



**PRESS RELEASE**

RELEASE DATE: August 3, 2021

## **5N Plus Reports Financial Results for the Second Quarter Ended June 30, 2021**

*Company delivers strong revenue growth and improves net earnings as it continues executing against long-term strategy to increase total addressable market*

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

**Montreal, Quebec, August 3, 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 second quarter ended June 30, 2021. The Company grew its revenue, both year-over-year and year-to-date, and its solid operating performance continued to support a strong balance sheet.

Eco-Friendly Materials delivered an outstanding performance this quarter, producing significant revenue growth while adapting to the recovery challenges from the global pandemic, with Electronic Materials performing in line with the Company’s expectations. Both segments ended the quarter with strong backlog<sup>1</sup> confirming solid demand for their products. The Company also strengthened its competitiveness and environmental impact, following the announcement of an \$8.5 million investment into its Montreal campus and having made positive progress toward closing its acquisition of AZUR SPACE Solar Power GmbH (“AZUR”).

“We are pleased with our performance in the second quarter as we continue to extract long-term value from our past investments, demonstrated this quarter by strong revenue growth. We remain resolute in our goal of growing revenue using organic and external initiatives as we navigate the global pandemic’s recovery process,” said Arjang Roshan, President and Chief Executive Officer of 5N Plus. “In the forthcoming quarters, our priorities will be concluding the acquisition of AZUR, fully integrating its operations and welcoming our new colleagues into the 5N Plus family. These are important parts of our transformative growth plan to substantially increase 5N Plus’s total addressable market in the high-value material technology space.”

### **Second Quarter Highlights:**

- Revenue in the second quarter of 2021 reached \$47.7 million compared to \$41.1 million in the same period last year, favorably impacted by higher demand. Year-to-date revenue stands at \$94.6 million compared to \$91.1 million in the same period last year.
- Adjusted EBITDA<sup>1</sup> in the second quarter of 2021 reached \$6.3 million compared to \$7.6 million in the same period last year, impacted by unfavorable sales mix under Electronic Materials, partially mitigated by sales growth and improved performance from Eco-Friendly Materials. EBITDA<sup>1</sup> in the second quarter of 2021 reached \$6.3 million compared to \$6.5 million in the same period last year. Year-to-date Adjusted EBITDA reached \$12.6 million compared to \$14.5 million in the same period last year.
- Net earnings in the second quarter of 2021 improved to \$2.2 million or \$0.03 per share when compared to \$1.7 million or \$0.02 per share in the same period last year. Year-to-date net earnings improved to \$2.9 million or \$0.04 per share as compared to \$2.3 million or \$0.03 per share in the same period last year.

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<sup>1</sup> See Non-IRFS Measures

- On June 30, 2021, the backlog<sup>1</sup> represented 199 days of annualized revenue, higher than the previous quarter (195 days) and lower than Q2 2020 (202 days). Bookings<sup>1</sup> in the second quarter of 2021 reached 99 days compared to 66 days in the same period last year.
- Annualized Return on Capital Employed (“ROCE”)<sup>1</sup> reached 12.2% in 2021 compared to 14.4% at the end of 2020.
- Net debt<sup>1</sup> stood at \$14.1 million on June 30, 2021 from \$10.2 million at the end of 2020, due to requirement in non-cash working capital.
- On June 2, 2021, 5N Plus announced a \$8.5 million investment into its Montreal campus to expand the development and manufacturing of critical and strategic materials for advanced II-VI semiconductor compounds and engineered powders.

Within the Electronic Materials segment, the lower Adjusted EBITDA<sup>1</sup> in the quarter and year-to-date was consistent with lower contributions from materials related to medical imaging and renewable energy. These results were anticipated as the Company’s new generation of semiconductor wafers were used to build up a fleet of medical imaging devices that are currently undergoing regulatory and customer qualifications. This phase of market development translates to lower demand. Additionally, lower overall contributions from renewable energy were anticipated due to the asymmetry of 5N Plus’s long-term contracts negotiated in 2020 that favors the latter half of the agreement.

In the second quarter of 2021, Eco-Friendly Materials delivered significant revenue growth despite recovery challenges from the global pandemic. The segment continued to deliver outstanding performance supported by recent investments in process technology and asset optimization. 5N Plus continues to increase operational efficiencies and selectively position its business development strategy, emphasizing higher value-added products and those with higher margin potential.

The announced acquisition of AZUR continues to move forward with positive progress. The process associated with this transaction has been amended in the context of revised European regulatory requirements. This transaction is one of the first files undergoing this new process and the measured rate of progress is expected. 5N Plus is working closely with the related agencies and third parties to advance the proceedings. Based on the Company’s best visibility, the file is in the last stages of the approval process. The conclusion of this work is anticipated by late Q3 or early Q4. With this assumption, the \$25-\$30 million EBITDA<sup>1</sup> guidance provided last quarter remains valid.

The acquisition and successful integration of AZUR SPACE will be a key priority as the milestone transaction will uniquely position 5N Plus within the specialty semiconductor segment, expanding its value chain and enlarging its total addressable market (TAM) within the high-value technology businesses. As a part of 5N Plus’s ongoing transformation, the Company will continue to strengthen its position with respect to Environment, Social and Governance (ESG) themes. Also, 5N Plus will align its organizational structure and focus its activities on select areas with emphasis on economies of scale, while driving revenue growth and competitive returns beyond the Company’s cost of capital.

### Conference Call

5N Plus will host a conference call on Wednesday, August 4, 2021 at 8:00 am Eastern Daylight Time to discuss results of the second quarter ended June 30, 2021. All interested parties are invited to participate in the live broadcast on the Company’s website at [www.5nplus.com](http://www.5nplus.com).

To participate in the conference call:

- Toronto area: 416-764-8659
- Toll-Free: 1-888-664-6392
- Enter access code: 97136868

A replay of the webcast and a recording of the Q&A will be available until August 11, 2021. To access the recording, please dial at 1-888-390-0541 and enter access code 136868.

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<sup>1</sup>See Non-IRFS Measures

### **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](http://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 (income), 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, share-based compensation expense (income), impairment of non-current assets, litigation and restructuring costs (income), gain on disposal on property, plant and equipment and depreciation and amortization. 5N Plus uses adjusted operating expenses to calculate the Adjusted EBITDA. 5N Plus believes 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](http://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 and six-month periods ended June 30

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

	Three months		Six months	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Revenue</b>	<b>47,719</b>	41,136	<b>94,595</b>	91,090
Cost of sales	<b>38,120</b>	31,123	<b>75,537</b>	71,583
Selling, general and administrative expenses	<b>5,153</b>	4,589	<b>10,129</b>	9,480
Other expenses (income), net	<b>371</b>	1,287	<b>2,600</b>	2,302
	<b>43,644</b>	36,999	<b>88,266</b>	83,365
<b>Operating earnings</b>	<b>4,075</b>	4,137	<b>6,329</b>	7,725
<b>Financial expense (income)</b>				
Interest on long-term debt	<b>648</b>	673	<b>1,282</b>	1,355
Imputed interest and other interest expense	<b>200</b>	200	<b>306</b>	417
Foreign exchange and derivative loss (gain)	<b>327</b>	631	<b>(532)</b>	1,080
	<b>1,175</b>	1,504	<b>1,056</b>	2,852
<b>Earnings before income taxes</b>	<b>2,900</b>	2,633	<b>5,273</b>	4,873
Income tax expense (recovery)				
Current	<b>1,474</b>	953	<b>2,230</b>	2,290
Deferred	<b>(733)</b>	(69)	<b>121</b>	242
	<b>741</b>	884	<b>2,351</b>	2,532
<b>Net earnings</b>	<b>2,159</b>	1,749	<b>2,922</b>	2,341
<b>Attributable to:</b>				
Equity holders of 5N Plus Inc.	<b>2,159</b>	1,749	<b>2,922</b>	2,341
	<b>2,159</b>	1,749	<b>2,922</b>	2,341
<b>Earnings per share attributable to equity holders of 5N Plus Inc.</b>	<b>0.03</b>	0.02	<b>0.04</b>	0.03
<b>Basic earnings per share</b>	<b>0.03</b>	0.02	<b>0.04</b>	0.03
<b>Diluted earnings per share</b>	<b>0.03</b>	0.02	<b>0.04</b>	0.03

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

	June 30 2021	December 31 2020
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	30,864	39,950
Accounts receivable	34,627	30,110
Inventories	69,976	67,139
Income tax receivable	4,928	5,440
Other current assets	8,781	8,256
<b>Total current assets</b>	<b>149,176</b>	<b>150,895</b>
Property, plant and equipment	51,926	53,191
Right-of-use assets	4,444	5,047
Intangible assets	9,099	9,668
Deferred tax assets	6,415	6,789
Other assets	3,041	1,088
<b>Total non-current assets</b>	<b>74,925</b>	<b>75,783</b>
<b>Total assets</b>	<b>224,101</b>	<b>226,678</b>
<b>Liabilities</b>		
<b>Current</b>		
Trade and accrued liabilities	32,819	31,671
Income tax payable	4,017	3,328
Derivative financial liabilities	277	-
Current portion of long-term debt	-	109
Current portion of lease liabilities	1,071	1,442
<b>Total current liabilities</b>	<b>38,184</b>	<b>36,550</b>
Long-term debt	45,000	50,000
Employee benefit plan obligation	15,612	17,202
Derivative financial liabilities	-	439
Lease liabilities	3,685	3,916
Other liabilities	195	195
<b>Total non-current liabilities</b>	<b>64,492</b>	<b>71,752</b>
<b>Total liabilities</b>	<b>102,676</b>	<b>108,302</b>
<b>Equity</b>	<b>121,425</b>	<b>118,376</b>
<b>Total liabilities and equity</b>	<b>224,101</b>	<b>226,678</b>

**5N PLUS INC.****(in thousands of United States dollars, except per share information) (unaudited)**

<b>Revenue by Segment and Gross Margin</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>
	\$	\$	\$	\$
Electronic Materials	19,218	19,518	38,032	39,302
Eco-Friendly Materials	28,501	21,618	56,563	51,788
<b>Total revenue</b>	<b>47,719</b>	41,136	<b>94,595</b>	91,090
Cost of sales	(38,120)	(31,123)	(75,537)	(71,583)
Depreciation included in cost of sales	2,192	2,578	4,427	5,263
<b>Gross margin<sup>1</sup></b>	<b>11,791</b>	12,591	<b>23,485</b>	24,770
<b>Gross margin percentage<sup>1</sup></b>	<b>24.7%</b>	30.6%	<b>24.8%</b>	27.2%

<b>Adjusted EBITDA and EBITDA</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>
	\$	\$	\$	\$
Revenue	47,719	41,136	94,595	91,090
Adjusted operating expenses <sup>1*</sup>	(41,383)	(33,489)	(81,979)	(76,586)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>6,336</b>	7,647	<b>12,616</b>	14,504
Impairment of inventories	-	-	-	-
Share-based compensation income (expense)	309	(510)	(1,087)	(680)
Foreign exchange and derivative (loss) gain	(327)	(631)	532	(1,080)
<b>EBITDA<sup>1</sup></b>	<b>6,318</b>	6,506	<b>12,061</b>	12,744
Interest on long-term debt, imputed interest and other interest	848	873	1,588	1,772
Depreciation and amortization	2,570	3,000	5,200	6,099
<b>Earnings before income taxes</b>	<b>2,900</b>	2,633	<b>5,273</b>	4,873
Income tax expense (recovery)				
Current	1,474	953	2,230	2,290
Deferred	(733)	(69)	121	242
	741	884	2,351	2,532
<b>Net earnings</b>	<b>2,159</b>	1,749	<b>2,922</b>	2,341
Basic earnings per share	\$0.03	\$0.02	\$0.04	\$0.03
Diluted earnings per share	\$0.03	\$0.02	\$0.04	\$0.03

<sup>\*</sup>Excluding impairment of inventories, share-based compensation expense (income), and depreciation and amortization.

<b>Net Debt</b>	<b>As at June 30, 2021</b>	<b>As at December 31, 2020</b>
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	45,000	50,109
<b>Total Debt<sup>1</sup></b>	<b>45,000</b>	50,109
Cash and cash equivalents	(30,864)	(39,950)
<b>Net Debt<sup>1</sup></b>	<b>14,136</b>	10,159

<sup>1</sup> See Non-IFRS Measures