

5N Plus Inc. Reports 2024 First Quarter Financial Results

- 18% increase in revenue to \$65.0 million year-over-year
- 33% increase in Adjusted EBITDA¹ to \$11.7 million year-over-year
- Adjusted gross margin¹ of 30.9%

Montréal, Québec, May 6, 2024 – 5N Plus Inc. (TSX:VNP) (“5N+” or “the Company”), a leading global producer of specialty semiconductors and performance materials, today announced its financial results for the first quarter of fiscal 2024 (“Q1 2024”) ended March 31, 2024. All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

“After a very successful 2023, we are pleased to have continued the momentum through the first quarter of 2024 delivering on our key metrics, while also remaining active regarding short- to medium-term organic growth opportunities. To illustrate, during the quarter, we signed \$135 million in multi-year contracts for AZUR SPACE Solar Power GmbH – a record in a single quarter – in the space solar power sector for deliveries beyond 2025. We expect further contracts to be signed in the near term, namely on the terrestrial renewable energy side, and as opportunities for our customers continue to expand.

“As a trusted North American supplier and recognized leader with significant expertise and with strong demand in key end markets, we expect further potential upside through 2024. Our strategic focus continues to be on our commercial excellence and on completing our plans to increase capacity to serve high-value, high-growth end markets. By leveraging our competitive advantages and strong customer relationships, we remain well-on track to achieve our annual Adjusted EBITDA targets and to maintain strong margins,” said Gervais Jacques, President and CEO of 5N+.

Q1 2024 Highlights

- Revenue in Q1 2024 increased by 18% to \$65.0 million, compared to \$55.3 million in Q1 2023, primarily driven by strong growth from terrestrial renewable energy and space solar power sectors under Specialty Semiconductors, more than mitigating the decrease under Performance Materials.
- Net earnings in Q1 2024 were \$2.5 million, compared to \$1.5 million in Q1 2023.
- Adjusted EBITDA in Q1 2024 increased by 33% to \$11.7 million, representing 18.1% of revenue compared to \$8.8 million or 15.9% of revenue in Q1 2023.
- Adjusted gross margin in Q1 2024 was 30.9%, compared to 29.8% in Q1 2023.
- Backlog¹ represented 288 days of annualized revenue as at March 31, 2024, 4 days lower than the previous quarter and 18 days lower than the same period last year, primarily due to the timing of contract signings and renewals.
- Net debt¹ was \$84.2 million as at March 31, 2024, compared to \$73.8 million as at December 31, 2023, reflecting an increase in working capital¹ and planned capital expenditures under Specialty Semiconductors, whereas net debt to EBITDA ratio¹ remained stable at 1.81x as at March 31, 2024, compared to 1.69x as at December 31, 2023.

Other Developments

- Subsequent to quarter end, 5N+ announced that it was awarded a grant from the U.S. Department of Defense for \$14.4 million, subject to certain conditions and the achievement of pre-set milestones over a four-year term; the grant will go towards supporting the Company’s production facility in St. George, Utah, which manufactures germanium substrates used in solar cells for defense and commercial satellites.
- Subsequent to quarter end, Microbion Corporation (“Microbion”), a clinical-stage pharmaceutical company in which 5N+ has an equity stake, published results for its family of drug products, including Phase 1b results for its bismuth-based active pharmaceutical ingredient pravibismane, currently under development.

¹ These measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. See Non-IFRS Measures for more information.

Outlook

In Specialty Semiconductors, 5N+ continues to benefit from its unique position as the leading global supplier of ultra-high purity semiconductor compounds outside China, with long-term partnerships with key customers. Growing demand remains the rule, particularly in terrestrial renewable energy and space solar power. 5N+ is well-positioned to capitalize on future opportunities in these high-growth sectors, as well as other markets, including sensing and medical imaging.

Management expects growth in the Performance Materials segment to be primarily derived from health and pharmaceutical products, which provide high profitability and predictable cashflows. Additional long-term opportunities are expected to stem from product expansion and development initiatives, including through partnerships.

Management is maintaining its previously disclosed Adjusted EBITDA guidance range between \$45 million and \$50 million for FY 2024 and between \$50 million and \$55 million for FY 2025.

Conference Call

5N+ will host a conference call on Tuesday, May 7, 2024, at 8:00 am Eastern Time to discuss the first quarter results for fiscal 2024. All interested parties are invited to participate in the live broadcast on the Company's website at www.5nplus.com.

To participate in the conference call:

- Toronto area: 289-819-1350
- Toll-Free: 1-800-836-8184
- Enter access code: 53296

A replay of the conference call will be available two hours after the event and until May 14, 2024. To access the recording, please dial 1-888-660-6345 and enter access code 53296.

Virtual-only Annual Meeting of Shareholders

5N+ will also hold its annual general meeting of shareholders on May 9, 2024 in virtual format only

- Thursday, May 9, 2024 at 10:00 a.m. (EDT)
- Webcast: <https://meetnow.global/M7PYRGL>

About 5N+

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 customers' 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 several key industries, including renewable energy, security, space, pharmaceutical, medical imaging and industrial. Headquartered in Montréal, Quebec, 5N+ operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia.

Forward-Looking Statements

Certain statements in this press release may be forward-looking within the meaning of applicable securities laws. Such forward-looking statements are based on a number of estimates and assumptions that the Company believes are reasonable when made, including that 5N+ will be able to retain and hire key personnel and maintain relationships with customers, suppliers and other business partners, that 5N+ will continue to operate its business in the normal course, that 5N+ will be able to implement its growth strategy, that 5N+ will be able to successfully and timely complete the realization of its backlog, that 5N+ will not suffer any supply chain challenges or any material disruption in the supply of raw materials on competitive terms, that 5N+ will be able to generate new sales, produce, deliver, and sell its expected product volumes at the expected prices and control its costs, as well as other factors believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict and may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. A description of the risks affecting the Company's business and activities appears under the heading "Risk and Uncertainties" of the Company's 2023 MD&A dated February 27, 2024, available on www.sedarplus.ca.

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 statements in this press release will transpire or occur, or if any of them do so, what benefits that 5N+ will derive therefrom. In particular, no assurance can be given as to the future financial performance of 5N+. The forward-looking statements contained in this press release is made as of the date hereof and the Company has no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. The reader is warned against placing undue reliance on these forward-looking statements.

5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

For the three-month periods ended March 31

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

	2024	2023
	\$	\$
Revenue	65,019	55,287
Cost of sales	48,020	42,002
Selling, general and administrative expenses	7,317	6,893
Other expenses (income), net	2,250	1,666
	57,587	50,561
Operating earnings	7,432	4,726
Financial expense		
Interest on long-term debt	1,795	2,032
Imputed interest and other interest expense	411	228
Foreign exchange and derivative (gain) loss	(387)	15
	1,819	2,275
Earnings before income taxes	5,613	2,451
Income tax expense		
Current	2,514	914
Deferred	592	83
	3,106	997
Net earnings	2,507	1,454
Basic earnings per share	0.03	0.02
Diluted earnings per share	0.03	0.02

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

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

	March 31 2024	December 31 2023
	\$	\$
Assets		
Current		
Cash and cash equivalents	33,929	34,706
Accounts receivable	34,957	33,437
Inventories	113,521	105,850
Income tax receivable	1,667	1,672
Derivative financial assets	2,893	591
Other current assets	5,746	5,707
Total current assets	192,713	181,963
Property, plant and equipment	88,759	84,600
Right-of-use assets	30,806	29,290
Intangible assets	28,439	29,304
Goodwill	11,825	11,825
Deferred tax assets	8,290	8,261
Other assets	5,946	4,959
Total non-current assets	174,065	168,239
Total assets	366,778	350,202
Liabilities		
Current		
Trade and accrued liabilities	37,440	37,024
Income tax payable	5,968	4,535
Current portion of deferred revenue	14,629	13,437
Current portion of lease liabilities	1,906	1,811
Current portion of long-term debt	-	25,000
Total current liabilities	59,943	81,807
Long-term debt	118,169	83,500
Deferred tax liabilities	5,996	5,284
Employee benefit plan obligations	12,862	13,393
Lease liabilities	29,729	28,328
Deferred revenue	6,029	5,629
Other liabilities	3,647	3,669
Total non-current liabilities	176,432	139,803
Total liabilities	236,375	221,610
Equity	130,403	128,592
Total liabilities and equity	366,778	350,202

Non-IFRS Measures

EBITDA means net earnings (loss) before interest expenses, income tax expense (recovery), depreciation and amortization. 5N+ 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 is reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q1 2024	Q1 2023
	\$	\$
Net earnings (loss)	2,507	1,454
Interest on long-term debt, imputed interest and other interest expense	2,206	2,260
Income tax expense	3,106	997
Depreciation and amortization	3,945	4,059
EBITDA	11,764	8,770

Adjusted EBITDA means operating earnings (loss) as defined before the effect of impairment of inventories, share-based compensation expense (recovery), litigation and restructuring costs (income), impairment of non-current assets, loss (gain) on disposal of property, plant and equipment, and depreciation and amortization. 5N+ 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 EBITDA is reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q1 2024	Q1 2023
	\$	\$
Revenues	65,019	55,287
Operating expenses	(57,587)	(50,561)
Operating earnings	7,432	4,726
Share-based compensation expense	360	12
Depreciation and amortization	3,945	4,059
Adjusted EBITDA	11,737	8,797

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

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

(in thousands of U.S. dollars)	Q1 2024	Q1 2023
	\$	\$
Total revenue	65,019	55,287
Cost of sales	(48,020)	(42,002)
Gross margin	16,999	13,285
Depreciation included in cost of sales	3,076	3,202
Adjusted gross margin	20,075	16,487
Adjusted gross margin percentage	30.9%	29.8%

Backlog represents the expected orders the Company has received, but has not yet executed, and that are expected to translate into sales within the next twelve months, expressed in dollars and estimated in number of days not to exceed 365 days. Bookings represent orders received during the period considered, expressed in number of days, and calculated by adding revenues to the increase or decrease in backlog for the period considered, divided by annualized year revenues. 5N+ uses backlog to provide an indication of expected future revenues in days, and bookings to determine its ability to sustain and increase its revenues.

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

The net debt to EBITDA ratio is defined as net debt divided by the trailing 12 months EBITDA.

Total debt and Net debt are reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	As at March 31, 2024	As at December 31, 2023
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	118,169	108,500
Lease liabilities including current portion	31,635	30,139
Subtotal Debt	149,804	138,639
Lease liabilities including current portion	(31,635)	(30,139)
Total Debt	118,169	108,500
Cash and cash equivalents	(33,929)	(34,706)
Net Debt	84,240	73,794

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.

Working capital is reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	As at March 31, 2024	As at December 31, 2023
	\$	\$
Inventories	113,521	105,850
Other current assets excluding inventories	79,192	76,113
Current assets	192,713	181,963
Current liabilities	(59,943)	(81,807)
Working capital	132,770	100,156
Working capital current ratio	3.21	2.22

- 30 -

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