



**5N PLUS INC.**  
Condensed Interim Consolidated Financial Statements  
(Unaudited)  
For the three-month periods ended March 31, 2018 and 2017  
(in thousands of United States dollars)



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

	Notes	March 31 2018	December 31 2017
		\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		25,143	34,024
Accounts receivable		29,405	25,639
Inventories	4	92,946	90,647
Income tax receivable		6,169	6,145
Other current assets		9,054	8,773
<b>Total current assets</b>		<b>162,717</b>	<b>165,228</b>
Property, plant and equipment		56,521	56,607
Intangible assets		11,050	10,856
Deferred tax assets		7,197	6,891
Investment accounted for using the equity method		751	718
Derivative financial assets	12	2,334	3,602
Other assets		988	1,030
<b>Total non-current assets</b>		<b>78,841</b>	<b>79,704</b>
<b>Total assets</b>		<b>241,558</b>	<b>244,932</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and accrued liabilities		49,853	57,043
Income tax payable		11,531	11,339
Current portion of long-term debt	5	264	271
<b>Total current liabilities</b>		<b>61,648</b>	<b>68,653</b>
Convertible debentures	6	48,027	48,768
Deferred tax liabilities		248	251
Employee benefit plan obligation		15,495	15,396
Other liabilities		6,555	6,436
<b>Total non-current liabilities</b>		<b>70,325</b>	<b>70,851</b>
<b>Total liabilities</b>		<b>131,973</b>	<b>139,504</b>
<b>Equity</b>			
Equity holders of 5N Plus Inc.		109,606	105,446
Non-controlling interest		(21)	(18)
<b>Total equity</b>		<b>109,585</b>	<b>105,428</b>
<b>Total liabilities and equity</b>		<b>241,558</b>	<b>244,932</b>

Commitments and contingencies (Note 13)

Subsequent event (Note 14)

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

**5N PLUS INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS**

For the three-month periods ended March 31

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

	Notes	2018	2017
		\$	\$
<b>Revenue</b>		<b>58,547</b>	60,870
Cost of sales	7	45,894	48,760
Selling, general and administrative expenses		6,819	7,039
Other expenses (revenues), net	7	80	(2,724)
Share of (gain) loss from joint ventures		(2)	8
		<b>52,791</b>	53,083
<b>Operating earnings</b>		<b>5,756</b>	7,787
<b>Financial expenses</b>			
Interest on long-term debt		793	815
Imputed interest and other interest expense		709	990
Changes in fair value of debenture conversion option	12	-	(22)
Foreign exchange and derivative loss		204	177
		<b>1,706</b>	1,960
<b>Earnings before income taxes</b>		<b>4,050</b>	5,827
Income tax expense (recovery)			
Current		1,397	318
Deferred		(395)	1,356
		<b>1,002</b>	1,674
<b>Net earnings</b>		<b>3,048</b>	4,153
<b>Attributable to:</b>			
Equity holders of 5N Plus Inc.		3,051	4,154
Non-controlling interest		(3)	(1)
		<b>3,048</b>	4,153
<b>Earnings per share attributable to equity holders of 5N Plus Inc.</b>	9	<b>0.04</b>	0.05
<b>Basic earnings per share</b>	9	<b>0.04</b>	0.05
<b>Diluted earnings per share</b>	9	<b>0.04</b>	0.05

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the three-month periods ended March 31  
(in thousands of United States dollars) (unaudited)

	Notes	2018	2017
		\$	\$
<b>Net earnings</b>		<b>3,048</b>	4,153
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to net earnings</b>			
Net changes in cash flow hedges			
Effective portion of changes in fair value of cash flow hedges	12	<b>(1,268)</b>	629
Reclassification to net earnings		<b>1,342</b>	(689)
Income taxes		<b>(10)</b>	8
		<b>64</b>	(52)
Currency translation adjustment		<b>746</b>	153
		<b>810</b>	101
<b>Items that will not be reclassified subsequently to net earnings</b>			
Remeasurement of employee benefit plan obligation		<b>242</b>	260
Income taxes		<b>(75)</b>	-
		<b>167</b>	260
<b>Other comprehensive income</b>		<b>977</b>	361
<b>Comprehensive income</b>		<b>4,025</b>	4,514
Attributable to equity holders of 5N Plus Inc.		<b>4,028</b>	4,515
Attributable to non-controlling interest		<b>(3)</b>	(1)

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

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

For the three-month periods ended March 31

(in thousands of United States dollars, except number of shares) (unaudited)

	Attributable to equity holders of the Company							
	Number of shares	Share Capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity	Non-controlling Interest	Total Equity
<b>2018</b>								
<b>Balances at beginning of period</b>	<b>83,901,041</b>	<b>\$ 341,949</b>	<b>\$ 4,586</b>	<b>\$ (4,570)</b>	<b>\$ (236,519)</b>	<b>\$ 105,446</b>	<b>\$ (18)</b>	<b>\$ 105,428</b>
Net earnings for the period	-	-	-	-	3,051	3,051	(3)	3,048
Other comprehensive income								
Net changes in cash flow hedges	-	-	-	64	-	64	-	64
Currency translation adjustment	-	-	-	746	-	746	-	746
Net remeasurement of employee benefit plan obligation	-	-	-	167	-	167	-	167
Total comprehensive income	-	-	-	977	3,051	4,028	(3)	4,025
Exercise of stocks options	28,750	65	(18)	-	-	47	-	47
Share-based compensation	-	-	85	-	-	85	-	85
<b>Balances at end of period</b>	<b>83,929,791</b>	<b>342,014</b>	<b>4,653</b>	<b>(3,593)</b>	<b>(233,468)</b>	<b>109,606</b>	<b>(21)</b>	<b>109,585</b>
	Attributable to equity holders of the Company							
2017	Number of shares	Share Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity	Non-controlling Interest	Total Equity
Balances at beginning of period	83,778,557	\$ 342,684	\$ 4,596	\$ (8,927)	\$ (249,831)	\$ 88,522	\$ (8)	\$ 88,514
Net earnings for the period	-	-	-	-	4,154	4,154	(1)	4,153
Other comprehensive income (loss)								
Net changes in cash flow hedges	-	-	-	(52)	-	(52)	-	(52)
Currency translation adjustment	-	-	-	153	-	153	-	153
Remeasurement of employee benefit plan obligation	-	-	-	260	-	260	-	260
Total comprehensive income	-	-	-	361	4,154	4,515	(1)	4,514
Common shares repurchased and cancelled (Note 8)	(352,396)	(1,441)	-	-	957	(484)	-	(484)
Share-based compensation	-	-	98	-	-	98	-	98
<b>Balances at end of period</b>	<b>83,426,161</b>	<b>341,243</b>	<b>4,694</b>	<b>(8,566)</b>	<b>(244,720)</b>	<b>92,651</b>	<b>(9)</b>	<b>92,642</b>

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

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31

(in thousands of United States dollars) (unaudited)

	Notes	2018	2017
		\$	\$
<b>Operating activities</b>			
Net earnings		3,048	4,153
Adjustments to reconcile net earnings to cash flows			
Depreciation of property, plant and equipment and amortization of intangible assets		2,248	2,043
Amortization of other assets		55	55
Share-based compensation expense		610	574
Deferred income taxes (recovery)		(395)	1,356
Share of (gain) loss from joint ventures		(2)	8
Imputed interest		586	873
Employee benefit plan obligation		(80)	(77)
Change in fair value of debenture conversion option	12	-	(22)
Gain on disposal of property, plant and equipment		(185)	(390)
Unrealized loss on non-hedge financial instruments		44	-
Unrealized foreign exchange loss on assets and liabilities		297	157
<b>Funds from operations before the following :</b>		<b>6,226</b>	<b>8,730</b>
Net change in non-cash working capital balances	11	(12,816)	(8,962)
<b>Cash used in operating activities</b>		<b>(6,590)</b>	<b>(232)</b>
<b>Investing activities</b>			
Additions to property, plant and equipment		(3,027)	(1,223)
Additions of intangible assets		(397)	(516)
Proceed on disposal of property, plant and equipment		800	1,145
<b>Cash used in investing activities</b>		<b>(2,624)</b>	<b>(594)</b>
<b>Financing activities</b>			
Common shares repurchased		-	(484)
Issuance of common shares		47	-
Increase in other liabilities		120	-
<b>Cash from (used in) financing activities</b>		<b>167</b>	<b>(484)</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>166</b>	<b>32</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,881)</b>	<b>(1,278)</b>
Cash and cash equivalents, beginning of period		34,024	24,301
<b>Cash and cash equivalents, end of period</b>		<b>25,143</b>	<b>23,023</b>
<b>Supplemental information<sup>(1)</sup></b>			
Income tax paid		1,150	154
Interest received		(18)	(12)

(1) Amounts paid for income tax and interest received were reflected as cash flows from operating activities in the condensed interim consolidated statements of cash flows.

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

## **1. Nature of Activities**

5N Plus Inc. (“5N Plus” or the “Company”) is a Canadian-based international company. 5N Plus is a producer of specialty metal and chemical products. Fully integrated with closed-loop recycling facilities, the Company’s head office is located at 4385 Garand Street, Saint-Laurent, Quebec (Canada) H4R 2B4. The Company operates manufacturing facilities and sales offices in several locations in Europe, the Americas and Asia. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”). 5N Plus and its subsidiaries represent the “Company” mentioned throughout these consolidated financial statements. The Company has two reportable business segments, namely Electronic Materials and Eco-Friendly Materials.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 1, 2018.

## **2. Basis of Presentation**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and as applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The accounting policies followed in these unaudited condensed interim financial statements are consistent with those of the previous financial year, with the additional policy described below and the new accounting standards adopted as at January 1, 2018.

The functional and presentation currency of the Company is the United States dollar.

### **Income taxes**

Taxes on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.



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

#### Adoption of new accounting standards

##### IFRS 15 - Revenues from Contracts with Customers

On January 1, 2018, the Company has adopted the new accounting standard IFRS 15 to all contracts using the modified retrospective approach. The Company has concluded that there is no significant impact resulting from the application of the new revenue standard on its consolidated financial statements.

Under the new revenue standard, the Company's revenue continues to be recognised 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 specific location, the risks of loss have been transferred to the customer and has accepted the products in accordance with the sales contract.

##### IFRS 9 - Financial Instruments

On January 1, 2018, the Company has also adopted the new accounting standard IFRS 9. The Company has concluded that there is no significant impact resulting from the application of this new standard on its consolidated financial statements, except for the classification of its financial assets and liabilities as described below.

As permitted by IFRS 9, the Company has elected to continue to apply all the hedge accounting requirements of IAS 39.

##### Classification

From January 1, 2018, the Company classifies its financial assets and liabilities in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVPL)), and
- b) those to be measured at amortised cost.

IAS 39	IFRS 9
<b>Financial assets and liabilities at fair value through profit and loss</b>	<b>Financial assets and liabilities at fair value through profit or loss</b>
Other current assets	Other current assets
Derivative financial assets	Derivative financial assets
Derivative financial liabilities	Derivative financial liabilities
<b>Loans and receivables</b>	<b>Financial assets and liabilities at amortized cost</b>
Cash and cash equivalents	Cash and cash equivalents
Accounts receivable	Accounts receivable
<b>Financial liabilities at amortized cost</b>	
Bank indebtedness	Bank indebtedness
Trade and accrued liabilities	Trade and accrued liabilities
Long-term debt	Long-term debt
Convertible debentures	Convertible debentures

##### 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 profit or loss.

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

**Debt instruments**

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

- a) Amortised 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 amortised 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 recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- b) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.
- c) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**Impairment**

From January 1 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. 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 recognised from initial recognition of the receivables.

**Future changes in accounting policies**

The following standards have been issued but are not yet effective:

In January 2016, IASB issued IFRS 16, "Leases", which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard will be mandatory for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In June 2017, the IFRS Interpretations Committee of the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments (IFRIC 23). The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation is effective for the annual period beginning on January 1, 2019. The Company has concluded that no impact will result from the application of IFRIC 23 on its financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
For the three-month periods ended March 31  
(in thousands of United States dollars, unless otherwise indicated) (unaudited)

#### 4. Inventories

	March 31 2018	December 31 2017
	\$	\$
Raw materials	29,736	27,924
Finished goods	63,210	62,723
<b>Total inventories</b>	<b>92,946</b>	<b>90,647</b>

For the period ended March 31, 2018, a total of \$26,595 of inventories was included as an expense in cost of sales (2017 – \$38,149).

For the period ended March 31, 2018, a total of \$251 previously written down was recognized as a reduction of expenses in cost of sales concurrently with the related inventories being sold (\$nil for the Eco-Friendly Materials segment and \$251 for the Electronic Materials segment) (2017 – \$5,149 [\$385 for the Eco-Friendly Materials segment and \$4,764 for the Electronic Materials segment]).

#### 5. Long-Term Debt

	March 31 2018	December 31 2017
	\$	\$
Senior secured revolving facility of \$50,000 with a syndicate of banks, maturing in August 2018 <sup>(1)</sup>	-	-
Term loan, non-interest bearing, repayable under certain conditions, maturing in 2023. If the loan has not been repaid in full by the end of 2023, the balance will be forgiven <sup>(2)</sup>	264	271
	264	271
Less current portion of long-term debt	264	271
	-	-

<sup>(1)</sup> In August 2014, the Company signed a senior secured multi-currency revolving credit facility of \$125,000 maturing in August 2018, which was reduced to \$100,000 as at June 30, 2015 and subsequently to \$50,000 as at February 18, 2016. At any time, the Company has the option to request that the credit facility be expanded through the exercise of an additional \$50,000 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. Drawings bear interest at either the Canadian prime rate, US base rate, Hong Kong base rate or LIBOR, plus a margin based on the Company's senior consolidated debt to EBITDA ratio. Under the terms of its credit facility, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at March 31, 2018, the Company has met all covenants.

In addition, in August 2014, the Company's subsidiary in Belgium entered into a bi-lateral credit facility of 5,000 Euros, which was reduced to 2,500 Euros as at February 18, 2016. This credit facility is coterminous with the new senior secured multi-currency revolving credit facility, and guaranteed by the same security pool. This bi-lateral facility can be drawn in Euros or US dollars and bears interest at similar rates as the revolving credit facility. No amount was used as at March 31, 2018 and December 31, 2017.

<sup>(2)</sup> The term loan is classified as short-term debt since these amounts could become payable on demand.

## 6. Convertible Debentures

In June 2014, the Company issued convertible unsecured subordinated debentures for CA\$60,000 (US\$55,266) and an additional over-allotment option for CA\$6,000 (US\$5,580) for a total of CA\$66,000 (US\$60,846). The convertible unsecured subordinated debentures bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31, commencing on December 31, 2014. The convertible debentures are convertible at the holder's option into the Company's common shares at a conversion price of CA\$6.75 per share, representing a conversion rate of 148.1 common shares per CA\$1,000 principal amount of convertible debentures. The convertible debentures will mature on June 30, 2019 and may be redeemed by the Company, in certain circumstances, after June 30, 2017.

The debenture conversion option was recorded as a derivative liability (Note 12). In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency must be classified as a derivative liability and measured at fair value, with changes recognized in change in fair value of debenture conversion option in the consolidated statement of earnings.

The fair value of the debenture conversion option, which consists of the holder's conversion option subject to the Company's early redemption options, was estimated based on a methodology for pricing convertible bonds using an approach based on partial differential equations or binomial lattices, with the following assumptions: average expected volatility of 40%; expected dividend per share of nil; entity-specific credit spread, and expected life of 5 years. As a result, the initial fair value of the liability representing the debenture conversion option for the two tranches of the issuance of the debenture was estimated at CA\$10,484 (US\$9,666). Assumptions were reviewed in the valuation as at March 31, 2018 and December 31, 2017, and have not changed substantially. On December 7, 2015, the Company entered into a cross-currency swap to hedge the convertible debenture denominated in Canadian dollars to US dollars (Note 12).

## 7. Expenses by Nature

Expenses by nature	Three months	
	2018	2017
	\$	\$
Wages and salaries	11,090	10,169
Share-based compensation expense	654	574
Depreciation of property, plant and equipment and amortization of intangible assets	2,248	2,043
Amortization of other assets	55	55
Gain on disposal of property, plant and equipment	(185)	(390)
Research and development, net of tax credit	399	467
Litigation and restructuring costs (income)	(588) <sup>1</sup>	(3,368) <sup>2</sup>

(1) Representing a non-recurring income relating to an amount receivable from an inactive legal entity for which no receivable had been recorded given the uncertainty attached to it.

(2) Including an income resulting from an amendment to optimize commercial agreements mitigated by cost related to termination of a non-core activity.

## 8. Share Capital

On February 21, 2017, the TSX approved an amendment to the Company's normal course issuer bid implemented on October 11, 2016. Under this normal course issuer bid amendment, the Company had the right to purchase for cancellation, from October 11, 2016 to October 10, 2017, a maximum of 2,100,000 (previously 600,000) common shares. The Company's normal course issuer bid program expired on October 10, 2017 and has not been renewed.

For the three-month period ended March 31, 2017, the Company had repurchased and cancelled 352,396 common shares at an average price of \$1.37 for a total amount of \$484. An amount of \$1,441 has been applied against share capital, and a negative amount of \$957 has been applied against the deficit.

## 9. Earnings per Share

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

Numerators	Three months	
	2018	2017
	\$	\$
<b>Net earnings attributable to equity holders of 5N Plus</b>	<b>3,051</b>	4,154
<b>Net earnings for the period</b>	<b>3,048</b>	4,153

Denominators	Three months	
	2018	2017
<b>Basic weighted average number of shares</b>	<b>83,910,402</b>	83,634,477
Dilutive effect:		
Stock options	<b>398,275</b>	-
<b>Diluted weighted average number of shares</b>	<b>84,308,677</b>	83,634,477

As at March 31, 2018, a total number of 436,422 stock options was excluded from the diluted weighted average number of shares due to their anti-dilutive effect because of the Company's stock price. The same applies to the convertible debentures and to the 1,834,172 new restricted share units.

As at March 31, 2017, a total number of 2,673,648 stock options was excluded from the diluted weighted average number of shares due to their anti-dilutive effect because of the Company's stock price. The same applies to the convertible debentures and to the 1,593,360 new restricted share units.

## 10. Operating Segments

The following tables summarize the information reviewed by the Company's management when measuring performance:

<b>For the three-month period ended March 31, 2018</b>	<b>Eco-Friendly Materials</b>	<b>Electronic Materials</b>	<b>Corporate and unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
Segment revenues <sup>(1)</sup>	37,924	20,623	-	58,547
Adjusted EBITDA <sup>(2) (3)</sup>	3,784	6,854	(2,753)	7,885
Interest on long-term debt, imputed interest and other interest expense	-	-	1,502	1,502
Share based compensation expense	-	-	654	654
Litigation and restructuring costs (income) (Note 7)	-	-	(588)	(588)
Foreign exchange and derivative loss	-	-	204	204
Gain on disposal of property, plant and equipment	(185)	-	-	(185)
Depreciation and amortization	687	1,548	13	2,248
Earnings (loss) before income tax	3,282	5,306	(4,538)	4,050
Capital expenditures	1,610	1,417	-	3,027

For the three-month period ended March 31, 2017	Eco-Friendly Materials	Electronic Materials	Corporate and unallocated	Total
	\$	\$	\$	\$
Segment revenues <sup>(1)</sup>	41,531	19,339	-	60,870
Adjusted EBITDA <sup>(2) (3)</sup>	2,412	6,960	(2,726)	6,646
Interest on long-term debt, imputed interest and other interest expense	-	-	1,805	1,805
Share-based compensation expense	-	-	574	574
Litigation and restructuring costs (income) (Note 7)	429	(3,797)	-	(3,368)
Change in fair value of debenture conversion option	-	-	(22)	(22)
Foreign exchange and derivative gain	-	-	177	177
Gain on disposal of property, plant and equipment	-	(390)	-	(390)
Depreciation and amortization	847	1,158	38	2,043
Earnings (loss) before income tax	1,136	9,989	(5,298)	5,827
Capital expenditures	606	617	-	1,223

<sup>(1)</sup> The total revenues of \$3,516 (2017 – \$5,719) from the recycling and trading of complex materials is allocated to the Eco-Friendly materials and Electronic materials segments.

<sup>(2)</sup> Earnings (loss) before income tax, depreciation and amortization, share-based compensation expense, gain on disposal of property, plant and equipment, litigation and restructuring costs (income) and financial expense (revenues).

<sup>(3)</sup> The total adjusted EBITDA of \$1,181 (2017 – adjusted EBITDA negative of \$18) from the recycling and trading of complex materials is allocated to the Eco-Friendly materials and Electronic materials segments.

<b>As at March 31, 2018</b>	<b>Eco-Friendly Materials</b>	<b>Electronic Materials</b>	<b>Corporate and unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
Total assets excluding the deferred tax asset:	107,213	104,081	23,067	234,361

  

<b>As at December 31, 2017</b>	<b>Eco-Friendly Materials</b>	<b>Electronic Materials</b>	<b>Corporate and unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
Total assets excluding the deferred tax asset:	106,631	104,945	26,465	238,041

The geographic distribution of the Company's revenues based on the location of the customers for the periods ended March 31, 2018 and 2017, and the identifiable non-current assets as at March 31, 2018 and December 31, 2017 are summarized as follows:

<b>Revenues</b>	<b>Three months</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
Asia		
China	1,483	3,534
Japan	1,483	1,153
Other <sup>(1)</sup>	13,490	13,060
Americas		
United States	13,092	9,801
Other	5,218	3,238
Europe		
France	2,521	3,161
Germany	8,469	9,966
United Kingdom	865	2,392
Other <sup>(1)</sup>	10,001	13,882
Other	1,925	683
<b>Total</b>	<b>58,547</b>	<b>60,870</b>

<b>Non-current assets (other than deferred tax assets)</b>	<b>March 31</b>	<b>December 31</b>
	<b>2018</b>	<b>2017</b>
	\$	\$
Asia <sup>(1)</sup>	15,887	16,166
United States	8,769	8,180
Canada	20,383	21,609
Europe		
Belgium	8,451	8,454
Germany	18,154	18,404
<b>Total</b>	<b>71,644</b>	<b>72,813</b>

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

For the three-month period ended March 31, 2018, one customer represented approximately 21 % (2017 – 13 %) of the revenues, and is included in the Electronic Materials revenues.

## 11. Supplemental Cash Flow Information

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

	Three months	
	2018	2017
	\$	\$
Decrease (increase) in assets:		
Accounts receivable	(3,766)	(8,432)
Inventories	(2,299)	5,235
Income tax receivable	(24)	(111)
Other current assets	(460)	(927)
(Decrease) increase in liabilities:		
Trade and accrued liabilities	(6,459)	(4,921)
Income tax payable	192	194
<b>Net change</b>	<b>(12,816)</b>	<b>(8,962)</b>

The condensed interim consolidated statements of cash flows exclude or include the following transactions:

	Three months	
	2018	2017
	\$	\$
a) Excluded additions unpaid at end of the period:		
Additions to property, plant and equipment	555	3,720
b) Included additions unpaid at beginning of the period:		
Additions to property, plant and equipment	1,050	3,741

## 12. Fair Value of Financial Instruments

The only financial instrument for which its carrying value does not approximate the fair value is as follows:

- (i) As at March 31, 2018 and December 31, 2017, the fair value of the convertible debentures was of \$51,701 and \$52,766 respectively.

### Fair value hierarchy

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

As at March 31, 2018	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets (liabilities)			
At fair value through profit or loss			
Debenture conversion option (Note 6) <sup>(1)</sup>	-	-	-
Equity swap agreement <sup>(2)</sup>	-	5,975	-
Derivatives designated in a hedge relationship			
Cross-currency swap <sup>(3)</sup>	-	2,334	-
<b>Total</b>	<b>-</b>	<b>8,309</b>	<b>-</b>



As at December 31, 2017	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets (liabilities)			
At fair value through profit or loss			
Debenture conversion option (Note 6) <sup>(1)</sup>	-	-	-
Equity swap agreement <sup>(2)</sup>		6,141	
Derivatives designated in a hedge relationship			
Cross-currency swap <sup>(3)</sup>	-	3,602	-
<b>Total</b>	-	9,743	-

<sup>(1)</sup> This instrument is classified as a Level 3 financial instrument, since the implied volatility is an unobservable input. The change in fair value of debenture conversion option of nil and \$22 as a revenue was recognized in the condensed interim consolidated statement of earnings for the three-month period ended March 31, 2018 and 2017, respectively.

<sup>(2)</sup> In June 2017, the Company has entered into swap agreement with a major Canadian financial institution 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 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 equity swaps partly offset movements in the Company's share price impacting the cost of the DSU, PSU, RSU and SAR programs. As at March 31, 2018, the equity swap agreement covered 2,571,569 common shares of the Company. The fair value of this indexed deposit is recorded under other current assets.

<sup>(3)</sup> On December 7, 2015, the Company entered into a cross-currency swap to hedge the convertible debenture denominated in Canadian dollars with a notional amount of CA\$66,000 and bearing interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31. Under this cross-currency swap, the Company exchange interest payments and principal redemption on the same terms and designates the cross-currency as a cash flow hedge of the variability of the \$US functional currency equivalent cash flows on the debt. The terms are such that on each interest payment date, the Company will receive 5.75% on a notional of CA\$66,000 and pay 6.485% based on a notional of US\$48,889.

### 13. Commitments and Contingencies

#### Commitments

In the normal course of business, the Company contracted letters of credit for an amount of up to \$358 as at March 31, 2018 (\$432 as at December 31, 2017).

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

### 14. Subsequent event

On April 24, 2018, the Company announced the closing of a US\$79 million senior secured multi-currency revolving syndicated credit facility to replace its existing US\$50 million senior secured revolving facility. The new credit facility has a four-year term, bearing interest and a margin based on its senior consolidated debt to EBITDA ratio. Subject to lenders' approval, the Company can exercise its option to request an expansion of the credit facility through a US\$30 million accordion feature which would increase the total size of the facility to US\$109 million. The syndicate is comprised of six banks and financial institutions.