



PRESS RELEASE
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5N Plus Reports Financial Results for the First Quarter Ended March 31, 2021

Company delivers healthy results and remains focused on pursuing sustainable profitability realized through expansion, strategic transformation and headline acquisition

All amounts are expressed in U.S. dollars unless otherwise stated.

Montreal, Quebec, May 10, 2021 – 5N Plus Inc. (TSX:VNP) (“5N Plus” or the “Company”), a leading global producer of specialty semiconductors and performance materials, today announced its operating and financial results for the first quarter ended March 31, 2021.

5N Plus began 2021 with a focus on its strategic transformation, supported by a strong balance sheet and healthy performance from its core business. The Company cemented key partnerships aligned with 5N Plus’s long-term growth objectives, having entered into a strategic agreement with Microbion Corporation aimed at expanding 5N Plus’s portfolio of active pharmaceutical ingredients. The Company also announced its intent to acquire Germany’s AZUR SPACE Solar Power GmbH (“AZUR”), having entered into an agreement pursuant to which 5N Plus would acquire all the issued and outstanding shares of AZUR.

“Our company’s recent activities with respect to the acquisition of AZUR and a strategic investment in a new class of active pharmaceutical materials are well aligned with our plan to utilize external means to expedite growth and gain access to larger markets,” said Arjang Roshan, President and Chief Executive Officer of 5N Plus. “These initiatives will not only enhance our company’s position as a key supplier of critical materials to specialty semiconductor and pharmaceutical industries but will also enable future growth in larger markets within these industries.”

First Quarter Highlights:

- Revenue in the first quarter of 2021 reached \$46.9 million compared to \$50.0 million for the same period last year, impacted by a less favorable mix of products within Electronic Materials along with global challenges associated with sea freight logistics affecting the supply chain in both segments.
- Adjusted EBITDA¹ for the first quarter of 2021 reached \$6.3 million compared to \$6.9 million in the same period last year, impacted by revenue and product sales mix under Electronic Materials. EBITDA¹ for the first quarter of 2021 reached \$5.7 million compared to \$6.2 million in the same period last year.
- Backlog¹ represented 195 days of annualized revenue, higher than the previous quarter (189 days) and Q1 2020 (188 days). Bookings¹ in Q1 2021 reached 100 days compared to 62 days in Q1 2020.
- Net earnings for the first quarter of 2021 were \$0.8 million or \$0.01 per share compared to \$0.6 million or \$0.01 in the same period last year.

¹ See Non-IFRS Measures

- Annualized Return on Capital Employed (“ROCE”)¹ reached 13.1% in 2021 compared to 14.4% at the end of 2020.
- Net debt¹ reduced to \$9.6 million due to repayment of long-term debt of \$5.1 million using cash generated by operating activities.
- As approved by the Toronto Stock Exchange, and under the terms of the normal course issuer bid program, 5N Plus purchased and canceled from March 9, 2020 to March 8, 2021, the full intended sum of 2,000,000 of the Company’s common shares.
- On March 24, 2021, 5N Plus announced the renewal of its \$79.0 million senior secured multi-currency, revolving and syndicated credit facility. The agreement includes a contingent option to expand the facility to \$124.0 million. In addition to its contingent option, 5N Plus can exercise a \$30.0 million accordion feature, increasing the facility’s total size to \$154.0 million, subject to lender approval.
- Guidance for the Adjusted EBITDA¹ post-consolidation of AZUR in 2021 is estimated to be in the range of \$25.0 million to \$30.0 million.

Two factors within segment Electronic Materials contributed to the decrease in Adjusted EBITDA in Q1 2021 as compared to the same period last year. In late 2020, 5N Plus announced that it had secured a series of multi-year contracts in its renewable energy business with asymmetrical revenue contributions favoring the latter period of the contracts’ terms. This expectation materialized and the revenue in Q1 2021 was lower than the same period last year. Also, in recent communications, the Company highlighted strong performance from its medical imaging business, driven by the Company’s new generation of medical imaging semiconductor detector chips used in the fleet build-up of medical imaging devices undergoing regulatory and customer qualifications. 5N Plus anticipates lower demand from this activity throughout 2021 as the fleet of devices undergo evaluation.

During the quarter, segment Eco-Friendly Materials delivered strong results with Adjusted EBITDA margins¹ reaching record levels. Over the recent years, 5N Plus has been developing Eco-Friendly Materials along higher margin businesses, reducing the segment’s exposure to commodity prices and improving its operational efficiency. The first quarter results in 2021 reflect the culmination of these actions working in concert with a stellar performance from operating activities resulting in significant improvement in the segment’s margins.

The guidance for the Adjusted EBITDA incorporates the two factors driven by Electronic Materials and pending timing of the AZUR transaction following regulatory approvals. In addition, recent speculative activities devoid of sustained demand are inflating tellurium prices – a metal used by 5N Plus as a consumable in its products, some of which are sold based on fixed pricing. The guidance proactively incorporates the impact from risk mitigation measures, assuming this short-term tellurium speculation continues.

When we consider the low end of the guidance, gross margin¹ is still expected to remain at about 25%. It is worth noting the surge in the Electronic Materials backlog¹, which is well above the same period last year and last quarter’s level. This increased our overall backlog and is a clear indication of strong demand for our products in the months ahead.

“Increasingly, the 5N Plus story is one of both value and growth. Optimized for margin expansion, our core business is a source of value and notable cash generation. This supports our company’s strong balance sheet which allows for investments in future growth initiatives. These initiatives, while still in early stages, continue to march toward profitability. Given this dynamic, we expect a certain degree of ebb and flow in the short-term financial performance of the Company. We are resolute in our belief that 5N Plus’s medium and long-term trajectory complemented by the critical nature of our business and beyond anticipated quarterly perturbations, will deliver compelling growth and value for our shareholders,” concluded Mr. Roshan.

¹ See Non-IFRS Measures

Conference Call

5N Plus will host a conference call on Tuesday, May 11, 2021 at 8:00 am Eastern Standard Time to discuss results of the first quarter ended March 31, 2021. 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: 09260209

A replay of the webcast and a recording of the Q&A will be available until May 18, 2021. To access the recording, please dial at 1-888-390-0541 and enter access code 260209.

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 customer 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 a number of key industries including renewable energy, security, space, pharmaceutical, medical imaging, and industrial and additive manufacturing. Headquartered in Montreal, Québec, 5N Plus operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia. The Company's mission is to be critical to its customers, valued by its employees and trusted by its shareholders. The Company's core values focus on integrity, commitment and customer development along with emphasis on sustainable development, continuous improvement, health and safety. www.5nplus.com.

Non-IFRS Measures

Backlog represents the expected orders we have received but have 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 days, and are calculated by adding revenues to the increase or decrease in backlog for the period considered divided by annualized year revenues. We use backlog to provide an indication of expected future revenues in days, and bookings to determine its ability to sustain and increase its revenues.

EBITDA means net earnings before interest expenses, income taxes, depreciation and amortization. We use EBITDA because we believe it is a meaningful measure of the operating performance of our 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. EBITDA margin is defined as EBITDA divided by revenues.

Adjusted EBITDA means EBITDA as defined above before impairment of inventories, share-based compensation expense, impairment of non-current assets, litigation and restructuring costs (income), gain on disposal of property, plant and equipment, foreign exchange and derivatives loss (gain). We use adjusted EBITDA because we believe it is a meaningful measure of the operating performance of our 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. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenues.

Adjusted operating expenses means operating charges before impairment of inventories, shared-based compensation expense, impairment of non-current assets, litigation and restructuring costs (income), gain on disposal on property, plant and equipment and depreciation and amortization. We use adjusted operating expenses to calculate the Adjusted EBITDA. We believe it is a meaningful measure of the operating performance of its ongoing business. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

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. We use this measure as an indicator of its overall financial position.

Gross margin is a measure used to monitor the sales contribution after paying cost of sales, excluding depreciation and impairment inventory charge. We also express this measure in percentage of revenues by dividing the gross margin value by the total revenue.

Return on Capital Employed ("ROCE") is a non-IFRS financial measure, calculated by dividing the annualized Adjusted EBIT by capital employed at the end of the period. Adjusted EBIT is calculated as the Adjusted EBITDA less depreciation of PPE and amortization of intangible assets (adjusted for accelerated depreciation charge, if any). Capital employed is the sum of the accounts receivable, the inventory, the PPE, the goodwill and intangibles less trade and accrued liabilities (adjusted for exceptional items). We use ROCE to measure the return on capital employed, whether the financing is through equity or debt. In our view, this measure provides useful information to determine if capital invested in the Company yields competitive returns. The usefulness of ROCE is limited by the fact that it is a ratio and not providing information as to the absolute amount of its net income, debt or equity. It also excludes certain items from the calculation and other companies may use a similar measure but calculate it differently.

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 2020 MD&A dated February 23, 2021, available on www.sedar.com.

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 press release 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.

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5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

For the three-month periods ended March 31

(in thousands of United States dollars, except per share information) (unaudited)

	2021	2020
	\$	\$
Revenue	46,876	49,954
Cost of sales	37,417	40,460
Selling, general and administrative expenses	4,976	4,891
Other expenses (income), net	2,229	1,015
	44,622	46,366
Operating earnings	2,254	3,588
Financial (income) expense		
Interest on long-term debt	634	682
Imputed interest and other interest expense	106	217
Foreign exchange and derivative (gain) loss	(859)	449
	(119)	1,348
Earnings before income taxes	2,373	2,240
Income tax expense		
Current	756	1,337
Deferred	854	311
	1,610	1,648
Net earnings	763	592
Attributable to:		
Equity holders of 5N Plus Inc.	763	592
	763	592
Earnings per share attributable to equity holders of 5N Plus Inc.	0.01	0.01
Basic earnings per share	0.01	0.01
Diluted earnings per share	0.01	0.01

5N PLUS INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of United States dollars) (unaudited)

	March 31 2021	December 31 2020
	\$	\$
Assets		
Current		
Cash and cash equivalents	35,386	39,950
Accounts receivable	29,711	30,110
Inventories	67,930	67,139
Income tax receivable	5,474	5,440
Other current assets	11,627	8,256
Total current assets	150,128	150,895
Property, plant and equipment	52,352	53,191
Right-of-use assets	4,760	5,047
Intangible assets	9,358	9,668
Deferred tax assets	5,707	6,789
Other assets	3,125	1,088
Total non-current assets	75,302	75,783
Total assets	225,430	226,678
Liabilities		
Current		
Trade and accrued liabilities	37,030	31,671
Income tax payable	3,624	3,328
Current portion of long-term debt	-	109
Current portion of lease liabilities	1,295	1,442
Total current liabilities	41,949	36,550
Long-term debt	45,000	50,000
Employee benefit plan obligation	15,588	17,202
Derivative financial liabilities	354	439
Lease liabilities	3,766	3,916
Other liabilities	195	195
Total non-current liabilities	64,903	71,752
Total liabilities	106,852	108,302
Equity	118,578	118,376
Total liabilities and equity	225,430	226,678

5N PLUS INC.

For the three-month periods ended March 31

(in thousands of United States dollars, except per share information) (unaudited)

Revenue by Segment and Gross Margin	Q1 2021	Q1 2020
	\$	\$
Electronic Materials	18,814	19,784
Eco-Friendly Materials	28,062	30,170
Total revenue	46,876	49,954
Cost of sales	(37,417)	(40,460)
Depreciation included in cost of sales	2,235	2,685
Gross margin¹	11,694	12,179
Gross margin percentage¹	24.9%	24.4%

Adjusted EBITDA and EBITDA	Q1 2021	Q1 2020
	\$	\$
Revenue	46,876	49,954
Adjusted operating expenses ¹ *	(40,596)	(43,097)
Adjusted EBITDA ¹	6,280	6,857
Impairment of inventory	-	-
Share-based compensation expense	(1,396)	(170)
Foreign exchange and derivative loss	859	(449)
EBITDA ¹	5,743	6,238
Interest on long-term debt, imputed interest and other interest expense	740	899
Depreciation and amortization	2,630	3,099
Earnings before income taxes	2,373	2,240
Income tax expense		
Current	756	1,337
Deferred	854	311
	1,610	1,648
Net earnings (loss)	763	592
Basic earnings (loss) per share	\$0.01	\$0.01
Diluted earnings (loss) per share	\$0.01	\$0.01

*Excluding share-based compensation expense, impairment of inventory and depreciation and amortization.

Net Debt	As at March 31, 2021	As at December 31, 2020
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	45,000	50,109
Total Debt¹	45,000	50,109
Cash and cash equivalents	(35,386)	(39,950)
Net Debt¹	9,614	10,159

¹ See Non-IFRS Measures