



PRESS RELEASE

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5N Plus Reports Financial Results for the Third Quarter Ended September 30, 2021

Strong Demand Grows Revenue by 28%, Global Inflation Weighs on Margins

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

Montreal, Quebec, November 2, 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 third quarter ended September 30, 2021. While navigating global inflationary pressures, the Company successfully grew its revenue by 28% and was supported by several major developments as it continues to execute against its long-term growth strategy.

In the third quarter of 2021, the Company delivered significant revenue growth driven by strong demand within Eco-Friendly Materials, against the backdrop of global supply chain challenges caused by the pandemic. The growth in revenue is independent of any price adjustments underway to mitigate cost increases due to the current supply chain challenges. The Company’s results were largely impacted by additional costs associated with international freight and consumables. When comparing the Adjusted EBITDA¹ of Q3 2021 to Q3 2020, international freight and consumables accounted for \$1.5 million of the gap. In addition, in Q3 2020, 5N Plus received government subsidies totalling \$1.2 million. Adjusting for these factors, Adjusted EBITDA in Q3 2021 is in line with Q3 2020.

Electronic Materials performed as anticipated, with medical imaging and renewable energy providing lower contributions, as the revenue for space business increased as compared to the same period last year. The demand for Health and Pharma products was particularly strong this quarter and performed well above expectations.

“Our revenue growth amid a challenging landscape serves as a testament to the efficacy and adaptability of our long-term strategy,” said Arjang Roshan, President and Chief Executive Officer of 5N Plus. “Subsequent to quarter end, we met transformative milestones, including regulatory approval from European authorities to acquire all of the issued and outstanding shares of AZUR. While the inflationary environment, particularly in relation to international freight and consumables, remains a challenge, our customers remain our top priority against the backdrop of strong demand for our products. Looking ahead, we aim to continue extending our seamless services while engaging in numerous efforts to remedy the impact of additional costs associated with our commitment to customer service.”

Third Quarter Highlights:

- Revenue in Q3 2021 increased by 28%, reaching \$50.8 million, compared to \$39.9 million in Q3 2020, favorably impacted by higher demand under Eco-Friendly Materials segment. Year-to-date revenue stands at \$145.4 million compared to \$131.0 million in the same period last year.

¹ See Non-IFRS Measures

- Adjusted EBITDA¹ in Q3 2021 reached \$5.5 million compared to \$7.7 million in Q3 2020, impacted by an unfavorable sales mix under Electronic Materials, and significant cost increases for international freight and consumables, partially mitigated by revenue growth. EBITDA¹ in Q3 2021 reached \$5.1 million compared to \$7.5 million in Q3 2020. Adjusted EBITDA in YTD 2021 reached \$18.2 million compared to \$22.2 million in YTD 2020
- In Q3 2021, net loss was \$0.8 million or \$0.01 per share, compared to net earnings of \$2.7 million or \$0.03 per share in Q3 2020. Net earnings in YTD 2021 were \$2.1 million or \$0.03 per share as compared to \$5.1 million or \$0.06 per share in the same period last year.
- On September 30, 2021, the backlog¹ represented 174 days of annualized revenue, 25 days lower than the previous quarter. Bookings¹ in Q3 2021 reached 78 days compared to 53 days for the same period last year.
- Annualized Return on Capital Employed (“ROCE”)¹ reached 11.4% in Q3 2021 compared to 14.4% at the end of 2020.
- Net debt¹ stood at \$11.8 million on September 30, 2021, down from 14.1 million on June 30, 2021.

Subsequent Events

- On October 19, 2021, 5N Plus announced a long-term agreement with Samsung Electronics Co. (“Samsung”) to supply engineered substrates based on II-VI semiconductor materials for the detector core of the next generation of medical imaging devices. The detector is based on Photon Counting Detector (“PCD”) technology and will be incorporated into computed tomography (“CT”) by Samsung’s subsidiary NeuroLogica Corp., located in Danvers, Massachusetts.
- On October 27, 2021, 5N Plus announced that it received the necessary approval from the regulatory agencies to acquire all of the issued and outstanding shares and (“the Transaction”) of AZUR SPACE Solar Power GmbH (“AZUR”). The Company expects the deal to close within the next few weeks. The Transaction will allow 5N Plus to meaningfully expand into new, larger and growing markets and develop a highly competitive value chain, spanning from procurement of strategic materials to finished epitaxy engineered substrates. 5N Plus plans to fully integrate AZUR’s workforce and will appoint Mr. Jürgen Heizmann, Managing Director of AZUR, as a member of 5N Plus’s Executive Committee.

Outlook

The acquisition of AZUR, a process that began earlier this year following the announcement of intent to acquire and recently approved by regulators, is the cornerstone of 5N Plus’s transition to advanced materials based on cutting edge technology. Considering the strategic importance of AZUR and its portfolio of technologies, the relevant regulatory authorities conducted an exhaustive review process to vet 5N Plus as an appropriate acquirer. The Company expects to close this milestone transaction within the next few weeks. In congruence with the Company’s strategy, this Transaction will enable 5N Plus to expand its product portfolio within specialty semiconductors and uniquely positions the Company to benefit from potential growth linked to a number of critical industries that will be relying on advanced compound semiconductors in the future.

Notwithstanding contributions from future acquisitions, including that of AZUR, the Company’s portfolio of current businesses is expected to deliver revenue growth in 2021, supported by strong customer demand. The Company expects challenges stemming from the global supply chain to continue over the next quarters. Despite this, 5N Plus’s priorities will be to fulfill customer demand and revenue growth, recognizing that the inflationary environment around freight and consumables will weigh on margins. For 2021, the Company expects Adjusted EBITDA¹ to be in the range of \$25-\$27 million.

¹ See Non-IFRS Measures

Conference Call

5N Plus will host a conference call on Wednesday, November 3, 2021, at 8:00 am Eastern Daylight Time to discuss results of the third quarter ended September 30, 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: 6506503

A replay of the webcast and a recording of the Q&A will be available until November 10, 2021. To access the recording, please dial at 1-888-390-0541 and enter access code 065031.

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 (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. An update under the heading "Risk and Uncertainties" is also provided in the MD&A dated November 2, 2021.

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 (LOSS) EARNINGS

For the three and nine-month periods ended September 30

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

	Three months		Nine months	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenue	50,839	39,872	145,434	130,962
Cost of sales	42,587	29,982	118,124	101,565
Selling, general and administrative expenses	4,729	4,522	14,858	14,002
Other expenses (income), net	1,519	210	4,119	2,512
	48,835	34,714	137,101	118,079
Operating earnings	2,004	5,158	8,333	12,883
Financial expense				
Interest on long-term debt	663	661	1,945	2,016
Imputed interest and other interest expense	298	287	604	704
Foreign exchange and derivative (gain) loss	(130)	683	(662)	1,763
	831	1,631	1,887	4,483
Earnings before income taxes	1,173	3,527	6,446	8,400
Income tax expense				
Current	1,904	656	4,134	2,946
Deferred	61	162	182	404
	1,965	818	4,316	3,350
Net (loss) earnings	(792)	2,709	2,130	5,050
Attributable to:				
Equity holders of 5N Plus Inc.	(792)	2,709	2,130	5,050
	(792)	2,709	2,130	5,050
(Loss) earnings per share attributable to equity holders of 5N Plus Inc.	(0.01)	0.03	0.03	0.06
Basic (loss) earnings per share	(0.01)	0.03	0.03	0.06
Diluted (loss) earnings per share	(0.01)	0.03	0.03	0.06

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

	September 30 2021	December 31 2020
	\$	\$
Assets		
Current		
Cash and cash equivalents	33,155	39,950
Accounts receivable	31,234	30,110
Inventories	71,624	67,139
Income tax receivable	4,857	5,440
Other current assets	8,731	8,256
Total current assets	149,601	150,895
Property, plant and equipment	51,855	53,191
Right-of-use assets	11,458	5,047
Intangible assets	8,946	9,668
Deferred tax assets	6,407	6,789
Other assets	3,057	1,088
Total non-current assets	81,723	75,783
Total assets	231,324	226,678
Liabilities		
Current		
Trade and accrued liabilities	32,800	31,671
Income tax payable	5,198	3,328
Derivative financial liabilities	193	-
Current portion of long-term debt	-	109
Current portion of lease liabilities	1,651	1,442
Total current liabilities	39,842	36,550
Long-term debt	45,000	50,000
Employee benefit plan obligation	15,238	17,202
Derivative financial liabilities	-	439
Lease liabilities	10,167	3,916
Other liabilities	195	195
Total non-current liabilities	70,600	71,752
Total liabilities	110,442	108,302
Equity	120,882	118,376
Total liabilities and equity	231,324	226,678

5N PLUS INC.

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

Revenue by Segment and Gross Margin	Q3 2021	Q3 2020	YTD 2021	YTD 2020
	\$	\$	\$	\$
Electronic Materials	19,390	20,615	57,422	59,917
Eco-Friendly Materials	31,449	19,257	88,012	71,045
Total revenue	50,839	39,872	145,434	130,962
Cost of sales	(42,587)	(29,982)	(118,124)	(101,565)
Depreciation included in cost of sales	2,597	2,570	7,024	7,833
Gross margin¹	10,849	12,460	34,334	37,230
Gross margin percentage¹	21.3%	31.3%	23.6%	28.4%

Adjusted EBITDA and EBITDA	Q3 2021	Q3 2020	YTD 2021	YTD 2020
	\$	\$	\$	\$
Revenue	50,839	39,872	145,434	130,962
Adjusted operating expenses ^{1*}	(45,302)	(32,128)	(127,281)	(108,714)
Adjusted EBITDA¹	5,537	7,744	18,153	22,248
Impairment of inventories	-	-	-	-
Impairment of non-current assets	-	(4,934)	-	(4,934)
Share-based compensation expense	(62)	(254)	(1,149)	(934)
Litigation and restructuring (costs) income, net	(500)	5,577	(500)	5,577
Foreign exchange and derivative gain (loss)	130	(683)	662	(1,763)
EBITDA¹	5,105	7,450	17,166	20,194
Interest on long-term debt, imputed interest and other interest	961	948	2,549	2,720
Depreciation and amortization	2,971	2,975	8,171	9,074
Earnings before income taxes	1,173	3,527	6,446	8,400
Income tax expense				
Current	1,904	656	4,134	2,946
Deferred	61	162	182	404
	1,965	818	4,316	3,350
Net (loss) earnings	(792)	2,709	2,130	5,050
Basic (loss) earnings per share	(\$0.01)	\$0.03	\$0.03	\$0.06
Diluted (loss) earnings per share	(\$0.01)	\$0.03	\$0.03	\$0.06

*Excluding impairment of inventories, share-based compensation expense (income), and depreciation and amortization.

Net Debt	As at September 30, 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	(33,155)	(39,950)
Net Debt¹	11,845	10,159

¹ See Non-IFRS Measures