

The logo consists of the text "5N+" in a bold, white, sans-serif font. The plus sign is stylized with three short horizontal lines extending from its right side.

**5N+**

Enabling  
Performance



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## **Consolidated Financial Statements**

Quarter Ended  
December 31, 2023

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and related notes have been prepared by management in conformity with generally accepted accounting principles in Canada which incorporate International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). Management is responsible for the selection of accounting policies and making significant accounting judgements and estimates.

Management is also responsible for all other information included in the management's discussion and analysis and for ensuring that this information is consistent with the information contained in the consolidated financial statements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting which includes those policies and procedures that provide reasonable assurance over the safeguarding of assets and over the completeness, fairness and accuracy of the consolidated financial statements.

The Audit and Risk Management Committee, which is comprised entirely of independent directors, reviews the quality and integrity of the Company's financial reporting and provides its recommendations, in respect of the approval of the financial statements, to the Board of Directors; oversees management's responsibilities as to the adequacy of the supporting systems of internal controls; provides oversight of the independence, qualifications, and appointment of the external auditor; and reviews audit, audit-related, and non-audit fees and expenses. The Board of Directors approves the Company's consolidated financial statements and management's discussion and analysis disclosures prior to their release. The Audit and Risk Management Committee meets with management, the internal auditor and external auditors at least four times each year to review and discuss financial reporting, disclosures, auditing and other matters.

The external auditors, PricewaterhouseCoopers LLP, conduct an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and express their opinion thereon. Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The external auditors have unlimited access to the Audit and Risk Management Committee and meet with the Committee on a regular basis.

(signed) Gervais Jacques

Gervais Jacques  
President and Chief Executive Officer

(signed) Richard Perron

Richard Perron  
Chief Financial Officer

Montreal, Canada  
February 27, 2024



## Independent auditor's report

To the Shareholders of 5N Plus Inc.

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### Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of 5N Plus Inc. and its subsidiaries (together, the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of earnings (loss) for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP  
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of inventories</b></p> <p><i>Refer to note 2 – Summary of material accounting policies and note 6 – Inventories to the consolidated financial statements.</i></p> <p>The carrying value of inventories on the Company's consolidated financial statements was \$105.9 million as at December 31, 2023. Inventories are carried at the lower of cost and net realizable value. In estimating net realizable value, management takes into account the most reliable evidence available at the time the estimates are made. The Company's core business is subject to changes in foreign policies and internationally accepted metal prices, which may cause future selling prices to change rapidly. Management applied judgment in estimating the net realizable value of inventories, which involved the use of significant assumptions, including the consideration of prices of similar products in the market at the time the estimates are made and expected future selling prices.</p> <p>We considered this a key audit matter due to the magnitude of the inventory balance, the various types of inventory items and the judgment made by management in determining the net realizable value of inventories, which in turn led to increased audit effort in performing audit procedures.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"><li>• Tested how management estimated the net realizable value of inventories, which included the following:<ul style="list-style-type: none"><li>– Tested the data used by management in determining the net realizable value.</li><li>– Evaluated the appropriateness of the method of estimating net realizable value.</li><li>– Evaluated the reasonableness of significant assumptions used by management in the calculation of net realizable value of inventories, by comparing them to:<ul style="list-style-type: none"><li>○ prices of similar products in the market at the time the estimates are made; and</li><li>○ expected future selling prices.</li></ul></li></ul></li><li>• For a sample of inventory items, compared the prior year estimates of inventory prices to their actual selling prices during the year.</li></ul>



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## **Other information**

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.





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## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Marc-Stéphane Pennee.

**/s/PricewaterhouseCoopers LLP<sup>1</sup>**

Montréal, Quebec  
February 27, 2024

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<sup>1</sup> CPA auditor, public accountancy permit No. A123642

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(in thousands of United States dollars)

	Notes	December 31 2023	December 31 2022
		\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		34,706	42,691
Accounts receivable	5	33,437	32,872
Inventories	6	105,850	86,254
Income tax receivable	18	1,672	5,488
Derivative financial assets	19	591	-
Other current assets	7	5,707	19,857
<b>Total current assets</b>		<b>181,963</b>	<b>187,162</b>
Property, plant and equipment	8	84,600	77,951
Right-of-use assets	9	29,290	30,082
Intangible assets	10	29,304	31,563
Goodwill	11	11,825	11,825
Deferred tax assets	18	8,261	6,002
Other assets	12	4,959	3,400
<b>Total non-current assets</b>		<b>168,239</b>	<b>160,823</b>
<b>Total assets</b>		<b>350,202</b>	<b>347,985</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and accrued liabilities	13	37,024	40,200
Income tax payable	18	4,535	8,780
Current portion of deferred revenue	16	13,437	11,730
Current portion of lease liabilities	9	1,811	2,136
Current portion of long-term debt	14	25,000	-
<b>Total current liabilities</b>		<b>81,807</b>	<b>62,846</b>
Long-term debt	14	83,500	121,000
Deferred tax liabilities	18	5,284	6,959
Employee benefit plan obligations	15	13,393	11,643
Lease liabilities	9	28,328	28,266
Deferred revenue	16	5,629	2,354
Other liabilities	17	3,669	2,141
<b>Total non-current liabilities</b>		<b>139,803</b>	<b>172,363</b>
<b>Total liabilities</b>		<b>221,610</b>	<b>235,209</b>
<b>Equity</b>		<b>128,592</b>	<b>112,776</b>
<b>Total liabilities and equity</b>		<b>350,202</b>	<b>347,985</b>

Commitments and contingencies (Note 25)

Subsequent event (Note 30)

The accompanying notes are an integral part of these consolidated financial statements.



**5N PLUS INC.****CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)**

Years ended December 31

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

	Notes	2023	2022
		\$	\$
<b>Revenue</b>		<b>242,371</b>	264,223
Cost of sales	29	<b>184,833</b>	215,715
Selling, general and administrative expenses	29	<b>29,410</b>	28,565
Other expenses (income), net	29	<b>756</b>	32,997
		<b>214,999</b>	277,277
<b>Operating earnings (loss)</b>		<b>27,372</b>	(13,054)
<b>Financial expenses</b>			
Interest on long-term debt	14	<b>8,262</b>	5,466
Imputed interest and other interest expense (income)		<b>572</b>	(274)
Foreign exchange and derivative (gain) loss		<b>(136)</b>	42
		<b>8,698</b>	5,234
<b>Earnings (loss) before income taxes</b>		<b>18,674</b>	(18,288)
Income tax expense (recovery)			
Current	18	<b>6,674</b>	6,865
Deferred	18	<b>(3,399)</b>	(2,154)
		<b>3,275</b>	4,711
<b>Net earnings (loss)</b>		<b>15,399</b>	(22,999)
<b>Basic earnings (loss) per share</b>	23	<b>0.17</b>	(0.26)
<b>Diluted earnings (loss) per share</b>	23	<b>0.17</b>	(0.26)

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

The accompanying notes are an integral part of these consolidated financial statements.

**5N PLUS INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

Years ended December 31

**(in thousands of United States dollars)**

	Notes	2023	2022
		\$	\$
<b>Net earnings (loss)</b>		<b>15,399</b>	<b>(22,999)</b>
<b>Other comprehensive (loss) income</b>			
<b>Items that may be reclassified subsequently to net earnings (loss)</b>			
Currency translation adjustment		<b>590</b>	<b>(3,657)</b>
		<b>590</b>	<b>(3,657)</b>
<b>Items that will not be reclassified subsequently to net earnings (loss)</b>			
Remeasurement of employee benefit plan obligations	15	<b>(1,572)</b>	<b>4,159</b>
Income taxes		<b>492</b>	<b>(1,300)</b>
		<b>(1,080)</b>	<b>2,859</b>
<b>Other comprehensive loss</b>		<b>(490)</b>	<b>(798)</b>
<b>Comprehensive income (loss)</b>		<b>14,909</b>	<b>(23,797)</b>

Comprehensive income (loss) is completely attributable to equity holders of 5N Plus Inc.

The accompanying notes are an integral part of these consolidated financial statements.

**5N PLUS INC.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Years ended December 31

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

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
<b>2023</b>						
<b>Balances at beginning of year</b>	<b>88,330,236</b>	<b>\$ 21,004</b>	<b>\$ 342,985</b>	<b>\$ (5,987)</b>	<b>\$ (245,226)</b>	<b>\$ 112,776</b>
Net earnings for the year	-	-	-	-	15,399	15,399
Other comprehensive loss	-	-	-	(490)	-	(490)
Comprehensive earnings	-	-	-	(490)	15,399	14,909
Exercise of stock options	374,488	880	(247)	-	-	633
Share-based compensation (Note 24)	-	-	274	-	-	274
<b>Balances at end of year</b>	<b>88,704,724</b>	<b>21,884</b>	<b>343,012</b>	<b>(6,477)</b>	<b>(229,827)</b>	<b>128,592</b>

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
<b>2022</b>						
<b>Balances at beginning of year</b>	<b>88,330,236</b>	<b>\$ 21,004</b>	<b>\$ 342,659</b>	<b>\$ (5,189)</b>	<b>\$ (222,227)</b>	<b>\$ 136,247</b>
Net loss for the year	-	-	-	-	(22,999)	(22,999)
Other comprehensive loss	-	-	-	(798)	-	(798)
Comprehensive loss	-	-	-	(798)	(22,999)	(23,797)
Share-based compensation (Note 24)	-	-	326	-	-	326
<b>Balances at end of year</b>	<b>88,330,236</b>	<b>21,004</b>	<b>342,985</b>	<b>(5,987)</b>	<b>(245,226)</b>	<b>112,776</b>

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	2023	2022
		\$	\$
<b>Operating activities</b>			
Net earnings (loss)		15,399	(22,999)
Adjustments to reconcile net earnings (loss) to cash flows			
Depreciation of property, plant and equipment	8	10,297	11,717
Depreciation of right-of-use assets	9	2,538	2,702
Amortization of intangible assets	10	3,275	3,313
Amortization of other assets	12	258	260
Impairment of non-current assets	4, 8, 10, 29	672	12,478
(Decrease) increase on loss allowance	5, 27	(114)	3
Loss on divestiture of a subsidiary	4	-	7,834
Share-based compensation expense	24	2,768	1,893
Deferred income taxes	18	(3,399)	(2,154)
Imputed interest	9	690	605
Employee benefit plan obligations	15	(246)	(403)
Loss on disposal of assets held for sale	29	-	216
Loss (gain) on disposal of property, plant and equipment	29	973	(13)
Unrealized gain on non-hedge financial instruments		(1,694)	(1,003)
Unrealized foreign exchange loss (gain) on assets and liabilities		634	(951)
<b>Cash from operations before the following:</b>		32,051	13,498
Net change in non-cash working capital balances	21	(14,800)	10,243
<b>Cash from operating activities</b>		17,251	23,741
<b>Investing activities</b>			
Divestiture of a subsidiary, net of cash divested	4	-	(2,652)
Cash outflows to cash held in escrow	4	-	(2,123)
Additions to property, plant and equipment	8, 21	(17,341)	(16,062)
Additions of intangible assets	10	(902)	(993)
Acquisition of investment in equity instruments	12	(1,000)	-
Proceeds on settlement of indexed deposit agreement	7	6,506	-
Proceeds on disposal of assets held for sale	29	-	2,816
Proceeds on disposal of property, plant and equipment	8	375	20
<b>Cash used in investing activities</b>		(12,362)	(18,994)
<b>Financing activities</b>			
Repayment of long-term debt	14	(12,500)	(5,000)
Proceeds from issuance of long-term debt	14	-	10,000
Deferred costs related to long-term debt	12	-	(732)
Issuance of common shares		633	-
Principal elements of lease payments	21	(2,858)	(2,999)
Increase in other liabilities	17	1,723	1,140
<b>Cash (used in) from financing activities</b>		(13,002)	2,409
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		128	(405)
<b>Net (decrease) increase in cash and cash equivalents</b>		(7,985)	6,751
Cash and cash equivalents, beginning of year		42,691	35,940
<b>Cash and cash equivalents, end of year</b>		34,706	42,691
<b>Supplemental information<sup>(1)</sup></b>			
Income tax paid		6,945	3,745
Interest paid		7,332	5,360

<sup>(1)</sup> Amounts paid for income tax and interest were reflected as cash flows from operating activities in the consolidated statements of cash flows.

The accompanying notes are an integral part of these consolidated financial statements.

## 1. Nature of Activities

5N Plus Inc. ("5N+" or the "Company") is a Canadian-based international company. 5N+ 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+'s products to enable performance and sustainability in their own products. 5N+ 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. The Company is headquartered at 4385 Garand Street, Montreal, Quebec (Canada) H4R 2B4. The Company 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. The Company's shares are listed on the Toronto Stock Exchange ("TSX"). 5N+ and its subsidiaries represent the "Company" mentioned throughout these consolidated financial statements. The Company has two reportable business segments, namely Specialty Semiconductors and Performance Materials.

These consolidated financial statements were approved by the Board of Directors on February 27, 2024.

## 2. Summary of Material Accounting Policies

The material accounting policy information regarding the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, which have been measured at fair value as described below.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are also further disclosed in this note, in the "Significant management estimation and judgment in applying accounting policies" section.

### Subsidiaries

Subsidiaries are all entities over which the Company has control. Control exists when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the power over the entity.

The following table includes the principal entities which significantly impact the results or assets of the Company:

	Country of incorporation	% Equity interest	
		2023	2022
5N Plus Inc.	Canada	100%	100%
5N PV GmbH	Germany	100%	100%
AZUR SPACE Solar Power GmbH ("Azur")	Germany	100%	100%
5N Plus Lübeck GmbH	Germany	100%	100%
5N Plus Belgium SA <sup>(1)</sup>	Belgium	-	-
5N Plus Asia Limited	Hong Kong	100%	100%
5N Plus Wisconsin Inc.	United States	100%	100%

<sup>(1)</sup> On December 19, 2022, the Company divested its investment in 5N Plus Belgium SA. The revenues and expenses of this investment from January 1, 2022 until the date of disposition have been included within the Company's consolidated statement of earnings (loss). See note 4 for additional information.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

### Foreign currency translation

#### a) Functional and presentation currency

The Company's functional and presentation currency is the US dollar. Functional currency is determined for each of the Company's entities, and items included in the financial statements of each entity are measured using that functional currency.

#### b) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities, and revenue and expense items denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statement of earnings (loss).

Foreign exchange gains and losses are presented in the consolidated statement of earnings (loss) within "foreign exchange and derivative (gain) loss".

#### c) Foreign operations

Assets and liabilities of subsidiaries that have a functional currency other than US dollar are translated from their functional currency to US dollars at exchange rates in effect at the reporting date. The resulting translation adjustments are included in the currency translation adjustment in other comprehensive loss. Revenue and expenses are translated at the average exchange rates for the period.

### Segment reporting

The Company has the following two reportable segments: Specialty Semiconductors and Performance Materials. Corresponding operations and activities are managed accordingly by the Company's key decision makers. Segmented operating, financial information and labelled key performance indicators are available and used to manage these business segments, review performance and allocate resources.



Operating in North America and Europe, the Specialty Semiconductors segment manufactures and sells products used in several applications such as renewable energy, space satellites and imaging. Typical end markets include photovoltaics (terrestrial and spatial solar energy), medical imaging, infrared imaging, optoelectronics and advanced electronics. These products are sold either in semiconductor compounds, semiconductor wafers, ultra high purity metals, epitaxial semiconductor substrates and solar cells. Revenues and earnings associated with recycling services and activities provided to Specialty Semiconductors customers are captured in this segment.

The Performance Materials segment operates in North America, Europe and Asia and manufactures and sells products that are used in several applications in pharmaceutical and healthcare and industrial. Main products are sold as active pharmaceutical ingredients, animal feed additives, specialized chemicals, commercial grade metals, alloys, and engineered powders. All commercial grade metal and engineered powder sales have been regrouped under Performance Materials. Revenues and earnings associated with recycling services and activities provided to Performance Materials customers are captured in this segment.

Corporate expenses associated with the head office and unallocated selling, general and administrative expenses, together with financing expenses have been regrouped under the heading "Corporate and unallocated".

Each operating segment is managed separately as each of these service lines requires different technologies, resources and marketing approaches. The financial information of the recycling and trading of complex material is allocated to the two main segments. All intersegment transactions between the Specialty Semiconductors and the Performance Materials segments have been eliminated on consolidation.

### Revenue recognition

Revenue comprises the sale of manufactured products and the rendering of services and is measured at the amounts specified in the customer's arrangement.

Sales of manufactured products are recognized when products are delivered to the customer, which is also the moment when control of the products is transferred, and when there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract. Revenue from custom refining activities, often referred to as tolling, is recognized when services are rendered, at a point in time.

Accounts receivable are recognized when the products are delivered or services are rendered, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The Company does not expect to have any contracts where the period between the transfer of the promised products or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Deferred revenue is recognized by the company as a non-current liability in relation to long-term revenue contracts with customers which involve performance obligations which are satisfied over time rather than at a point in time. The amount of which is expected to be realized within one year is recorded within the heading "Current portion of deferred revenue". Cash payments received or advances due pursuant to contractual arrangements related to the sale of goods are also recorded as deferred revenue until all of the foregoing conditions of revenue recognition have been met. The Company does not expect to have any contractual arrangements whereby the cash payment or advance is received more than one year before the underlying goods are delivered and therefore these advances are also presented within the heading "Current portion of deferred revenue".

**Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants that compensate the Company for a specific expense incurred are recognized in the consolidated statement of earnings (loss) against the expenses.

Grants that are related to assets are recognized by deducting the grant from the carrying amount of the specific asset. The grant is recognized in the consolidated statement of earnings (loss) over the life of a depreciable asset as a reduced depreciation expense.

**Property, plant and equipment**

Property, plant and equipment are recorded at cost, net of accumulated depreciation, accumulated impairment losses and subsequent reversals, if applicable. Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, taking into account any residual values. Useful lives are as follows:

	Period
Land	Not depreciated
Building	25 years
Production equipment	Up to 15 years
Furniture	3 to 10 years
Office equipment	3 to 10 years
Rolling stock	3 to 10 years
Leasehold improvements	Over the term of the lease

Construction in progress is not depreciated until the assets are put into use. Costs are only capitalized if they are directly attributable to the construction or development of the assets.

Residual values, method of depreciation and useful life of the assets are reviewed annually and adjusted if appropriate.

**Leases**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

***Right-of-use assets***

Right-of-use assets are measured at cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

***Lease liabilities***

Lease liabilities are measured at the net present value of future lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of earnings (loss). Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension options are included in a number of property and equipment leases across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Company and not by the respective lessor.

### Intangible assets

Intangible assets acquired separately are recorded at cost, net of accumulated amortization, accumulated impairment losses and reversals, if applicable.

Intangible assets are amortized on a straight-line basis over their useful lives according to the following annual terms:

	Period
Customer relationships	15 years
Technology	Not exceeding 15 years
Trade name	10 years
Software	5 years
Development costs	Not exceeding 10 years
Backlog	3 years

### Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination and is initially measured at the acquisition date. Goodwill is subsequently carried at cost less any accumulated impairment losses.

At the date of acquisition, goodwill is assigned to the cash-generating unit (CGU) or group of CGUs that is expected to benefit from the synergies of the business combination. For the purposes of impairment testing, goodwill is allocated to the Company's operating segments, which is the level at which the chief operating decision maker monitors goodwill. The CGU is tested for impairment annually, or more frequently when there is indication that the CGU may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the goodwill allocated to the CGU and then, to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis. Any impairment loss is recognized in the consolidated statement of earnings (loss). An impairment loss recognized for goodwill is not reversed in subsequent periods.

### Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets that have an indefinite useful life and assets that are not yet available for use, are not subject to amortization and are tested annually for impairment or whenever indicators of impairment exist. Assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. The recoverable amount is determined for an individual asset; unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In such case, the CGU to which the asset belongs is used to determine the recoverable amount. Impairment losses are recognized in the consolidated statement of earnings (loss).

The Company evaluates impairment losses for potential reversals at each reporting date. An impairment loss is reversed if there is any indication that the loss has decreased or no longer exists due to changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not

exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Such reversal is recognized in the consolidated statement of earnings (loss).

### **Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **Measurement**

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets or financial liabilities carried at FVPL are expensed in the consolidated statement of earnings (loss).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Measurement in subsequent periods depends on the classification of the financial instrument. The Company has classified its financial instruments in the following categories depending on the purpose for which the instruments were acquired and their characteristics.

### **Financial assets**

#### **Debt instruments**

For the subsequent measurement, there are two measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated statement of earnings (loss) and presented in other gains (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of earnings (loss).
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortized cost or fair value through other comprehensive loss (FVOCI) are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the consolidated statement of earnings (loss) and presented net within other expenses (income), net in the period in which it arises.

#### **Investment in equity instruments**

For the subsequent measurement, investments in equity instruments which the Company did not make an irrevocable election to present in FVOCI are measured at FVPL. A gain or loss on an investment in equity instruments that is subsequently measured at FVPL is recognized in the consolidated statement of earnings (loss) and presented net within "Other expenses (income), net" in the period in which it arises.

### **Financial liabilities**

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for financial liabilities at FVPL. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

**Financial instrument classification**

Category	Financial instrument
Financial assets and liabilities at fair value through profit and loss	Total return swap (Note 7) Indexed deposit agreement (Note 7) Investment in equity instrument (Note 12) Restricted investment (Note 12)
Financial assets and liabilities at amortized cost	Cash and cash equivalents Accounts receivable Cash held in escrow (Note 7) Trade and accrued liabilities Long-term debt

**Impairment**

At each reporting date, the Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables (Note 27). The Company assumes that there is no significant increase in credit risk for instruments that have a low credit risk.

**Derivative financial instruments and hedging activities**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

For the year ended December 31, 2023 and 2022, the Company has no derivative financial instruments designated as a hedging instrument.

**Embedded financial liabilities derivatives**

Embedded derivatives are recorded at fair value separately from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host contract. Subsequent changes in fair value are recorded in financial expenses in the consolidated statement of earnings (loss). For the year ended December 31, 2023 and 2022, the Company has no embedded derivative.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand.

**Cash held in escrow**

Cash held in escrow represents cash which is restricted pursuant to a contractual arrangement and is held in a separate bank account. Cash held in escrow is presented within "Other current assets".

## Inventories

Inventories are carried at the lower of cost and net realizable value. Cost includes all expenditures directly attributable to the manufacturing process as well as suitable portions of related production overheads based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using weighted average cost. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and any applicable selling expenses. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the impairment is reversed (i.e. the reversal is limited to the amount of the original impairment) so that the new carrying amount is the lower of the cost and the revised net realizable value.

From time to time, when substantially all required raw materials are in inventory, the Company may choose to enter into long-term fixed-price sales contracts. The quantity of raw materials required to fulfill these contracts is specifically assigned, and the average cost of these raw materials is accounted for separately throughout the duration of the contract.

## Income taxes

The tax expense for the year which comprises current and deferred tax is recognized in the consolidated statement of earnings (loss), except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In which case, the tax expense is also recognized in other comprehensive loss or directly in equity, respectively.

### a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### b) Deferred tax

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that are enacted or substantively enacted at the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

Deferred income tax is presented to provide impact of temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



### Research and development expenses

Research expenses are charged to the consolidated statement of earnings (loss) in the period they are incurred and are included under "Other expenses (income), net". Development expenses which are directly attributable expenses, either internal or external, are charged to the consolidated statement of earnings (loss), except if the Company can demonstrate all of the following (in that case capitalised as an intangible assets – development costs):

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

### Employee future benefits

The Company contributes to two defined benefit pension plans. The significant policies related to employee future benefits are as follows:

- The cost of pension and other post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, market interest rates and management's best estimate of expected plan investment performance, retirement age of employees and expected health care costs;
- Fair value is used to value the plan assets for the purpose of calculating the expected return on plan assets; and
- Actuarial gains and losses arising from experience adjustment and change in actuarial assumptions are charged or credited to equity in other comprehensive loss in the period in which they arise.

### Share-based payments

The fair value of the equity-settled share-based payment plan is determined using the Black-Scholes model on the grant date. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, weighted average expected life of the instrument, expected dividends, expected forfeiture rate, and the risk-free interest rate. The impact of service and non-market vesting conditions is not taken into account in determining fair value. The compensation expense of the equity-settled awards is recognized in the consolidated statement of earnings (loss) over the graded vesting period, where the fair value of each tranche is recognized over its respective vesting period.

For cash-settled share-based payment plans, the compensation expense is determined based on the fair value of the liability incurred at each reporting date until the award is settled. The fair value of compensation expense is calculated by multiplying the number of units expected to vest with the fair value of one unit as of grant date based on the market price of the Company's common shares. Until the liability is settled, the Company re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in the consolidated statement of earnings (loss).

### Earnings per share

Diluted earnings (loss) per share assume the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The treasury stock method is used to determine the dilutive effect of share options.

**Significant management estimation and judgment in applying accounting policies**

The following are significant management judgments used in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

***Estimation uncertainty***

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenues and expenses are discussed below.

***Impairment of non-financial assets***

An impairment loss is recognized for the amount by which an asset's or CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less cost of disposal and value in use.

To determine the recoverable amount, significant judgement is required as management must estimate expected future cash flows from the asset or CGU and it must determine a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results using the estimated forecasted prices obtained from various market sources. These key assumptions relate to future events and circumstances. The actual results will vary and may cause adjustments to the Company's assets in future periods. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and to asset-specific risk factors.

***Inventories***

Inventories are carried at the lower of cost and net realizable value, with cost determined using the average cost method. In estimating net realizable values, management takes into account the most reliable evidence available at the time the estimates are made. The Company's core business is subject to changes in foreign policies and internationally accepted metal prices which may cause future selling prices to change rapidly. The Company evaluates its inventories using a group of similar items basis and considers expected future prices as well as events that have occurred between the consolidated statement of financial position date and the date of the completion of the consolidated financial statements. Net realizable value for inventory to satisfy a specific sales contract is measured at the contract price.

***Income taxes***

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Company has deferred income tax assets that are subject to periodic recoverability assessments. Realization of the Company's deferred income tax assets is largely dependent on its achievement of projected future taxable income and the continued applicability of ongoing tax planning strategies. The Company's judgments regarding future profitability may change due to future market conditions, changes in tax legislation and other factors that could adversely affect the ongoing value of the deferred income tax assets. These changes, if any, may require a material adjustment of these deferred income tax asset balances through an adjustment to the carrying value thereon in the future. This adjustment would reduce the deferred income tax asset to the amount that is considered to be more likely than not to be realized and would be recorded in the period such a determination was to be made (Note 18).

### 3. Adoption of New Accounting Standards and Future Changes in Accounting Policies

#### Adoption of new accounting standards

For the year ended December 31, 2023, the Company evaluated the new accounting standards issued and effective under IFRS Accounting Standards and determined that they have no significant impact to its financial statements.

#### Future Changes in accounting policies

As at December 31, 2023, the Company evaluated the new accounting standards issued but not yet effective under IFRS Accounting Standards and determined that none are applicable to the Company based on its current operations.

### 4. Divestiture of Subsidiary

On December 19, 2022, the Company divested its 100% interest in 5N Plus Belgium SA, previously included within its Performance Materials segment, and recognized a loss on divestiture of \$7,834. The decision to cease the production of lower margin products used in catalytic and extractive applications was made following a strategic review of the Company's legacy operations. As part of the transaction, a provision of \$2,594 was recorded under Litigation and Restructuring to support the new owners to ensure site compliance with most recent environmental standards and for other related costs, of which 2.0 million euros or \$2,133 is held in escrow. Prior to the divestiture, the Company recorded an impairment charge of \$7,092 on Property, plant, and equipment (Note 8) following the intention to halt production at its manufacturing facility in Tilly, Belgium.

These expenses are presented within the consolidated statement of earnings (loss) within Other expenses (income), net.

### 5. Accounts Receivable

	2023	2022
	\$	\$
Gross trade receivables	25,155	26,255
Loss allowance (Note 27)	(38)	(152)
Trade receivables	25,117	26,103
Sales taxes receivable	4,963	3,265
Other receivables	3,357	3,504
<b>Total accounts receivable</b>	<b>33,437</b>	<b>32,872</b>

The Company's exposure to credit risks and the calculation of the loss allowance related to accounts receivable are disclosed in Note 27.

Most of the accounts receivable are pledged as security for the revolving credit facility (Note 14).

## 6. Inventories

	2023	2022
	\$	\$
Raw materials	36,297	28,436
Finished goods	69,553	57,818
<b>Total inventories</b>	<b>105,850</b>	<b>86,254</b>

For the year ended December 31, 2023, a total of \$101,176 of inventories was included as an expense in cost of sales (2022 – \$118,643).

For the year ended December 31, 2023, a total of \$38 previously written down was recognized as a reduction of expenses in cost of sales concurrently with the related inventories being sold (\$15 for the Specialty Semiconductors segment and \$23 for the Performance Materials segment). For the year ended December 31, 2022, a total of \$1,464 previously written down was recognized as a reduction of expenses in cost of sales concurrently with the related inventories being sold (\$22 for the Specialty Semiconductors segment and \$1,442 for the Performance Materials segment).

The majority of inventories are pledged as security for the revolving credit facility (Note 14).

## 7. Other current assets

	2023	2022
	\$	\$
Cash held in escrow (Note 4 and 29)	2,212	10,613
Indexed deposit agreement	-	5,517
Prepays and others	3,495	3,727
<b>Total other current assets</b>	<b>5,707</b>	<b>19,857</b>

During 2023, the Company recovered cash held in escrow for an amount of 7,950 euros. This amount, previously recorded since the acquisition as payable to the previous shareholder of AZUR, was recovered as per stipulations in the share purchase agreement not related to AZUR's performance post-acquisition.

In March 2023, the indexed deposit agreement entered with a major Canadian financial institution in June 2017, was amended to a total return swap wherein share price fluctuations are settled via cash annually. As part of this amendment, the Company received, \$6,506 which represents the fair value of the indexed deposit agreement as at the amendment date.

The Company entered into the total return swap, previously the indexed deposit agreement, to reduce its income exposure to fluctuations in its share price relating to the DSU, PSU, RSU and SAR programs. Pursuant to the agreement, the Company receives the economic benefit of the share price appreciation while providing payments to the financial institution for the institution's cost of funds and any share price depreciation. The net effect of the total return swap partly offset movements in the Company's share price impacting the cost of the DSU, PSU, RSU and SAR programs. As at December 31, 2023, the total return swap covered 2,571,569 common shares of the Company.

## 8. Property, Plant and Equipment

	Land and buildings	Production equipment	Construction in progress	Furniture, office equipment and rolling stock	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Net book value as at December 31, 2021	15,585	46,796	14,060	2,506	2,579	81,526
Business combination	-	5,017	(379)	-	355	4,993
Additions	86	1,737	13,081	378	14	15,296
Disposals	(4)	(3)	-	-	-	(7)
Reclassification to assets held for sale (Note 29)	(3,032)	-	-	-	-	(3,032)
Depreciation	(764)	(8,940)	-	(1,304)	(709)	(11,717)
Impairment	(2,374)	(4,599)	-	(119)	-	(7,092)
Transfer between categories	1,597	4,264	(6,627)	10	756	-
Effect of foreign exchange	(150)	(1,511)	(224)	(52)	(79)	(2,016)
Net book value as at December 31, 2022	10,944	42,761	19,911	1,419	2,916	77,951
Additions	30	893	18,598	500	332	20,353
Disposals	-	(288)	(3,571)	(3)	(1)	(3,863)
Depreciation	(765)	(8,535)	-	(556)	(441)	(10,297)
Impairment	-	(672)	-	-	-	(672)
Transfer between categories	-	17,537	(17,597)	15	45	-
Effect of foreign exchange	(25)	706	358	18	71	1,128
<b>Net book value as at December 31, 2023</b>	<b>10,184</b>	<b>52,402</b>	<b>17,699</b>	<b>1,393</b>	<b>2,922</b>	<b>84,600</b>
As at December 31, 2022						
Cost	18,823	90,157	19,911	5,135	6,275	140,301
Accumulated depreciation	(7,879)	(47,396)	-	(3,716)	(3,359)	(62,350)
Net book value	10,944	42,761	19,911	1,419	2,916	77,951
As at December 31, 2023						
Cost	18,791	107,675	17,699	5,136	6,676	155,977
Accumulated depreciation	(8,607)	(55,273)	-	(3,743)	(3,754)	(71,377)
<b>Net book value</b>	<b>10,184</b>	<b>52,402</b>	<b>17,699</b>	<b>1,393</b>	<b>2,922</b>	<b>84,600</b>

During 2023, the Company recorded an impairment of non-current assets of \$672 in relation to Property, plant and equipment included within the Performance Materials segment, to reflect the assessment of the carrying value of production equipment following the Company's decision to switch to higher capacity equipment.

During 2022, the Company recorded an impairment of non-current assets of \$7,092, included in the Performance Materials segment, to reflect the assessment of the carrying value of property, plant and equipment following the intention to halt production at its manufacturing facility in Tilly, Belgium. Consequently, the Company's projections regarding the future cashflows from the property, plant and equipment of Tilly were minimal. The impairment charges are recognized under Other expenses within the consolidated statement of earnings (loss) (Note 4).

As at December 31, 2023, property, plant and equipment include \$6,669 of prepayments for construction in progress (\$4,001 as at December 31, 2022).

Most of the property, plant and equipment are pledged as security for the revolving credit facility (Note 14).

## 9. Leases

### Right-of-use assets

	Buildings	Production equipment	Office equipment and rolling stock	Total
	\$	\$	\$	\$
Net book value as at December 31, 2021	31,543	238	417	32,198
Business combination	(938)	-	-	(938)
Additions	2,300	107	290	2,697
Modification to lease contracts	198	-	-	198
Divestiture of subsidiary (Note 4)	-	(55)	(140)	(195)
Depreciation	(2,364)	(128)	(210)	(2,702)
Effect of foreign exchange and others	(1,167)	(4)	(5)	(1,176)
Net book value as at December 31, 2022	29,572	158	352	30,082
Additions	229	12	207	448
Modification to lease contracts	654	24	-	678
Depreciation	(2,292)	(66)	(180)	(2,538)
Effect of foreign exchange and others	618	-	2	620
<b>Net book value as at December 31, 2023</b>	<b>28,781</b>	<b>128</b>	<b>381</b>	<b>29,290</b>
As at December 31, 2022				
Cost	35,319	305	509	36,133
Accumulated depreciation	(5,747)	(147)	(157)	(6,051)
Net book value	29,572	158	352	30,082
As at December 31, 2023				
Cost	35,357	335	737	36,429
Accumulated depreciation	(6,576)	(207)	(356)	(7,139)
<b>Net book value</b>	<b>28,781</b>	<b>128</b>	<b>381</b>	<b>29,290</b>



**Lease liabilities**

	2023	2022
	\$	\$
Current portion	1,811	2,136
Non-current portion	28,328	28,266
<b>Total lease liabilities</b>	<b>30,139</b>	<b>30,402</b>

Amounts recognized in the consolidated statements of earnings:

	2023	2022
	\$	\$
Imputed interest <sup>(1)</sup>	690	605
Income from sub-leasing right-of-use assets <sup>(2)</sup>	(71)	(123)
Variable lease payments not included in the measurement of lease liabilities <sup>(3)</sup>	200	235
Expenses relating to short-term leases <sup>(3)</sup>	103	188
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets <sup>(3)</sup>	256	173

<sup>(1)</sup> Included in financial expenses.

<sup>(2)</sup> Included in other expenses (income), net.

<sup>(3)</sup> Included in cost of sales and selling, general and administrative expenses.

**10. Intangible Assets**

	Customer relationship	Technology	Trade name, software, development costs and others	Total
	\$	\$	\$	\$
Net book value as at December 31, 2021	15,805	11,072	13,597	40,474
Business combination	(423)	2,984	(3,534)	(973)
Additions	-	-	993	993
Divestiture of subsidiary (Note 4)	-	-	(66)	(66)
Amortization	(742)	(1,251)	(1,320)	(3,313)
Impairment	(5,123)	-	(263)	(5,386)
Effect of foreign exchange	-	(37)	(129)	(166)
Net book value as at December 31, 2022	9,517	12,768	9,278	31,563
Additions	-	-	902	902
Amortization	(688)	(1,223)	(1,364)	(3,275)
Effect of foreign exchange	-	11	103	114
<b>Net book value as at December 31, 2023</b>	<b>8,829</b>	<b>11,556</b>	<b>8,919</b>	<b>29,304</b>

As at December 31, 2022

Cost	10,425	15,023	15,465	40,913
Accumulated amortization	(908)	(2,255)	(6,187)	(9,350)
Net book value	9,517	12,768	9,278	31,563

As at December 31, 2023

Cost	10,425	15,045	16,503	41,973
Accumulated amortization	(1,596)	(3,489)	(7,584)	(12,669)
<b>Net book value</b>	<b>8,829</b>	<b>11,556</b>	<b>8,919</b>	<b>29,304</b>

In 2022, the Company recorded an impairment of non-current assets of \$5,386, included in the Specialty Semiconductors segment, to reflect the assessment of the carrying value of intangible assets impacted by the invasion of Ukraine by Russia, more precisely in reference to Russia based customers. The Company's initial assumptions regarding the timing of future cashflows from these customers can no longer be supported given the uncertainty associated with recent international sanctions against Russia, and the unknown duration of the conflict. The impairment charges are recognized under Other expenses within the consolidated statement of earnings (loss).

As at December 31, 2023, intangible assets that were not depreciated until ready for their intended use amounted to \$1,568 (2022 – \$812). The category of development costs which includes capitalized costs of \$11,295 (2022 - \$10,798), consists of internally generated intangible assets.

## 11. Goodwill

	2023	2022
	\$	\$
<b>Beginning of year</b>	<b>11,825</b>	13,841
Business combination	-	(2,016)
<b>End of year</b>	<b>11,825</b>	11,825

Goodwill is allocated to the Specialty Semiconductor segment. For the purposes of the Company's annual goodwill impairment test, AZUR is considered as its own CGU. Based on the result of this test, no impairment charges are required. The recoverable amount was determined based on the CGU's value in use which was calculated by using a discounted cash flow (DCF) approach.

The key assumptions used for the purposes of the DCF are outlined below:

- Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. The first three years of the five-year projection period were forecasted by Management. The extended two-year period was calculated using the 2018-2023 Compound Annual Growth Rate for the revenues;
- Terminal growth rate: A terminal growth rate of 5.0% is used to extrapolate the Company's projection and it was determined using the industry expectation and market trends; and
- Discount rate: Cash flows are discounted using pre-tax discount rate which is estimated based on the historical industry average weighted-average cost of capital. The discount rate used is 9.2% (2022 – 9.9%).

## 12. Other assets

	2023	2022
	\$	\$
Deferred costs	519	777
Investment in equity instruments	3,000	2,000
Prepays	836	-
Restricted investment and other	604	623
<b>Total other assets</b>	<b>4,959</b>	3,400

In December 2023 and January 2021, the Company acquired a minority equity stake in Microbion Corporation (Microbion) for an amount of \$1,000 and \$2,000 respectively.

The Company also owns a restricted investment of \$603 (2022 - \$620) which is valued at fair value through profit or loss.

**13. Trade and Accrued Liabilities**

	2023	2022
	\$	\$
Trade payables	17,906	14,281
Accrued liabilities <sup>(1)</sup>	19,118	17,440
Consideration payable (Note 7 and 29)	-	8,479
<b>Total trade and accrued liabilities</b>	<b>37,024</b>	<b>40,200</b>

<sup>(1)</sup> As at December 31, 2023, an amount of \$2,210 was still outstanding with respect to the provision of \$2,675 outstanding as at December 31, 2022. Provisions of \$289 were taken in 2023, of which \$152 was still outstanding as at December 31, 2023.

**14. Long-Term Debt**

	2023	2022
	\$	\$
Senior secured revolving facility of \$124,000 with a syndicate of banks, maturing in April 2026	83,500	96,000
Subordinated term loan, maturing in March 2024	25,000	25,000
	108,500	121,000
Less current portion of long-term debt	(25,000)	-
	<b>83,500</b>	<b>121,000</b>

**Senior secured revolving facility**

In June 2022, the Company signed a senior secured multi-currency revolving credit facility of \$124,000 maturing in April 2026 to replace its existing \$124,000 senior secured revolving facility maturing in April 2023. At any time, the Company has the option to request that the credit facility be expanded through the exercise of an additional \$30,000 accordion feature, subject to review and approval by the lenders. This revolving credit facility can be drawn in US dollars, Canadian dollars or Hong Kong dollars (up to \$4,000). Drawings bear interest at either the Canadian prime rate, US base rate, Hong Kong base rate or SOFR, plus a margin based on the Company's senior net debt to consolidated EBITDA ratio. Under the terms of its credit facility, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at December 31, 2023, the Company had met all covenants.

**Subordinated term loan**

In February 2019, the Company signed a five-year subordinated term loan with Investissement Québec. The loan was disbursed in two tranches: the first tranche of \$5,000 on February 6, 2019 and the second tranche of \$20,000 on March 22, 2019. The two tranches of the term loan bear interest equivalent to the 5-year US dollar swap rate plus a margin of 4.19%, which equals to 6.82% and 6.64% respectively. Under the terms of the loan, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at December 31, 2023, the Company has met all covenants.

## 15. Employee Benefit Plan Obligations

The Company operates two defined pension plans in Germany based on employee pensionable earnings and length of service.

### Unfunded defined benefit plan

Former general and senior managers had been provided with direct benefit commitments. Employees had been provided with indirect benefit commitments via the Unterstützungseinrichtung der HEK GmbH e.V. Such promises had been made for employees with an entry date of December 31, 1993 or earlier.

### Funded defined benefit plan

The pension obligations are via a pension fund with commitments to old-age, disability and survivors' pension to managers as well as employees. Such promises had been made for employees with an entry date of December 31, 2007 or earlier. Vesting of benefits is being determined by the employers' pension-plan act (Gesetz über die Verbesserung der betrieblichen Altersversorgung). The pension scheme is fully funded by two absolute return strategies funds at Generali Pensionsfond AG. These investment funds have quoted prices in active markets.

	2023	2022
	\$	\$
Fair value of plan assets	2,269	2,363
Present value of funded obligation	3,839	3,425
Present value of net obligation for funded obligation	1,570	1,062
Present value of unfunded obligation	11,823	10,581
<b>Present value of net obligations</b>	<b>13,393</b>	<b>11,643</b>

Movement in the defined benefit obligations is as follows:

	2023			2022		
	Unfunded	Funded	Total	Unfunded	Funded	Total
	\$	\$	\$	\$	\$	\$
<b>Beginning of year</b>	<b>10,581</b>	<b>3,425</b>	<b>14,006</b>	14,725	5,575	20,300
Current service cost	39	-	39	58	-	58
Interest cost	432	140	572	165	63	228
Effect of foreign exchange	374	131	505	(862)	(350)	(1,212)
Benefits paid	(695)	(187)	(882)	(655)	(177)	(832)
Actuarial losses (gains)						
From changes in financial assumptions	761	304	1,065	(3,481)	(1,728)	(5,209)
From changes in other assumptions	331	26	357	631	42	673
<b>End of year</b>	<b>11,823</b>	<b>3,839</b>	<b>15,662</b>	10,581	3,425	14,006

Movement in plan assets is as follows:

	2023	2022
	\$	\$
<b>Beginning of year</b>	<b>2,363</b>	3,069
Interest income	97	34
Return on plan assets, excluding amounts included in interest income	(150)	(377)
Contributions	65	-
Pension benefits paid	(187)	(177)
Effect of foreign exchange	81	(186)
<b>End of year</b>	<b>2,269</b>	2,363

The principal actuarial assumptions as at December 31 were as follows:

	2023		2022	
	Unfunded	Funded	Unfunded	Funded
Discount rate	3.5%	3.5%	4.2%	4.2%
Salary growth rate	2.5%	2.5%	2.5%	2.5%
Pension growth rate	2.3%	2.0%	2.3%	2.0%

Assumptions regarding mortality are based on mortality tables "Richttafeln 2018 G" by Prof. Dr. Klaus Heubeck as biometrical basis in accordance with age of earliest retirement by law RV-Altersgrenzenanpassungsgesetz, dated April 20, 2007 for the unfunded defined benefit plan and with age of earliest retirement by 65 years for the funded defined benefit plan.

The sensitivity of the defined benefit obligations to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

	Impact on defined benefit obligations					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded
Discount rate	0.50%	0.50%	(5.02%)	(5.93%)	5.50%	6.58%
Salary growth rate	0.50%	0.50%	0.24%	-%	(0.23%)	-%
Pension growth rate	0.50%	0.50%	4.51%	5.28%	(4.18%)	(4.88%)

  

	Increase by 1 year in assumption		Decrease by 1 year in assumption	
	Unfunded	Funded	Unfunded	Funded
Life expectancy	4.05%	3.48%	(3.58%)	(3.11%)

The weighted average duration of the unfunded and funded defined benefit obligations are 10.51 years and 12.35 years (2022 – 10.29 years and 12.10 years).

Though its defined benefit pension plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Specific to employee benefit obligations, the Company is mainly exposed to economic and demographic risks such as salary inflation and changes in life expectancy. The plans' obligations are to provide benefits for the duration of the life of its members, therefore, increases in life expectancy will result in an increase in the plans' liabilities. In addition, the obligations are impacted by the discount rate.

Defined benefit pension plan assets are invested in order to meet funded pension obligations. The ability of the Company's fund assets to meet employee benefit obligations is subject to market risk such as foreign currency risk, interest rate risk, and other price risk. Credit risk also affects plan assets, as they are partially comprised of investments in bonds. The default of a bond issuer would decrease plan assets and the Company's corresponding ability to meet employee benefit obligations.

Expected maturity analysis of undiscounted pension liability:

	2023			2022		
	Unfunded	Funded	Total	Unfunded	Funded	Total
	\$	\$	\$	\$	\$	\$
Less than a year	710	198	908	676	186	862
Between 1 and 5 years	2,984	845	3,829	2,796	786	3,582
Over 5 years	14,553	5,537	20,090	14,140	5,378	19,518
<b>Total</b>	<b>18,247</b>	<b>6,580</b>	<b>24,827</b>	<b>17,612</b>	<b>6,350</b>	<b>23,962</b>

Expected contributions to pension benefit plans for the year ending December 31, 2024 are \$908.

## 16. Deferred revenue

	2023	2022
	\$	\$
Prepayments from clients	11,591	9,409
Current portion of deferred revenue related to long-term contracts	1,846	2,321
<b>Current portion of deferred revenue</b>	<b>13,437</b>	<b>11,730</b>
Non-current portion of deferred revenue related to long-term contracts	5,629	2,354
<b>Non-current portion of deferred revenue</b>	<b>5,629</b>	<b>2,354</b>
<b>Total deferred revenue</b>	<b>19,066</b>	<b>14,084</b>

For the year ended December 31, 2023, \$10,441 (2022 - \$5,605) of revenue was realized in relation to the deferred revenue balance outstanding at the beginning of the year.

## 17. Other Liabilities

	2023	2022
	\$	\$
<b>Beginning of year</b>	<b>2,141</b>	<b>1,255</b>
Divestiture of subsidiary (Note 4)	-	(195)
Increase in liabilities	1,723	1,140
Utilized	(231)	-
Effect of foreign exchange	36	(59)
<b>End of year</b>	<b>3,669</b>	<b>2,141</b>

## 18. Income Taxes

	2023	2022
	\$	\$
Current tax:		
Current tax for the year	6,459	7,213
Adjustment in respect of prior years' estimates	215	(348)
<b>Total current tax</b>	<b>6,674</b>	<b>6,865</b>
Deferred tax:		
Recognition and reversal of temporary differences	(3,615)	(2,446)
Adjustment in respect of prior years' estimates	216	292
<b>Total deferred tax</b>	<b>(3,399)</b>	<b>(2,154)</b>
<b>Income tax expense</b>	<b>3,275</b>	<b>4,711</b>



A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

	2023	2022
	\$	\$
Earnings (loss) before income tax	18,674	(18,288)
Canadian statutory income tax rates	26.5%	26.5%
Income tax on earnings (losses) at Canadian statutory rate	4,949	(4,846)
Increase (decrease) resulting from:		
Unrecorded losses carried forward	911	3,268
Non-deductible expense for tax purposes	312	3,670
Non-taxable litigation and restructuring income	(2,341)	-
(Non-taxable) non-deductible foreign exchange	(1,354)	1,868
Effect of difference of foreign tax rates compared to Canadian tax rates	3	299
Withholding tax on group dividend	410	522
Adjustment in respect of prior years' estimates	431	(56)
Other	(46)	(14)
<b>Income tax expense</b>	<b>3,275</b>	<b>4,711</b>

The Company's applicable tax rate is the Canadian combined rates applicable in the jurisdiction in which the Company operates.

Movement in the deferred income tax amounts is as follows:

	2023	2022
	\$	\$
<b>Beginning of year</b>	<b>(957)</b>	<b>(638)</b>
Business combination	-	(1,071)
Tax charge relating to components of other comprehensive income (loss)	492	(1,300)
Credited to consolidated statement of earnings	3,399	2,154
Impact of foreign exchange	43	(102)
<b>End of year</b>	<b>2,977</b>	<b>(957)</b>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

Deferred tax assets	Property, plant and equipment	Inventories	Intangible assets	Loss carry forward	Retirement benefit obligation	Others	Total	Offset by jurisdiction	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at December 31, 2021	908	424	307	3,876	4,459	833	10,807	(3,800)	7,007
Divestiture of subsidiary (Note 4)	-	-	-	(274)	-	(49)	(323)		
(Charged) credited to consolidated statements of earnings	(120)	969	-	(789)	(379)	264	(55)		
Credited to comprehensive income	-	-	-	-	(1,300)	-	(1,300)		
Effect of foreign exchange	-	-	-	-	-	(102)	(102)		
As at December 31, 2022	788	1,393	307	2,813	2,780	946	9,027	(3,025)	6,002
(Charged) credited to consolidated statements of earnings	(180)	(388)	160	3,932	400	461	4,385		
Credited to comprehensive income	-	-	-	-	492	-	492		
Effect of foreign exchange	-	-	-	-	-	43	43		
<b>As at December 31, 2023</b>	<b>608</b>	<b>1005</b>	<b>467</b>	<b>6,745</b>	<b>3,672</b>	<b>1,450</b>	<b>13,947</b>	<b>(5,686)</b>	<b>8,261</b>

Deferred tax liabilities	Property, plant and equipment	Inventories	Intangible assets	Others	Total	Offset by jurisdiction	Total
	\$	\$	\$	\$	\$	\$	\$
As at December 31, 2021	885	426	10,068	66	11,445	(3,800)	7,645
Business combination	-	-	1,071	-	1,071		
Divestiture of subsidiary (Note 4)	(257)	(66)	-	-	(323)		
Charged (credited) to consolidated statements of earnings	198	(347)	(2,155)	95	(2,209)		
As at December 31, 2022	826	13	8,984	161	9,984	(3,025)	6,959
Charged (credited) to consolidated statements of earnings	1,609	(13)	(697)	87	986		
<b>As at December 31, 2023</b>	<b>2,435</b>	<b>-</b>	<b>8,287</b>	<b>248</b>	<b>10,970</b>	<b>(5,686)</b>	<b>5,284</b>

Deferred income tax liabilities have not been recognized for the withholding tax and taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totalled \$60,089 as at December 31, 2023 (2022 - \$43,260).

As at December 31, 2023, the Company had the following operating tax losses available for carry forward for which no deferred tax benefit has been recorded in the accounts:

	\$	Expiry
Belgium	15,631	No limit
United States	36,736	No limit
Hong Kong	10,014	No limit

As at December 31, 2023, the Company had other deductible temporary differences of \$323 for which no deferred tax benefit has been recorded (2022 – \$440).

## 19. Fair Value of Financial Instruments

The fair value of a financial instrument is determined by reference to the available market information at the reporting date. When no active market exists for a financial instrument, the Company determines the fair value of that instrument based on valuation methodologies as discussed below. In determining assumptions required under a valuation model, the Company primarily uses external, readily observable market data inputs. Assumptions or inputs that are not based on observable market data incorporate the Company's best estimates of market participant assumptions, and are used when external data is not available. Counterparty credit risk and the Company's own credit risk are taken into account in estimating the fair value of all financial assets and financial liabilities.

The following assumptions and valuation methodologies have been used to measure fair value of financial instruments:

- The fair value of its short-term financial assets and financial liabilities, including cash and cash equivalents, accounts receivable, cash held in escrow and trade and accrued liabilities approximates their carrying value due to the short-term maturities of these instruments;
- The fair value of its investment in equity is determined using significant unobservable inputs such as the best information available.
- The fair value of its restricted investment is determined using the expected mortality of life, present value of the estimated future cash flows and estimated discount rates. Assumptions are based on market conditions prevailing at each reporting date.
- The fair value of derivative instruments, which include the total return swap and the indexed deposit agreement, is calculated as the present value of the estimated future cash flows using an appropriate interest rate yield curve, foreign exchange rate and the stock price. Assumptions are based on market conditions prevailing at each reporting date. Derivative instruments reflect the estimated amount that the Company would receive or pay to settle the contracts at the reporting date; and
- The fair value of long-term debt is estimated based on discounted cash flows using current interest rate for instruments with similar terms and remaining maturities.

The carrying values which approximate the fair values of financial instruments, by class, are as follows as at December 31, 2023 and 2022:

As at December 31, 2023				Carrying value
	At fair value through profit or loss	At amortized cost	Financial liabilities at amortized cost	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	-	34,706	-	34,706
Accounts receivable	-	33,437	-	33,437
Derivative financial assets	591	-	-	591
Other current assets	-	2,212	-	2,212
Other non-current assets	3,603	-	-	3,603
<b>Total</b>	<b>4,194</b>	<b>70,355</b>	<b>-</b>	<b>74,549</b>
<b>Financial liabilities</b>				
Trade and accrued liabilities	-	-	37,024	37,024
Long-term debt	-	-	108,500	108,500
<b>Total</b>	<b>-</b>	<b>-</b>	<b>145,524</b>	<b>145,524</b>
As at December 31, 2022				Carrying value
	At fair value through profit or loss	At amortized cost	Financial liabilities at amortized cost	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	-	42,691	-	42,691
Accounts receivable	-	32,872	-	32,872
Other current assets	5,517	10,613	-	16,130
Other non-current assets	2,620	-	-	2,620
<b>Total</b>	<b>8,137</b>	<b>86,176</b>	<b>-</b>	<b>94,313</b>
<b>Financial liabilities</b>				
Trade and accrued liabilities	-	-	40,200	40,200
Long-term debt	-	-	121,000	121,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>161,200</b>	<b>161,200</b>

**Fair value hierarchy**

The fair value hierarchy reflects the significance of the inputs used in making the measurements and has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the financial instruments, by level, which are recognized at fair value in the consolidated statements of financial position:

As at December 31, 2023	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets			
At fair value through profit or loss			
Total return swap (Note 7)	-	591	-
Investment in equity instruments (Note 12)	-	-	3,000
Restricted investment (Note 12)	-	-	603
<b>Total</b>	<b>-</b>	<b>591</b>	<b>3,603</b>

As at December 31, 2022	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets			
At fair value through profit or loss			
Indexed deposit agreement (Note 7)	-	5,517	-
Investment in equity instruments (Note 12)	-	-	2,000
Restricted investment (Note 12)	-	-	620
<b>Total</b>	<b>-</b>	<b>5,517</b>	<b>2,620</b>

## 20. Operating Segments

The following tables summarize the information reviewed by the entity's chief operating decision maker when measuring performance:

	2023	2022
	\$	\$
Specialty Semiconductors	156,479	121,918
Performance Materials	85,892	142,305
<b>Total revenue</b>	<b>242,371</b>	<b>264,223</b>
Specialty Semiconductors	27,544	24,318
Performance Materials	21,948	17,277
Corporate and unallocated	(11,169)	(11,567)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>38,323</b>	<b>30,028</b>
Interest on long-term debt, imputed interest and other interest expense	8,834	5,192
Depreciation and amortization	16,110	17,732
Share-based compensation expense	1,432	999
Foreign exchange and derivative (gain) loss	(136)	42
Impairment of non-current assets (Note 29)	672	12,478
Loss on divestiture of subsidiary (Notes 4 and 29)	-	7,834
Loss on disposal of property, plant and equipment (Note 8 and 29)	1,051	-
Loss on disposal of assets held for sale (Note 8 and 29)	-	216
Litigation and restructuring (income) costs (Note 29)	(8,314)	3,823
<b>Earnings (loss) before income tax</b>	<b>18,674</b>	<b>(18,288)</b>

<sup>(1)</sup> Earnings (loss) before income tax, depreciation and amortization, share-based compensation expense, impairment of non-current assets, loss on divestiture of subsidiary, loss on disposal of property, plant and equipment, loss on disposal of assets held for sale, litigation and restructuring (income) costs and financial expense.

<b>Capital expenditures</b>	2023	2022
	\$	\$
Specialty Semiconductors	12,838	10,038
Performance Materials	4,458	5,944
Corporate and unallocated	45	80
<b>Total</b>	<b>17,341</b>	<b>16,062</b>

<b>Assets excluding the deferred tax assets</b>	2023	2022
	\$	\$
Specialty Semiconductors	195,087	180,473
Performance Materials	131,570	129,901
Corporate and unallocated	15,284	31,609
<b>Total</b>	<b>341,941</b>	<b>341,983</b>

The geographic distribution of the Company's revenues based on the location of the customers for the years ended December 31, 2023 and 2022, and the identifiable non-current assets as at December 31, 2023 and 2022 are summarized as follows:

Revenues	2023	2022
	\$	\$
Asia		
China	12,846	10,815
Japan	4,270	4,453
Other <sup>(1)</sup>	20,211	27,139
Americas		
United States	107,158	95,517
Other	9,128	19,911
Europe		
Germany	43,284	41,314
Belgium	5,334	7,276
Netherlands	3,425	9,604
France	9,426	13,831
Other <sup>(1)</sup>	23,709	29,587
Other	3,580	4,776
<b>Total</b>	<b>242,371</b>	<b>264,223</b>

<sup>(1)</sup> None exceeding 10%

For the year ended December 31, 2023, one customer represented approximately 23% (2022 – 17%) of revenues of which 23% (2022 – 14%) is within the Specialty Semiconductors segment and nil (2022 – 3%) is within the Performance Materials Segment.

Non-current assets (other than deferred tax assets and financial instruments)	2023	2022
	\$	\$
Asia	3,132	3,411
United States	12,382	13,590
Canada	31,566	27,156
Germany	109,295	108,044
<b>Total</b>	<b>156,375</b>	<b>152,201</b>

## 21. Supplemental Cash Flow Information

a) Net change in non-cash working capital balances related to operations consists of the following:

	2023	2022
	\$	\$
Decrease (increase) in assets:		
Accounts receivable	74	5,364
Inventories	(18,844)	2,435
Income tax receivable	3,811	(437)
Other current assets	7,838	(427)
(Decrease) increase in liabilities:		
Trade and accrued liabilities	(7,774)	(1,691)
Income tax payable	(4,245)	3,169
Deferred revenue	4,340	1,830
<b>Net change</b>	<b>(14,800)</b>	<b>10,243</b>

b) The reconciliation of assets/liabilities arising from financing activities consists of the following:

			Non-Cash changes				December 31 2023
	December 31 2022	Cash flows	Imputed interest	Foreign exchange movement	Fair value changes	Non-cash working capital	
	\$	\$	\$	\$	\$	\$	\$
Long-term debt	121,000	(12,500)	-	-	-	-	108,500
Lease liabilities	30,402	(2,858)	690	779	-	1,126	30,139
<b>Total net liabilities from financing liabilities</b>	<b>151,402</b>	<b>(15,358)</b>	<b>690</b>	<b>779</b>	<b>-</b>	<b>1,126</b>	<b>138,639</b>

			Non-Cash changes				December 31 2022
	December 31 2021	Cash flows	Imputed interest	Foreign exchange movement	Fair value changes	Non-cash working capital	
	\$	\$	\$	\$	\$	\$	\$
Long-term debt	116,000	5,000	-	-	-	-	121,000
Interest rate swap	109	-	-	-	(109)	-	-
Lease liabilities	32,640	(2,999)	605	(1,617)	-	1,773	30,402
<b>Total net liabilities from financing liabilities</b>	<b>148,749</b>	<b>2,001</b>	<b>605</b>	<b>(1,617)</b>	<b>(109)</b>	<b>1,773</b>	<b>151,402</b>

c) The consolidated statements of cash flows exclude or include the following transactions:

	2023	2022
	\$	\$
Excluded additions unpaid at end of the year:		
Additions to property, plant and equipment	2,826	2,329
Included additions unpaid at beginning of year:		
Additions to property, plant and equipment	2,329	3,095
Excluded non-cash proceeds on the disposal of Property, plant and equipment (Note 29)	2,515	-

d) Additions to property, plant and equipment consist of the following:

	2023	2022
	\$	\$
Additions to property, plant and equipment before prepayments	17,387	12,193
Prepayments for construction in progress	2,469	3,869
Less: Non-cash deposits for construction in progress	(2,515)	-
<b>Additions to property, plant and equipment</b>	<b>17,341</b>	<b>16,062</b>

## 22. Share Capital

Authorized:

- An unlimited number of common shares, participating, with no par value, entitling the holder to one vote per share; and
- An unlimited number of preferred shares, issuable in one or more series with specific terms, privileges and restrictions to be determined for each class by the Board of Directors. As at December 31, 2023 and 2022, no preferred shares were issued.



## 23. Earnings per Share

The following table reconciles the numerators and denominators used for the computation of basic and diluted earnings (loss) per share:

Numerators	2023	2022
	\$	\$
Net earnings (loss) for the year	15,399	(22,999)
Denominators	2023	2022
Basic weighted average number of shares	88,533,263	88,330,236
Dilutive effect:		
Stock options	517,120	-
Diluted weighted average number of shares	89,050,383	88,330,236

As at December 31, 2023, a total number of 219,864 stock options was excluded from the diluted weighted average number of shares due to their anti-dilutive effect.

As at December 31, 2022, a total number of 1,598,938 stock options was excluded from the diluted weighted average number of shares due to their anti-dilutive effect due to net loss for the year.

## 24. Share-Based Compensation

### Restricted Share Unit and Performance Share Unit Plan

On November 4, 2015, the Company adopted a new Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") Plan (the "RSU & PSU Plan") to replace the previous RSU Plan, for the purpose of enhancing the Company's ability to attract and retain talented individuals to serve as employees, officers and executives of the Company and its affiliates and promoting a greater alignment of interests between such employees, officers and executives and the shareholders of the Company. The RSU & PSU Plan enables the Company to award eligible participants: (i) phantom RSUs that vest no later than three years following the grant date; and (ii) phantom PSUs that vest after certain periods of time, not exceeding three years, and subject to the achievement of certain performance criteria as determined by the Board of Directors. Such plan provides for the settlement of RSUs and PSUs through either cash or the issuance of common shares of the Company from treasury, for an amount equivalent to the volume weighted average of the trading price of the common shares of the Company on the TSX for the five trading days immediately preceding the applicable RSU vesting determination date or PSU vesting determination date.

In the case of a participant's termination by the Company for cause or as a result of a voluntary resignation by the participant before the end of a performance cycle, all RSUs and PSUs will be forfeited immediately as of the date on which the participant is advised of his termination or resigns.

In the case of a participant's termination by the Company other than for cause, if such participant is deemed to be on long-term disability or if such participant retires before the end of a performance cycle, the number of RSUs which will vest at such event will be prorated based on the number of months worked at the end of the performance cycle and all PSUs will be forfeited immediately.

In the case of a participant's death before the end of a performance cycle, the number of RSUs which will vest will be prorated based on the number of months worked at the end of the fiscal year preceding the participant's death and all PSUs will be forfeited immediately.

The maximum number of common shares which may be issued under the RSU & PSU Plan is 5,000,000. Common shares in respect of RSUs or PSUs to be settled through the issuance of common shares but that have been forfeited, cancelled or settled in cash shall be available for RSUs or PSUs to be granted thereafter pursuant to this plan. No RSUs or PSUs to be settled through the issuance of common shares may be granted to any participant unless the number of common shares: (a) issued to "Insiders" within any one-year period; and (b) issuable to "Insiders" at any time, under the plan, or when combined with all of the Company's other security-based compensation arrangements, could not exceed 10% of the total number of issued and outstanding common shares, respectively.

For the year ended December 31, 2023, the Company granted 155,873 RSUs (2022 – 95,881), 111,458 RSUs were paid (2022 – 146,549) and 3,000 RSUs were forfeited (2022 – 13,110). As at December 31, 2023, 319,896 RSUs were outstanding (2022 – 278,481).

For the year ended December 31, 2023, the Company granted nil PSUs (2022 – nil), nil PSUs were paid (2022 – nil) and nil PSUs were cancelled (2022 – 200,000). As at December 31, 2023, nil PSUs were outstanding (2022 – nil).

### Stock Appreciation Rights Plan

On June 7, 2010, the Company adopted a Restricted Share Unit for Foreign Employees Plan (the "RSUFE Plan") which was slightly amended on November 7, 2012 by the Company to become the Stock Appreciation Rights plan (the "SAR Plan") which replaced the RSUFE Plan. The SAR Plan enables the Company to award eligible participants phantom stock options to foreign directors, officers and employees. SARs usually have a six-year term and vest equally over a four-year period at an annual rate of 25% per year beginning one year following the SARs grant date. The amount of cash payout is equal to the sum of the positive differences between the volume weighted average trading price of the common shares of the Company on the TSX in the last twenty (20) trading days immediately preceding the exercise date and the grant price of each SAR redeemed.

At the end of each financial period, changes in the Company's payment obligations due to changes in the market value of the common shares on the TSX are recorded as an expense. For the year ended December 31, 2023, the Company granted 63,839 SARs (2022 – 171,025), 127,874 SARs were paid (2022 – 200,000) and 16,250 SARs were forfeited (2022 – 377,500). As at December 31, 2023, 843,872 SARs were outstanding (2022 – 924,157).

### Deferred Share Unit Plan

On May 7, 2014, the Company adopted a Deferred Share Unit ("DSU") Plan (the "DSU Plan") which enables the Company to provide Board directors and key officers and employees designated by the Board with phantom share units to enhance the Company's ability to attract and retain individuals with the right combination of skills and experience to serve on the Company's Board or as Company's executives. Unless the Board of Directors decides otherwise at its sole discretion, DSUs vest entirely at their date of grant and become payable in cash upon termination of services of a director, or termination of employment of an officer or employee. The amount of cash payout is equal to the volume weighted average trading price of the common shares of the Company on the TSX of the twenty (20) trading days immediately preceding the date of payment of the DSU.

For the year ended December 31, 2023, the Company granted 156,701 DSUs (2022 – 476,152) and nil DSUs were paid (2022 – 348,277). As at December 31, 2023, 1,859,544 DSUs were outstanding (2022 – 1,702,843).

## Stock Option Plan

On April 11, 2011, the Company adopted a new stock option plan (the "Stock Option Plan") under which a maximum number of options granted cannot exceed 5,000,000. Options granted under the Stock Option Plan may be exercised during a period not exceeding ten years from the date of grant. The stock options outstanding on December 31, 2023, may be exercised during a period not exceeding six years from their date of grant. Unless the Board of Directors decides otherwise at its sole discretion, options vest at a rate of 25% (100% for directors) per year, beginning one year following the grant date of the options. Any unexercised options will expire one month after the date beneficiary ceases to be an employee, director or officer (collectively the "optionee") and one year after the optionee's death, retirement or permanent disability, as the case may be, or prior to the expiration of the term of the option, whichever occurs earlier.

The following table presents information concerning all outstanding stock options:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		CA\$		CA\$
Outstanding, beginning of year	1,598,938	1.91	825,968	2.46
Granted	140,712	2.74	772,970	1.33
Exercised	(374,488)	2.28	-	-
Outstanding, end of year	1,365,162	1.90	1,598,938	1.91
Exercisable, end of year	458,454	2.10	457,749	2.41

The outstanding stock options as at December 31, 2023 are as follows:

	Exercise price		Number of options		Weighted average remaining contractual life (in years)
	Low	High	Exercisable	Outstanding	
	CA\$	CA\$			
February 2024	2.71	2.71	35,165	35,165	0.15
March 2025	3.43	3.43	30,940	30,940	1.17
March 2026	2.10	2.10	-	12,163	2.17
May 2027	3.38	3.38	24,106	48,212	3.36
December 2027	2.42	2.42	175,000	325,000	3.92
March 2028	2.27	2.27	18,243	72,970	4.18
May 2028	1.23	1.23	175,000	700,000	4.39
February 2029	2.74	2.74	-	140,712	5.15
			458,454	1,365,162	4.10

The fair value of stock options at the grant date was measured using the Black-Scholes option pricing model. The historical share price of the Company's common shares is used to estimate expected volatility, and government bond rates are used to estimate the risk-free interest rate.

The following table illustrates the inputs used in the average measurement of the fair values of the stock options at the grant date granted during the years ended December 31, 2023 and 2022:

	2023	2022
Expected stock price volatility	60%	53%
Dividend	None	None
Risk-free interest rate	3.81%	2.59%
Expected option life	4 years	4 years
Fair value – weighted average of options issued	CA\$1.36	CA\$0.57

The following table shows the share-based compensation expense recorded in the consolidated statements of earnings for the years ended December 31, 2023 and 2022:

Expense	2023	2022
	\$	\$
RSUs	304	202
SARs	528	244
DSUs	1,662	1,121
Stock options	274	326
Total return swap (Note 7)	(1,336)	(894)
<b>Total</b>	<b>1,432</b>	<b>999</b>

The following amounts were recorded:

Liability	2023	2022
	\$	\$
RSUs	474	375
SARs	1,007	562
DSUs	5,051	3,906
<b>Total</b>	<b>6,532</b>	<b>4,843</b>
Intrinsic value of vested units	6,046	4,015

## 25. Commitments and Contingencies

### Commitments

As at December 31, 2023, in the normal course of business, the Company contracted letters of credit for an amount of \$551 (2022 – \$883).

### Contingencies

In the normal course of operations, the Company is exposed to events that could give rise to contingent liabilities or assets. As at the date of issue of the consolidated financial statements, the Company was not aware of any significant events that would have a material effect on its consolidated financial statements.

## 26. Related Party Transactions

The Company's related parties are its directors and executive members.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are settled in cash.

### Key management compensation

Key management includes directors (executive and non-executive) and certain senior management. The compensation expense paid or payable to key management for employee services is as follows:

	2023	2022
	\$	\$
Wages and salaries	2,160	1,995
Share-based compensation and others (Note 24)	2,563	1,677
<b>Total</b>	<b>4,723</b>	<b>3,672</b>

## 27. Financial Risk Management

In the normal course of operations, the Company is exposed to various financial risks. These risk factors include market risk (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

### Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, equity prices and interest rates, will affect the Company's net earnings or the value of financial instruments.

The objective of market risk management is to mitigate exposures within acceptable limits, while maximizing returns.

#### a) Foreign currency risk

Foreign currency risk is defined as the Company's exposure to a gain or a loss in the value of its financial instruments as a result of fluctuations in foreign exchange rates. The Company is exposed to foreign exchange rate variability primarily in relation to certain sales commitments, expected purchase transactions, certain local operating expenses and debt denominated in a foreign currency. In addition, these operations have exposure to foreign exchange rates primarily through cash and cash equivalents and other working capital accounts denominated in currencies other than their functional currencies.

The following table summarizes in US dollar equivalents the Company's major currency exposures as at December 31, 2023:

	2023					
	CA\$	EUR	GBP	HKD	MYR	Other
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	489	1,999	67	34	36	9
Accounts receivable	1,662	6,594	-	-	1	-
Derivative financial assets	591	-	-	-	-	-
Other current assets	-	2,212	-	-	-	-
Other non current assets	-	603	-	-	-	-
Trade and accrued liabilities	(12,987)	(9,349)	(436)	(116)	(166)	(55)
Lease liabilities	(6,360)	(297)	-	(69)	-	-
<b>Net financial assets (liabilities)</b>	<b>(16,605)</b>	<b>1,762</b>	<b>(369)</b>	<b>(151)</b>	<b>(129)</b>	<b>(46)</b>

For the Company's subsidiaries with a functional currency other than the US dollar, their exposures of financial assets and financial liabilities denominated in US dollars are \$10,401 and \$496 respectively with a net position of \$9,905. A strengthening or weakening in the exchange rate between the functional currencies of these subsidiaries and the US dollar of five-percentage points results in a decrease or increase of \$495 to earnings before income tax.

The following table shows the impact on earnings before income tax of a five-percentage point strengthening or weakening of foreign currencies against the US dollar as at December 31, 2023 for the Company's financial instruments denominated in non-functional currencies:

	CA\$	EUR	GBP	HKD	MYR	Other
	\$	\$	\$	\$	\$	\$
5% Strengthening	(830)	88	(18)	(8)	(6)	(2)
5% Weakening	830	(88)	18	8	6	2

The Company will occasionally enter into foreign exchange forward contracts to sell US dollars in exchange for Canadian dollars and Euros. These contracts would hedge a portion of ongoing foreign exchange risk on the Company's cash flows since much of its non-US dollar expenses are incurred in Canadian dollars and Euros. The Company may also enter into foreign exchange contracts to sell Euros for US dollars. As at December 31, 2023, the Company has no foreign exchange contracts outstanding.

b) Interest rate risk

Interest rate risk refers to the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's policy is to limit its exposure to interest rate risk fluctuation by ensuring that a reasonable portion of its long-term debt is made of subordinated debts at fixed rate. The Company is exposed to interest rate fluctuations on its revolving credit facility, which bears a floating interest rate. A 1% increase/decrease in interest rates would have an impact of approximately \$835 on the Company's earnings before income tax on a twelve-month horizon based on the balance outstanding on December 31, 2023.

c) Other price risk

Other price risk is the risk that fair value or future cash flows will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk.

### Credit risk

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and, as a result, create a financial loss for the Company. The Company has a credit policy that defines standard credit practice. This policy dictates that all new customer accounts be reviewed prior to approval and establishes the maximum amount of credit exposure per customer. The creditworthiness and financial well-being of the customer are monitored on an ongoing basis.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for trade receivables.

The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. Historically, the Company has not incurred any significant losses in respect of its trade receivables. Therefore, the loss allowance at the end of each period and the change recorded for each period is insignificant.

The past due receivables are as follows:

	2023	2022
	\$	\$
Current	23,889	24,152
More than 30 days past due	71	192
More than 60 days past due	1,195	1,911
Gross carrying amount	25,155	26,255
Loss allowance	(38)	(152)
<b>Total trade receivables</b>	<b>25,117</b>	<b>26,103</b>

The following table summarizes the changes in the loss allowance for trade receivables:

	2023	2022
	\$	\$
<b>Beginning of year</b>	<b>152</b>	149
Increase during the year	2	3
Unused amounts reversed	(116)	-
<b>End of year</b>	<b>38</b>	152

The loss allowance is included in selling, general and administrative expenses in the consolidated statement of earnings, and is net of any recoveries that were provided for in prior periods.

Amounts charged to the loss allowance account are generally written off when there is no reasonable expectation of recovery.

Counterparties to financial instruments may also expose the Company to credit losses in the event of non-performance. Counterparties for derivative and cash transactions are limited to high credit quality financial institutions, which are monitored on an ongoing basis. Counterparty credit assessments are based on the financial health of the institutions and their credit ratings from external agencies, therefore no impairment loss was identified as at December 31, 2023.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure. It also manages liquidity risk by continually monitoring actual and projected cash flows, taking into account the Company's sales and receipts and matching the maturity profile of financial assets and financial liabilities. The Board of Directors reviews and approves the Company's annual operating and capital budgets as well as any material transactions out of the ordinary course of business, including proposals on acquisitions and other major investments.

The following table reflects the contractual cash flows of the Company's financial liabilities as at December 31, 2023:

	2023						
	Carrying amount	1 year	2 years	3 years	4 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$	\$
Trade and accrued liabilities	37,024	37,024	-	-	-	-	37,024
Long-term debt	108,500	31,184	5,766	85,422	-	-	122,372
Lease liabilities	30,139	2,761	2,642	2,558	2,534	26,803	37,298
<b>Total</b>	<b>175,663</b>	<b>70,969</b>	<b>8,408</b>	<b>87,980</b>	<b>2,534</b>	<b>26,803</b>	<b>196,694</b>

## 28. Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company requires the approval of its lenders on some of the capital transactions such as the payment of dividends and capital expenditures over a certain level.

The Company monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (comprising long-term debt in the consolidated statement of financial position) less cash and cash equivalents. Any introduced IFRS 16 reporting measures in reference to lease liabilities are excluded from the calculation.

Debt-to-equity ratios as at December 31, 2023 and 2022 are as follows:

	2023	2022
	\$	\$
Long-term debt including current portion	108,500	121,000
Total debt	108,500	121,000
Less: Cash and cash equivalents	(34,706)	(42,691)
Net debt	73,794	78,309
Shareholders' equity	128,592	112,776
<b>Debt-to-equity ratio</b>	<b>57%</b>	<b>69%</b>

## 29. Expenses by Nature

Expenses by nature include the following:

	2023	2022
	\$	\$
Wages and salaries	54,772	55,107
Depreciation of property, plant and equipment (Note 8)	10,297	11,717
Depreciation of right-of-use assets (Note 9)	2,538	2,702
Amortization of other assets (Note 12)	258	260
Other expenses (income), net		
Amortization of intangible assets (Note 10)	3,275	3,313
Share-based compensation expense (Note 24)	1,432	999
Loss (gain) on disposal of property, plant and equipment <sup>(1)</sup>	973	(13)
Loss on disposal of assets held for sale (Note 8) <sup>(2)</sup>	-	216
Loss on divestiture of subsidiary (Note 4)	-	7,834
Impairment of non-current assets (Notes 4, 8 and 10)	672	12,478
Research and development, net of tax credits <sup>(3)</sup>	2,890	4,638
Litigation and restructuring (income) costs, net <sup>(4)</sup>	(8,314)	3,823
Other income	(172)	(291)

(1) Includes a loss on disposal of \$1,051 on production equipment following a change of technical requirements and functionalities by the Company. The Company disposed this production equipment in a non-monetary transaction with the supplier in exchange for a credit to be applied against future purchases of production equipment.

(2) A loss of \$216 on the disposal of assets held for sale was recorded in 2022 within "Other expenses (income), net" within the consolidated statement of earnings (loss). The asset, which was previously presented as held for sale within the Specialty Semiconductors segment, pertains to a reclassification from buildings for an amount of \$3,032 in 2022. The reclassification relates to the planned relocation of operations from Canada of one of the Company's subsidiaries situated in Asia, announced in the third quarter of 2020.

(3) Reduced research and development, net of tax credits by an amount of \$4,060 for the year ended December 31, 2023 resulting from research and development subsidies. There is an outstanding receivable related to these grants as at December 31, 2023 for an amount of \$2,045 included within Accounts receivable.

Reduced research and development, net of tax credits by an amount of \$3,667 for the year ended December 31, 2022 resulting from research and development subsidies. There is an outstanding receivable related to these grants as at December 31, 2022 for an amount of \$1,460 included within Accounts receivable.

(4) In 2023, the Company recorded litigation and restructuring costs. The main costs are as follows:

- Income of \$8,974 received from the previous shareholder of AZUR. The income was received as per stipulations in the share purchase agreement and is not related to AZUR's performance post-acquisition;
- Costs related to site closure in Asia for an amount of \$131;
- Changes in senior management for an amount of \$158; and
- Charge related to a non-trade receivable which became non recoverable during the year for an amount of \$228.

In 2022, the Company recorded litigation and restructuring costs. The main costs are as follows:

- Costs related to the divestiture of a subsidiary of \$2,594 (Note 4);
- Change in senior executive management for an amount of \$241;
- Settlement of a contract by mutual agreement for an amount of \$372; and
- Costs related to site closure in Asia for an amount of \$358.



### 30. Subsequent Event

In January 2024, the Company increased its minority equity stake in Microbion Corporation (Microbion) for an amount of \$1,000. As at December 31, 2023, the Company's stake in Microbion was valued at \$3,000 (Note 12).