



PRESS RELEASE

5N Plus Reports 2023 First Quarter Financial Results

Montréal, Québec, May 3, 2023 – 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 first quarter of fiscal 2023 (“Q1 2023”) ended March 31, 2023. All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

The Company delivered solid first quarter financial results, generating 56% year-over-year consolidated Adjusted EBITDA¹ growth. This performance was supported by an increase in revenue and Adjusted EBITDA under Specialty Semiconductors, resulting from sustained demand from the terrestrial renewable energy and solar space power markets. The Company’s first quarter performance was also supported by a 70% increase in Adjusted EBITDA under Performance Materials, which now benefits from an improved product mix following the Company’s exit from the manufacturing of low margin extractive and catalytic products in the second half of 2022.

Looking ahead, management remains very optimistic about the near-term outlook for the Company and, in particular, for its Specialty Semiconductors segment. 5N Plus remains a partner of choice that works with the world’s leading companies to support critical technology advancements, both on earth and in space.

Q1 2023 Highlights and Subsequent Events

- Revenue in Q1 2023 reached \$55.3 million, compared to \$64.4 million for the same period last year. The decrease is primarily attributable to the Company’s exit from the manufacturing of low margin extractive and catalytic products in the second half of 2022.
- Adjusted EBITDA in Q1 2023 reached \$8.8 million, compared to \$5.6 million for the same period last year, an increase of 56%, with Specialty Semiconductors increasing by 27% to \$7.2 million, supported by higher demand, and Performance Materials increasing by 70% to \$4.5 million, impacted by a more favourable product mix.
- Adjusted gross margin¹ in Q1 2023 was 29.8%, compared to 21.9% in Q1 2022.
- On March 31, 2023, the backlog¹ represented 306 days of annualized revenue, 53 days higher than the previous quarter and 110 days higher than the same period last year. The increase is attributable to favourable negotiations of long-term contracts.
- Net debt¹ stood at \$79.6 million on March 31, 2023, slightly higher than the \$78.3 million at the end of fiscal 2022.
- On April 14, 2023, 5N Plus confirmed its role in the European Space Agency’s mission to Jupiter and NASA’s intention to employ AZUR’s solar cells in its future mission to Jupiter.
- On April 26, 2023, the Company announced its plans to increase AZUR’s production capacity by 30% over the course of 2023 and 2024, through productivity improvements, the installation of new equipment and the commissioning of co-investment equipment.

¹ See Non-IFRS Measures

“Despite a complex global environment, 5N Plus continues to capitalize on its momentum as a partner of choice in high-growth and value-added end markets, as reflected in our solid Adjusted EBITDA¹ and margin performance, as well as our record backlog¹. We continue to secure long-term commercial partnerships and are increasing our production capacity to meet our extensive pipeline of contracted work under Specialty Semiconductors. At the same time, we are also seeing the positive margin impact of our improved product mix under Performance Materials. As such, we remain highly optimistic in our outlook in our target markets and confident in our ability to meet our financial objectives for FY 2023 and FY 2024,” said Gervais Jacques, President and CEO of 5N Plus.

Outlook

Management remains focused on building on its momentum to reap the full potential of its strategy by meeting customer demand in value-added markets and for products that offer high-growth potential and superior margins. The Company continues to expect strong demand in its target markets, including terrestrial renewable energy and space solar power under Specialty Semiconductors and in the health and pharmaceutical sector under Performance Materials.

Management maintains its previously disclosed Adjusted EBITDA guidance range of between \$35 million and \$40 million for FY 2023, with a higher contribution expected to be generated in the second half of the year, and a projected Adjusted EBITDA range of between \$45 million and \$50 million for FY 2024.

Conference Call

5N Plus will host a conference call on Thursday, May 4, 2023 at 8:00 am Eastern Time to discuss results of the first quarter for fiscal 2023. 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: 77601730

A replay of the conference call will be available two hours after the event and until May 11, 2023. To access the recording, please dial 1-888-390-0541 and enter access code 601730.

2023 Virtual-only Annual Meeting of Shareholders

5N Plus Inc. will also hold its annual general meeting of shareholders on May 4, 2023 in virtual format only.

- Thursday, May 4, 2023 at 10:00 a.m. (EDT)
- Webcast: <http://meetnow.global/M7KYG29>

¹ See Non-IFRS 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 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, Quebec, 5N Plus operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia.

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 5N Plus' 2022 MD&A dated February 21, 2023 and note 10 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2023 and March 31, 2022 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.

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)

	2023	2022
	\$	\$
Revenue	55,287	64,421
Cost of sales	42,002	54,249
Selling, general and administrative expenses	6,893	7,493
Other expenses (income), net	1,666	7,392
	50,561	69,134
Operating earnings (loss)	4,726	(4,713)
Financial expense		
Interest on long-term debt	2,032	945
Imputed interest and other interest expense	228	326
Foreign exchange and derivative loss	15	299
	2,275	1,570
Earnings (loss) before income taxes	2,451	(6,283)
Income tax expense (recovery)		
Current	914	1,845
Deferred	83	(2,373)
	997	(528)
Net earnings (loss)	1,454	(5,755)
Earnings (loss) per share	0.02	(0.07)
Basic earnings (loss) per share	0.02	(0.07)
Diluted earnings (loss) per share	0.02	(0.07)

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

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

	March 31 2023	December 31 2022
	\$	\$
Assets		
Current		
Cash and cash equivalents	41,423	42,691
Accounts receivable	33,580	32,872
Inventories	94,755	86,254
Income tax receivable	3,780	5,488
Other current assets	14,640	19,857
Total current assets	188,178	187,162
Property, plant and equipment	79,359	77,951
Right-of-use assets	29,802	30,082
Intangible assets	30,989	31,563
Goodwill	11,825	11,825
Deferred tax assets	5,857	6,002
Other assets	3,360	3,400
Total non-current assets	161,192	160,823
Total assets	349,370	347,985
Liabilities		
Current		
Trade and accrued liabilities	39,244	40,200
Income tax payable	5,684	8,780
Derivative financial liabilities	67	-
Current portion of deferred revenue	12,835	11,730
Current portion of lease liabilities	2,078	2,136
Current portion of long-term debt	25,000	-
Total current liabilities	84,908	62,846
Long-term debt	96,000	121,000
Deferred tax liabilities	6,776	6,959
Employee benefit plan obligations	12,165	11,643
Lease liabilities	28,138	28,266
Deferred revenue	4,411	2,354
Other liabilities	1,926	2,141
Total non-current liabilities	149,416	172,363
Total liabilities	234,324	235,209
Equity	115,046	112,776
Total liabilities and equity	349,370	347,985

Non-IFRS Measures

Adjusted EBITDA means Operating earnings (loss) as defined before the effect of impairment of inventories, share-based compensation expense (recovery), litigation and restructuring costs, impairment of non-current assets and depreciation and amortization. 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)	Q1 2023	Q1 2022
	\$	\$
Revenues	55,287	64,421
Operating expenses	(50,561)	(69,134)
Operating earnings (loss)	4,726	(4,713)
Share-based compensation expense	12	124
Impairment of non-current assets	-	5,386
Depreciation and amortization	4,059	4,829
Adjusted EBITDA	8,797	5,626
Adjusted EBITDA margin	15.9%	8.7%

Adjusted gross margin is a measure used to monitor the sales contribution after paying cost of sales, excluding depreciation and inventory impairment charges. 5N Plus also expressed this measure in percentage of revenues by dividing the gross margin value by the total revenue.

Adjusted gross margin is reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q1 2023	Q1 2022
	\$	\$
Total revenue	55,287	64,421
Cost of sales	(42,002)	(54,249)
Gross margin	13,285	10,172
Depreciation included in cost of sales	3,202	3,905
Adjusted gross margin	16,487	14,077
Adjusted gross margin percentage	29.8%	21.9%

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 dollars and estimated in number of days not to exceed 365 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 March 31, 2023	As at December 31, 2022
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	121,000	121,000
Lease liabilities including current portion	30,216	30,402
Subtotal Debt	151,216	151,402
Lease liabilities including current portion	(30,216)	(30,402)
Total Debt	121,000	121,000
Cash and cash equivalents	(41,423)	(42,691)
Net Debt	79,577	78,309

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Contact:

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