



# Trusted Partner in Growing Markets

2024  
ANNUAL  
REPORT



# Delivering on our Financial Objectives and Growth Ambitions in FY 2024

**\$289.3M**

FY 2024  
Revenues

**19%**

increase over  
last year

**\$53.3M**

FY 2024  
Adjusted EBITDA<sup>(1)</sup>

**39%**

increase over  
last year

**31.6%**

FY 2024 Adjusted  
Gross Margin<sup>(1)</sup>

**260**

basis point  
improvement  
over last year

**326** DAYS

Backlog<sup>(1)</sup> as at  
December 31, 2024

**34**

days higher than  
at same the same  
date last year

(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. For further details of these non-IFRS measures, including a reconciliation to the most directly comparable IFRS measures, refer to our MD&A for the year ended December 31, 2024 available on SEDAR+ at [sedarplus.ca](https://www.sedarplus.ca).

All amounts in this document are expressed in U.S. dollars unless otherwise indicated

2	Highlights
4	Message from the Chair of the Board
6	Message from the President and Chief Executive Officer
8	25 Years of Innovation
10	Business Overview
12	Sustainable Development
14	Management's Discussion and Analysis
40	Management's Responsibility for Financial Reporting
41	Independent Auditor's Report
46	Consolidate Financial Statements
86	Corporate Information



# Our Unique Positioning and Competitive Advantage

✓  
Trusted producer of ultra-high purity specialty semiconductors and performance materials

✓  
Preferred partner and leader in diverse and growing markets

✓  
Focused on value-added, advanced materials critical to our customers' end-products

✓  
Sourcing advantage through strategic global footprint and upstream refining capabilities

✓  
Best-in-class R&D and technical expertise

**Mission**  
To be critical to our customers, valued by our employees and trusted by our shareholders.

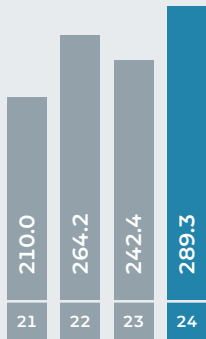
**Vision**  
To enable critical industries through essential products based on advanced material technology.

**Values**  
Commitment  
Continuous improvement  
Customer focus  
Health and safety  
Integrity  
Sustainable development

# HIGHLIGHTS

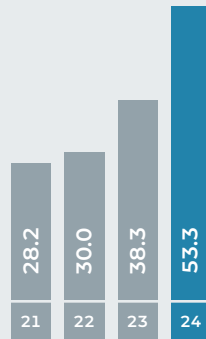
## Revenues

(in millions of dollars)



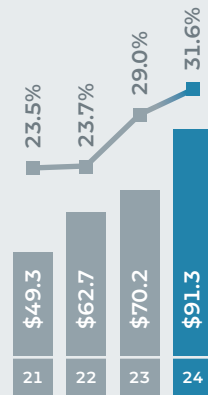
## Adjusted EBITDA

(in millions of dollars)



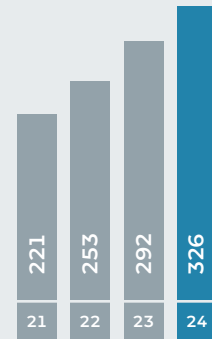
## Adjusted Gross Margin

(in dollars and as a percentage)



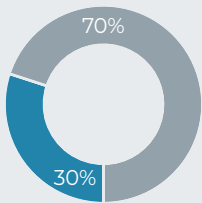
## Backlog

(number of days of last quarter annualized revenue)



## Segmented Revenues

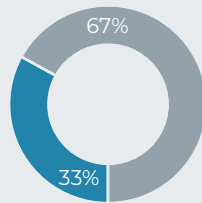
Specialty Semiconductors  
\$203.3M



Performance Materials  
\$87.0M

## Segmented Adjusted EBITDA

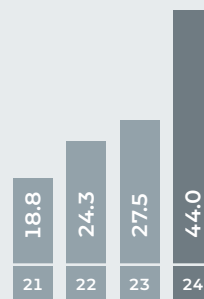
Specialty Semiconductors  
\$44.0M



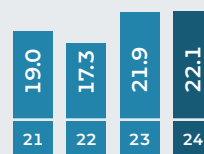
Performance Materials  
\$22.1M

## Segmented Adjusted EBITDA

(in millions of dollars)



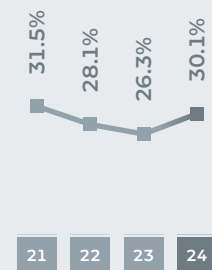
Specialty Semiconductors



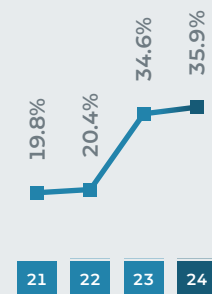
Performance Materials

## Segmented Adjusted Gross Margin

(as a percentage of sales)



Specialty Semiconductors



Performance Materials

Headquartered in  
**Montreal** with  
**7** manufacturing sites and  
**4** R&D centres globally

More than  
**790**  
 employees and operations across three continents

**Producing**  
 advanced materials destined for the terrestrial renewable energy, space solar power, imaging and sensing, health and pharmaceutical, and technical materials sectors

**North America**

**Montreal Canada** ■■■ □  
 ■ Terrestrial renewable energy  
 ■ Imaging and sensing

**Bridgeport USA** ■ □  
 ■ Health and pharma  
 ■ Technical materials

**St. George USA** ■■■ □  
 ■ Space solar power  
 ■ Imaging and sensing

**Europe**

**Heilbronn Germany** ■■■ □  
 ■ Space solar power  
 ■ Terrestrial renewable energy

**Lübeck Germany** ■■■ □  
 ■ Health and pharma  
 ■ Technical materials

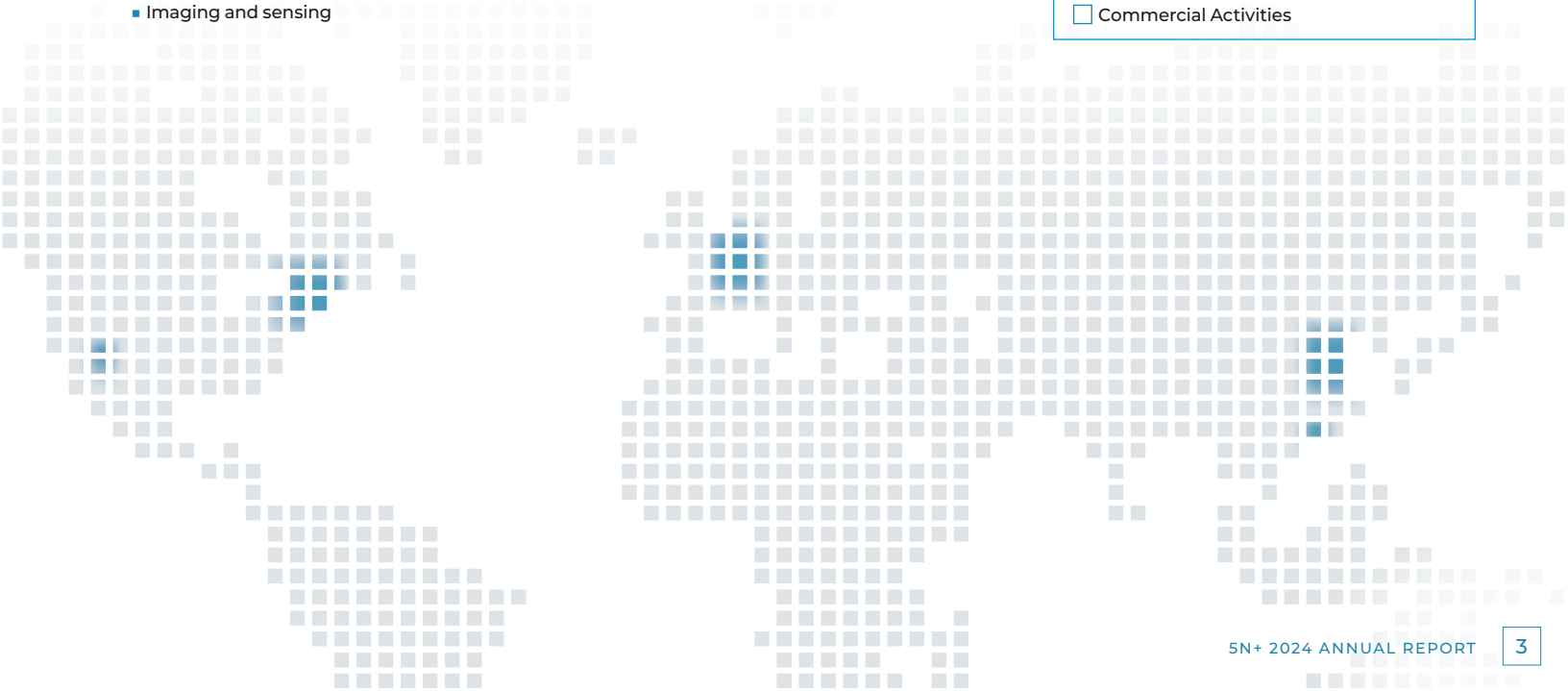
**Eisenhüttenstadt Germany** ■ ■  
 ■ Terrestrial renewable energy

**Asia**

**Shangyu China** ■ □  
 ■ Technical materials

**Hong Kong China** □

■ Manufacturing  
 ■ Research and Development  
 □ Commercial Activities



# Supporting Growth and Success



We are confident in 5N+'s continued success, in the strength of the team and in the essential role our advanced materials will continue to play in a broad range of critical applications.

On behalf of the Board of Directors, I am pleased to provide an update on our priorities and to share our perspective on how 5N+ successfully navigated 2024. At times of fast technological innovations and geopolitical shifts, we take our corporate oversight responsibility very seriously and we are committed to the Company's success and sustainable growth.

We were particularly pleased to see another year of strong execution, with excellent financial results that surpassed the Company's ambitious targets and gave it momentum for 2025. Management's clear focus on value-added products and long-term business relationships make 5N+ uniquely positioned to meet the needs of clients in critical and growing markets in the coming years.

With production sites in Germany, Canada and the United States, 5N+ stands out as a supplier of choice based outside of China. We have both the strategy and the levers to capture opportunities and to handle any challenges ahead. As a board, we bring our full support to the management team in their execution of our proven strategy.

As shareholders, you can be confident that your board is laser-focused on upholding the highest governance, ethics and risk management standards. We conduct regular reviews to make sure the Company's policies meet market expectations, follow international regulations and capture emerging priorities.

In 2024, the Company made policy updates on several fronts. In line with a commitment made as part of our reporting on forced labour in supply chains, we developed and adopted a new Supplier Code of Conduct and completed modern slavery training for management. In addition, the Code of Business Conduct was refreshed to better capture key themes such as human rights. Just as importantly, we strengthened the harassment policy to make the complaint process clearer.

One of the board's key responsibilities is executive compensation, and part of that work includes ensuring that the Company is market competitive. Under the direction of the Governance and Compensation Committee, and with the support of a third party, we conducted a comprehensive review of our comparative group, an important exercise to assess how 5N+ compares with businesses of comparable size in similar fields. The last such exercise took place in 2021 and an update was warranted to ensure that we continue to have the means to recruit, retain and motivate the top talent necessary to our success.

As a board, we are committed to staying well-equipped to meet the Company's needs as a group of seasoned leaders who combine deep knowledge of the Company with fresh perspectives through periodic board renewal.

## GOVERNANCE

Last year, Nathalie Le Prohon did not stand for re-election after a decade of service as director and I sincerely thank her for her contributions during her tenure. With her election as director following our annual meeting in May of last year, we were pleased to welcome Andrée-Lise Méthot. As a result, we maintained 40% female representation on the board, a diversity mix we highly value. Andrée-Lise brings more than 25 years of experience in venture capital, impact investment, management and engineering, and has been an invaluable addition to the team.

Sustainability issues also remain top of mind in our oversight duties as 5N+ advances its roadmap and builds up its ESG capacity. In addition to the policy changes on human rights, the Company continues its work to help bring its activities in line with emerging climate regulations, not only as a Canadian public issuer, but also to meet European Union requirements for our operations in Germany. We will continue to provide a comprehensive annual update on our progress, in line with market expectations and industry practice.

With the upcoming celebration of our 25<sup>th</sup> anniversary milestone later in 2025, I wish to commend management and the entire 5N+ team, for their continued and much appreciated commitment. I also wish to sincerely thank our shareholders for their ongoing trust and support.

As a board, we are confident in 5N+'s continued success, in the strength of the team and in the essential role our advanced materials will continue to play in a broad range of critical applications.

Sincerely,



**Luc Bertrand**  
Chair of the Board

## Board of Directors



**Luc Bertrand**  
Chair of the Board, 5N+  
Québec, Canada  
Director since  
January 2016



**Jean-Marie Bourassa**  
Corporate Director  
Québec, Canada  
Director since  
December 2007



**Blair Dickerson**  
Vice President,  
Public and Corporate  
Affairs Canada, Domtar  
Ontario, Canada  
Director since  
February 2023



**Gervais Jacques**  
President and  
Chief Executive Officer, 5N+  
Québec, Canada  
Director since May 2020



**Andrée-Lise Méthot**  
Founder and Managing  
Partner, Cycle Capital  
Québec, Canada  
Director since May 2024

## Executive Committee



**Gervais Jacques**  
President and  
Chief Executive Officer



**Richard Perron**  
Chief Financial Officer



**Roland Dubois**  
Chief Commercial Officer  
and Executive  
Vice President,  
Specialty Semiconductors



**Paul Tancell**  
Executive Vice President,  
Performance Materials

# Trusted Partner in Growing Markets



As we celebrate our 25<sup>th</sup> anniversary milestone later this year, we are determined to pursue both organic and external growth and further cement our position as a trusted partner in growing markets.

5N+ delivered another outstanding year in 2024, both in the execution of our strategy and our financial results. Our focus on value-added products and long-term relationships with customers in growing sectors allowed us to beat our financial targets for the year and sets us up for long-term success.

The performance of our Specialty Semiconductors business reconfirmed our status as a trusted partner, with strong demand from terrestrial renewable energy and space solar power. In addition, our improved product mix and operational execution in our Performance Materials business generated strong profitability.

Our goal is to continue building on this momentum in 2025, guided by our clear vision and our agility as a team to forge ahead on our growth path and manage headwinds along the way.

## Raising the bar

For 2024, we delivered stellar results across our key performance metrics, while prudently managing our capital.

We delivered strong year-over-year revenue growth, surpassed our initial Adjusted EBITDA target, continued to deliver on our margin expansion efforts and sustained an elevated backlog. We ended the year with a solid balance sheet, giving us flexibility to continue investing strategically in our business, including through external opportunities. These impressive results reflect the concerted efforts and contributions of our teams across the organization, and we intend on stepping up our performance in 2025.

## An efficient solution for growing energy demand

Demand for energy is rising, especially in the United States, where fast progress in artificial intelligence is fueling investments in power-hungry new data centres. Solar energy, which is both clean and fastest to market, is part of the solution. As a key supplier to America's leading solar technology company serving the commercial sector, we are well-placed to continue benefitting from growth in energy demand.

In 2024, we were pleased to renew our multi-year agreement with this strategic client, with favourable terms and a 50% volume increase. With our production sites in Canada, the United States and Germany, we are in a strong position to stay competitive within this market segment.

Last year, we also completed investments in Montreal, Canada and Eisenhüttenstadt, Germany to increase semiconductor compound production and recycling capacity. Installed capacity has tripled since 2022, giving us the means to meet current demand and expand further in the future.

## Powering the race to space

The space solar power market is also experiencing unprecedented growth. From telecommunications and national security to scientific research and exploration, the space revolution is in full swing. We intend to meet this opportunity head on as a longstanding partner to the commercial, civil and defense sectors.

In that area, we are benefitting from the expertise of Germany-based AZUR, the solar cell technology leader which became a 5N+ company in 2021. Since then, its sales have doubled and profit is up significantly. In the first quarter of 2024 alone AZUR secured more than \$135 million in new contracts.

To support new business and capture additional demand, we made strategic investments at their production site in Heilbronn, Germany. We increased solar cell production capacity by 35% in 2024 and expect to increase output by another 30% this year, with minimal additional costs.

## Future growth avenue in medical imaging

On the medical imaging front, our advanced materials are essential to the manufacturing of radiation detector chips helping to reduce patient exposure to X-rays.

Photon counting detector (PCD) technology, which is set to replace traditional scintillator detectors, represents the next frontier in medical imaging. In 2024, we continued to work closely with several major corporations in their product development ahead of this transition. We expect this advancement to provide a promising growth avenue in the medium term.

## A profitable and complementary business

An improved product mix and solid operational execution also contributed to strong profitability in our Performance Materials segment. As the leading supplier of bismuth-based active pharmaceutical ingredients (APIs), we address, by our estimate, about 75% of global demand. Our state-of-the-art facility in Lübeck, Germany will enable us to take advantage of continued growth in this sector as new APIs get developed. Demand for bismuth chemicals is expected to continue growing in line with GDP in our respective markets and as new APIs are developed, and to serve as the main source of growth for this segment.

## Leveraging our competitive advantages

Our strategic focus on value-added products and on being a critical supplier to our customers without being a critical cost has served us well in recent years and positions us well for the future. This, combined with our deep and recognized expertise in advanced high-purity materials for growing markets and our Western world manufacturing footprint, gives us an additional competitive edge to navigate the opportunities and challenges ahead.

As we celebrate our 25<sup>th</sup> anniversary milestone later this year, we are determined to pursue both organic and external growth and further cement our position as a trusted partner in growing markets.

Our objective is also to ensure that all our actions contribute to creating sustainable value for our employees, our customers and our shareholders. In 2024, we continued to advance our sustainability priorities as we seek to enhance our disclosure over time. Our current roadmap and the extensive assessments we are undertaking are designed to provide a strong foundation for enduring sustainability to meet evolving expectations and requirements, all while achieving our financial and operational targets.

In closing, I wish to recognize our employees on three continents for their commitment to our customers and our growth strategy, and to thank our customers and shareholders for their continued trust and support.

Sincerely,



**Gervais Jacques**  
President and Chief Executive Officer

# Celebrating 25 Years of Critical Contributions

Over the last quarter century, 5N+ has grown into a global vertically integrated producer of specialty semiconductors and performance materials, recognized as a reliable and trusted industrial partner to leading private-sector companies and government agencies. Throughout that time, 5N+ has focused on developing and producing advanced materials that are critical enablers of its customers' end-products without being a critical cost component, serving diverse and growing markets ranging from space solar power to pharmaceutical applications.



## June 1, 2000

Through a management buyout, a group of employees of a major Canadian mining and metals company start their own enterprise to provide advanced materials for medical imaging to reduce X-ray exposure.



## 2003

A primary refining plant is commissioned in Montreal, Canada with closed-loop hydrometallurgical operations which span from primary extraction of mining concentrates to recycling capabilities.



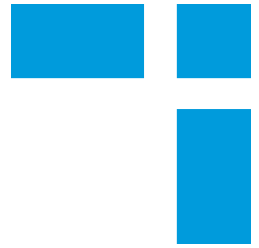
## 2007

5N+ becomes a publicly listed company with shares trading on the Toronto Stock Exchange under the ticker symbol VNP.



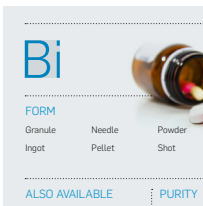
## 2009

5N+ strengthens its position in the development and production of specialty semiconductors and pure metals through the acquisition of Firebird Technologies.



**2011**

Through an acquisition, the Company strategically expands its global footprint and becomes a leading diversified producer of specialty metals and chemical products, including bismuth.



**2021**

A transformational transaction, 5N+ acquires Heilbronn, Germany-based AZUR, a global leader in the development and manufacturing of multi-junction solar cells, thereby extending its highly competitive specialty semiconductor value chain.



**2024**

Installed production capacity in Montreal increases by 100% compared to 2022 levels. AZUR completes a two-year program to increase its output capacity by 35%, with plans to increase capacity by an additional 30% in 2025.



**2014**

With the acquisition of its remaining ownership interest in Sylarus Technologies in St. George, Utah, 5N+ solidifies its leadership in the production of substrates used for manufacturing imaging and sensing detector chips, and solar cells.



**2022**

The Company undertakes a major expansion of its tellurium recovery and production capacity in Montreal to support growing demand for specialty semiconductors in the terrestrial renewable energy sector.



**June 1, 2025**

5N+ and its more than 790 employees to celebrate the Company's 25<sup>th</sup> anniversary since its founding.

# Enabling Materials for Diverse End Markets

Through our unique and proprietary processes and world-class technological expertise, we create advanced materials that enable a broad range of applications across our two business segments: Specialty Semiconductors and Performance Materials.

## Specialty Semiconductors



### Terrestrial Renewable Energy

As a leading supplier to the renewable energy sector, our specialty semiconductor products are critical in moving towards a sustainable future. With gigawatts of solar panels incorporating our materials installed in utility-scale projects, our products convert the sun's power into renewable energy to provide electricity for consumers worldwide. In addition, our enabling materials are used in next generation energy storage infrastructure.



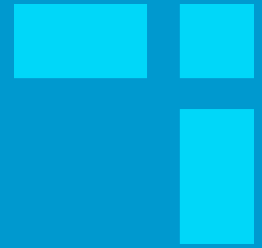
### Space Solar Power

Our high-purity germanium wafers and epitaxial semiconductor substrates are used to produce ultra-high efficiency photovoltaic (PV) solar cells for satellite power generation and concentrated PV systems. Our enabling materials are frequently in orbit powering satellites at various orbits LEO, MEO, GEO and beyond Earth orbit, as well as various space vehicles.



### Imaging and Sensing

Our materials are used to manufacture radiation detector chips in medical, infrared and earth imaging applications in the medical, security and defense industries, helping to reduce patient exposure to X-rays and keep nations safe. We are a key player in the product value chain for the new CT scanning devices, photon counting detectors (PCD), that are to replace scintillator detectors.



## Performance Materials



### Health and Pharma

Non-toxic to human health or the environment, we produce bismuth chemicals that are essential to the creation of everyday human care products. Our bismuth products are used as active pharmaceutical ingredients in over-the-counter antacids and antibiotic creams as well as in cosmetics product applications.



### Technical Materials

Whether a substitute of toxic heavy metals in various applications or specialty alloys and chemicals, our technical materials are customizable and critical to a broad range of industries from aviation to optics.

# A Sustainable Business Model

5N+ is committed to being a reliable source for specialty semiconductors and performance materials enabling innovative products critical to our everyday lives. In addition to enabling many industries essential to a sustainable future, we apply a sustainability lens to our own operations, our supply chain and practices.

## A Commitment to High Standards

We hold several certifications for various aspects of our business to demonstrate our commitment to high standards in health and safety, quality, energy, environment and resource management, including internationally recognized ISO standards.

In addition to our ISO certifications, Lübeck is a U.S. Food and Drug Administration (FDA) approved facility and meets Good Manufacturing Practices (GMP) requirements. Heilbronn/AZUR is EN 9100 (Quality Management System for Aviation Space and Defence) certified. Key space products are qualified to European (ECSS) and U.S. (AIAA) standards, and concentrated photovoltaic products are manufactured in accordance to the International Electrotechnical Commission (IEC) standards.

	ISO 9001 Quality Management	ISO 14001 Environment Management	ISO 45001 Occupational Health and Safety	ISO 50001 Energy Management
<b>Eisenhüttenstadt</b> Germany	●	●		●
<b>Heilbronn</b> Germany	●	●	●	○
<b>Lübeck</b> Germany	●			●
<b>Montreal</b> Canada	●	●	●	
<b>Shangyu</b> China	●	●	●	
<b>St. George</b> USA	●			

○ = Process of implementing standard underway

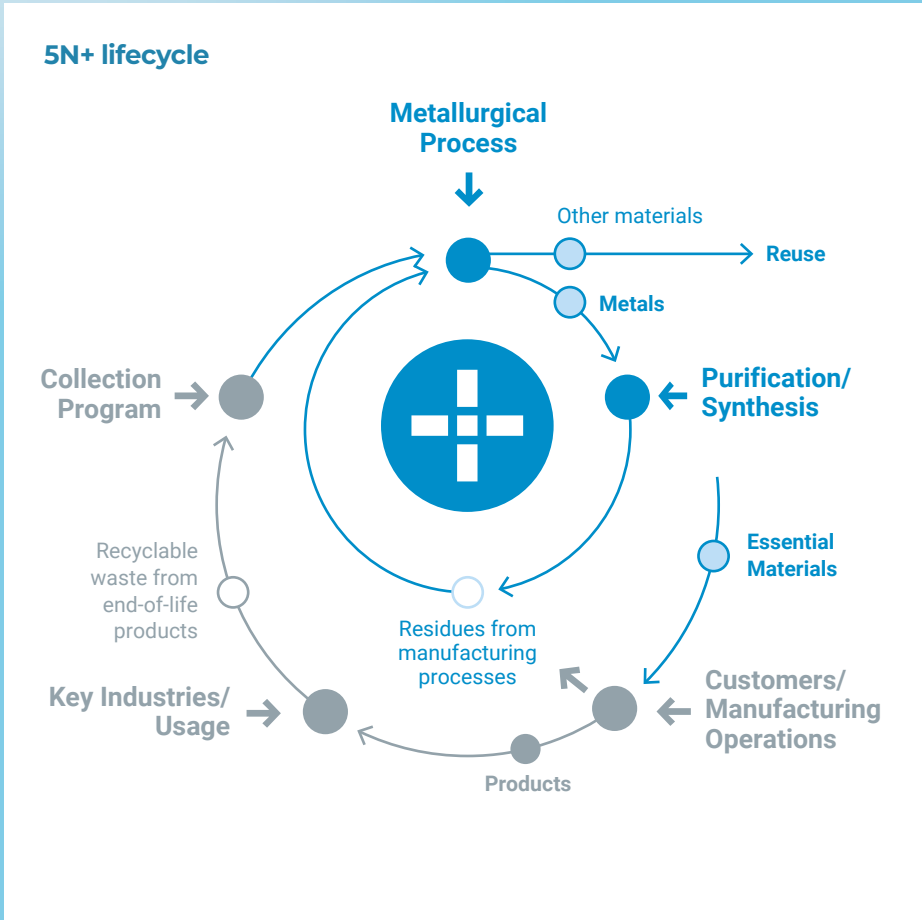
## Circular Economy Principles and a Closed-looped Model

We take an integrated, lifecycle approach to materials management and are constantly investing in sustainably sourcing our raw materials, integrating circular economy principles wherever possible.

We have deep expertise and unique technologies for the recovery, treatment and valuation of degraded resources from other industries, with a mineral recycling program that spans three continents. We procure degraded resources containing low grades of critical metals from upstream suppliers and extract the critical metals to develop and manufacture enabling materials for our customers. As an upcycler of by-products from other industries, we help reduce waste by promoting reuse, while broadening our source market, thereby strengthening our diversified supply chain.

## Pursuing our Sustainability Roadmap

Since 2022, we have published a comprehensive annual sustainability report covering material environmental, social and governance topics relevant to our business, our industry and our stakeholders. Our reporting is prepared in alignment or reference to Global Reporting Initiative (GRI) indicators as well as an increasing number of requirements from other ESG reporting frameworks and standards relevant to our business and operations.



We continue to evolve our sustainability priorities as we seek to enhance our disclosure and alignment with recognized standards over time as we seek to build a strong foundation for enduring sustainability – leveraging the commitment to sustainable development already ingrained in our DNA. We continue to make steady progress and intend to publish a comprehensive update in the spring of 2025, in line with past practice.

To consult our latest Sustainability Report, go to <https://www.5nplus.com/en/sustainable-development/>

# 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+"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2024, based on International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "IFRS"), unless otherwise stated. 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 February 25, 2025, 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. "Q4 2024" and "Q4 2023" refer to the three-month periods ended December 31, 2024 and December 31, 2023, respectively; "FY 2024" and "FY 2023" refer to the years ended December 31, 2024, and December 31, 2023, respectively.

## Non-IFRS Measures

This MD&A contains certain non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures, which do not have a standard meaning under IFRS Accounting Standards and, therefore, may not be comparable to similar measures presented by other issuers. Such non-IFRS measures and ratios include Backlog, Bookings, EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted operating expenses, Adjusted net earnings (loss), Basic adjusted earnings (loss) per share, Adjusted gross margin, Adjusted gross margin percentage, Total debt, Net debt, Net debt to EBITDA ratio, Working capital and Working capital ratio.

For definitions, further information and reconciliation of these measures to the most directly comparable measures under IFRS Accounting Standards, see the "Non-IFRS Measures" section.

## Notice Regarding Forward-Looking Statements

Certain statements in this MD&A 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. Factors of uncertainty and risk that might result in such differences include the risks associated with interest rate, foreign currency, credit, liquidity, global economic conditions, international operations including China and trade protectionist measures and any retaliatory action from affected countries, environmental regulations, crisis and climate change management, environmental social and governance (ESG) considerations, safety and hazards, prolonged armed conflict in Ukraine, disease outbreaks, availability and retention of qualified professional employees, collective agreements, litigation, our growth strategy, competition, commodity price, sources of supply, protection of intellectual property, inventory price, business interruptions, loss of an important customer, changes to backlog, acquisitions, systems, network infrastructure and data failure, interruption and breach, privacy, market price of the common shares, as well as grants and other incentive programs. A description of the risks affecting the Company's business and activities appears under the heading "Risk and Uncertainties" of this MD&A dated February 25, 2025.

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 MD&A 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 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. Forward-looking statements are presented in this MD&A for the purpose of assisting investors and others in understanding certain key elements of the Company's expected financial results, as well as the Company's objectives, strategic priorities and outlook, and in obtaining a better understanding of the Company's anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

### Overview

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 Montreal, Québec, 5N+ operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia.

### Vision, Mission and Values

The Company's vision is to enable critical industries through essential products based on advanced material technology and 5N+'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 and trusted by its shareholders. The Company's core values are integrity, commitment and customer development, with an emphasis on sustainable development, continuous improvement, and health and safety.

### Reporting Segments

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 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 EBITDA<sup>1</sup>, which are reconciled to consolidated numbers considering corporate income and expenses.

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 space-related solar energy), medical imaging, infrared imaging, optoelectronics and advanced electronics. These products are sold either as semiconductor compounds, semiconductor wafers, ultra high purity metals, epitaxial semiconductor substrates, space solar cells and assemblies. 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, 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 (SG&A), together with financial expenses (income), are grouped under "Corporate".

---

<sup>1</sup> 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Q4 and FY 2024 Highlights –Trusted Partner in Growing Markets

5N+ had an outstanding year in FY 2024, generating stellar quarterly and full-year financial results, including record annual Adjusted EBITDA representing 39% growth over FY 2023. The Company delivered on its margin expansion efforts, sustained an elevated backlog<sup>1</sup> and ended the year with a solid balance sheet. Underlying its performance is its strategic focus on higher margin, value-added products and on being a critical supplier without being a critical cost to customers operating in growing markets. This is further supported by its recognized expertise and reliability in the development of advanced materials, its Western world manufacturing footprint, as well as its market leadership in its end markets.

All amounts are expressed in U.S. dollars.

Supported by the strategic sectors under Specialty Semiconductors, the Company achieved annual revenue growth of 19% in FY 2024 to reach \$289.3 million and Adjusted EBITDA growth of 39% to reach a record \$53.3 million. Adjusted gross margin percentage<sup>1</sup> was 33.0% for Q4 2024, compared to 28.5% in the same quarter last year, while Adjusted gross margin percentage was 31.6% for FY 2024, compared to 29.0% in FY 2023, favourably impacted by higher volume in strategic sectors under Specialty Semiconductors and better prices over inflation.

The strong performance both in Q4 and FY 2024 under Specialty Semiconductors reconfirmed 5N+'s strategic positioning as a trusted partner in the terrestrial renewable energy and space solar power sectors. In FY 2024, segmented revenue was \$202.3 million, representing a 29% increase over FY 2023, while Adjusted gross margin percentage was 30.1% for the year, compared to 26.3% in FY 2023. Adjusted EBITDA in FY 2024 increased by \$16.5 million to \$44.0 million.

In FY 2024, 5N+ successfully renewed its multi-year agreement with its strategic client in the terrestrial renewable energy space, with favourable terms and a 50% volume increase over the next two calendar years compared to the previous agreement. To meet demand, the Company completed investments in Montréal, Canada, and Eisenhüttenstadt, Germany, to increase semiconductor compound production and recycling capacity. To support new business and capture additional demand in the space solar power sector, 5N+ made strategic investments at its AZUR production site in Heilbronn, Germany. It increased solar cell production capacity by 35% in FY 2024 and is in the process of increasing output by an additional 30% in 2025, with minimal additional costs.

An improved product mix and solid operational execution in Performance Materials also contributed to strong profitability. While its revenues year-over-year remained relatively flat, the segment generated an Adjusted gross margin percentage of 35.9% in FY 2024, compared to 34.6% in FY 2023, and held annual Adjusted EBITDA generation at \$22.1 million, representing a \$0.1 million increase over the prior year.

### Financial Highlights

- Revenue in Q4 2024 increased by 9% to \$70.9 million, compared to \$65.1 million in Q4 2023, driven by strong growth under Specialty Semiconductors. Revenue in FY 2024 reached \$289.3 million, compared to \$242.4 million in FY 2023, supported by the terrestrial renewable energy and space solar power sectors under Specialty Semiconductors.
- Adjusted EBITDA in Q4 2024 increased by 38% to \$12.5 million, compared to \$9.0 million in Q4 2023, driven by higher volume from the terrestrial renewable energy and space solar power sectors, and better prices over inflation. Adjusted EBITDA was \$53.3 million in FY 2024, representing a 39% increase compared to \$38.3 million in FY 2023.
- Adjusted gross margin<sup>1</sup> increased by 26% to \$23.4 million in Q4 2024, favourably impacted by the same factors as above. Adjusted gross margin as a percentage of sales was 33.0% in Q4 2024, compared to 28.5% in Q4 2023. Adjusted gross margin reached \$91.3 million for FY 2024, or 31.6% of sales, compared to \$70.2 million in FY 2023, or 29.0% of sales.

<sup>1</sup> 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.

- Net earnings in Q4 2024 were \$1.0 million, compared to \$2.3 million in Q4 2023. For FY 2024, net earnings were \$14.7 million, compared to \$15.4 million in FY 2023.
- Backlog stood at \$252.8 million, representing 326 days of annualized revenue as at December 31, 2024, 37 days higher than the previous quarter and 34 days higher than at the end of last year, primarily due to the timing of contract signings and renewals.
- Net debt<sup>1</sup> was \$100.1 million as at December 31, 2024, compared to \$73.8 million as at December 31, 2023, reflecting an increase in working capital<sup>1</sup> and planned capital expenditures in 2024 under Specialty Semiconductors. The Company's net debt to EBITDA ratio<sup>1</sup> stood at 2.02x as at December 31, 2024.

### 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.

The Company also anticipates growth under imaging and sensing applications including in the security, defence and medical sectors. The anticipated transition to photon counting detector (PCD) technology for medical imaging is anticipated to provide a promising growth avenue in the medium term.

Management expects growth in the Performance Materials segment to be primarily driven by the health and pharmaceutical sector, which provides high profitability and predictable cashflows. We expect demand for bismuth chemicals to continue to grow in line with GDP in respective markets.

As a result of increased production capacity and operational flexibility, 5N+ is in a position to efficiently capture additional organic growth opportunities in the near term, while it also actively pursues external growth opportunities.

Based on under-contract and anticipated near-term demand primarily driven by the Specialty Semiconductors segment, management anticipates generating Adjusted EBITDA in a range of \$55 to \$60 million in 2025, representing an upward revision of its previously disclosed range of \$50 to \$55 million.

The recent change in administration in the U.S. creates uncertainty in the global economic outlook, particularly regarding potential trade protectionist measures that could trigger retaliatory actions from affected countries. Given the rapidly evolving landscape and the potential impact of these measures, the Company has elected to defer providing guidance for 2026 until it has had the opportunity to further assess the direct and indirect impacts on its business and operations. The Company remains committed to its long-term objectives and the execution of its strategic initiatives.

The Company intends to continue to leverage its strategic positioning and competitive advantages to build on its FY 2024 momentum as it enters 2025 and to navigate any potential headwinds that result from the evolving macro-economic and geopolitical environment.

<sup>1</sup> 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Summary of Results

(in thousands of U.S. dollars, except per share amounts)	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
Revenue	70,854	65,063	289,281	242,371
Adjusted operating expenses <sup>1</sup>	(58,370)	(56,030)	(235,949)	(204,048)
<b>Adjusted EBITDA</b>	<b>12,484</b>	9,033	<b>53,332</b>	38,323
Share-based compensation expense	(309)	(414)	(906)	(1,432)
Gain (loss) on disposal of property, plant and equipment	-	-	2,089	(1,051)
Loss on remeasurement of financial instrument	(1,000)	-	(1,000)	-
Reversal of impairment (impairment) of non-current assets	120	(64)	(2,706)	(672)
Litigation and restructuring (costs) income	(769)	(458)	(1,790)	8,314
Foreign exchange (loss) gain	(286)	(361)	549	136
<b>EBITDA<sup>1</sup></b>	<b>10,240</b>	7,736	<b>49,568</b>	43,618
Interest on long-term debt, imputed interest and other interest expense	2,446	2,129	9,169	8,834
Depreciation and amortization	4,373	4,057	16,791	16,110
<b>Earnings before income taxes</b>	<b>3,421</b>	1,550	<b>23,608</b>	18,674
Income tax expense (recovery)				
Current	907	612	6,945	6,674
Deferred	1,508	(1,346)	1,991	(3,399)
	2,415	(734)	8,936	3,275
<b>Net earnings</b>	<b>1,006</b>	2,284	<b>14,672</b>	15,399
Basic earnings per share	\$0.01	\$0.03	\$0.17	\$0.17
Diluted earnings per share	\$0.01	\$0.03	\$0.16	\$0.17

### Revenue by Segment and Adjusted Gross Margin

(in thousands of U.S. dollars)	Q4 2024	Q4 2023	Change	FY 2024	FY 2023	Change
	\$	\$		\$	\$	
Specialty Semiconductors	51,866	45,661	14%	202,329	156,479	29%
Performance Materials	18,988	19,402	(2%)	86,952	85,892	1%
<b>Total revenue</b>	<b>70,854</b>	65,063	9%	<b>289,281</b>	242,371	19%
Cost of sales	(51,104)	(49,677)	3%	(211,413)	(184,833)	14%
Depreciation included in cost of sales	3,643	3,189	14%	13,445	12,656	6%
<b>Adjusted gross margin</b>	<b>23,393</b>	18,575	26%	<b>91,313</b>	70,194	30%
<b>Adjusted gross margin percentage</b>	<b>33.0%</b>	28.5%		<b>31.6%</b>	29.0%	

Revenue in Q4 2024 increased by 9%, reaching \$70.9 million, compared to \$65.1 million for the same period last year. The increase is primarily attributable to strong growth from the terrestrial renewable energy and space solar power sectors under Specialty Semiconductors, offsetting the minor decrease under Performance Materials. Revenue in FY 2024 reached \$289.3 million, compared to \$242.4 million in FY 2023, supported by strategic sectors under Specialty Semiconductors.

Adjusted gross margin increased by 26% to reach \$23.4 million in Q4 2024, compared to \$18.6 million in Q4 2023, and \$91.3 million in FY 2024, compared to \$70.2 million in the same period last year, favourably impacted by higher volume in strategic sectors under Specialty Semiconductors and better prices over inflation. Adjusted gross margin as a percentage of sales was 33.0% in Q4 2024, compared to 28.5% in Q4 2023, with margin expansion driven by Specialty Semiconductors. Adjusted gross margin as a percentage of sales was 31.6% in FY 2024, compared to 29.0% in FY 2023.

<sup>1</sup> 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.

### Specialty Semiconductors

Revenue in Q4 2024 was \$51.9 million, compared to \$45.7 million in Q4 2023. In FY 2024, revenue was \$202.3 million, compared to \$156.5 million in FY 2023, supported by higher demand from the terrestrial renewable energy and space solar power sectors. Adjusted gross margin as a percentage of sales was 33.3% in Q4 2024, compared to 26.7% in Q4 2023. Adjusted gross margin as a percentage of sales was 30.1% in FY 2024, compared to 26.3% in FY 2023, favourably impacted by economies of scale due to higher production and higher prices net of inflation.

### Performance Materials

Revenue in Q4 2024 reached \$19.0 million, compared to \$19.4 million in Q4 2023. In FY 2024, revenue was \$87.0 million, compared to \$85.9 million in FY 2023. Adjusted gross margin as a percentage of sales was 33.5% in Q4 2024, compared to 33.8% in Q4 2023. In FY 2024, Adjusted gross margin as a percentage of sales was 35.9%, compared to 34.6% in FY 2023, as a result of a more favourable product mix throughout the year.

### Operating Earnings, EBITDA and Adjusted EBITDA

(in thousands of U.S. dollars)	Q4 2024	Q4 2023	Change	FY 2024	FY 2023	Change
	\$	\$		\$	\$	
Specialty Semiconductors	12,647	7,480	69%	44,008	27,544	60%
Performance Materials	3,728	4,615	(19%)	22,072	21,948	1%
Corporate	(3,891)	(3,062)	27%	(12,748)	(11,169)	14%
<b>Adjusted EBITDA</b>	<b>12,484</b>	<b>9,033</b>	<b>38%</b>	<b>53,332</b>	<b>38,323</b>	<b>39%</b>
<b>EBITDA</b>	<b>10,240</b>	<b>7,736</b>	<b>32%</b>	<b>49,568</b>	<b>43,618</b>	<b>14%</b>
<b>Operating earnings</b>	<b>6,153</b>	<b>4,040</b>	<b>52%</b>	<b>32,228</b>	<b>27,372</b>	<b>18%</b>

Adjusted EBITDA in Q4 2024 increased by 38% to \$12.5 million, representing an Adjusted EBITDA margin<sup>1</sup> of 17.6%, compared to \$9.0 million, or an Adjusted EBITDA margin of 13.9%, in Q4 2023. Adjusted EBITDA was \$53.3 million in FY 2024, a 39% increase compared to \$38.3 million in FY 2023.

In Q4 2024, EBITDA reached \$10.2 million, compared to \$7.7 million in Q4 2023. The increase of \$2.5 million is mainly explained by an increase in Adjusted EBITDA, partially mitigated by a loss on remeasurement of financial instrument. In FY 2024, EBITDA was \$49.6 million, a 14% increase compared to \$43.6 million in FY 2023. The other items reconciling Adjusted EBITDA to EBITDA are gain (loss) on disposal of property, plant and equipment (PPE), impairment on non-current assets, litigation and restructuring (costs) income, a foreign exchange gain and a share-based compensation expense. For more information, see the "Expenses" section.

In Q4 2024, operating earnings amounted to \$6.2 million, compared to operating earnings of \$4.0 million in Q4 2023, impacted by the same factors as mentioned above. In FY 2024, operating earnings amounted to \$32.2 million, compared to \$27.4 million in FY 2023.

### Specialty Semiconductors

Adjusted EBITDA in Q4 2024 increased by \$5.2 million, or 69%, to reach \$12.6 million, representing an Adjusted EBITDA margin of 24.4%, compared to 16.4% in Q4 2023. Adjusted EBITDA in FY 2024 increased by \$16.5 million to \$44.0 million, representing an Adjusted EBITDA margin of 21.8%, compared to 17.6% in FY 2023. The increase is primarily attributable to higher demand in the terrestrial renewal energy and space solar power sectors, higher prices net of inflation and favourable unit costs from economies of scale.

### Performance Materials

Adjusted EBITDA in Q4 2024 decreased by \$0.9 million, or 19%, and reached \$3.7 million, representing an Adjusted EBITDA margin of 19.6%, compared to 23.8% in Q4 2023. Adjusted EBITDA in FY 2024 increased by \$0.1 million to \$22.1 million, representing an Adjusted EBITDA margin of 25.4%, compared to 25.6% in the same period in 2023.

<sup>1</sup> 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Net Earnings and Adjusted Net Earnings

(in thousands of U.S. dollars, except per share amounts)	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
Net earnings	1,006	2,284	14,672	15,399
Basic earnings per share	\$0.01	\$0.03	\$0.17	\$0.17
Reconciling items:				
Share-based compensation expense	309	414	906	1,432
(Gain) loss on disposal of property, plant and equipment	-	-	(2,089)	1,051
Loss on remeasurement of financial instrument	1,000	-	1,000	-
(Reversal of impairment) impairment of non-current assets	(120)	64	2,706	672
Litigation and restructuring costs (income)	769	458	1,790	(8,314)
Income tax recovery on taxable items above	(181)	(226)	(598)	(854)
<b>Adjusted net earnings<sup>1</sup></b>	<b>2,783</b>	<b>2,994</b>	<b>18,387</b>	<b>9,386</b>
<b>Basic adjusted earnings per share<sup>1</sup></b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.21</b>	<b>\$0.11</b>

In Q4 2024, net earnings were \$1.0 million or \$0.01 per share, compared to net earnings of \$2.3 million or \$0.03 per share in Q4 2023. Adjusted net earnings were \$2.8 million or \$0.03 per share in Q4 2024, compared to \$3.0 million or \$0.03 per share in Q4 2023.

In FY 2024, net earnings were \$14.7 million or \$0.17 per share, compared to \$15.4 million or \$0.17 per share in FY 2023. Adjusted net earnings were \$18.4 million or \$0.21 per share in FY 2024, compared to \$9.4 million or \$0.11 per share, in FY 2023.

Excluding income tax recovery, the items reconciling Adjusted net earnings in Q4 2024 are a share-based compensation expense, a loss on remeasurement of financial instrument, a reversal of impairment on non-current assets, and litigation and restructuring costs. For FY 2024, the items are a share-based compensation expense, a gain on disposal of PPE, a loss on remeasurement of financial instrument, an impairment on non-current assets, and litigation and restructuring costs. For more information, see the "Expenses" section.

### Backlog and Bookings

(in thousands of U.S. dollars)	BACKLOG			BOOKINGS <sup>1</sup>		
	Q4 2024	Q3 2024	Q4 2023	Q4 2024	Q3 2024	Q4 2023
	\$	\$	\$	\$	\$	\$
Specialty Semiconductors	216,911	218,200	174,957	50,577	55,748	52,909
Performance Materials	35,920	31,493	33,346	23,415	27,726	24,543
<b>Total</b>	<b>252,831</b>	<b>249,693</b>	<b>208,303</b>	<b>73,992</b>	<b>83,474</b>	<b>77,452</b>

(number of days based on annualized revenue)*	BACKLOG			BOOKINGS		
	Q4 2024	Q3 2024	Q4 2023	Q4 2024	Q3 2024	Q4 2023
Specialty Semiconductors	365	365	350	89	96	106
Performance Materials	173	111	157	113	98	115
Weighted average	326	289	292	95	97	109

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

### Q4 2024 vs. Q3 2024

Backlog on December 31, 2024, represented 326 days of annualized revenue, 37 days higher than the backlog on September 30, 2024.

The backlog for Specialty Semiconductors represented 365 days of annualized revenue, which was at a similar level than the backlog on September 30, 2024, due to confirmed long-term contracts. While the estimated number of days based on annualized revenues cannot exceed 365 days per the Company's definition, it is important to note that the effective backlog under Specialty Semiconductors surpasses the next twelve months.

<sup>1</sup> 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.

The backlog for Performance Materials represented 173 days of annualized revenue, an increase of 62 days, or 56%, compared to the backlog on September 30, 2024, mainly due to the signing and/or renewal of contracts, which typically occur in the fourth and first quarters of the year for this segment, net of the quarterly realization of long-term contracts.

Bookings for Specialty Semiconductors decreased by 7 days, from 96 days in Q3 2024 to 89 days in Q4 2024. Bookings for Performance Materials in Q4 2024 increased by 15 days, from 98 days in Q3 2024 to 113 days in Q4 2024. Bookings are calculated by adding revenues to the increase or decrease in backlog for the period divided by annualized revenue. As such, the increase or decrease in bookings is attributable to the same factors as the increase or decrease in backlog.

#### Q4 2024 vs. Q4 2023

Backlog on December 31, 2024, in number of days, for Specialty Semiconductors represented 365 days, an increase of 15 days, compared to the backlog on December 31, 2023. The backlog for Performance Materials on December 31, 2024, represented 173 days, an increase of 16 days, compared to 157 days on December 31, 2023.

Bookings for Specialty Semiconductors decreased by 17 days and by 2 days for Performance Materials, compared to the same quarter of the previous year.

#### Expenses

(in thousands of U.S. dollars)	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
Depreciation and amortization	4,373	4,057	16,791	16,110
SG&A	9,857	8,699	34,026	29,410
Share-based compensation expense	309	414	906	1,432
(Gain) loss on disposal of property, plant and equipment	-	-	(2,089)	1,051
Loss on remeasurement of financial instrument	1,000	-	1,000	-
(Reversal of impairment) impairment of non-current assets	(120)	64	2,706	672
Litigation and restructuring costs (income)	769	458	1,790	(8,314)
Financial expense	2,732	2,490	8,620	8,698
Income tax expense (recovery)	2,415	(734)	8,936	3,275
<b>Total expenses</b>	<b>21,335</b>	<b>15,448</b>	<b>72,686</b>	<b>52,334</b>

#### Depreciation and Amortization

Depreciation and amortization expenses in Q4 2024 and FY 2024 amounted to \$4.4 million and \$16.8 million, respectively, compared to \$4.1 million and \$16.1 million, respectively, for the same periods in 2023.

#### SG&A

SG&A expenses in Q4 2024 and FY 2024 were \$9.9 million and \$34.0 million, respectively, compared to \$8.7 million and \$29.4 million, for the same periods in 2023. The increase in Q4 2024 is mainly explained by increased variable annual employee compensation provisions across business units, while FY 2024 was also impacted by a punctual need for third-party support, inflation and a \$0.9 million charge related to accounts receivable for which there is no reasonable expectation of recovery.

#### Share-based Compensation Expense

Share-based compensation expense in Q4 2024 amounted to \$0.3 million, compared to \$0.4 million in Q4 2023. In FY 2024, share-based compensation expense amounted to \$0.9 million, compared to \$1.4 million in FY 2023.

#### (Gain) Loss on Disposal of Property, Plant and Equipment

During Q3 2024, the Company recognized a gain of \$2.1 million in relation to the sale of unused production equipment under Performance Materials following the Company's decision to switch to higher capacity equipment.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In Q2 2023, the Company recorded a loss of \$1.1 million on the disposal of production equipment under Specialty Semiconductors following a change in technical requirements and functionalities by the Company. The Company disposed of this production equipment in a non-monetary transaction with the supplier in exchange for credit to be applied against future purchases of production equipment.

### **Loss on Remeasurement of Financial Instrument**

In December 2024, a remeasurement loss on financial assets was recorded for \$1.0 million based on the revised estimates of the fair value of the Company's equity instrument in Microbion Corporation (Microbion) to reflect the increased difficulties for pharmaceutical research companies to raise capital.

### **Impairment of Non-current Assets**

During Q3 2024, the Company recorded an impairment of non-current assets of \$1.7 million in relation to intangible assets under Performance Materials, to reflect the assessment of the carrying value of technology and development costs following the Company's sale of unused production equipment.

During Q3 2024, the Company recorded an impairment of non-current assets of \$0.6 million in relation to PPE under Performance Materials, to reflect the assessment of the carrying value of production equipment following the Company's decision to prioritize specific production operations to support the Company's core business. The impairment was subsequently reversed during Q4 2024 by \$0.1 million after a revision in estimates of the cash inflows related to the asset's disposal, bringing the impairment to \$0.5 million for FY 2024.

During Q2 and Q3 2024, the Company recorded an impairment of non-current assets of \$0.3 million and \$0.3 million, respectively, in relation to PPE under Specialty Semiconductors, to reflect the assessment of the carrying value of production equipment following the Company's decision to discontinue construction of the asset.

In Q2 2023, the Company recorded an impairment of non-current assets of \$0.6 million in relation to PPE under Performance Materials to reflect the assessment of the carrying value of production equipment following the Company's decision to switch to higher capacity production equipment.

### **Litigation and Restructuring Costs (Income)**

In Q4 2024, the Company recorded litigation and restructuring costs of \$0.4 million related to site closures in Asia, \$0.2 million related to changes in management and \$0.2 million in charges associated with outsourcing the accounting and controls department of a subsidiary.

In Q3 2024, the Company recorded litigation and restructuring costs comprised of a provision of \$0.4 million related to a deposit for which it is probable that it is refundable to a client, \$0.4 million related to site closures in Asia and \$0.2 million related to changes in management.

In Q4 2023, the Company recorded litigation and restructuring costs of \$0.5 million consisting of severance and other related costs and a charge related to a non-trade receivable which became non-recoverable during the quarter for an amount of \$0.2 million. In addition to the previously mentioned expenses, in FY 2023, the Company also recorded a litigation and restructuring income of \$8.8 million, which represents the amount received from the previous shareholder of AZUR as per stipulations of the share purchase agreement, net of related expenses.

### **Financial Expense**

Financial expense amounted to \$2.7 million in Q4 2024, compared to \$2.5 million in Q4 2023. In FY 2024, financial expense amounted to \$8.6 million, compared to \$8.7 million in FY 2023.

### Income Taxes

The Company reported earnings before income taxes of \$3.4 million in Q4 2024, and of \$23.6 million in FY 2024. Income tax expense in Q4 2024 and FY 2024 was \$2.4 million and \$8.9 million, respectively, compared to income tax recovery of \$0.7 million and income tax expense of \$3.3 million, in the same periods in 2023. Both years were impacted by deferred tax assets applicable only in certain jurisdictions.

### Liquidity and Capital Resources

(in thousands of U.S. dollars)	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
Cash from operations before the following:	6,958	5,883	35,480	32,051
Net changes in non-cash working capital items	<b>(10,011)</b>	7,614	<b>(42,366)</b>	(13,077)
Cash (used in) from operating activities	<b>(3,053)</b>	13,497	<b>(6,886)</b>	18,974
Cash used in investing activities	<b>(2,459)</b>	(8,097)	<b>(17,980)</b>	(12,362)
Cash from (used in) financing activities	<b>3,233</b>	(694)	<b>12,388</b>	(14,725)
Effect of foreign exchange rate changes on cash	<b>(144)</b>	125	<b>(86)</b>	128
<b>Net (decrease) increase in cash</b>	<b>(2,423)</b>	4,831	<b>(12,564)</b>	(7,985)

In Q4 2024 and FY 2024, cash used in operating activities amounted to \$3.1 million and \$6.9 million, respectively, compared to cash generated from operating activities of \$13.5 million and \$19.0 million, respectively, for the same periods in 2023. The negative variance of \$25.9 million in FY 2024 is due to incremental requirements of non-cash working capital of \$29.3 million, partially offset by a higher contribution in cash from operations of \$3.4 million.

In Q4 2024, cash used in investing activities amounted to \$2.5 million, compared to \$8.1 million in Q4 2023. In FY 2024, cash used in investing activities amounted to \$18.0 million, compared to \$12.4 million in FY 2023. The increase of \$5.6 million is mainly explained by the proceeds on settlement of an indexed deposit agreement which was amended during Q1 2023, resulting in a receipt of cash of \$6.5 million last year, while the Company increased additions to PPE of \$3.4 million, mitigated by an increase in proceeds of disposition on property, plant and equipment of \$3.8 million.

In Q4 2024 and FY 2024, cash from financing activities amounted to \$3.2 million and \$12.4 million, respectively, compared to cash used in financing activities of \$0.7 million and \$14.7 million, respectively, for the same periods in 2023. The variation of \$27.1 million is attributable to the net drawdown of the credit facility after repaying a portion of the subordinated term loan, as well as the two interest-free term loans received in Q1 2024 for a total amount of \$2.9 million. For more information, see the "Net Debt" section.

### Working Capital

(in thousands of U.S. dollars)	As at December 31, 2024	As at December 31, 2023
	\$	\$
Inventories	137,823	105,850
Other current assets	79,572	76,113
Current liabilities	<b>(60,481)</b>	(81,807)
<b>Working capital</b>	<b>156,914</b>	100,156
<b>Working capital ratio<sup>1</sup></b>	<b>3.59</b>	2.22

Working capital increased by \$56.8 million, compared to December 31, 2023, due to lower current liabilities of \$21.3 million as well as higher inventories of \$32.0 million in Q4 2024 to support demand, in addition to a \$3.5 million increase in other current assets from higher revenue. As at December 31, 2023, the subordinated term-loan of \$25.0 million was presented as a current liability whereas after its amendment during Q1 2024, it was presented as a non-current liability. For more information, see the "Net Debt" section.

<sup>1</sup> 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Net Debt

(in thousands of U.S. dollars)	As at December 31, 2024	As at December 31, 2023
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	122,203	108,500
<b>Total debt<sup>1</sup></b>	<b>122,203</b>	<b>108,500</b>
Cash	(22,142)	(34,706)
<b>Net debt</b>	<b>100,061</b>	<b>73,794</b>

Total debt stood at \$122.2 million as at December 31, 2024, compared to \$108.5 million as at December 31, 2023.

Net debt, after considering cash, increased by \$26.3 million to \$100.1 million on December 31, 2024, from \$73.8 million on December 31, 2023.

### Available Short-term Capital Resources

(in thousands of U.S. dollars)	As at December 31, 2024	As at December 31, 2023
	\$	\$
Cash	22,142	34,706
Available revolving credit facility	18,500	40,500
<b>Available short-term capital resources</b>	<b>40,642</b>	<b>75,206</b>

### Senior Secured Revolving Facility

In June 2022, the Company signed a senior secured multi-currency revolving credit facility of \$124.0 million maturing in April 2026 to replace its existing \$124.0 million 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 \$30.0 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 (up to \$4.0 million). Drawings bear interest at either the Canadian prime rate, U.S. 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, 2024, the Company had met all covenants.

### Subordinated Term Loan from Investissement Québec

In March 2024, the Company entered into a subordinated term loan agreement with Investissement Québec of \$15.0 million which replaced its previous subordinated term loan of \$25.0 million expiring in March 2024. The new term loan bears interest equivalent to the four-year U.S. Treasury Bonds plus a margin of 5.38%, which equals to 9.71%. Under the terms of the loan, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at December 31, 2024, the Company has met all covenants.

### Interest-free Loans

During Q1 2024, the Company also received cash through two new interest-free term loans, from Investissement Québec and Canada Economic Development for Quebec Regions, respectively:

1. The Company received CA\$2.7 million from Investissement Québec with respect to an interest-free term loan with a maximum drawdown of CA\$2.9 million dependent upon eligible capital expenditures related to investments in our Montréal production facility. Subject to the satisfaction of certain criteria, the Company expects CA\$0.5 million of the loan to be forgiven. The loan has a two-year repayment moratorium period and is subsequently reimbursable in monthly instalments over a period of four years.
2. The Company received CA\$1.2 million from Canada Economic Development for Quebec Regions with respect to an interest-free term loan with a maximum drawdown of CA\$3.0 million dependent upon eligible capital expenditures. No later than December 31, 2025, an additional two-year repayment moratorium period will begin. Subsequently, the loan is reimbursable in monthly instalments over a period of five years.

## Share Information

	As at February 25, 2025	As at December 31, 2024
Issued and outstanding shares	89,042,801	89,042,801
Stock options potentially issuable	1,166,705	1,166,705

### 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. 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 RSU & PSU 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 FY 2024, the Company granted 121,870 RSUs (2023 – 155,873), 75,542 RSUs were paid (2023 – 111,458) and 4,500 RSUs were forfeited (2023 – 3,000). On December 31, 2024, 361,724 RSUs were outstanding (2023 – 319,896).

In FY 2024, the Company granted nil PSUs (2023 – nil), nil PSUs were paid (2023 – nil) and nil PSUs were cancelled (2023 – nil). As at December 31, 2024, nil PSUs were outstanding (2023 – nil).

### 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, 2024, 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:

	2024		2023	
	Number of options	Weighted average exercise price CA\$	Number of options	Weighted average exercise price CA\$
Outstanding, beginning of year	1,365,162	1.90	1,598,938	1.91
Granted	139,620	4.47	140,712	2.74
Exercised	(338,077)	2.63	(374,488)	2.28
Outstanding, end of year	1,166,705	1.99	1,365,162	1.90
Exercisable, end of year	523,013	1.64	458,454	2.10

### Off-balance Sheet Arrangements

The Company has few off-balance sheet arrangements since most of the leases are recognized on the consolidated statement of financial position following the adoption of the IFRS 16 – Leases, as at January 1, 2019. Any off-balance sheet arrangements consist of contractual obligations in the normal course of business.

The Company is exposed to currency risk on sales in euros 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 18 and 26 of the audited consolidated financial statements for the year ended December 31, 2024.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table reflects the contractual cash flows of the Company's financial liabilities as at December 31, 2024:

(in thousands of U.S. dollars)	Carrying amount	1 year	2 years	3 years	4 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$	\$
Trade and accrued liabilities	42,116	42,116	-	-	-	-	42,116
Long-term debt	122,203	7,952	109,462	1,865	15,942	1,153	136,374
Lease liabilities	29,402	2,910	2,812	2,734	2,779	24,901	36,136
<b>Total</b>	<b>193,721</b>	<b>52,978</b>	<b>112,274</b>	<b>4,599</b>	<b>18,721</b>	<b>26,054</b>	<b>214,626</b>

Contractual cash flows subject to floating interest rates or denominated in foreign currencies are based on the spot rate in effect on December 31, 2024

### Commitments

In the normal course of business, the Company contracted letters of credit for an amount of \$0.2 million as at December 31, 2024, and of \$0.6 million as at December 31, 2023.

### 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.

### Governance

As required by Multilateral Instrument 52-109 of the Canadian Securities Administrators ("MI 52-109"), 5N+ has filed certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") 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 CEO and the CFO have designed disclosure controls and procedures ("DC&P"), 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 CEO and CFO. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effective.

### Internal Control over Financial Reporting

The CEO and the CFO have also designed internal controls over financial reporting (ICFR) or have caused them to be designed under their supervision, using the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

Due to their intrinsic limitations, DC&P and ICFR only provide reasonable assurance and may not prevent or detect all misstatement or errors.

### Changes in Internal Control over Financial Reporting

No changes were made to the ICFR during the fiscal year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the ICFR.

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

### Adoption of New Accounting Standards

For the year ended December 31, 2024, 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

The following standard has been issued but is not yet effective:

#### ***IFRS 18 – Presentation and Disclosure in the Financial Statements***

In April 2024, the IASB issued IFRS 18 as a replacement to *IAS 1 Presentation of Financial Statements*. The new standard includes a prescribed structure for the Statement of Earnings, disclosure requirements for management-defined performance measures and guidance on the aggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently evaluating the impact of the amendments on its consolidated financial statements.

## 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***

Non-financial assets are reviewed for an indication of impairment at each consolidated statement of financial position date upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable, which requires significant judgement.

An impairment loss is recognized for the amount by which an asset's or cash-generating unit's ("CGU") 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **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. Refer to note 17 of the audited consolidated financial statements for the year ended December 31, 2024.

### **Related Party Transactions**

The Company's related parties are its directors and executive members. Transactions with these related parties are described in Note 25 in the 2024 audited consolidated financial statements of the Company.

### **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 18 – Fair Value of Financial Instruments of the audited consolidated financial statements for the year ended December 31, 2024.

The fair value of the financial instruments was as follows:

(in thousands of U.S. dollars)	As at December 31, 2024	As at December 31, 2023
	\$	\$
Total return swap	6,978	591
Investment in equity instruments	3,000	3,000
Restricted investment	507	603

#### **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 26 of the audited consolidated financial statements for the year ended December 31, 2024.

#### **Interest Rate**

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 \$1.1 million on the Company's earnings before income tax on a twelve-month horizon based on the balance outstanding on December 31, 2024.

#### **Foreign Currency**

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 other working capital accounts denominated in currencies other than their functional currencies.

In addition, the Company will occasionally enter into foreign exchange forward contracts to sell U.S. 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 U.S. dollars. As at December 31, 2024, the Company had no foreign exchange contracts outstanding.

The following table summarizes in U.S. dollar equivalents the Company's major currency exposures of the Company's US dollar functional currency operations as at December 31, 2024:

(in thousands of U.S. dollars)	CAD	EUR	GBP	HKD	MYR	Other
	\$	\$	\$	\$	\$	\$
Cash	1,204	2,641	126	56	43	8
Accounts receivable	1,074	7,162	-	-	1	-
Derivative financial assets	6,978	-	-	-	-	-
Other current assets	-	1,937	-	-	-	-
Other non-current assets	-	507	-	-	-	-
Trade and accrued liabilities	(16,058)	(8,571)	(386)	(227)	(369)	(746)
Long-term debt	(1,703)	-	-	-	-	-
Lease liabilities	(7,836)	(386)	-	(166)	-	-
Net financial assets (liabilities)	(16,341)	3,290	(260)	(337)	(325)	(738)

The following table shows the impact on earnings before income tax of a five-percentage point strengthening or weakening of foreign currencies against the U.S. dollar as at December 31, 2024 for the Company's financial instruments denominated in non-functional currencies:

(in thousands of U.S. dollars)	CAD	EUR	GBP	HKD	MYR	Other
	\$	\$	\$	\$	\$	\$
5% Strengthening	(816)	165	(13)	(17)	(16)	(37)
5% Weakening	816	(165)	13	17	16	37

For the Company's subsidiaries with a functional currency other than the U.S. dollar, their exposures of financial assets and financial liabilities denominated in U.S. dollars are \$8.6 million and \$0.9 million, respectively, with a net position of \$7.8 million. A strengthening or weakening in the exchange rate between the functional currencies of these subsidiaries and the U.S. dollar of five-percentage points results in a decrease or increase of \$0.4 million to earnings before income tax.

#### Credit

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.

As at December 31, 2024 and 2023, the Company had a loss allowance of \$nil and \$nil, respectively. The loss allowance is included in selling, general and administrative expenses in the consolidated statement of earnings (loss) and is net of any recoveries that were provided for in prior periods.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### *Liquidity*

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. Under the terms of its credit facility, the Company is required to satisfy certain restrictive covenants. To comply with these covenants, the Company will need to execute on its EBITDA and cash flow estimates. Management believes that the assumptions used by the Company in preparing its estimates are reasonable. However, risk remains. Successful achievement of these estimates results is dependent on stability in the price of metals and other raw materials, the reduction of debt due to the optimization of the Company's working capital and the continued viability and support of the Company's banks.

### **Risk and Uncertainties**

In the normal course of business, the Company is subject to a number of risk factors which may limit its ability to execute on its strategy and achieve its long-term growth objectives. Management identifies these risks and implement strategies to minimize their impact on the Company's performance. The Audit Committee together with the Corporate Internal Audit and site leadership teams have the mandate to review all business risks semi-annually. The risks and risk reduction measures are presented to the Audit Committee and the Board of Directors on an ongoing basis. The realization of the risks described in any of the following risk factors could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks and uncertainties not presently known to the Company or that the Company currently considers as not material could become material in the future or impair its business operations or cause a decline in the price of shares.

### **Global Economic Conditions**

The Company operates in a volatile economic environment. Current global economic conditions, which have been subject to increased volatility and contraction in credit markets, may impact the Company's access to public financing, its ability to obtain equity or debt financing on favourable terms and the valuation of the Company's securities. As a result, if unemployment, interest or inflation rates fluctuate substantially or increase to significant levels, they could have an impact on the Company's operating activities, financial position and profitability. In addition, the Company is exposed to market risk related to the current global inflationary situation, as the various environmental, social, political, economic and health factors had significant consequences on the world economy. In order to reduce inflation, several central banks have tightened their monetary policies, which has had an impact on interest rates, foreign currency exchange rates and economic development. The risks of depressed economic conditions, a recession, increasing interest rates, inflation, tariffs, sanctions, trade restrictions, political instability, war and terrorism, in one or several of the countries where the Company operates could have an adverse impact on the Company's net earnings, financial position or cash flows.

### **International Operations**

The Company operates in several countries, including China and Laos, and as such, faces risks associated with international business activities. The Company could be significantly affected by such risks, which include, but are not limited to, the integration of international operations, challenges associated with dealing with numerous legal and tax systems, changes in policy that alter regulations impacting the Company's operations, the potential for volatile economic and labor conditions, political instability, foreign exchange, expropriation, changes in taxes, and other regulatory costs. Although the Company operates primarily in countries with relatively stable economic and political climates, there can be no assurance that its business will not be adversely affected by the risks inherent in international operations. The recent change in administration in the U.S. creates uncertainty in the global economic outlook, including with respect to potential trade protectionist measures that could trigger retaliatory actions from affected countries. These measures, and the resulting geopolitical tension, could have a material negative impact on our business, customers and suppliers.

The following conditions or events could disrupt its supply chain, interrupt production at its facilities or those of its suppliers or customers, increase its cost of sales and other operating expenses, result in material asset losses, or require additional capital expenditures to be incurred:

- fires, pandemics (including regional and global infectious diseases), extraordinary weather conditions, or natural disasters, such as hurricanes, tornadoes, floods, tsunamis, typhoons and earthquakes;
- political instability, social and labor unrest, war or terrorism;

- disruptions in port activities, shipping and freight forwarding services;
- interruptions in the availability of basic services and infrastructure, including power and water shortages;
- changes in a specific country's or region's economic conditions, such as a recession;
- new certification requirements;
- significant fluctuations in currency exchange rates;
- the invasion of Ukraine by Russia;
- the current conflict in Israel and Gaza Strip;
- new trade barriers, including import and export imposed restrictions;
- the imposition of tariffs on its products or input; and
- change to legal, political, social, cultural, tax or other regulatory requirements.

The Company's insurance programs do not cover every potential loss associated with its operations, including potential damage to assets, lost profits and liability that could result from the aforementioned conditions or events. In addition, its insurance may not fully cover the consequences resulting from a loss event, due to insurance limits, sub-limits, or policy exclusions. Any occurrence not fully covered by insurance could have a negative effect on its business.

#### **Risks Related to China**

The legal system in mainland China is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The legal system in mainland China evolves rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to the Company. In addition, the Company cannot predict the effect of future developments in the mainland Chinese legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. Such unpredictability towards the Company's contractual, property (including intellectual property) and procedural rights could adversely affect the Company's business and impede its ability to continue operations. Furthermore, any litigation in mainland China may be protracted and result in substantial costs and diversion of resources and management attention.

The mainland Chinese government exercises significant control over mainland China's economic growth through strategically allocating resources, imposing import and export restrictions, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any growth in the Chinese economy may not continue and any slowdown may have a negative effect on the Company's business. Any adverse changes in economic conditions in mainland China, in the policies of the mainland Chinese government or in the laws and regulations in mainland China, could have a material adverse effect on the overall economic growth of mainland China. Such developments could adversely affect the Company's business, lead to reduction in demand for its products, impact sourcing of materials and products out of China, and adversely affect the Company's competitive position.

#### **Environmental Regulations**

The Company's operations involve the use, handling, generation, processing, storage, transportation, recycling and disposal of hazardous materials and are subject to extensive environmental laws and regulations at the local, provincial, national, and international level. These environmental laws and regulations include those governing the discharge of pollutants into the air and water, the use, management and disposal of hazardous materials and wastes, the clean-up of contaminated sites and occupational health and safety. Failure to comply with such laws, regulations and permits can have serious consequences, including damage to its reputation; stopping it from pursuing operations at one of its facilities; being subject to substantial fines, penalties, criminal proceedings, third party property damage or personal injury claims, clean-up costs, capital expenditures or other costs; increasing the costs of development or production and litigation or regulatory action against it, and materially adversely affecting its business, results of operations or financial condition. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, and a heightened degree of responsibility for the Company and its officers, directors and employees. Future changes in applicable environmental and health and safety laws and regulations could substantially increase costs and burdens to achieve or maintain compliance or otherwise have an adverse impact on its business, results of operations or financial condition.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company has incurred and will continue to incur capital expenditures to comply with environmental laws and regulations. Exceedances in wastewater discharges and air emissions generated by some Company facilities over the limits prescribed in applicable laws and permits have been registered in the past. At such facilities, the Company is collaborating with governmental authorities and implementing various measures including upgrading equipment to ensure compliance. Management believes that dealing with these environmental compliance issues will not have a material effect on the Company's earnings or competitive position during fiscal 2025. Future developments, such as more aggressive enforcement policies, the implementation of new, more stringent laws and regulations, or the discovery of currently unknown environmental conditions, may require expenditures that could have a material adverse effect on its business, results of operations and financial condition.

### **Crisis and Climate Change Management**

Unexpected events including geopolitical crises, pandemic and epidemic outbreaks, catastrophes and natural disasters, such as extreme and increasingly frequent weather-related disasters linked to climate change, could have a negative impact on the continuation of the Company's operations as well as its suppliers.

### **Environmental, Social and Governance (ESG) Considerations**

The Company could be subject to growing stakeholder expectations as it relates to ESG factors, including from investors, who are increasingly placing a greater emphasis on ESG factors when assessing investment options. Future investments made in the Company, or future partnerships or business relations made with the Company may depend on various ESG standards and failure to meet evolving standards may impact the Company's reputation and ability to access capital.

### **Safety Risks and Hazards**

The Company's health, safety and wellbeing systems, processes and policies are aimed at reducing risks to employees, subconsultants and others; however, work sites can put employees and others in proximity with large equipment, moving vehicles, dangerous processes or highly regulated materials in challenging or remote locations which may increase the risk to health and safety. Failure to implement or follow appropriate safety procedures by the Company or others could result in personal injury, illness or loss of life to people, or environmental and other damage to the Company's property or the property of others, or in regulatory fines or civil suits.

### **Prolonged Armed Conflict in Ukraine**

The war in Ukraine has deeply disturbed the global economy and the outcome of the ongoing conflict remains uncertain at this time. Although AZUR had sales in Russia in the past, the amount of such sales is not material to the Company as a whole. A prolonged armed conflict in Ukraine or an expansion of the armed conflict to other European countries could have a negative effect on the European and global economies. As well, Russia is a major exporter of oil and natural gas. Any disruption of supplies of oil and natural gas from Russia could have a significant adverse effect on the European and world economies. All the foregoing factors could potentially have a negative impact on the Company's sales and results of operations.

### **Disease Outbreaks**

The local or worldwide outbreak of a disease, a virus, including, but not limited to, the COVID-19 pandemic or any other contagious disease and government actions to address them, could have an adverse impact on the Company's operations, operating results and financial position. While it is sudden, its impact on economic cycles can give rise to unfavourable temporary disruptions in the market where the Company operates as well as on its internal structure, such as plant closures, shortages of raw materials and labour, and in supply chains and distribution channels.

### **Availability and Retention of Qualified Employees**

The Company relies on the expertise and know-how of its personnel to conduct its operations. The loss of any member of its team could have a material adverse effect on it. Its future success also depends on its ability to execute succession plans, attract and retain key employees, train, retain and successfully integrate new talent into its management and technical teams. Recruiting and retaining talented personnel, particularly those with expertise in the specialty metals industry and refining technology is vital to its success and may prove difficult. The Company cannot provide assurance that it will be able to attract and retain qualified personnel when needed, especially in light of the current labour shortage affecting several markets in which it operates. If the Company is unable to recruit and retain additional qualified personnel in the future, its business, financial condition and operating results could be adversely affected.

**Collective Agreements**

A portion of the Company's workforce is unionized, and it is party to collective agreements that are due to expire at various times in the future. If it is unable to renew these collective agreements on acceptable terms as they become subject to renegotiation from time to time, this could result in work stoppages or other labour disturbances, such as strikes, walkouts or lockouts, potentially affecting its performance.

**Litigation Risks**

The Company may be subject to a variety of civil or other legal proceedings, with or without merit. Although the Company establishes provisions for such litigation, there can be no assurance that the provisions for all claims correspond to the settlement amount. A significant judgment against the Company or the imposition of a significant fine or penalty could have a material adverse effect on its business, financial condition and results of operations.

**Risks Associated with our Growth Strategy**

The Company's strategic plan is designed to enhance profitability while reducing earnings volatility, delivering quality growth from existing growth initiatives, new products introduction, and future M&A opportunities. There can be no assurance that the expected benefits will materialize or occur within the time periods anticipated by management. The realization of such benefits may be affected by a number of factors, many of which are beyond its control. The Company will incur costs in pursuing any particular opportunity, which may be significant.

**Competition**

The Company is a leading producer of specialty semiconductors and performance materials with a limited number of competitors, few of which are as fully integrated as it is or have a similar range of products. Accordingly, they have limitations to provide the same comprehensive set of services and products as 5N+ does. However, there can be no guarantee that this situation will continue in the future and competition could arise from new low-cost metal refiners or from certain of its customers who could decide to backward integrate. Greater competition could have an adverse effect on the Company's revenues and operating margins if its competitors gain market share and it is unable to compensate for the volume lost to competition.

**Commodity Price**

Commodity prices affect the costs and the price the Company pays for, and availability of, various inputs fluctuate due to numerous factors beyond its control, including political and economic conditions, currency exchange rates, inflation or deflation, global supply and demand for metal products, fluctuations in the value of the U.S. dollar and foreign currencies, speculative trading, trade sanctions, tariffs, labour costs, competition, over capacity of producers and price surcharges. Fluctuations in availability and cost of inputs may materially affect its business, financial condition, results of operations and cash flows. These fluctuations can be unpredictable and can occur over short periods of time. To the extent that the Company is not able to pass on any increases, its business, financial condition, results of operations and cash flows may be materially adversely affected.

**Sources of Supply**

The Company may not be able to secure the critical raw material feedstock on which it depends for its operations and there can be no assurance that the prices of such critical feedstock will not rise dramatically. It currently procures raw materials from a number of suppliers with which it has had long-term commercial relationships. The loss of any one of these suppliers or a reduction in the level of deliveries to it may reduce production capacity and impact deliveries to customers. This would, in turn, negatively impact its sales, net margins and may lead to liabilities with respect to some of its supply contracts.

In addition, supplemental supply-chain challenges created by the economic conjecture following the COVID-19 global pandemic and most recent geo-political instability and conflicts, could negatively affect the Company's general procurement through longer delays of transportation or through an increase in prices to obtain supplies. This may adversely affect the business, financial condition and operating results of the Company.

Canada has enacted the *Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* ("Act"), which came into effect on January 1, 2024. The Act requires the Company to examine its supply chains and produce annual reports, to be published on the Company's website and submitted to the Minister of Public Safety and Emergency Preparedness, disclosing measures and steps it has taken to prevent and reduce the risk

## MANAGEMENT'S DISCUSSION AND ANALYSIS

that forced labour or child labour is being used in its supply chains. Compliance with the Act may result into increased costs and failure to comply with the Act could have a material adverse effect on the Company's reputation, business, results of operations and financial condition. Despite our effort to take increased actions to ensure our entire supply chain is free of any forced labour, there is nonetheless a risk of forced labour on products we source from third parties where we may not have complete visibility into their supply chain. As a result, the Company may face regulatory challenges in complying with applicable sanctions and trade regulations and reputational challenges with various stakeholders if we are unable to sufficiently verify the origins for the material sourced.

### **Protection of Intellectual Property**

Protection of the Company's proprietary processes, methods and other technologies is important to its business. The Company relies on international patents as well as trade secrets and employee confidentiality agreements to safeguard its intellectual property. The Company has deliberately chosen to limit its patent position for certain intellectual properties to avoid disclosing valuable information. Failure to protect and monitor the use of its existing intellectual property rights could result in the loss of valuable technologies and processes. There can be no assurance that its confidentiality agreements will provide meaningful protection for its intellectual property rights or other proprietary information in the event of any unauthorized use or disclosure or that it will be able to meaningfully protect our trade secrets.

### **Inventory Price**

The Company may be subject to risk associated with the value of our inventories in relation to the market price of such inventories. The highly illiquid nature of many of its inventories may increase such risk. The Company relies on a combination of standard risk measurement techniques, such as value at risk as well as a more empirical assessment of the market conditions to manage inventory levels. Decisions on appropriate physical stock levels are taken by considering both the value at risk calculations and the market conditions.

### **Business Interruptions**

The Company may incur losses resulting from business interruptions due to equipment failure, power loss, fire or water damage, and similar events beyond its control. In many instances, especially those related to its long-term contracts, it has contractual obligations to deliver product in a timely manner. Any disruption in its activities which leads to a business interruption could harm its customers' confidence level and lead to the cancellation of contracts and legal recourse against it. Although the Company believes that it has taken the necessary precautions to avoid business interruptions and carry all-risk business interruption insurance to protect its assets and business, it could still experience interruptions which would adversely impact production activities and financial results.

### **Loss of an Important Customer**

The loss of any large customers, unanticipated demand fluctuations from these customers, or the inability of these customers to perform under their contracts, could significantly reduce the Company's revenue and negatively impact its results of operations.

### **Changes to Backlog**

The Company cannot guarantee that the revenues projected in its backlog at any given time will be realized or that they will perform as expected with respect to margin. In addition, contract delays, suspensions, terminations, cancellations, reductions in scope or other adjustments may occur from time to time due to considerations beyond the Company's control and may have an impact on the value of reported backlog with a corresponding adverse impact on future revenues and profitability.

### **Acquisition Risk**

The Company completed the acquisition of AZUR in November 2021 and may, from time to time, acquire or propose to acquire other companies. The Company's inability to properly integrate acquired companies, unanticipated acquisition costs, unforeseen delays and unknown liabilities associated with acquisitions, the potential loss of key employees following acquisitions, challenges with the integration of new operations and new personnel, the diversion of management's time and focus from other business concerns, opportunities and operational matters to work on acquisitions or integrate acquisitions, the loss of momentum in ongoing operations and disruptions to operations, possible inconsistencies in procedures and policies among the combined companies, and the need to implement new

accounting, information technology, human resources or other administrative systems, may each materially and adversely affect the Company's business, results of operations or financial condition.

### **Systems, Network Infrastructure and Data Failure, Interruption and Breach**

The Company's operations rely on information systems, communications technology, business and other technology applications, including global and regional networks, complex server infrastructure and operating systems, to operate properly. If it is unable to continually maintain software and hardware, effectively upgrade its systems and network infrastructure, and take other steps to improve the efficiency and protect its systems, the Company's operation systems could be interrupted or delayed. The same applies if its network, communication and operations systems are damaged or interrupted by natural disasters, telecommunications failures, acts of war or terrorism, computer viruses, sabotage, human errors, physical or electronic security breaches, or similar events or disruptions. The Company also faces the threat of unauthorized system access, computer hackers, malicious code and organized cyber-attacks. Following the pandemic and the lifting of COVID-19 restrictions, there a significant number of employees who continue to work remotely, which could contribute to an increase in cyber-attack attempts.

Executive management consultations are held regularly to monitor the progress of various cybersecurity projects, review significant incidents and review various security-related performance indicators. Executive management reports on its work to the members of the Board of Directors on a biannual basis. The Corporate IT function sets up and coordinates prevention, detection, and remediation measures in the area of cybersecurity. Cybersecurity measures include, among others, setting up strong controls with respect to systems access, implementing information security awareness programs, and hiring specialized firms to carry out occasional intrusion tests.

Although the Company has not experienced any material losses relating to cyberattacks or other information security breaches in the past, there can be no assurance that the Company will not experience such losses in the future due to the evolving nature of these threats.

### **Privacy**

Data privacy breaches could adversely affect the Company's results of operations and profitability. Personal privacy and data security have become significant issues in North America and Europe, and in many other jurisdictions in which it operates. The regulatory framework for privacy and security issues worldwide is rapidly evolving and it may prove to be difficult to comply with all applicable laws and regulations in Canada and other jurisdictions regarding privacy. Furthermore, local or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws and regulations affecting data privacy, all of which may be subject to invalidation by relevant foreign judicial bodies. Industry organizations also regularly adopt and advocate for new standards in this area.

### **Market Price of Common Shares**

The common shares of the Company are traded on the Toronto Stock Exchange under the symbol "VNP". The market price of securities of many companies experiences wide fluctuations from time to time that are not necessarily related to the operating performance, underlying asset values or future growth prospects of such companies. There can be no assurance that fluctuations in the price of the common shares of the Company, which may result in losses for investors, will not occur.

### **Grants and other incentive programs**

The reduction, elimination, or expiration of government subsidies, economic incentives, tax incentives, R&D and business development incentives, or other public policies could negatively impact the Company's financial performance.

### **Non-IFRS Measures**

In this MD&A, certain non-IFRS measures are used. The Company's management believes that these non-IFRS measures provide useful information to investors regarding the Company's financial condition and results of operations as they provide additional key metrics of its performance. These non-IFRS measures are not recognized under IFRS Accounting Standards, do not have any standardized meaning prescribed under IFRS Accounting Standards and may differ from similarly named measures as reported by other issuers, and accordingly may not be comparable. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS Accounting Standards.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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)	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
Net earnings	1,006	2,284	14,672	15,399
Interest on long-term debt, imputed interest and other interest expense	2,446	2,129	9,169	8,834
Income tax expense (recovery)	2,415	(734)	8,936	3,275
Depreciation and amortization	4,373	4,057	16,791	16,110
<b>EBITDA</b>	<b>10,240</b>	<b>7,736</b>	<b>49,568</b>	<b>43,618</b>

EBITDA margin is defined as EBITDA divided by revenues.

Adjusted EBITDA means operating earnings (loss) as defined before the effect of impairment of inventories, share-based compensation expense (recovery), loss (gain) on disposal of property, plant and equipment, loss (gain) on remeasurement of financial instrument, impairment (reversal of impairment) of non-current assets, litigation and restructuring costs (income), 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 and Adjusted EBITDA margin are reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
Revenues	70,854	65,063	289,281	242,371
Operating expenses	(64,701)	(61,023)	(257,053)	(214,999)
Operating earnings	6,153	4,040	32,228	27,372
Share-based compensation expense	309	414	906	1,432
(Gain) loss on disposal of property, plant and equipment	-	-	(2,089)	1,051
Loss on remeasurement of financial instrument	1,000	-	1,000	-
(Reversal of impairment) impairment of non-current assets	(120)	64	2,706	672
Litigation and restructuring costs (income)	769	458	1,790	(8,314)
Depreciation and amortization	4,373	4,057	16,791	16,110
<b>Adjusted EBITDA</b>	<b>12,484</b>	<b>9,033</b>	<b>53,332</b>	<b>38,323</b>
<b>Adjusted EBITDA margin</b>	<b>17.6%</b>	<b>13.9%</b>	<b>18.4%</b>	<b>15.8%</b>

Adjusted operating expenses means operating expenses before impairment of inventories, share-based compensation expense (recovery), loss (gain) on disposal of property, plant and equipment, loss (gain) on remeasurement of financial instrument, impairment (reversal of impairment) of non-current assets, litigation and restructuring costs (income), and depreciation and amortization. 5N+ uses Adjusted operating expenses to calculate Adjusted EBITDA. 5N+ 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 operating expenses are reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
Operating expenses	64,701	61,023	257,053	214,999
Share-based compensation expense	(309)	(414)	(906)	(1,432)
Gain (loss) on disposal of property, plant and equipment	-	-	2,089	(1,051)
Loss on remeasurement of financial instrument	(1,000)	-	(1,000)	-
Reversal of impairment (impairment) of non-current assets	120	(64)	(2,706)	(672)
Litigation and restructuring (costs) income	(769)	(458)	(1,790)	8,314
Depreciation and amortization	(4,373)	(4,057)	(16,791)	(16,110)
<b>Adjusted operating expenses</b>	<b>58,370</b>	<b>56,030</b>	<b>235,949</b>	<b>204,048</b>

Adjusted net earnings (loss) means the net earnings (loss) before the effect of impairment of inventory, share-based compensation expense (recovery), loss (gain) on disposal of property, plant and equipment, loss (gain) on remeasurement of financial instrument, impairment (reversal of impairment) of non-current assets and litigation and restructuring costs (income), net of the related income tax expense (recovery). 5N+ uses adjusted net earnings (loss) because it believes it is a meaningful measure of the operating performance of its ongoing business without the effects of unusual expenses or income. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Basic adjusted earnings (loss) per share means adjusted net earnings (loss) divided by the basic weighted average number of outstanding shares. 5N+ uses basic adjusted earnings (loss) per share because it believes it is a meaningful measure of the operating performance of its ongoing business without the effects of unusual expenses or income. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Adjusted net earnings (loss) and Basic adjusted earnings (loss) per share are reconciled to the most comparable IFRS measures:

(in thousands of U.S. dollars, except per share amounts and number of shares)	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
Net earnings	1,006	2,284	14,672	15,399
Basic earnings per share	\$0.01	\$0.03	\$0.17	\$0.17
Reconciling items:				
Share-based compensation expense	309	414	906	1,432
(Gain) loss on disposal of property, plant and equipment	-	-	(2,089)	1,051
Loss on remeasurement of financial instrument	1,000	-	1,000	-
(Reversal of impairment) impairment of non-current assets	(120)	64	2,706	672
Litigation and restructuring costs (income)	769	458	1,790	(8,314)
Income tax recovery on taxable items above	(181)	(226)	(598)	(854)
<b>Adjusted net earnings</b>	<b>2,783</b>	<b>2,994</b>	<b>18,387</b>	<b>9,386</b>
Basic weighted average number of shares	<b>89,042,801</b>	<b>88,704,724</b>	<b>88,886,157</b>	<b>88,533,263</b>
<b>Basic adjusted earnings per share</b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.21</b>	<b>\$0.11</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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 adjusted gross margin value by the total revenue.

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

(in thousands of U.S. dollars)	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
<b>Total revenue</b>	<b>70,854</b>	65,063	<b>289,281</b>	242,371
Cost of sales	<b>(51,104)</b>	(49,677)	<b>(211,413)</b>	(184,833)
<b>Gross margin</b>	<b>19,750</b>	15,386	<b>77,868</b>	57,538
Depreciation included in cost of sales	<b>3,643</b>	3,189	<b>13,445</b>	12,656
<b>Adjusted gross margin</b>	<b>23,393</b>	18,575	<b>91,313</b>	70,194
<b>Adjusted gross margin percentage</b>	<b>33.0%</b>	28.5%	<b>31.6%</b>	29.0%

Net debt is calculated as total debt less cash. 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 December 31, 2024	As at December 31, 2023
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	<b>122,203</b>	108,500
Lease liabilities including current portion	<b>29,402</b>	30,139
<b>Subtotal Debt</b>	<b>151,605</b>	138,639
Lease liabilities including current portion	<b>(29,402)</b>	(30,139)
<b>Total Debt</b>	<b>122,203</b>	108,500
Cash	<b>(22,142)</b>	(34,706)
<b>Net Debt</b>	<b>100,061</b>	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 December 31, 2024	As at December 31, 2023
	\$	\$
Inventories	<b>137,823</b>	105,850
Other current assets excluding inventories	<b>79,572</b>	76,113
Current assets	<b>217,395</b>	181,963
Current liabilities	<b>(60,481)</b>	(81,807)
<b>Working capital</b>	<b>156,914</b>	100,156
<b>Working capital ratio</b>	<b>3.59</b>	2.22

**Additional Information**

5N+'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.sedarplus.com](http://www.sedarplus.com).

**Selected Quarterly Financial Information**

(in thousands of U.S. dollars, except per share amounts)	Dec 31, 2024	Sept 30, 2024	June 30, 2024	March 31, 2024	Dec 31, 2023	Sept 30, 2023	June 30, 2023	March 31, 2023
					\$	\$	\$	\$
Revenue	70,854	78,828	74,580	65,019	65,063	62,946	59,075	55,287
EBITDA	10,240	14,368	13,196	11,764	7,736	9,582	17,530	8,770
Adjusted EBITDA	12,484	15,621	13,490	11,737	9,033	9,649	10,844	8,797
Net earnings	1,006	6,370	4,789	2,507	2,284	1,518	10,143	1,454
Basic earnings per share	\$0.01	\$0.07	\$0.05	\$0.03	\$0.03	\$0.02	\$0.11	\$0.02
Diluted earnings per share	\$0.01	\$0.07	\$0.05	\$0.03	\$0.03	\$0.02	\$0.11	\$0.02
Adjusted net earnings	2,783	7,841	4,991	2,772	2,994	1,742	3,187	1,463
Basic adjusted earnings per share	\$0.03	\$0.09	\$0.06	\$0.03	\$0.03	\$0.02	\$0.04	\$0.02
Cash from operations before net change in non-cash working capital items	6,958	11,875	9,503	7,144	5,883	5,064	15,227	5,877
Backlog	326 days	289 days	300 days	288 days	292 days	284 days	289 days	306 days

Net earnings are completely attributable to equity holders of 5N+.

**Selected Yearly Financial Information**

As at and for the years ended December 31 (in thousands of U.S. dollars except per share amounts)	2024	2023	2022
	\$	\$	\$
Revenue	289,281	242,371	264,223
EBITDA	49,568	43,618	4,636
Adjusted EBITDA	53,332	38,323	30,028
Net earnings (loss)	14,672	15,399	(22,999)
Basic earnings (loss) per share	\$0.17	\$0.17	(\$0.26)
Diluted earnings (loss) per share	\$0.16	\$0.17	(\$0.26)
Adjusted net earnings (loss)	18,387	9,386	(267)
Basic adjusted net earnings per share	\$0.21	\$0.11	\$-
Cash from operations before net change in non-cash working capital items	35,480	32,051	13,498
Backlog	326 days	292 days	253 days
Balance Sheet			
Total assets	376,907	350,202	347,985
Total non-current liabilities	177,408	139,803	172,363
Net debt	100,061	73,794	78,309
Shareholders' equity	139,018	128,592	112,776

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

## 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 25, 2025



## Independent auditor's report

To the Shareholders of 5N Plus Inc.

---

### 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, 2024 and 2023, 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, 2024 and 2023;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income 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.

---

### 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  
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1  
T.: +1 514 205 5000, F.: +1 514 876 1502, Fax to mail: ca\_montreal\_main\_fax@pwc.com

"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, 2024. 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

#### Valuation of inventories

*Refer to note 2 – Summary of material accounting policies and note 5 – Inventories to the consolidated financial statements.*

The carrying value of inventories on the Company's consolidated financial statements was \$137.8 million as at December 31, 2024. 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.

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.

Our approach to addressing the matter included the following procedures, among others:

- Tested how management estimated the net realizable value of inventories, which included the following:
  - Tested the data used by management in determining the net realizable value.
  - Evaluated the appropriateness of the method of estimating net realizable value.
  - Evaluated the reasonableness of significant assumptions used by management in the calculation of net realizable value of inventories, by comparing them to:
    - prices of similar products in the market at the time the estimates are made; and
    - expected future selling prices.
- For a sample of inventory items, compared the prior year estimates of inventory prices to their actual selling prices during the year.



---

## 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.

---

## 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.

---

## 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Sébastien Bellemare.

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

Montréal, Quebec  
February 25, 2025

---

<sup>1</sup> CPA auditor, public accountancy permit No. AA116819

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of United States dollars)

	Notes	December 31 2024	December 31 2023
		\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash		22,142	34,706
Accounts receivable	4	42,172	33,437
Inventories	5	137,823	105,850
Income tax receivable	17	1,811	1,672
Derivative financial assets	18	6,978	591
Other current assets	6	6,469	5,707
<b>Total current assets</b>		<b>217,395</b>	<b>181,963</b>
Property, plant and equipment	7	85,995	84,600
Right-of-use assets	8	28,583	29,290
Intangible assets	9	22,929	29,304
Goodwill	10	10,665	11,825
Deferred tax assets	17	7,358	8,261
Other assets	11,18	3,982	4,959
<b>Total non-current assets</b>		<b>159,512</b>	<b>168,239</b>
<b>Total assets</b>		<b>376,907</b>	<b>350,202</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and accrued liabilities	12	42,116	37,024
Income tax payable	17	5,207	4,535
Current portion of deferred revenue	15	11,206	13,437
Current portion of lease liabilities	8	1,952	1,811
Current portion of long-term debt	13	-	25,000
<b>Total current liabilities</b>		<b>60,481</b>	<b>81,807</b>
Long-term debt	13	122,203	83,500
Deferred tax liabilities	17	5,737	5,284
Employee benefit plan obligations	14	12,624	13,393
Lease liabilities	8	27,450	28,328
Deferred revenue	15	8,688	5,629
Other liabilities	16	706	3,669
<b>Total non-current liabilities</b>		<b>177,408</b>	<b>139,803</b>
<b>Total liabilities</b>		<b>237,889</b>	<b>221,610</b>
<b>Equity</b>		<b>139,018</b>	<b>128,592</b>
<b>Total liabilities and equity</b>		<b>376,907</b>	<b>350,202</b>

Commitments and contingencies (Note 24)

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

## CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31  
(in thousands of United States dollars, except per share information)

	Notes	2024	2023
		\$	\$
<b>Revenue</b>		<b>289,281</b>	242,371
Cost of sales	28	<b>211,413</b>	184,833
Selling, general and administrative expenses	28	<b>34,026</b>	29,410
Other expenses (income), net	28	<b>11,614</b>	756
		<b>257,053</b>	214,999
<b>Operating earnings</b>		<b>32,228</b>	27,372
<b>Financial expenses</b>			
Interest on long-term debt	13	<b>8,210</b>	8,262
Imputed interest and other interest expense		<b>959</b>	572
Foreign exchange gain		<b>(549)</b>	(136)
		<b>8,620</b>	8,698
<b>Earnings before income taxes</b>		<b>23,608</b>	18,674
Income tax expense (recovery)			
Current	17	<b>6,945</b>	6,674
Deferred	17	<b>1,991</b>	(3,399)
		<b>8,936</b>	3,275
<b>Net earnings</b>		<b>14,672</b>	15,399
<b>Basic earnings per share</b>	22	<b>0.17</b>	0.17
<b>Diluted earnings per share</b>	22	<b>0.16</b>	0.17

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

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31  
(in thousands of United States dollars)

	Notes	2024	2023
		\$	\$
<b>Net earnings</b>		<b>14,672</b>	15,399
<b>Other comprehensive (loss) income</b>			
<b>Items that may be reclassified subsequently to net earnings</b>			
Currency translation adjustment		(4,936)	590
		<b>(4,936)</b>	590
<b>Items that will not be reclassified subsequently to net earnings</b>			
Remeasurement of employee benefit plan obligations	14	(277)	(1,572)
Income taxes		86	492
		<b>(191)</b>	(1,080)
<b>Other comprehensive loss</b>		<b>(5,127)</b>	(490)
<b>Comprehensive income</b>		<b>9,545</b>	14,909

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

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

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31  
(in thousands of United States dollars, except per share information)

2024	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
		\$	\$	\$	\$	\$
<b>Balances at beginning 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>
Net earnings for the year	-	-	-	-	14,672	14,672
Other comprehensive loss	-	-	-	(5,127)	-	(5,127)
Comprehensive income	-	-	-	(5,127)	14,672	9,545
Exercise of stock options	338,077	911	(259)	-	-	652
Share-based compensation (Note 23)	-	-	229	-	-	229
<b>Balances at end of year</b>	<b>89,042,801</b>	<b>22,795</b>	<b>342,982</b>	<b>(11,604)</b>	<b>(215,155)</b>	<b>139,018</b>

2023	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
		\$	\$	\$	\$	\$
<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 income	-	-	-	(490)	15,399	14,909
Exercise of stock options	374,488	880	(247)	-	-	633
Share-based compensation (Note 23)	-	-	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>

Equity is completely attributable to equity holders of 5N Plus Inc.

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31  
(in thousands of United States dollars)

	Notes	2024	2023
		\$	\$
<b>Operating activities</b>			
Net earnings		14,672	15,399
Adjustments to reconcile net earnings to cash flows			
Depreciation of property, plant and equipment	7	11,039	10,297
Depreciation of right-of-use assets	8	2,611	2,538
Amortization of intangible assets	9	3,141	3,275
Amortization of other assets	11	248	258
Loss on remeasurement of financial instrument	11, 28	1,000	-
Impairment of non-current assets	7, 9, 28	2,706	672
Decrease on loss allowance	4, 26	(10)	(114)
Share-based compensation expense	23	7,189	2,768
Deferred income taxes	17	1,991	(3,399)
Imputed interest	8, 13	1,232	690
Employee benefit plan obligations	14	(248)	(246)
(Gain) loss on disposal of property, plant and equipment	7, 28	(2,066)	973
Unrealized gain on non-hedge financial instruments		(6,735)	(1,694)
Unrealized foreign exchange (gain) loss on assets and liabilities		(1,290)	634
<b>Cash from operations before the following:</b>		35,480	32,051
Net change in non-cash working capital balances	20	(42,366)	(13,077)
<b>Cash (used in) from operating activities</b>		(6,886)	18,974
<b>Investing activities</b>			
Additions to property, plant and equipment	7, 20	(20,767)	(17,341)
Additions of intangible assets	9	(418)	(902)
Acquisition of investment in equity instruments	11	(1,000)	(1,000)
Proceeds on settlement of indexed deposit agreement	18	-	6,506
Proceeds on disposal of property, plant and equipment	7	4,205	375
<b>Cash used in investing activities</b>		(17,980)	(12,362)
<b>Financing activities</b>			
Repayment of long-term debt	13	(10,000)	(12,500)
Proceeds from issuance of long-term debt	13	24,889	-
Deferred costs related to long-term debt	11	(101)	-
Issuance of common shares		652	633
Principal elements of lease payments	20	(3,052)	(2,858)
<b>Cash from (used in) financing activities</b>		12,388	(14,725)
<b>Effect of foreign exchange rate changes on cash</b>		(86)	128
<b>Net decrease in cash</b>		(12,564)	(7,985)
Cash at beginning of year		34,706	42,691
<b>Cash at end of year</b>		22,142	34,706
<b>Supplemental information<sup>(1)</sup></b>			
Income tax paid		6,017	6,945
Interest paid		8,171	7,332

<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 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 25, 2025.

## 2. 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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

	Country of incorporation	% Equity interest	
		2024	2023
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 Asia Limited	Hong Kong	100%	100%
5N Plus Wisconsin Inc.	United States	100%	100%

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 (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 income (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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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 space-related 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, solar cells and assemblies. 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, 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. 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.

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 are recognized based on the number of estimated manufactured products to be delivered. 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".

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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 a 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 income (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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### **Financial instrument classification**

<b>Category</b>	<b>Financial instrument</b>
Financial assets and liabilities at fair value through profit and loss	Total return swap (Note 18) Investment in equity instrument (Note 11) Restricted investment (Note 11)
Financial assets and liabilities at amortized cost	Cash Accounts receivable Cash held in escrow (Note 6) 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 26). 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, 2024 and 2023, the Company has no derivative financial instruments designated as a hedging instrument.

### **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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 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 income (loss) or directly in equity. In which case, the tax expense is also recognized in other comprehensive income (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 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 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 net interest on the net benefit liability; and
- Actuarial gains and losses arising from experience adjustment and change in actuarial assumptions are charged or credited to equity in other comprehensive income (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 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 based on the number of awards that are expected to ultimately vest.

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 taking into account progress towards vesting. 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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.

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

### **Adoption of new accounting standards**

For the year ended December 31, 2024, 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**

The following standard has been issued but not yet effective:

#### ***IFRS 18 – Presentation and Disclosure in the Financial Statements***

In April 2024, the IASB issued IFRS 18 as a replacement to *IAS 1 Presentation of Financial Statements*. The new standard includes a prescribed structure for the Statement of Earnings, disclosure requirements for management-defined performance measures and guidance on the aggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently evaluating the impact of the amendments on its consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 4. Accounts Receivable

	2024	2023
	\$	\$
Gross trade receivables	35,410	25,155
Loss allowance (Note 26)	(28)	(38)
Trade receivables	35,382	25,117
Sales taxes receivable	3,882	4,963
Other receivables	2,908	3,357
<b>Total accounts receivable</b>	<b>42,172</b>	<b>33,437</b>

The Company's exposure to credit risks and the calculation of the loss allowance related to accounts receivable are disclosed in Note 26.

Substantially all the accounts receivable are pledged as security for the revolving credit facility (Note 13).

### 5. Inventories

	2024	2023
	\$	\$
Raw materials	51,316	36,297
Finished goods	86,507	69,553
<b>Total inventories</b>	<b>137,823</b>	<b>105,850</b>

For the year ended December 31, 2024, a total of \$124,327 of inventories was included as an expense in cost of sales (2023 – \$101,176).

Substantially all of inventories are pledged as security for the revolving credit facility (Note 13).

### 6. Other current assets

	2024	2023
	\$	\$
Cash held in escrow	1,937	2,212
Prepays and others	4,532	3,495
<b>Total other current assets</b>	<b>6,469</b>	<b>5,707</b>

On December 19, 2022, the Company divested its 100% interest in 5N Plus Belgium SA. As part of the transaction, a provision was recorded to support the new owners to ensure site compliance with most recent environmental standards of which 2.0 million euros was held in escrow. As at December 31, 2024, the outstanding amount is 1.9 million euros.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31

(in thousands of United States dollars, unless otherwise indicated)

### 7. 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, 2022	\$ 10,944	\$ 42,761	\$ 19,911	\$ 1,419	\$ 2,916	\$ 77,951
Additions	30	893	18,598	500	332	20,353
Disposals (Note 28)	-	(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
Net book value as at December 31, 2023	10,184	52,402	17,699	1,393	2,922	84,600
Additions	72	9,834	7,991	385	283	18,565
Disposals (Note 28)	-	(1,254)	(1,082)	(3)	-	(2,339)
Depreciation	(744)	(9,364)	-	(502)	(429)	(11,039)
Impairment	-	(440)	(567)	-	-	(1,007)
Transfer between categories	73	16,765	(18,254)	34	1,382	-
Effect of foreign exchange	(38)	(2,228)	(309)	(28)	(182)	(2,785)
<b>Net book value as at December 31, 2024</b>	<b>9,547</b>	<b>65,715</b>	<b>5,478</b>	<b>1,279</b>	<b>3,976</b>	<b>85,995</b>
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)
Net book value	10,184	52,402	17,699	1,393	2,922	84,600
As at December 31, 2024						
Cost	18,828	125,054	5,478	5,191	8,074	162,625
Accumulated depreciation	(9,281)	(59,339)	-	(3,912)	(4,098)	(76,630)
<b>Net book value</b>	<b>9,547</b>	<b>65,715</b>	<b>5,478</b>	<b>1,279</b>	<b>3,976</b>	<b>85,995</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

During 2024, the Company recorded an impairment of non-current assets of \$567 in relation to Property, plant and equipment included within the Specialty Semiconductors segment, to reflect the assessment of the carrying value of production equipment following the Company's decision to discontinue construction of the asset.

During 2024, the Company recorded an impairment of non-current assets of \$440 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 prioritize specific production operations to support the Company's core business.

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.

As at December 31, 2024, property, plant and equipment include \$669 of prepayments for construction in progress (\$6,669 as at December 31, 2023).

For the year ended December 31, 2024, additions to property, plant and equipment included government assistance of \$1,332 (2023 - nil) recognized in relation to interest-free loans (Note 13).

Substantially all of the property, plant and equipment are pledged as security for the revolving credit facility (Note 13).

### 8. Leases

#### Right-of-use assets

	Buildings	Production equipment	Office equipment and rolling stock	Total
	\$	\$	\$	\$
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>
Additions	<b>2,434</b>	<b>135</b>	<b>178</b>	<b>2,747</b>
Modification to lease contracts	<b>189</b>	-	-	<b>189</b>
Depreciation	<b>(2,337)</b>	<b>(68)</b>	<b>(206)</b>	<b>(2,611)</b>
Effect of foreign exchange and others	<b>(1,013)</b>	-	<b>(19)</b>	<b>(1,032)</b>
<b>Net book value as at December 31, 2024</b>	<b>28,054</b>	<b>195</b>	<b>334</b>	<b>28,583</b>
As at December 31, 2023				
Cost	35,357	335	737	36,429
Accumulated depreciation	(6,576)	(207)	(356)	(7,139)
Net book value	28,781	128	381	29,290
As at December 31, 2024				
Cost	<b>36,781</b>	<b>375</b>	<b>732</b>	<b>37,888</b>
Accumulated depreciation	<b>(8,727)</b>	<b>(180)</b>	<b>(398)</b>	<b>(9,305)</b>
<b>Net book value</b>	<b>28,054</b>	<b>195</b>	<b>334</b>	<b>28,583</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### Lease liabilities

	2024	2023
	\$	\$
Current portion	1,952	1,811
Non-current portion	27,450	28,328
<b>Total lease liabilities (Note 20)</b>	<b>29,402</b>	<b>30,139</b>

Amounts recognized in the consolidated statements of earnings:

	2024	2023
	\$	\$
Imputed interest <sup>(1)</sup>	1,095	690
Income from sub-leasing right-of-use assets <sup>(2)</sup>	(66)	(71)
Variable lease payments not included in the measurement of lease liabilities <sup>(3)</sup>	221	200
Expenses relating to short-term leases <sup>(3)</sup>	63	103
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets <sup>(3)</sup>	430	256

<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.

### 9. Intangible Assets

	Customer relationship	Technology	Trade name, software, development costs and others	Total
	\$	\$	\$	\$
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
Net book value as at December 31, 2023	8,829	11,556	8,919	29,304
Additions	-	-	418	418
Amortization	(688)	(1,114)	(1,339)	(3,141)
Impairment	-	(729)	(970)	(1,699)
Effect of foreign exchange	(798)	(953)	(202)	(1,953)
<b>Net book value as at December 31, 2024</b>	<b>7,343</b>	<b>8,760</b>	<b>6,826</b>	<b>22,929</b>

As at December 31, 2023

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

As at December 31, 2024

Cost	9,402	13,079	15,712	38,193
Accumulated amortization	(2,059)	(4,319)	(8,886)	(15,264)
<b>Net book value</b>	<b>7,343</b>	<b>8,760</b>	<b>6,826</b>	<b>22,929</b>

As at December 31, 2024, intangible assets that were not depreciated until ready for their intended use amounted to \$826 (2023 – \$1,568). The category of development costs which includes capitalized costs of \$7,472 (2023 - \$11,295), consists of internally generated intangible assets.

During 2024, the Company recorded an impairment of non-current assets of \$1,699 in relation to Intangible assets included within the Performance Materials segment, to reflect the assessment of the carrying value of technology and

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

development costs following the Company's sale of unused production equipment which represented the remaining cashflows expected to be derived from these Intangible assets.

### 10. Goodwill

	2024	2023
	\$	\$
<b>Beginning of year</b>	<b>11,825</b>	11,825
Effect of foreign exchange	<b>(1,160)</b>	-
<b>End of year</b>	<b>10,665</b>	11,825

For the purposes of the Company's annual goodwill impairment test, AZUR is considered as its own CGU, which is part of the Specialty Semiconductor segment. 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 2019-2024 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 7.9% (2023 – 9.2%).

### 11. Other assets

	2024	2023
	\$	\$
Deferred financing fees	<b>372</b>	519
Investment in equity instruments	<b>3,000</b>	3,000
Prepays	<b>101</b>	836
Restricted investment and other	<b>509</b>	604
<b>Total other assets</b>	<b>3,982</b>	4,959

In January 2024, the Company increased its minority stake in Microbion Corporation (Microbion) by \$1,000. In December 2024, a remeasurement loss on financial assets was recorded for \$1,000 based on the revised estimates of the fair value of the Company's equity instrument in Microbion to reflect the increased difficulties for pharmaceutical research companies to raise capital. As at December 31 2024, the Company's stake in Microbion, was valued at \$3,000 (\$3,000 as at December 31, 2023).

The Company also owns a restricted investment of \$507 (2023 - \$603) which is valued at fair value through profit or loss.

### 12. Trade and Accrued Liabilities

	2024	2023
	\$	\$
Trade payables	<b>15,286</b>	17,906
Accrued liabilities <sup>(1)</sup>	<b>26,830</b>	19,118
<b>Total trade and accrued liabilities</b>	<b>42,116</b>	37,024

- (1) As at December 31, 2024, an amount of \$1,922 was still outstanding with respect to the provision of \$2,362 outstanding as at December 31, 2023. Provisions of \$1,790 were taken in 2024, of which \$1,319 was still outstanding as at December 31, 2024.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 13. Long-Term Debt

	2024	2023
	\$	\$
Senior secured revolving facility of \$124,000 with a syndicate of banks, maturing in April 2026	105,500	83,500
Subordinated term loan with Investissement Québec, maturing in March 2028	15,000	25,000
Interest-free loan from Investissement Québec, maturing in February 2030	1,210	-
Interest-free loan from Canada Economic Development for Quebec Regions, maturing in December 2032	493	-
	<b>122,203</b>	108,500
Less current portion of long-term debt	-	(25,000)
	<b>122,203</b>	83,500

#### 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, 2024, the Company had met all covenants.

#### Subordinated term loan from Investissement Québec

In March 2024, the Company entered into a subordinated term loan agreement with Investissement Québec of \$15,000 which replaced its previous subordinated term loan of \$25,000 set to expire in March 2024. The new term loan bears interest equivalent to the four-year US Treasury Bonds plus a margin of 5.38%, which equals to 9.71%. Under the terms of the loan, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at December 31, 2024, the Company has met all covenants.

#### Interest-free loan from Investissement Québec

In February 2024, the Company received CA\$ 2,700 from Investissement Québec with respect to an interest-free term loan with a maximum drawdown of CA\$ 2,850 dependent upon eligible capital expenditures related to investments in its Montreal production facility. Subject to the satisfaction of certain criteria, the Company expects CA\$ 500 of the loan to be forgiven. The loan has a two-year repayment moratorium period and is subsequently reimbursable in monthly instalments over a period of four years. Under the terms of the loan, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at December 31, 2024, the Company has met all covenants.

#### Interest-free loan from Canada Economic Development for Quebec Regions

In March 2024, the Company received CA\$ 1,217 from Canada Economic Development for Quebec Regions with respect to an interest-free term loan with a maximum drawdown of CA\$ 3,000 dependent upon eligible capital expenditures. At a date no later than December 31, 2025, an additional two-year repayment moratorium period will begin. Subsequently, the loan is reimbursable in monthly instalments over a period of five years.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 14. 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.

	2024	2023
	\$	\$
Fair value of plan assets	2,044	2,269
Present value of funded obligation	3,632	3,839
Present value of net obligation for funded obligation	1,588	1,570
Present value of unfunded obligation	11,036	11,823
<b>Present value of net obligations</b>	<b>12,624</b>	<b>13,393</b>

Movement in the defined benefit obligations is as follows:

	2024			2023		
	Unfunded	Funded	Total	Unfunded	Funded	Total
	\$	\$	\$	\$	\$	\$
<b>Beginning of year</b>	11,823	3,839	15,662	10,581	3,425	14,006
Current service cost	45	-	45	39	-	39
Interest cost	394	129	523	432	140	572
Effect of foreign exchange	(697)	(240)	(937)	374	131	505
Benefits paid	(719)	(187)	(906)	(695)	(187)	(882)
Actuarial losses (gains)						
From changes in financial assumptions	112	60	172	761	304	1,065
From changes in other assumptions	78	31	109	331	26	357
<b>End of year</b>	<b>11,036</b>	<b>3,632</b>	<b>14,668</b>	<b>11,823</b>	<b>3,839</b>	<b>15,662</b>

Movement in plan assets is as follows:

	2024	2023
	\$	\$
<b>Beginning of year</b>	2,269	2,363
Interest income	75	97
Return on plan assets, excluding amounts included in interest income	4	(150)
Contributions	22	65
Pension benefits paid	(187)	(187)
Effect of foreign exchange	(139)	81
<b>End of year</b>	<b>2,044</b>	<b>2,269</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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

	2024		2023	
	Unfunded	Funded	Unfunded	Funded
Discount rate	3.4%	3.5%	3.5%	3.5%
Salary growth rate	2.5%	2.5%	2.5%	2.5%
Pension growth rate	2.3%	2.1%	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%	(4.92 %)	(5.82%)	5.38%	6.45%
Salary growth rate	0.50%	0.50%	0.20%	-%	(0.20%)	-%
Pension growth rate	0.50%	0.50%	4.40%	5.22%	(4.08%)	(4.83%)

	Increase by 1 year in assumption		Decrease by 1 year in assumption	
	Unfunded	Funded	Unfunded	Funded
	Life expectancy	4.16%	3.61%	(3.68%)

The weighted average duration of the unfunded and funded defined benefit obligations are 10.19 years and 12.17 years (2023 – 10.51 years and 12.35 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

Expected maturity analysis of undiscounted pension liability:

	2024			2023		
	Unfunded	Funded	Total	Unfunded	Funded	Total
	\$	\$	\$	\$	\$	\$
Less than a year	679	194	873	710	198	908
Between 1 and 5 years	2,820	822	3,642	2,984	845	3,829
Over 5 years	13,030	4,954	17,984	14,553	5,537	20,090
<b>Total</b>	<b>16,529</b>	<b>5,970</b>	<b>22,499</b>	<b>18,247</b>	<b>6,580</b>	<b>24,827</b>

Expected contributions to pension benefit plans for the year ending December 31, 2025 are \$873.

### 15. Deferred revenue

	2024	2023
	\$	\$
Prepayments from clients	9,754	11,591
Current portion of deferred revenue related to long-term contracts	1,452	1,846
<b>Current portion of deferred revenue</b>	<b>11,206</b>	<b>13,437</b>
Non-current portion of deferred revenue related to long-term contracts	8,688	5,629
<b>Non-current portion of deferred revenue</b>	<b>8,688</b>	<b>5,629</b>
<b>Total deferred revenue</b>	<b>19,894</b>	<b>19,066</b>

For the year ended December 31, 2024, \$9,118 (2023 - \$10,441) of revenue was realized in relation to the deferred revenue balance outstanding at the beginning of the year.

### 16. Other Liabilities

	2024	2023
	\$	\$
<b>Beginning of year</b>	<b>3,669</b>	<b>2,141</b>
Increase in liabilities	-	1,723
Utilized	(2,916)	(231)
Effect of foreign exchange	(47)	36
<b>End of year</b>	<b>706</b>	<b>3,669</b>

During the 2024, a deposit was recognized in income for an amount of \$2,850 upon the disposition of property, plant and equipment. As at December 31, 2024, Other Liabilities were substantially comprised of jubilee benefits.

### 17. Income Taxes

	2024	2023
	\$	\$
Current tax:		
Current tax for the year	6,718	6,459
Adjustment in respect of prior years' estimates	227	215
<b>Total current tax</b>	<b>6,945</b>	<b>6,674</b>
Deferred tax:		
Recognition and reversal of temporary differences	1,734	(3,615)
Adjustment in respect of prior years' estimates	257	216
<b>Total deferred tax</b>	<b>1,991</b>	<b>(3,399)</b>
<b>Income tax expense</b>	<b>8,936</b>	<b>3,275</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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

	2024	2023
	\$	\$
Earnings before income tax	23,608	18,674
Canadian statutory income tax rates	26.5%	26.5%
Income tax on earnings at Canadian statutory rate	6,256	4,949
Increase (decrease) resulting from:		
Unrecorded losses carried forward	969	911
(Non-taxable gain) non-deductible expenses for tax purposes	(293)	312
Non-taxable litigation and restructuring income	-	(2,341)
Non-deductible (non-taxable) foreign exchange	1,169	(1,354)
Effect of difference of foreign tax rates compared to Canadian tax rates	12	3
Withholding tax on group dividend	400	410
Adjustment in respect of prior years' estimates	484	431
Other	(61)	(46)
<b>Income tax expense</b>	<b>8,936</b>	<b>3,275</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:

	2024	2023
	\$	\$
<b>Beginning of year</b>	<b>2,977</b>	<b>(957)</b>
Tax charge relating to components of other comprehensive loss	86	492
(Charged) credited to consolidated statement of earnings	(1,991)	3,399
Impact of foreign exchange	549	43
<b>End of year</b>	<b>1,621</b>	<b>2,977</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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	Other tax attributes carry forward	Retirement benefit obligation	Others	Total	Offset by jurisdiction	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at December 31, 2022	788	1,393	307	3,062	649	2,780	48	9,027	(3,025)	6,002
(Charged) credited to consolidated statements of earnings	(180)	(388)	160	4,042	340	400	11	4,385		
Credited to comprehensive income	-	-	-	-	-	492	-	492		
Effect of foreign exchange	-	-	-	-	-	-	43	43		
As at December 31, 2023	608	1,005	467	7,104	989	3,672	102	13,947	(5,686)	8,261
(Charged) credited to consolidated statements of earnings	(151)	1,405	(467)	(1,855)	666	(626)	949	(79)		
Credited to comprehensive income	-	-	-	-	-	86	-	86		
Effect of foreign exchange	-	-	-	-	-	-	549	549		
<b>As at December 31, 2024</b>	<b>457</b>	<b>2,410</b>	<b>-</b>	<b>5,249</b>	<b>1,655</b>	<b>3,132</b>	<b>1,600</b>	<b>14,503</b>	<b>(7,145)</b>	<b>7,358</b>

Deferred tax liabilities	Property, plant and equipment	Inventories	Intangible assets	Others	Total	Offset by jurisdiction	Total
	\$	\$	\$	\$	\$	\$	\$
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		
As at December 31, 2023	2,435	-	8,287	248	10,970	(5,686)	5,284
Charged (credited) to consolidated statements of earnings	1,293	234	(1,315)	1,700	1,912		
<b>As at December 31, 2024</b>	<b>3,728</b>	<b>234</b>	<b>6,972</b>	<b>1,948</b>	<b>12,882</b>	<b>(7,145)</b>	<b>5,737</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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 \$76,484 as at December 31, 2024 (2023 - \$60,089).

As at December 31, 2024, 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	14,275	No limit
United States	39,317	No limit
Hong Kong	9,349	No limit

As at December 31, 2024, the Company had other deductible temporary differences of \$335 for which no deferred tax benefit has been recorded (2023 – \$323).

### 18. 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 carrying value approximates the fair value of its short-term financial assets and financial liabilities, including cash, accounts receivable, cash held in escrow and trade and accrued liabilities approximates 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, is calculated as based on the variation in the stock price denominated in Canadian dollars and exchange rates, net of interest costs outstanding. 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

The carrying values which approximate the fair values of financial instruments, by class, are as follows as at December 31, 2024 and 2023:

As at December 31, 2024				Carrying value
	At fair value through profit or loss	At amortized cost	Financial liabilities at amortized cost	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash	-	22,142	-	22,142
Accounts receivable	-	42,172	-	42,172
Derivative financial assets	6,978	-	-	6,978
Other current assets	-	1,937	-	1,937
Other non-current assets	3,507	-	-	3,507
<b>Total</b>	<b>10,485</b>	<b>66,251</b>	<b>-</b>	<b>76,736</b>
<b>Financial liabilities</b>				
Trade and accrued liabilities	-	-	42,116	42,116
Long-term debt	-	-	122,203	122,203
<b>Total</b>	<b>-</b>	<b>-</b>	<b>164,319</b>	<b>164,319</b>
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	-	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>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 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 include significant 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, 2024	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets			
At fair value through profit or loss			
Total return swap	-	6,978	-
Investment in equity instruments (Note 11)	-	-	3,000
Restricted investment (Note 11)	-	-	507
<b>Total</b>	-	6,978	3,507

As at December 31, 2023	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets			
At fair value through profit or loss			
Total return swap	-	591	-
Investment in equity instruments (Note 11)	-	-	3,000
Restricted investment (Note 11)	-	-	603
<b>Total</b>	-	591	3,603

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, 2024, the total return swap covered 2,571,569 common shares of the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 19. Operating Segments

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

	2024	2023
	\$	\$
Specialty Semiconductors	202,329	156,479
Performance Materials	86,952	85,892
<b>Total revenue</b>	<b>289,281</b>	<b>242,371</b>
Specialty Semiconductors	44,008	27,544
Performance Materials	22,072	21,948
Corporate and unallocated	(12,748)	(11,169)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>53,332</b>	<b>38,323</b>
Interest on long-term debt, imputed interest and other interest expense	9,169	8,834
Depreciation and amortization	16,791	16,110
Share-based compensation expense (Note 23)	906	1,432
Foreign exchange gain	(549)	(136)
Loss on remeasurement of financial instrument (Note 11 and 28)	1,000	-
Impairment of non-current assets (Note 7, 9 and 28)	2,706	672
(Gain) loss on disposal of property, plant and equipment (Note 7 and 28)	(2,089)	1,051
Litigation and restructuring costs (income) (Note 28)	1,790	(8,314)
<b>Earnings before income tax</b>	<b>23,608</b>	<b>18,674</b>

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

	2024	2023
	\$	\$
Specialty Semiconductors	16,183	12,838
Performance Materials	4,537	4,458
Corporate and unallocated	47	45
<b>Total</b>	<b>20,767</b>	<b>17,341</b>

	2024	2023
	\$	\$
Specialty Semiconductors	199,224	195,087
Performance Materials	146,788	131,570
Corporate and unallocated	23,537	15,284
<b>Total</b>	<b>369,549</b>	<b>341,941</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

The geographic distribution of the Company's revenues based on the location of the customers for the years ended December 31, 2024 and 2023, and the identifiable non-current assets as at December 31, 2024 and 2023 are summarized as follows:

Revenues	2024	2023
	\$	\$
Asia		
China	12,109	12,846
Japan	6,045	4,270
Other	18,114	20,211
Americas		
United States	138,000	107,158
Other	8,244	9,128
Europe		
Germany	52,235	43,284
Belgium	8,905	5,334
Netherlands	2,856	3,425
France	7,771	9,426
Other	27,979	23,709
Other	7,023	3,580
<b>Total</b>	<b>289,281</b>	<b>242,371</b>

For the year ended December 31, 2024, one customer represented approximately 26% (2023 – 23%) of revenues all of which 26% (2023 – 23%) is within the Specialty Semiconductors segment.

Non-current assets (other than deferred tax assets and financial instruments)	2024	2023
	\$	\$
Asia	3,007	3,132
United States	11,090	12,382
Canada	29,556	31,566
Germany	104,994	109,295
<b>Total</b>	<b>148,647</b>	<b>156,375</b>

## 20. Supplemental Cash Flow Information

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

	2024	2023
	\$	\$
(Increase) decrease in assets:		
Accounts receivable	(9,354)	74
Inventories	(33,864)	(18,844)
Income tax receivable	(139)	3,811
Other current assets	9	7,838
(Decrease) increase in liabilities:		
Trade and accrued liabilities	(1,682)	(6,051)
Income tax payable	685	(4,245)
Deferred revenue	1,979	4,340
<b>Net change</b>	<b>(42,366)</b>	<b>(13,077)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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

	December 31 2023	Cash flows	Non-Cash changes				December 31 2024
			Imputed interest	Foreign exchange movement	Fair value changes	Non-cash working capital	
	\$	\$	\$	\$	\$	\$	\$
Long-term debt (Note 13)	108,500	14,889	137	(102)	(1,332)	111	<b>122,203</b>
Lease liabilities (Note 8)	30,139	(3,052)	1,095	(1,716)	-	2,936	<b>29,402</b>
<b>Total net liabilities from financing liabilities</b>	<b>138,639</b>	<b>11,837</b>	<b>1,232</b>	<b>(1,818)</b>	<b>(1,332)</b>	<b>3,047</b>	<b>151,605</b>

	December 31 2022	Cash flows	Non-Cash changes				December 31 2023
			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>

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

	2024	2023
	\$	\$
Excluded additions unpaid at end of the year: Additions to property, plant and equipment	<b>344</b>	1,214
Included additions unpaid at beginning of year: Additions to property, plant and equipment	<b>1,214</b>	717
Excluded non-cash proceeds on the disposal of Property, plant and equipment (Note 28)	<b>200</b>	2,515

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

	2024	2023
	\$	\$
Additions to property, plant and equipment before prepayments	<b>19,444</b>	17,387
Prepayments for construction in progress	<b>1,323</b>	2,469
Less: Non-cash deposits for construction in progress	-	(2,515)
<b>Additions to property, plant and equipment</b>	<b>20,767</b>	17,341

### 21. 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, 2024 and 2023, no preferred shares were issued.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 22. Earnings per Share

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

<b>Numerators</b>	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Net earnings for the year</b>	<b>14,672</b>	<b>15,399</b>
<b>Denominators</b>	<b>2024</b>	<b>2023</b>
<b>Basic weighted average number of shares</b>	<b>88,886,157</b>	<b>88,533,263</b>
Dilutive effect:		
Stock options	<b>777,483</b>	<b>517,120</b>
<b>Diluted weighted average number of shares</b>	<b>89,663,640</b>	<b>89,050,383</b>

As at December 31, 2024, a total number of 139,620 stock options was excluded from the diluted weighted average number of shares due to their anti-dilutive effect.

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.

### 23. 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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, 2024, the Company granted 121,870 RSUs (2023 – 155,873), 75,542 RSUs were paid (2023 – 111,458) and 4,500 RSUs were forfeited (2023 – 3,000). As at December 31, 2024, 361,724 RSUs were outstanding (2023 – 319,896).

For the year ended December 31, 2024, the Company granted nil PSUs (2023 – nil), nil PSUs were paid (2023 – nil) and nil PSUs were cancelled (2023 – nil). As at December 31, 2024, nil PSUs were outstanding (2023 – 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, 2024, the Company granted 78,955 SARs (2023 – 63,839), 508,420 SARs were paid (2023 – 127,874) and nil SARs were forfeited (2023 – 16,250). As at December 31, 2024, 414,407 SARs were outstanding (2023 – 843,872).

### 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, 2024, the Company granted 96,191 DSUs (2023 – 156,701) and 465,969 DSUs were paid (2023 – nil). As at December 31, 2024, 1,489,766 DSUs were outstanding (2023 – 1,859,544).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 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, 2024, 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:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		CA\$		CA\$
Outstanding, beginning of year	1,365,162	1.90	1,598,938	1.91
Granted	139,620	4.47	140,712	2.74
Exercised	(338,077)	2.63	(374,488)	2.28
Outstanding, end of year	1,166,705	1.99	1,365,162	1.90
Exercisable, end of year	523,013	1.64	458,454	2.10

The outstanding stock options as at December 31, 2024 are as follows:

	Exercise price		Number of options		Weighted average remaining contractual life (in years)
	Low	High	Exercisable	Outstanding	
	CA\$	CA\$			
May 2027	3.28	3.28	-	12,053	2.36
December 2027	2.42	2.42	150,000	150,000	2.92
March 2028	2.27	2.27	-	36,485	3.18
May 2028	1.23	1.23	350,000	700,000	3.38
February 2029	2.74	2.74	23,013	128,547	4.15
March 2030	4.38	4.38	-	119,620	5.16
May 2030	5.00	5.00	-	20,000	5.35
			523,013	1,166,705	3.61

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, 2024 and 2023:

	2024	2023
Expected stock price volatility	56%	60%
Dividend	None	None
Risk-free interest rate	3.68%	3.81%
Expected option life	4 years	4 years
Fair value – weighted average of options issued	CA\$2.09	CA\$1.36

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

The following table shows the share-based compensation expense recorded in the consolidated statements of earnings for the years ended December 31, 2024 and 2023:

Expense	2024	2023
	\$	\$
RSUs	935	304
SARs	1,382	528
DSUs	4,643	1,662
Stock options	229	274
Total return swap (Note 18)	(6,283)	(1,336)
<b>Total</b>	<b>906</b>	<b>1,432</b>

The following amounts were recorded:

Liability	2024	2023
	\$	\$
RSUs	1,084	474
SARs	1,088	1,007
DSUs	7,511	5,051
<b>Total</b>	<b>9,683</b>	<b>6,532</b>
Intrinsic value of vested units	7,592	6,046

### 24. Commitments and Contingencies

#### Commitments

As at December 31, 2024, in the normal course of business, the Company contracted letters of credit for an amount of \$190 (2023 – \$551).

#### 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.

### 25. 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:

	2024	2023
	\$	\$
Wages and salaries	2,785	2,160
Share-based compensation and others (Note 23)	6,642	2,563
<b>Total</b>	<b>9,427</b>	<b>4,723</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

### 26. 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 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 of the Company's US dollar functional currency operations as at December 31, 2024:

	2024					
	CAD	EUR	GBP	HKD	MYR	Other
	\$	\$	\$	\$	\$	\$
Cash	1,204	2,641	126	56	43	8
Accounts receivable	1,074	7,162	-	-	1	-
Derivative financial assets	6,978	-	-	-	-	-
Other current assets	-	1,937	-	-	-	-
Other non current assets	-	507	-	-	-	-
Trade and accrued liabilities	(16,058)	(8,571)	(386)	(227)	(369)	(746)
Long-term debt	(1,703)	-	-	-	-	-
Lease liabilities	(7,836)	(386)	-	(166)	-	-
<b>Net financial assets (liabilities)</b>	<b>(16,341)</b>	<b>3,290</b>	<b>(260)</b>	<b>(337)</b>	<b>(325)</b>	<b>(738)</b>

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, 2024 for the Company's financial instruments denominated in non-functional currencies:

	CAD	EUR	GBP	HKD	MYR	Other
	\$	\$	\$	\$	\$	\$
5% Strengthening	(816)	165	(13)	(17)	(16)	(37)
5% Weakening	816	(165)	13	17	16	37

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 \$8,649 and \$895 respectively with a net position of \$7,754. 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 \$388 to earnings before income tax.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

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, 2024, 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 \$1,055 on the Company's earnings before income tax on a twelve-month horizon based on the balance outstanding on December 31, 2024.

### 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:

	2024	2023
	\$	\$
Current	34,877	23,889
More than 30 days past due	430	71
More than 60 days past due	103	1,195
Gross carrying amount	35,410	25,155
Loss allowance	(28)	(38)
<b>Total trade receivables</b>	<b>35,382</b>	<b>25,117</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

During 2024, a loss allowance expense of \$2 was recorded (2023 - \$2). 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, 2024.

### 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, 2024:

							2024
	Carrying amount	1 year	2 years	3 years	4 years	5 years and over	Total
Trade and accrued liabilities	\$ 42,116	\$ 42,116	\$ -	\$ -	\$ -	\$ -	\$ 42,116
Long-term debt	122,203	7,952	109,462	1,865	15,942	1,153	136,374
Lease liabilities	29,402	2,910	2,812	2,734	2,779	24,901	36,136
<b>Total</b>	<b>193,721</b>	<b>52,978</b>	<b>112,274</b>	<b>4,599</b>	<b>18,721</b>	<b>26,054</b>	<b>214,626</b>

Contractual cash flows subject to floating interest rates or denominated in foreign currencies are based on the spot rate in effect on December 31, 2024.

### 27. 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. Any introduced IFRS 16 Leases reporting measures in reference to lease liabilities are excluded from the calculation.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31  
(in thousands of United States dollars, unless otherwise indicated)

Debt-to-equity ratios as at December 31, 2024 and 2023 are as follows:

	2024	2023
	\$	\$
Long-term debt including current portion	122,203	108,500
Total debt	122,203	108,500
Less: Cash	(22,142)	(34,706)
Net debt	100,061	73,794
Shareholders' equity	139,018	128,592
<b>Debt-to-equity ratio</b>	<b>72%</b>	<b>57%</b>

### 28. Expenses by Nature

Expenses by nature include the following:

	2024	2023
	\$	\$
Wages and salaries	62,299	54,772
Depreciation of property, plant and equipment (Note 7)	11,039	10,297
Depreciation of right-of-use assets (Note 8)	2,611	2,538
Amortization of other assets (Note 11)	248	258
Other expenses (income), net		
Amortization of intangible assets (Note 9)	3,141	3,275
Share-based compensation expense (Note 23)	906	1,432
(Gain) loss on disposal of property, plant and equipment <sup>(1)</sup>	(2,066)	973
Loss on remeasurement of financial instruments (Note 11)	1,000	-
Impairment of non-current assets (Notes 7 and 9)	2,706	672
Research and development, net of tax credits <sup>(2)</sup>	4,307	2,890
Litigation and restructuring costs (income), net <sup>(3)</sup>	1,790	(8,314)
Other income	(170)	(172)

- (1) Includes a gain of \$2,089 in relation to the sale of unused production equipment from the Performance Materials segment following the Company's decision to switch to higher capacity equipment.

Includes a loss on disposal of \$1,051 on production equipment from the Specialty Semiconductors segment 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) Research and development, net of tax credits was reduced by an amount of \$1,824 for the year ended December 31, 2024 resulting from research and development subsidies. There is an outstanding receivable related to these grants as at December 31, 2024 for an amount of \$1,488 included within Accounts receivable.

Research and development, net of tax credits was reduced 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.

- (3) In 2024, the Company recorded litigation and restructuring costs. The main items are as follows:
- Provision related to a deposit for which it is probable that it is refundable to a client for an amount of \$437;
  - Costs related to change in management for an amount of \$346;
  - Charges associated with outsourcing the Accounting and Control Department of a subsidiary for an amount of \$162.
  - Costs related to site closures in Asia for an amount of \$845.

In 2023, the Company recorded litigation and restructuring costs. The main items 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;
- Costs related to 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.

# Corporate Information

## Stock Exchange

5N+ is listed on the Toronto Stock Exchange under the symbol VNP

## Transfer Agent and Registrar

Computershare Investor Services Inc.

## Auditors

PricewaterhouseCoopers LLP

## Head Office

4385 Garand Street, Montréal, Quebec H4R 2B4

## For more information, please contact:

Investor Relations

5N Plus Inc.

4385 Garand Street, Montréal, Quebec H4R 2B4

T: 514-856-0644

[invest@5nplus.com](mailto:invest@5nplus.com)

Si vous souhaitez obtenir une copie en français de ce rapport annuel, communiquez avec :

Relations avec les investisseurs

5N Plus Inc.

4385, rue Garand, Montréal (Québec) H4R 2B4

Aussi disponible à l'adresse [www.5nplus.com](http://www.5nplus.com)

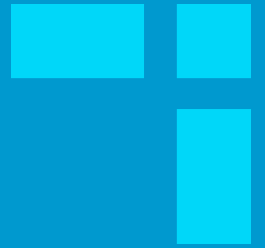


100%



EcoLogo







**5N Plus Inc.**

4385 Garand Street  
Montréal, Quebec, Canada  
H4R 2B4

[www.5nplus.com](http://www.5nplus.com)