5N PLUS

PRESS RELEASE

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5N Plus Reports Financial Results for the First Quarter Ended March 31, 2020

Montreal, Québec, May 5, 2020 – 5N Plus Inc. (TSX:VNP) ("5N Plus" or the "Company"), a leading global producer of engineered materials and specialty chemicals, today reported financial results for the first quarter ended March 31, 2020. All amounts are expressed in U.S. dollars.

Against the backdrop of the COVID-19 pandemic, 5N Plus took decisive actions to protect its global workforce and operating activities, while seamlessly serving its customer base. Proactive measures prepared the Company to sustainably operate its various sites across the globe and ensure continuity of supply for all customers of 5N Plus, many of whom were designated as "essential businesses". While some of the new measures introduced operational inefficiencies and government orders forced two facilities to shut down, 5N Plus was able to not only serve its orderbook but also significantly improve earnings, ending Q1 2020, well ahead of the same period last year.

Last year, 5N Plus announced that the contributions from refining and recycling activities would decline substantially driven by a shortage of input materials. This was largely because the key suppliers of complex feed had begun to withhold their materials, declaring historically low metal notations as the cause. Later in the year, the Company indicated that it expected this situation to continue for several quarters with 15-20% adverse impact on the Company's Adjusted EBITDA[1]. In Q1 2020, the Eco-Friendly Materials segment experienced this impact. In addition, mandatory plant shutdowns ordered by local governments further impacted this segment. Despite these challenges, margin expansion in the other businesses within Eco-Friendly Materials more than compensated for other shortfalls.

In Q1 2020, the Electronic Materials segment delivered substantial earnings growth as compared to the same period last year, despite the aforementioned headwinds in recycling and refining activities. This growth was driven by margin expansion across nearly all businesses. 5N Plus has resolved nearly all operating challenges associated with the production of its new products. Favorable product mix and increased sales of specialty semiconductors have significantly increased the segments earnings, expanding the Adjusted EBITDA margin[1] to 29% for the quarter versus 20% during the same period last year.

The Company's balance sheet remained healthy with adequate resources to support current businesses along with future growth activities. 5N Plus has continued to invest in projects with clear pay-back benefit and those that improve employee health and safety and reduce the Company's environmental footprint. Despite steep declines in metal notations in 2019, the book value of metal inventory remains well aligned with market notations.

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[1] See Non-IFRS Measures

As of the end of March 2020, the backlog[1] was reduced by 14 days as compared to the same period last year, and 55 days as compared to Q4 2019. Much of this was driven by the bankruptcy filing of a customer's customer. Notwithstanding this extraordinary event, shift of mix between short versus long-term contracts can cause significant changes to the backlog and booking[1] figures. From time to time, the Company may elect to alter this mix in order to enhance pricing leverage. The Company ended the quarter with a healthy backlog of 188 days of sales outstanding.

For the first quarter of 2020, the Company reported the following:

- Adjusted EBITDA[1] and EBITDA[1] for the first quarter of 2020 reached $6.9 million and $6.2 million compared to $5.6 million and $4.2 million during the same quarter of 2019, positively impacted by higher overall downstream volume and stable metal notations during the quarter, mitigating the contribution shortfall from Recycling and Refining activities due to low metal notations.

- Revenue for Q1 2020 reached $50.0 million compared to $51.4 million for Q1 2019 with the net difference attributed to the relatively lower metal notations for the period, while overall volume of product sold in Q1 2020 was higher than the same period last year.

- Gross Margin[1] expanded from 22.4% in Q1 2019 to 24.4% in Q1 2020, despite operating inefficiencies attributed to the outbreak of the COVID-19 virus, abetted by the sale of products with lower metal content and higher value-added revenue.

- Annualized Return on Capital Employed (ROCE)[1] reached 10.6% for the first quarter of 2020 compared to 8.2% for the full year of 2019.

- Net earnings for the first quarter of 2020 were $0.6 million or $0.01 per share compared to a net loss of $1.1 million or $0.01 per share for the same period last year.

- As of March 31, 2020, Net debt[1] stood at $38.1 million compared to $35.0 million at the end of 2019, impacted by additional working capital and contingency planning given the current global business environment.

- On March 5, 2020, 5N Plus announced that the Toronto Stock Exchange had approved its normal course issuer bid ("NCIB"). From March 9, 2020 to March 31, 2020, 5N Plus purchased and cancelled 771,200 of the Company's shares. Under the NCIB plan, 5N Plus has the right to purchase a maximum of 2,000,000 common shares for cancellation up to March 8, 2021, representing approximately 2.4% of the 83,401,558 common shares issued and outstanding as of February 25, 2020.

- Prior to the COVID-19 pandemic, the Company had expected 25-35% growth in Adjusted EBITDA for 2020 versus that of 2019 despite suboptimal conditions in upstream activities. Considering the current COVID-19 environment, the Company finds it prudent not to provide a guidance for 2020 at this time.

Arjang Roshan, President and Chief Executive Officer, said "Over the past several quarters, our aim has been to markedly improve the fundamentals of 5N Plus including migration toward market-essential products with more value-added activities and higher margins, enhancing cost structure, improving operating fundamentals while ensuring the Company's balance sheet is strong and business risk mitigated." Mr. Roshan added "We believe this preparation is exactly what is needed for a company to emerge stronger and more competitive in the post-pandemic world." Mr. Roshan concluded "I am pleased by our Company's performance in light of the challenges faced in the recent past and would like to express my gratitude to our employees across the globe."

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[1] See Non-IFRS Measures

Webcast information

5N Plus will host a conference call on Wednesday, May 6, 2020 at 8:00 am (Eastern Daylight Time) to discuss results of the first quarter ended March 31, 2020. All interested parties are invited to participate in the live broadcast on the Company's website at www.5nplus.com. A replay of the webcast and a recording of the Q&A will be available until May 13, 2020.

To participate in the conference call:

- Montreal area: 514-807-9895
- Toronto area: 647-427-7450
- Toll-Free: 1-888-231-8191

Enter access code 9796664.

Non-IFRS Measures

EBITDA means net earnings (loss) 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.

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

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 our overall financial position.

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 our ability to sustain and increase our revenues.

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 our 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.

About 5N Plus Inc.
5N Plus is a leading global producer of engineered materials and specialty chemicals with integrated recycling and refining assets to manage the sustainability of its business model. The Company is headquartered in Montreal, Québec, Canada and operates R&D, manufacturing and commercial centers in several locations in Europe, the Americas and Asia. 5N Plus deploys a range of proprietary and proven technologies to manufacture products which are used as enabling precursors by its customers in a number of advanced electronics, optoelectronics, pharmaceutical, health, renewable energy and industrial applications. Many of the materials produced by 5N Plus are critical for the functionality and performance of the products and systems produced by its customers, many of whom are leaders within their industry.

Forward-Looking Statements and Disclaimer
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' 2019 MD&A dated February 25, 2020 and note 10 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2020 and 2019 available on www.sedar.com.

The Company is not aware of any significant changes to its risk factors previously disclosed, however since January 2020, the gradual outbreak of the novel strain of the coronavirus, COVID-19 and its eventual declaration as a pandemic by the World Health Organization, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown. While the Company has been able to mitigate the short-term impact from the crisis without significant loss of production capacity and customer demand, it is not possible to reliably estimate the length, severity and long-term impact the global pandemic may have on the Company's financial results, conditions and cash flows. The outbreak of the COVID-19 should be considered a new risk factor.

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.

– 30 –

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

	March 31 2020	December 31 2019
	$	$
Assets		
Current		
Cash and cash equivalents	**22,006**	20,065
Accounts receivable	**34,748**	28,477
Inventories	**79,542**	83,367
Income tax receivable	**5,614**	5,433
Other current assets	**4,919**	7,371
Total current assets	**146,829**	144,713
Property, plant and equipment	**57,730**	58,590
Right-of-use assets	**5,720**	6,050
Intangible assets	**10,665**	10,990
Deferred tax assets	**7,811**	8,425
Other assets	**1,113**	1,174
Total non-current assets	**83,039**	85,229
Total assets	**229,868**	229,942
Liabilities		
Current		
Trade and accrued liabilities	**27,581**	32,066
Income tax payable	**4,103**	3,374
Current portion of long-term debt	**98**	107
Current portion of lease liabilities	**1,405**	1,469
Total current liabilities	**33,187**	37,016
Long-term debt	**60,000**	55,000
Deferred tax liabilities	**267**	269
Employee benefit plan obligation	**13,959**	15,398
Derivatives financial liabilities	**358**	-
Lease liabilities	**4,455**	4,767
Other liabilities	**195**	195
Total non-current liabilities	**79,234**	75,629
Total liabilities	**112,421**	112,645
Equity	**117,447**	117,297
Total liabilities and equity	**229,868**	229,942

5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the three-month periods ended March 31

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

	2020	2019
	$	$
Revenue	**49,954**	51,413
Cost of sales	**40,460**	42,800
Selling, general and administrative expenses	**4,891**	5,516
Other expenses (income), net	**1,015**	1,800
	46,366	50,116
Operating earnings	**3,588**	1,297
Financial expense		
Interest on long-term debt	**682**	689
Imputed interest and other interest expense	**217**	714
Foreign exchange and derivative loss	**449**	287
	1,348	1,690
Earnings (loss) before income taxes	**2,240**	(393)
Income tax expense (recovery)		
Current	**1,337**	1,240
Deferred	**311**	(484)
	1,648	756
Net earnings (loss)	**592**	(1,149)
Attributable to:		
Equity holders of 5N Plus Inc.	**592**	(1,149)
	592	(1,149)
Earnings (loss) per share attributable to equity holders of 5N Plus Inc.	**0.01**	(0.01)
Basic earnings (loss) per share	**0.01**	(0.01)
Diluted earnings (loss) per share	**0.01**	(0.01)

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 2020	Q1 2019
	$	$
Electronic Materials	**19,784**	20,294
Eco-Friendly Materials	**30,170**	31,119
Total revenue	**49,954**	51,413
Cost of sales	**(40,460)**	(42,800)
Depreciation included in cost of sales	**2,685**	2,922
Gross margin[1]	**12,179**	11,535
Gross margin percentage[1]	**24.4%**	22.4%

Adjusted EBITDA and EBITDA

	Q1 2020	Q1 2019
	$	$
Revenue	**49,954**	51,413
Adjusted operating expenses[1]*	**(43,097)**	(45,801)
Adjusted EBITDA[1]	**6,857**	5,612
Impairment of inventory	**-**	-
Share-based compensation expense	**(170)**	(1,137)
Foreign exchange and derivative loss	**(449)**	(287)
EBITDA[1]	**6,238**	4,188
Interest on long-term debt, imputed interest and other interest expense	**899**	1,403
Depreciation and amortization	**3,099**	3,178
Earnings (loss) before income taxes	**2,240**	(393)
Income tax expense (recovery)		
Current	**1,337**	1,240
Deferred	**311**	(484)
	1,648	756
Net earnings (loss)	**592**	(1,149)
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, 2020	As at December 31, 2019
	$	$
Bank indebtedness	**-**	-
Long-term debt including current portion	**60,098**	55,107
Total Debt[1]	**60,098**	55,107
Cash and cash equivalents	**(22,006)**	(20,065)
Net Debt[1]	**38,092**	35,042

[1] See Non-IFRS Measures