning of the St-Laurent project, expected by the end of Q3 2022, will also provide additional capacity to support the renewable energy market.

As previously disclosed, one of our key priorities is to ensure the successful integration of AZUR, which is progressing as planned. AZUR presents unique growth opportunities within the space industry with both North American and European demand for solar cells expected to exceed available global capacity outside of China.

We are also strategically positioning ourselves with medical imaging equipment manufacturers introducing Photon Counting Detectors to replace scintillator technology, allowing significantly lower radiation and improved image enhancing diagnostic accuracy.

The implementation of the Company’s commercial excellence program and go-to-market strategies are expected to continue to gain momentum through to year end. This will be further supported by creation of the role of Chief Commercial Officer, who will be responsible for leading and implementing the Company’s program as we focus on value-creating commercial partnerships with our clients by sector.

5N Plus is ideally positioned to not only navigate through the current environment but most importantly, to emerge stronger and uniquely positioned in relevant markets with recognized expertise, and more competitive than ever.

This press release should be read in conjunction with the Company’s Management’s Discussion & Analysis and Consolidated Financial Statements dated August 2, 2022, available on www.sedar.com and the Company’s website.

Conference Call

5N Plus will host a conference call on Wednesday, August 3, 2022, at 8:00 am Eastern Daylight Time to discuss results of the second quarter ended June 30, 2022. All interested parties are invited to participate in the live broadcast on the Company’s website at www.5nplus.com.

To participate in the conference call:

- Toronto area: 416-764-8659
- Toll-Free: 1-888-664-6392
- Enter access code: 90949588

A replay of the webcast and a recording of the Q&A will be available until August 10, 2022. To access the recording, please dial at 1-888-390-0541 and enter access code 949588.

Forward-Looking Statements

Certain statements in this press release may be forward-looking within the meaning of applicable securities laws. Forward-looking information and statements are based on the best estimates available to the Company at the time and involve known and unknown risks, uncertainties or other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. A description of the risks affecting the Company's business and activities appears under the heading "Risk and Uncertainties" of the 5N Plus's 2021 MD&A dated February 22, 2022 and note 11 of the unaudited condensed interim consolidated financial statements for the three and six-month periods ended June 30, 2022 and June 30, 2021 available on www.sedar.com.

The Company is not aware of any significant changes to its risk factors previously disclosed, however since February 2022, Russian military forces invaded Ukraine; the invasion is being actively resisted by Ukrainian military personnel and the people of Ukraine, and the outcome of the ongoing conflict is uncertain at this time. Although AZUR SPACE Solar Power GmbH, a subsidiary of the Company, had sales in Russia in the past, the amount of such sales is not material to the Company as a whole. The Company has no sales in Russia in 2022. A prolonged armed conflict in Ukraine or an expansion of the armed conflict to other European countries could have a negative impact on the European and global economies. As well, Russia is a major exporter of oil and natural gas. Any disruption of supplies of oil and natural gas from Russia could have a significant adverse effect on the European and world economies. All of the foregoing factors could potentially have a negative effect on the Company's sales and results of operations.

Forward-looking statements can generally be identified by the use of terms such as "may", "should", "would", "believe", "expect", the negative of these terms, variations of them or any similar terms. No assurance can be given that any events anticipated by the forward-looking information in this MD&A will transpire or occur, or if any of them do so, what benefits that 5N Plus will derive therefrom. In particular, no assurance can be given as to the future financial performance of 5N Plus. The forward-looking information contained in this press release is made as of the date hereof and the Company has no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. The reader is warned against placing undue reliance on these forward-looking statements.

About 5N Plus Inc.

5N Plus is a leading global producer of specialty semiconductors and performance materials. The Company's ultra-pure materials often form the core element of its customers' products. These customers rely on 5N Plus's products to enable performance and sustainability in their own products. 5N Plus deploys a range of proprietary and proven technologies to develop and manufacture its products. The Company's products enable various applications in several key industries, including renewable energy, security, space, pharmaceutical, medical imaging and industrial. Headquartered in Montréal, Québec, 5N Plus operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia.

5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

For the three and six-month periods ended June 30

(in thousands of U.S. dollars, except per share information) (unaudited)

	Three months		Six months	
	2022	2021	2022	2021
	\$	\$	\$	\$
Revenue	72,388	47,719	136,809	94,595
Cost of sales	60,147	38,120	114,396	75,537
Selling, general and administrative expenses	7,421	5,153	14,914	10,129
Other expenses (income), net	2,501	371	9,893	2,600
	70,069	43,644	139,203	88,266
Operating earnings (loss)	2,319	4,075	(2,394)	6,329
Financial expense (income)				
Interest on long-term debt	1,103	648	2,048	1,282
Imputed interest and other interest expense	281	200	607	306
Foreign exchange and derivative loss (gain)	436	327	735	(532)
	1,820	1,175	3,390	1,056
Earnings (loss) before income taxes	499	2,900	(5,784)	5,273
Income tax expense (recovery)				
Current	2,819	1,474	4,664	2,230
Deferred	(190)	(733)	(2,563)	121
	2,629	741	2,101	2,351
Net (loss) earnings	(2,130)	2,159	(7,885)	2,922
(Loss) earnings per share	(0.02)	0.03	(0.09)	0.04
Basic (loss) earnings per share	(0.02)	0.03	(0.09)	0.04
Diluted (loss) earnings per share	(0.02)	0.03	(0.09)	0.04

Net (loss) earnings are completely attributable to equity holders of 5N Plus Inc.

5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of U.S. dollars) (unaudited)

	June 30, 2022	December 31, 2021
	\$	\$
Assets		
Current		
Cash and cash equivalents	36,437	35,940
Accounts receivable	42,252	42,098
Inventories	95,911	95,526
Income tax receivable	5,447	5,054
Other current assets	14,947	16,904
Assets held for sale	3,032	-
Total current assets	198,026	195,522
Property, plant and equipment	78,735	81,526
Right-of-use assets	28,363	32,198
Intangible assets	32,226	40,474
Goodwill	12,451	13,841
Deferred tax assets	6,090	7,007
Other assets	3,338	3,022
Total non-current assets	161,203	178,068
Total assets	359,229	373,590
Liabilities		
Current		
Trade and accrued liabilities	47,998	56,848
Income tax payable	8,063	5,615
Derivative financial liabilities	-	109
Current portion of lease liabilities	2,143	2,487
Total current liabilities	58,204	65,059
Long-term debt	126,000	116,000
Deferred tax liabilities	6,469	7,645
Employee benefit plan obligations	10,607	17,231
Lease liabilities	26,660	30,153
Other liabilities	2,891	1,255
Total non-current liabilities	172,627	172,284
Total liabilities	230,831	237,343
Equity	128,398	136,247
Total liabilities and equity	359,229	373,590

Non-IFRS Measures

Adjusted EBITDA means Operating (loss) earnings as defined before the effect of impairment of inventories, impairment of non-current assets, share-based compensation expense (recovery), litigation and restructuring costs (income), and gain on disposal of property, plant and equipment. 5N Plus uses adjusted EBITDA because it believes it is a meaningful measure of the operating performance of its ongoing business without the effects of certain expenses. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

(in thousands of U.S. dollars)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
	\$	\$	\$	\$
Revenues	72,388	47,719	136,809	94,595
Operating expenses	(70,069)	(43,644)	(139,203)	(88,266)
Operating earnings (loss)	2,319	4,075	(2,394)	6,329
Impairment of non-current assets	-	-	5,386	-
Share-based compensation expense (recovery)	1,036	(309)	1,160	1,087
Litigation and restructuring costs	372	-	372	-
Depreciation and amortization	4,856	2,570	9,685	5,200
Adjusted EBITDA	8,583	6,336	14,209	12,616
Adjusted EBITDA margin	11.9%	13.3%	10.4%	13.3%

Backlog represents the expected orders the Company has received but has not yet executed and that are expected to translate into sales within the next twelve months expressed in number of days. Bookings represent orders received during the period considered, expressed in number of days, and calculated by adding revenues to the increase or decrease in backlog for the period considered divided by annualized year revenues. 5N Plus uses backlog to provide an indication of expected future revenues in days, and bookings to determine its ability to sustain and increase its revenues.

Net debt is calculated as total debt less cash and cash equivalents. Any introduced IFRS 16 reporting measures in reference to lease liabilities are excluded from the calculation. 5N Plus uses this measure as an indicator of its overall financial position.

(in thousands of U.S. dollars)	As at June 30, 2022	As at December 31, 2021
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	126,000	116,000
Lease liabilities including current portion	28,803	32,640
Subtotal Debt	154,803	148,640
Lease liabilities including current portion	(28,803)	(32,640)
Total Debt	126,000	116,000
Cash and cash equivalents	(36,437)	(35,940)
Net Debt	89,563	80,060

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Contact:

Richard Perron
 Chief Financial Officer
 5N Plus Inc.
 +1 (514) 856-0644
invest@5nplus.com