

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations is intended to assist readers in understanding 5N Plus Inc. (the "Company" or "5N Plus"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of Q3 2021 and the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2020. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators.

All amounts in this MD&A are expressed in U.S. dollars, and all amounts in the tables are in thousands of U.S. dollars, unless otherwise indicated.

Information contained herein includes any significant developments until November 2, 2021, the date on which the MD&A was approved by the Company's Board of Directors. Unless otherwise indicated, the terms "we", "us", "our" and "the group" as used herein refer to the Company together with its subsidiaries.

"Q3 2021" and "Q3 2020" refer to the three-month periods ended September 30, 2021 and September 30, 2020 respectively, and "YTD 2021" and "YTD 2020" refer to the nine-month periods ended September 30, 2021 and September 30, 2020 respectively.

Non-IFRS Measures

This MD&A also includes certain figures that are not performance measures consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These measures are defined at the end of this MD&A under the heading "Non-IFRS Measures".

Notice Regarding Forward-Looking Statements

Certain statements in this MD&A may be forward-looking within the meaning of applicable securities laws. Forward-looking information and statements are based on the best estimates available to the Company at the time and involve known and unknown risks, uncertainties or other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. A description of the risks affecting the Company's business and activities appears under the heading "Risk and Uncertainties" of 5N Plus's 2020 MD&A dated February 23, 2021 and note 10 of the unaudited condensed interim consolidated financial statements for the three and nine-month periods ended September 30, 2021 and September 30, 2020 available on www.sedar.com. An update under the heading "Risk and Uncertainties" is also provided in this MD&A.

Forward-looking statements can generally be identified by the use of terms such as "may", "should", "would", "believe", "expect", the negative of these terms, variations of them or any similar terms. No assurance can be given that any events anticipated by the forward-looking information in this MD&A will transpire or occur, or if any of them do so, what benefits that 5N Plus will derive therefrom. In particular, no assurance can be given as to the future financial performance of 5N Plus. The forward-looking information contained in this MD&A is made as of the date hereof and the Company has no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. The reader is warned against placing undue reliance on these forward-looking statements.

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Overview

5N Plus is a leading global producer of specialty semiconductors and performance materials. The Company's ultra-pure materials often form the core element of its customer products. These customers rely on 5N Plus's products to enable performance and sustainability in their own products. 5N Plus deploys a range of proprietary and proven technologies to develop and manufacture its products. The Company's products enable various applications in a number of key industries, including renewable energy, security, space, pharmaceutical, medical imaging, and industrial and additive manufacturing. Headquartered in Montreal, Québec, 5N Plus operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia. The Company's mission is to be critical to its customers, valued by its employees and trusted by its shareholders. The Company's core values focus on integrity, commitment and customer development along with emphasis on sustainable development, continuous improvement, health and safety.

Reporting Segments

The Company has two reportable segments: Electronic Materials and Eco-Friendly Materials. Corresponding operations and activities are managed accordingly by the Company's key decision makers. Segmented operating and financial information and labelled key performance indicators are available and used to manage these business segments, review performance and allocate resources. Financial performance of any given segment is evaluated primarily in terms of revenues and Adjusted EBITDA¹ which are reconciled to consolidated numbers by accounting for corporate income and expenses.

The Electronic Materials segment operates in North America, Europe and Asia. The segment manufactures and sells products, which are used in a number of applications such as security, aerospace, sensing, imaging, renewable energy and various technical industries. Typical end markets include photovoltaics (terrestrial and spatial solar energy), advanced electronics, optoelectronics, electronic packaging, medical imaging and thermoelectric. These products are sold either in elemental or alloyed form as well as in the form of chemicals, compounds and wafers. Revenues and earnings associated with recycling services and activities provided to Electronic Materials customers are also captured in this segment.

The Eco-Friendly Materials segment is labelled as such because it is mainly associated with bismuth, one of the few heavy metals that has no detrimental effect on either human health or the environment. The segment operates in North America, Europe and Asia, and manufactures and sells products that are used in a number of applications such as pharmaceutical, healthcare, animal feed additive, catalytic and extractive, as well as various industrial materials. Main products are sold either in elemental or alloyed form, but primarily in the form of specialized chemicals. Revenues and earnings associated with recycling services and activities provided to Eco-Friendly Materials customers are also captured in this segment.

Corporate expenses associated with the head office and unallocated selling, general and administrative expenses (SG&A) together with financial expenses (income) have been regrouped under the heading "Corporate".

Vision and Mission

The Company's vision is to enable critical industries through essential products based on advanced material technology and 5N Plus's aim is to propel the growth of these markets by developing and manufacturing advanced materials to enable product performance.

The Company's mission is to be:

- Critical to its customers
- Valued by its employees
- Trusted by its shareholders

¹ See Non-IFRS Measures

Highlights of Q3 & YTD 2021 – Strong Demand Grows Revenue by 28%, Global Inflation Weighs on Margins

Despite increases in international freight and consumable costs, 5N Plus continues to grow its revenue while expanding further into the Specialty Semiconductor market, supported by major developments.

All amounts are expressed in U.S. dollars.

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

Within Electronic Materials in the third quarter, medical imaging and renewable energy provided lower contributions while revenue for space business grew as compared to the same period last year, as expected. Eco-Friendly Materials continued to experience strong demand during the quarter. The demand for Health and Pharma products was especially strong and well above expectations.

Third Quarter Financial Highlights

- Revenue in Q3 2021 increased by 28%, reaching \$50.8 million compared to \$39.9 million in the same period last year, favorably impacted by higher demand under Eco-Friendly Materials segment. Year-to-date revenue stands at \$145.4 million compared to \$131.0 million in the same period last year.
- Adjusted EBITDA in Q3 2021 reached \$5.5 million, compared to \$7.7 million in the same period last year, impacted by an unfavorable sales mix under Electronic Materials and significant cost increases for international freight and consumables, but was partially mitigated by revenue growth. EBITDA¹ in Q3 2021 reached \$5.1 million compared to \$7.5 million in the same period of last year. Adjusted EBITDA in YTD 2021 reached \$18.2 million compared to \$22.2 million in YTD 2020.
- In Q3 2021, net loss was \$0.8 million or \$0.01 per share, compared to net earnings of \$2.7 million or \$0.03 per share in Q3 2020. Net earnings in YTD 2021 were \$2.1 million or \$0.03 per share, as compared to \$5.1 million or \$0.06 per share in the same period last year.
- On September 30, 2021, the backlog¹ represented 174 days of annualized revenue - 25 days lower than the previous quarter. Bookings¹ in Q3 2021 reached 78 days, compared to 53 days for the same period last year.
- Annualized Return on Capital Employed ("ROCE")¹ reached 11.4% in Q3 2021 compared to 14.4% at the end of 2020.
- Net debt¹ stood at \$11.8 million on September 30, 2021, down from \$14.1 million on June 30, 2021.

¹ See Non-IFRS Measures

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Summary of Key Developments Subsequent to Quarter-End

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

Outlook

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

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

¹ See Non-IFRS Measures

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Summary of Results

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

*Excluding impairment of inventories, share-based compensation expense, litigation and restructuring (costs) income, net, impairment of non-current assets, and depreciation and amortization.

Revenue by Segment and Gross Margin

(in thousands of U.S. dollars)	Q3 2021	Q3 2020	Change	YTD 2021	YTD 2020	Change
	\$	\$		\$	\$	
Electronic Materials	19,390	20,615	(6%)	57,422	59,917	(4%)
Eco-Friendly Materials	31,449	19,257	63%	88,012	71,045	24%
Total revenue	50,839	39,872	28%	145,434	130,962	11%
Cost of sales	(42,587)	(29,982)	42%	(118,124)	(101,565)	16%
Depreciation included in cost of sales	2,597	2,570	1%	7,024	7,833	(10%)
Gross margin¹	10,849	12,460	(13%)	34,334	37,230	(8%)
Gross margin percentage¹	21.3%	31.3%		23.6%	28.4%	

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

Gross margin¹ in Q3 2021 was \$10.8 million or 21.3%, compared to \$12.5 million or 31.3% in Q3 2020, impacted by inflation, notably for international freight as well as consumables. Gross margin in YTD 2021 was \$34.3 million or 23.6%, compared to \$37.2 million or 28.4% in the previous year, impacted by a less favorable mix of products within Electronic Materials and higher operating costs, partially mitigated by higher volume under Eco-Friendly Materials.

Operating earnings, EBITDA and Adjusted EBITDA

(in thousands of U.S. dollars)	Q3 2021	Q3 2020	Change	YTD 2021	YTD 2020	Change
	\$	\$		\$	\$	
Electronic Materials	3,534	8,192	(57%)	11,311	20,674	(45%)
Eco-Friendly Materials	3,891	1,412	176%	13,000	8,138	60%
Corporate	(1,888)	(1,860)	2%	(6,158)	(6,564)	(6%)
Adjusted EBITDA¹	5,537	7,744	(28%)	18,153	22,248	(18%)
EBITDA¹	5,105	7,450	(31%)	17,166	20,194	(15%)
Operating earnings	2,004	5,158	(61%)	8,333	12,883	(35%)

¹ See Non-IFRS Measures

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Adjusted EBITDA¹ in Q3 2021 reached \$5.5 million, compared to \$7.7 million in Q3 2020, impacted by an unfavorable sales mix under Electronic Materials, materially higher costs for international freight and consumables, partially mitigated by increased sales, and solid performance under Eco-Friendly Materials.

In YTD 2021, Adjusted EBITDA was \$18.2 million compared to \$22.2 million in YTD 2020, for the same reasons mentioned above.

In Q3 2021, EBITDA¹ was \$5.1 million, compared to \$7.5 million in Q3 2020. The decrease is mainly explained by lower Adjusted EBITDA, mitigated by foreign exchange and derivative gain against which the Company presented a loss in Q3 2020 as well as lower share-based compensation expense in Q3 2021. In addition, an amount of \$0.5 million was recorded as restructuring costs this year, while last year, the Company recorded a restructuring income mitigated by an impairment of non-current assets for a net credited amount of \$0.6 million.

In YTD 2021, EBITDA was \$17.2 million compared to \$20.2 million in YTD 2020. The decrease is mainly explained by the same factors mentioned above and higher share-based compensation expense.

In Q3 2021, operating earnings reached \$2.0 million, compared to \$5.2 million in Q3 2020 and \$8.3 million in YTD 2021 compared to \$12.9 million in YTD 2020.

Electronic Materials Segment

Adjusted EBITDA in Q3 2021 decreased by \$4.7 million to \$3.5 million representing an Adjusted EBITDA margin¹ of 18% compared to 40% in Q3 2020. Adjusted EBITDA decreased by \$9.4 million to \$11.3 million in YTD 2021 representing an Adjusted EBITDA margin of 20% compared to 35% in YTD 2020.

Eco-Friendly Materials Segment

Adjusted EBITDA in Q3 2021 increased by \$2.5 million to \$3.9 million representing an Adjusted EBITDA margin of 12% compared to 7% in Q3 2020. Adjusted EBITDA increased by \$4.9 million in YTD 2021 to \$13.0 million, representing an Adjusted EBITDA margin of 15% compared to 11% in YTD 2020.

Net Earnings and Adjusted Net Earnings

(in thousands of U.S. dollars, except per share amounts)	Q3 2021	Q3 2020	YTD 2021	YTD 2020
	\$	\$	\$	\$
Net (loss) earnings	(792)	2,709	2,130	5,050
Basic (loss) earnings per share	(\$0.01)	\$0.03	\$0.03	\$0.06
Reconciling items:				
Share-based compensation expense	62	254	1,149	934
Litigation and restructuring costs (income), net	500	(5,577)	500	(5,577)
Impairment of non-current assets	-	4,934	-	4,934
Income tax recovery on taxable items above	(16)	(365)	(304)	(545)
Adjusted net (loss) earnings¹	(246)	1,955	3,475	4,796
Basic adjusted net earnings per share¹	\$-	\$0.02	\$0.04	\$0.06

In Q3 2021, net loss was \$0.8 million or \$0.01 per share, compared to net earnings of \$2.7 million or \$0.03 per share in Q3 2020. Adjusted net loss¹ decreased by \$2.2 million and was \$0.2 million or \$nil per share in Q3 2021, compared to adjusted net earnings of \$2.0 million or \$0.02 per share in Q3 2020.

In YTD 2021, net earnings were \$2.1 million or \$0.03 per share, compared to \$5.1 million or \$0.06 per share in YTD 2020. Adjusted net earnings decreased by \$1.3 million and were \$3.5 million or \$0.04 per share in YTD 2021, compared to \$4.8 million or \$0.06 per share in YTD 2020.

¹ See Non-IFRS Measures

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Excluding the income tax recovery, the items reconciling the Adjusted net (loss) earnings in Q3 2021 and YTD 2021 are the share-based compensation expense and an additional restructuring charge recorded this quarter related to the decision, initiated in Q3 2020, to close a subsidiary located in Asia.

Backlog and Bookings

(in thousands of U.S. dollars)	BACKLOG ¹			BOOKINGS ¹		
	Q3 2021	Q2 2021	Q3 2020	Q3 2021	Q2 2021	Q3 2020
	\$	\$	\$	\$	\$	\$
Electronic Materials	50,582	53,807	36,025	16,165	19,131	5,208
Eco-Friendly Materials	46,099	50,373	38,578	27,175	32,710	18,060
Total	96,681	104,180	74,603	43,340	51,841	23,268

(number of days based on annualized revenues) *	BACKLOG ¹			BOOKINGS ¹		
	Q3 2021	Q2 2021	Q3 2020	Q3 2021	Q2 2021	Q3 2020
Electronic Materials	238	255	159	76	91	23
Eco-Friendly Materials	134	161	183	79	105	86
Weighted average	174	199	171	78	99	53

* Backlog and bookings are also presented in number of days to normalize the impact of commodity prices.

Q3 2021 vs Q2 2021

Backlog¹ on September 30, 2021 represented 174 days of annualized revenue, a decrease of 25 days or 13% over the backlog on June 30, 2021.

Backlog on September 30, 2021 for the Electronic Materials segment represented 238 days of annualized segment revenue, a decrease of 17 days or 7% over the backlog on June 30, 2021. The backlog for the Eco-Friendly Materials segment represented 134 days of annualized segment revenue, a decrease of 27 days or 17% over the backlog on June 30, 2021.

Bookings¹ for the Electronic Materials segment decreased by 15 days, from 91 days in Q2 2021 to 76 days in Q3 2021. Bookings for the Eco-Friendly Materials segment decreased by 26 days, from 105 days in Q2 2021 to 79 days in Q3 2021. The renewal timing of long-term contracts is mostly occurring in Q4.

Q3 2021 vs Q3 2020

Backlog on September 30, 2021 for the Electronic Materials segment increased by 79 days, supported by the renewable energy sector. The Eco-Friendly Materials segment decreased by 49 days compared to September 30, 2020, reaching 134 days, compared to 183 days in Q3 2020.

Bookings for the Electronic Materials segment increased by 53 days, and decreased by 7 days for the Eco-Friendly Materials segment compared to the previous year quarter.

Expenses

(in thousands of U.S. dollars)	Q3 2021	Q3 2020	YTD 2021	YTD 2020
	\$	\$	\$	\$
Depreciation and amortization	2,971	2,975	8,171	9,074
SG&A	4,729	4,522	14,858	14,002
Share-based compensation expense	62	254	1,149	934
Litigation and restructuring costs (income), net	500	(5,577)	500	(5,577)
Impairment of non-current assets	-	4,934	-	4,934
Financial expense	831	1,631	1,887	4,483
Income tax expense	1,965	818	4,316	3,350
Total expenses	11,058	9,557	30,881	31,200

¹ See Non-IFRS Measures

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Depreciation and Amortization

Depreciation and amortization expenses in Q3 2021 and YTD 2021 amounted to \$3.0 million and \$8.2 million respectively compared to \$3.0 million and \$9.1 million for the same periods in 2020.

SG&A

SG&A expenses in Q3 2021 and YTD 2021 were \$4.7 million and \$14.9 million respectively, compared to \$4.5 million and \$14.0 million for the same periods in 2020. The expenses in YTD 2020 were positively impacted by lower travel and consulting expenses, either avoided or delayed, due to the COVID-19 pandemic. The Company also recorded a reduction in wages expense of \$0.2 million in Q3 2020 and YTD 2020, resulting from the Canada Emergency Wage Subsidy in response to challenges posed by the COVID-19 pandemic.

Share-Based Compensation Expense

Share-based compensation expense in Q3 2021 amounted to \$0.1 million, compared to \$0.3 million for the same period of 2020. In YTD 2021, share-based compensation expense amounted to \$1.1 million, compared to \$0.9 million for the same period of 2020, reflecting the scheduled vesting of long-term incentive plans and the changes in the Company's share price initiated at the end of 2020.

Litigation and restructuring costs (income)

In Q3 2020, the Company made the decision to consolidate selected activities and close one of its subsidiaries located in Asia following the introduction of unfavorable business conditions and new regulations by local authorities preventing the site's economic viability. A provision for restructuring costs was recorded in Q3 2020 for an amount of \$2.3 million and an additional \$0.5 million in Q3 2021, consisting of severances and other costs related to site closure.

Also, in Q3 2020, the Company recorded a non-recurring income of \$8.0 million from the settlement and termination of a supply agreement, net of associated costs of \$0.1 million.

Impairment of non-current assets

Following the decision to close a subsidiary located in Asia, the Company recorded an impairment charge on non-current assets of \$4.9 million in Q3 2020 and an impairment of specific production equipment related to the site affected by the settlement and termination of a supply agreement.

Financial Expense

Financial expense in Q3 2021 amounted to \$0.8 million, compared to \$1.6 million in Q3 2020. The positive impact is mainly due to a gain in foreign exchange and derivatives, compared to a loss in the same period last year, while the interest on long-term debt, imputed interest and other interest expense were at similar levels for both periods.

In YTD 2021, financial expense amounted to \$1.9 million, compared to \$4.5 million in YTD 2020. The decrease is mainly due to a gain in foreign exchange and derivatives recorded in YTD 2021 compared to a loss for the same period last year, while the interest on long-term debt was at similar levels for both periods.

Income Taxes

The Company reported earnings before income taxes of \$1.2 million in Q3 2021 and \$6.4 million in YTD 2021. Income tax expenses in Q3 2021 and YTD 2021 were \$2.0 million and \$4.3 million respectively compared to \$0.8 million and \$3.4 million for the same periods in 2020. Both periods were impacted by deferred tax assets applicable only in certain jurisdictions.

Liquidity and Capital Resources

(in thousands of U.S. dollars)	Q3 2021	Q3 2020	YTD 2021	YTD 2020
	\$	\$	\$	\$
Funds from operations ¹	2,394	11,181	10,949	21,475
Net changes in non-cash working capital items	2,793	(8,867)	(3,050)	(2,322)
Operating activities	5,187	2,314	7,899	19,153
Investing activities	(2,312)	(1,969)	(7,314)	(6,123)
Financing activities	(189)	(783)	(6,703)	(2,754)
Effect of foreign exchange rate changes on cash and cash equivalents	(395)	197	(677)	87
Net increase (decrease) in cash and cash equivalents	2,291	(241)	(6,795)	10,363

In Q3 2021, cash generated by operating activities amounted to \$5.2 million, compared to \$2.3 million in Q3 2020. In YTD 2021, cash generated by operating activities amounted to \$7.9 million compared to \$19.2 million in YTD 2020. The decrease in YTD 2021 is mainly due to lower funds from operations¹ contribution.

In Q3 2021, cash used in investing activities totaled \$2.3 million compared to \$2.0 million in Q3 2020, mainly attributed to the timing of additions to property, plant and equipment ("PPE"). In YTD 2021, cash used in investing activities totaled \$7.3 million, compared to \$6.1 million in YTD 2020, mainly attributed to the acquisition of a minority equity stake in Microbion Corporation for the amount of \$2.0 million.

In Q3 2021, cash used in financing activities amounted to \$0.2 million compared to \$0.8 million in Q3 2020. The decrease of \$0.6 million is mainly explained by the issuance of common shares for an amount of \$0.3 million in Q3 2021 while the Company repurchased and cancelled 281,238 common shares under the Normal Course Issuer Buyback ("NCIB") plan for an amount of \$0.4 million in Q3 2020.

In YTD 2021, cash used in financing activities amounted to \$6.7 million, compared to \$2.8 million in YTD 2020. The increase of \$3.9 million is explained by the reimbursement in Q1 2021 of \$5.0 million of the credit facility. Since the beginning of 2021, the Company repurchased and cancelled 249,572 common shares under the NCIB plan for an amount of \$0.8 million, compared to 1,358,569 common shares for an amount of \$1.6 million in YTD 2020 mitigated by the issuance of common shares for an amount of \$0.6 million in YTD 2021.

Working Capital

(in thousands of U.S. dollars)	As at September 30, 2021	As at December 31, 2020
	\$	\$
Inventories	71,624	67,139
Other current assets	77,977	83,756
Current liabilities	(39,842)	(36,550)
Working capital¹	109,759	114,345
Working capital current ratio¹	3.75	4.13

The decrease in working capital¹ as compared to December 31, 2020 was mainly attributable to higher current liabilities partially mitigated by higher inventory, reflecting the current operations level, and recent increases in metal notations observed since the beginning of the year as well as a decrease in cash and cash equivalents.

¹ See Non-IFRS Measures

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Net Debt

(in thousands of U.S. dollars)	As at September 30, 2021	As at December 31, 2020
Bank indebtedness	\$ -	\$ -
Long-term debt including current portion	45,000	50,109
Total Debt¹	45,000	50,109
Cash and cash equivalents	(33,155)	(39,950)
Net Debt¹	11,845	10,159

Total debt¹ decreased by \$5.1 million and stood at \$45.0 million, compared to \$50.1 million on December 31, 2020, following the reimbursement of \$5.0 million of the credit facility during Q1 2021.

Net debt¹, after considering cash and cash equivalents, increased by \$1.7 million to \$11.8 million on September 30, 2021 from \$10.2 million on December 31, 2020.

In March 2021, the Company signed a senior secured multi-currency revolving credit facility of \$79.0 million maturing in April 2023 to replace its existing \$79.0 million senior secured revolving facility maturing in April 2022. The agreement includes a contingent option to expand the facility to \$124.0 million. At any time, the Company has the option to request that the credit facility be expanded further through the exercise of an additional \$30.0 million accordion feature, subject to review and approval by the lenders. This revolving credit facility can be drawn in U.S. dollars, Canadian dollars or Hong Kong dollars. Drawings bear interest at either the Canadian prime rate, U.S. base rate, Hong Kong base rate or LIBOR, plus a margin based on the Company's senior net debt to consolidated EBITDA¹ ratio. Under the terms of its credit facility, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at September 30, 2021 and December 31, 2020, the Company had met all covenants.

Share Information

	As at November 2, 2021	As at September 30, 2021
Issued and outstanding shares	81,830,236	81,830,236
Stock options potentially issuable	225,968	225,968

On March 5, 2020, the TSX approved the Company's NCIB plan under which the Company had the right to purchase for cancellation a maximum of 2,000,000 common shares from March 9, 2020 until March 8, 2021. During Q1 2021, the Company repurchased and cancelled 249,572 common shares at an average price of \$3.24 (CA\$4.10) for a total amount of \$0.8 million applied against the equity. On March 31, 2021, all approved common shares had been repurchased and cancelled. No NCIB is currently active.

Off-Balance Sheet Arrangements

The Company is exposed to currency risk on sales in Euro and other currencies as well as interest rate fluctuations on its credit facility, and therefore may periodically enter into foreign currency forward contracts and interest rate or foreign currency swap contracts to protect itself against interest rate and currency fluctuations. The reader will find more details related to these contracts in Notes 16 and 24 of the audited consolidated financial statements for the year ended December 31, 2020.

Commitments

As at September 30, 2021, in the normal course of business, the Company contracted letters of credit for an amount of \$0.7 million (\$0.7 million as at December 31, 2020).

¹ See Non-IFRS Measures

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 unaudited condensed interim consolidated financial statements, the Company was not aware of any significant events that would have a material effect on its consolidated financial statements.

Acquisition of AZUR

On March 30, 2021, the Company entered into an agreement with AZUR pursuant to which the Company would acquire all of the issued and outstanding shares of AZUR for an expected total purchase price between 73 and 79 million euros subject to prevailing closing adjustments. This includes 6.5 million shares of 5N Plus, subject to the TSX approval, to be issued from treasury at closing and cash payment. The sum of these two items will be approximately 53 million euros, subject to the volume-weighted average closing share price of 5N Plus prior to closing. Furthermore, 5N Plus expects to finance working capital in the range of 20 to 26 million euros with a provision not to exceed 27 million euros. The cash portion of the Transaction is expected to be funded through a senior debt facility.

On October 27, 2021, 5N Plus received the necessary approval from the regulatory agencies related to the Transaction. The Company expects the deal to close within the next few weeks.

Governance

As required by Multilateral Instrument 52-109 of the Canadian Securities Administrators ("MI 52-109"), 5N Plus has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, attest to the design of the disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- Material information relating to the Company has been made known to them; and
- Information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation of the effectiveness of the Company's disclosure controls and procedures was carried out under the supervision of the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures are effective.

Internal Control over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have also designed internal controls over financial reporting (ICFR) or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Based on their evaluation carried out to assess the effectiveness of the Company's ICFR, the Chief Executive Officer and the Chief Financial Officer have concluded that the ICFR were designed and operated effectively using the Internal Control – Integrated Framework ("2013 Framework") issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013 Framework").

In light of the COVID-19 pandemic and in compliance with the recommendations from public health authorities, the Company implemented remote work arrangements. These new working arrangements may have an impact on the performance of some internal controls. The Company will continually monitor and assess the effects of the COVID-19 pandemic on its ICFR. Management has reiterated the importance of internal controls and maintained frequent communication across the organization at all levels.

Management's Discussion and Analysis

Changes in Internal Control over Financial Reporting

No changes were made to the ICFR during the nine-month period ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the ICFR.

Financial Instruments and Risk Management

Fair Value of Financial Instruments

A detailed description of the methods and assumptions used to measure the fair value of the Company's financial instruments and their fair value is discussed in Note 16 – Fair Value of Financial Instruments in the 2020 audited consolidated financial statements of the Company.

Financial Risk Management

For a detailed description of the nature and extent of risks arising from financial instruments, and their related risk management, refer to Note 24 of the 2020 audited consolidated financial statements of the Company. The Company is not aware of any significant changes to its risk factors from those disclosed at that time.

Risk and Uncertainties

For a detailed description of risk factors associated with 5N Plus and its business, refer to "Risk and Uncertainties" of 5N Plus's 2020 MD&A dated February 23, 2021. Factors of uncertainty and risk include the risks associated with COVID-19, the Company's growth strategy, credit, liquidity, interest rate, litigation, inventory pricing, commodity pricing, currency fluctuation, fair value, source of supply, environmental regulations, competition, dependence on key personnel, business interruptions, changes to backlog, protection of intellectual property, international operations including China, international trade regulations, collective agreements and being a public issuer, systems, network infrastructure and data failure, interruption and breach, global economic conditions as well as the market price of common shares.

The Company is not aware of any new risk factors previously disclosed. However potential upcoming changes to the European regulatory environment, and industrial challenges associated with producing lead derived chemicals in Belgium, could restrict operating and environmental permitting in an economical manner. The Company is collaborating with governmental authorities and implementing various measures including upgrading equipment to ensure current and future emissions limit compliance. Management believes that dealing with these operating and environmental compliance issues will not have a material effect on the Company's earnings or competitive position during fiscal 2021.

Non-IFRS Measures

In this Management's Report, the Company's management uses certain measures which are not in accordance with IFRS. Non-IFRS measures are useful supplemental information but may not have a standardized meaning according to IFRS.

Backlog represents the expected orders the Company has received but have not yet executed and that are expected to translate into sales within the next twelve months expressed in number of days. Bookings represent orders received during the period considered, expressed in number of days, and are calculated by adding revenues to the increase or decrease in backlog for the period considered divided by annualized year revenues. 5N Plus uses backlog to provide an indication of expected future revenues in days, and bookings to determine its ability to sustain and increase its revenues.

EBITDA means net earnings before interest expenses, income taxes, depreciation and amortization. 5N Plus uses EBITDA because it believes it is a meaningful measure of the operating performance of its ongoing business, without the effects of certain expenses. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

EBITDA margin is defined as EBITDA divided by revenues.

Adjusted EBITDA means EBITDA as defined above before impairment of inventories, share-based compensation expense (income), impairment of non-current assets, litigation and restructuring costs (income), gain on disposal of property, plant and equipment, foreign exchange and derivatives loss (gain). 5N Plus uses adjusted EBITDA because it believes it is a meaningful measure of the operating performance of its ongoing business without the effects of certain expenses. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenues.

Adjusted operating expenses means operating charges before impairment of inventories, share-based compensation expense (income), impairment of non-current assets, litigation and restructuring costs (income), gain on disposal on property, plant and equipment and depreciation and amortization. 5N Plus uses adjusted operating expenses to calculate the Adjusted EBITDA. 5N Plus believes it is a meaningful measure of the operating performance of its ongoing business. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Adjusted net earnings means the net earnings before the effect of charges of impairment related to inventory, PPE and intangible assets, share-based compensation expense (income), litigation and restructuring costs (income), accelerated depreciation, and gain on disposal of PPE, net of the related income tax. 5N Plus uses adjusted net earnings because it believes it is a meaningful measure of the operating performance of its ongoing business without the effects of unusual inventory write-downs, property plant and equipment and intangible asset impairment charges, share-based compensation expense (income), litigation and restructuring costs (income), accelerated depreciation and gain on disposal of PPE. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Basic adjusted net earnings per share means adjusted net earnings divided by the weighted average number of outstanding shares. 5N Plus uses basic adjusted net earnings per share because it believes it is a meaningful measure of the operating performance of its ongoing business without the effects of unusual impairment charges on inventories, PPE and intangible asset, share-based compensation expense (income), litigation and restructuring costs (income), accelerated depreciation and gain on disposal of property, plant and equipment. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Funds from (used in) operations means the amount of cash generated from operating activities before changes in non-cash working capital balances related to operations. This amount appears directly in the consolidated statements of cash flows of the Company. 5N Plus considers funds from (used in) operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary for future growth and debt repayment.

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

Net debt is calculated as total debt less cash and cash equivalents. Any introduced IFRS 16 reporting measures in reference to lease liabilities are excluded from the calculation. 5N Plus uses this measure as an indicator of its overall financial position.

Return on Capital Employed ("ROCE") is a non-IFRS financial measure, calculated by dividing the annualized Adjusted EBIT by capital employed at the end of the period. Adjusted EBIT is calculated as the Adjusted EBITDA less depreciation of PPE and amortization of intangible assets (adjusted for accelerated depreciation charge, if any). Capital employed is the sum of accounts receivable, inventory, PPE, goodwill and intangibles less trade and accrued liabilities (adjusted for exceptional items). 5N Plus uses ROCE to measure the return on capital employed, whether the financing is through equity or debt. In the view of the Company, this measure provides useful information to determine if capital invested in the Company yields competitive returns. The usefulness of ROCE is limited by the fact that it is a ratio and does not provide information as to the absolute amount of its net income, debt or equity. It also excludes certain items from the calculation. Other companies may use a similar measure but calculate it differently.

Working capital is a measure of liquid assets that is calculated by taking current assets and subtracting current liabilities. Given that the Company is currently indebted, it uses it as an indicator of its financial efficiency and aims to maintain it at the lowest possible level.

Working capital ratio is calculated by dividing current assets by current liabilities.

Management's Discussion and Analysis

Additional Information

5N Plus's common shares trade on the Toronto Stock Exchange (TSX) under the ticker symbol VNP. Additional information relating to the Company, including the Company's annual information form is available under the Company's profile on SEDAR at www.sedar.com.

Selected Quarterly Financial Information

(in thousands of U.S. dollars, except per share amounts)	Sept 30, 2021	June 30, 2021	March 31, 2021	Dec 31, 2020	Sept 30, 2020	June 30, 2020	March 31, 2020	Dec 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	50,839	47,719	46,876	46,230	39,872	41,136	49,954	44,714
EBITDA ¹	5,105	6,318	5,743	2,230	7,450	6,506	6,238	3,682
Adjusted EBITDA ¹	5,537	6,336	6,280	6,543	7,744	7,647	6,857	4,502
Net (loss) earnings attributable to equity holders of 5N Plus	(792)	2,159	763	(2,864)	2,709	1,749	592	146
Basic (loss) earnings per share attributable to equity holders of 5N Plus	(\$0.01)	\$0.03	\$0.01	(\$0.03)	\$0.03	\$0.02	\$0.01	\$-
Net (loss) earnings	(792)	2,159	763	(2,864)	2,709	1,749	592	146
Basic (loss) earnings per share	(\$0.01)	\$0.03	\$0.01	(\$0.03)	\$0.03	\$0.02	\$0.01	\$-
Diluted (loss) earnings per share	(\$0.01)	\$0.03	\$0.01	(\$0.03)	\$0.03	\$0.02	\$0.01	\$-
Adjusted net (loss) earnings ¹	(246)	1,932	1,789	184	1,955	2,124	717	480
Basic adjusted net earnings per share ¹	\$-	\$0.02	\$0.02	\$-	\$0.02	\$0.03	\$0.01	\$0.01
Funds from operations ¹	2,394	3,656	4,899	4,355	11,181	5,520	4,774	3,343
Backlog ¹	174 days	199 days	195 days	189 days	171 days	202 days	188 days	243 days

¹ See Non-IFRS Measures