



**5N PLUS INC.**

Condensed Interim Consolidated Financial Statements  
(Unaudited)

For the three-month periods ended March 31, 2022 and 2021  
(in thousands of United States dollars)



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

|                                      | Notes | March 31<br>2022 | December 31<br>2021 |
|--------------------------------------|-------|------------------|---------------------|
|                                      |       | \$               | \$                  |
| <b>Assets</b>                        |       |                  |                     |
| <b>Current</b>                       |       |                  |                     |
| Cash and cash equivalents            |       | 25,961           | 35,940              |
| Accounts receivable                  |       | 40,004           | 42,098              |
| Inventories                          | 4     | 102,316          | 95,526              |
| Income tax receivable                |       | 5,326            | 5,054               |
| Other current assets                 | 11    | 17,509           | 16,904              |
| <b>Total current assets</b>          |       | <b>191,116</b>   | <b>195,522</b>      |
| Property, plant and equipment        |       | 81,040           | 81,526              |
| Right-of-use assets                  |       | 30,859           | 32,198              |
| Intangible assets                    | 3, 6  | 33,274           | 40,474              |
| Goodwill                             | 3     | 14,681           | 13,841              |
| Deferred tax assets                  |       | 6,855            | 7,007               |
| Other assets                         | 11    | 2,935            | 3,022               |
| <b>Total non-current assets</b>      |       | <b>169,644</b>   | <b>178,068</b>      |
| <b>Total assets</b>                  |       | <b>360,760</b>   | <b>373,590</b>      |
| <b>Liabilities</b>                   |       |                  |                     |
| <b>Current</b>                       |       |                  |                     |
| Trade and accrued liabilities        |       | 53,618           | 56,848              |
| Income tax payable                   |       | 6,720            | 5,615               |
| Derivative financial liabilities     | 5, 11 | 21               | 109                 |
| Current portion of lease liabilities |       | 2,422            | 2,487               |
| <b>Total current liabilities</b>     |       | <b>62,781</b>    | <b>65,059</b>       |
| Long-term debt                       | 5     | 116,000          | 116,000             |
| Deferred tax liabilities             |       | 5,506            | 7,645               |
| Employee benefit plan obligations    |       | 14,696           | 17,231              |
| Lease liabilities                    |       | 29,031           | 30,153              |
| Other liabilities                    |       | 1,234            | 1,255               |
| <b>Total non-current liabilities</b> |       | <b>166,467</b>   | <b>172,284</b>      |
| <b>Total liabilities</b>             |       | <b>229,248</b>   | <b>237,343</b>      |
| <b>Equity</b>                        |       | <b>131,512</b>   | <b>136,247</b>      |
| <b>Total liabilities and equity</b>  |       | <b>360,760</b>   | <b>373,590</b>      |

Commitments and contingencies (Note 12)

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

**5N PLUS INC.**

## INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

For the three-month periods ended March 31

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

|  | Notes | 2022           | 2021   |
|--|-------|----------------|--------|
|  |       | \$             | \$     |
| <b>Revenue</b>                               |       | <b>64,421</b>  | 46,876 |
| Cost of sales                                | 4, 6  | 54,249         | 37,417 |
| Selling, general and administrative expenses | 6     | 7,493          | 4,976  |
| Other expenses (income), net                 | 6     | 7,392          | 2,229  |
|  |       | <b>69,134</b>  | 44,622 |
| <b>Operating (loss) earnings</b>             |       | <b>(4,713)</b> | 2,254  |
| <b>Financial expense (income)</b>            |       |                |        |
| Interest on long-term debt                   |       | 945            | 634    |
| Imputed interest and other interest expense  |       | 326            | 106    |
| Foreign exchange and derivative loss (gain)  |       | 299            | (859)  |
|  |       | <b>1,570</b>   | (119)  |
| <b>(Loss) earnings before income taxes</b>   |       | <b>(6,283)</b> | 2,373  |
| Income tax expense (recovery)                |       |                |        |
| Current                                      |       | 1,845          | 756    |
| Deferred                                     |       | (2,373)        | 854    |
|  |       | <b>(528)</b>   | 1,610  |
| <b>Net (loss) earnings</b>                   |       | <b>(5,755)</b> | 763    |
| <b>(Loss) earnings per share</b>             | 8     | <b>(0.07)</b>  | 0.01   |
| <b>Basic (loss) earnings per share</b>       | 8     | <b>(0.07)</b>  | 0.01   |
| <b>Diluted (loss) earnings per share</b>     | 8     | <b>(0.07)</b>  | 0.01   |

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

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

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

|  | 2022                  | 2021              |
|--|-----------------------|-------------------|
| <b>Net (loss) earnings</b>   | <b>\$<br/>(5,755)</b> | <b>\$<br/>763</b> |
| <b>Other comprehensive income</b>  |                       |                   |
| <b>Items that may be reclassified subsequently to net (loss) earnings</b>      |                       |                   |
| Currency translation adjustment  | (426)                 | (263)             |
|  | (426)                 | (263)             |
| <b>Items that will not be reclassified subsequently to net (loss) earnings</b> |                       |                   |
| Remeasurement of employee benefit plan obligations                             | 2,098                 | 726               |
| Income taxes   | (713)                 | (229)             |
|  | 1,385                 | 497               |
| <b>Other comprehensive income</b>  | <b>959</b>            | <b>234</b>        |
| <b>Comprehensive (loss) income</b>   | <b>(4,796)</b>        | <b>997</b>        |

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

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

**5N PLUS INC.**

## 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)**

| 2022                                   | Number<br>of shares | Share<br>Capital     | Contributed<br>Surplus | Accumulated<br>other<br>comprehensive<br>loss | Deficit                 | Total<br>equity       |
|--|---------------------|----------------------|------------------------|---|-------------------------|-----------------------|
| <b>Balances at beginning of period</b> | <b>88,330,236</b>   | <b>\$<br/>21,004</b> | <b>\$<br/>342,659</b>  | <b>\$<br/>(5,189)</b>                         | <b>\$<br/>(222,227)</b> | <b>\$<br/>136,247</b> |
| Net loss for the period                | -                   | -                    | -                      | -   | (5,755)                 | (5,755)               |
| Other comprehensive income             | -                   | -                    | -                      | 959   | -                       | 959                   |
| Comprehensive income (loss)            | -                   | -                    | -                      | 959   | (5,755)                 | (4,796)               |
| Share-based compensation               | -                   | -                    | 61                     | -   | -                       | 61                    |
| <b>Balances at end of period</b>       | <b>88,330,236</b>   | <b>21,004</b>        | <b>342,720</b>         | <b>(4,230)</b>                                | <b>(227,982)</b>        | <b>131,512</b>        |

| 2021   | Number<br>of shares | Share<br>Capital    | Contributed<br>Surplus | Accumulated<br>other<br>comprehensive<br>loss | Deficit                 | Total<br>equity       |
|--|---------------------|---------------------|------------------------|---|-------------------------|-----------------------|
| <b>Balances at beginning of period</b>           | <b>81,651,130</b>   | <b>\$<br/>5,835</b> | <b>\$<br/>342,802</b>  | <b>\$<br/>(5,716)</b>                         | <b>\$<br/>(224,545)</b> | <b>\$<br/>118,376</b> |
| Net earnings for the period                      | -                   | -                   | -                      | -   | 763                     | 763                   |
| Other comprehensive income                       | -                   | -                   | -                      | 234   | -                       | 234                   |
| Comprehensive income                             | -                   | -                   | -                      | 234   | 763                     | 997                   |
| Common shares repurchased and cancelled (Note 7) | (249,572)           | (17)                | -                      | -   | (792)                   | (809)                 |
| Share-based compensation                         | -                   | -                   | 14                     | -   | -                       | 14                    |
| <b>Balances at end of period</b>                 | <b>81,401,558</b>   | <b>5,818</b>        | <b>342,816</b>         | <b>(5,482)</b>                                | <b>(224,574)</b>        | <b>118,578</b>        |

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

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

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31

(in thousands of United States dollars) (unaudited)

|   | Notes | 2022           | 2021           |
|---|-------|----------------|----------------|
|   |       | \$             | \$             |
| <b>Operating activities</b>   |       |                |                |
| Net earnings  |       | (5,755)        | 763            |
| Adjustments to reconcile net earnings to cash flows                         |       |                |                |
| Depreciation of property, plant and equipment                               |       | 3,273          | 1,928          |
| Depreciation of right-of-use assets   |       | 688            | 352            |
| Amortization of intangible assets   |       | 868            | 350            |
| Amortization of other assets  |       | 77             | 44             |
| Impairment of non-current assets  | 6     | 5,386          | -              |
| Share-based compensation expense  |       | 159            | 4,743          |
| Deferred income taxes   |       | (2,373)        | 854            |
| Imputed interest  |       | 132            | 56             |
| Employee benefit plan obligations   |       | (101)          | (123)          |
| Unrealized loss on non-hedge financial instruments                          |       | (123)          | (3,432)        |
| Unrealized foreign exchange loss (gain) on assets and liabilities           |       | 569            | (636)          |
| <b>Funds from operations before the following:</b>                          |       | <b>2,800</b>   | <b>4,899</b>   |
| Net change in non-cash working capital balances                             | 10    | (7,742)        | 876            |
| <b>Cash (used in) from operating activities</b>                             |       | <b>(4,942)</b> | <b>5,775</b>   |
| <b>Investing activities</b>   |       |                |                |
| Additions to property, plant and equipment                                  |       | (3,956)        | (1,691)        |
| Additions to intangible assets  |       | (109)          | (45)           |
| Acquisition of investment in equity instruments                             | 11    | -              | (2,000)        |
| <b>Cash used in investing activities</b>                                    |       | <b>(4,065)</b> | <b>(3,736)</b> |
| <b>Financing activities</b>   |       |                |                |
| Repayment of long-term debt   | 5     | -              | (5,109)        |
| Deferred costs related to long-term debt                                    | 5     | (5)            | (116)          |
| Common shares repurchased   | 7     | -              | (809)          |
| Principal elements of lease payments  |       | (761)          | (398)          |
| <b>Cash used in financing activities</b>                                    |       | <b>(766)</b>   | <b>(6,432)</b> |
| <b>Effect of foreign exchange rate changes on cash and cash equivalents</b> |       | <b>(206)</b>   | <b>(171)</b>   |
| <b>Net decrease in cash and cash equivalents</b>                            |       | <b>(9,979)</b> | <b>(4,564)</b> |
| Cash and cash equivalents, beginning of period                              |       | 35,940         | 39,950         |
| <b>Cash and cash equivalents, end of period</b>                             |       | <b>25,961</b>  | <b>35,386</b>  |
| <b>Supplemental information<sup>(1)</sup></b>                               |       |                |                |
| Income tax paid   |       | 955            | 430            |
| Interest paid   |       | 956            | 638            |

<sup>(1)</sup> Amounts paid for income tax and interest received were reflected as cash flows from operating activities in the 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 leading global producer of specialty semiconductors and performance materials. The Company’s ultra-pure materials often form the core element of its customer products. These customers rely on 5N Plus’s products to enable performance and sustainability in their own products. 5N Plus deploys a range of proprietary and proven technologies to develop and manufacture its products. The Company’s products enable various applications in a number of key industries including renewable energy, security, space, pharmaceutical, medical imaging, and industrial. 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 Plus 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 condensed interim consolidated financial statements were approved by the Board of Directors on May 4, 2022.

Since January 2020, the gradual outbreak of the novel strain of the coronavirus, COVID-19 and its declaration as a pandemic by the World Health Organization, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. While the Company has been able to mitigate the on-going impact from the crisis, it is not possible to reliably estimate the length, severity and long-term impact the global pandemic may have on the Company’s financial results, conditions and cash flows. The outbreak of the COVID-19 should be considered a risk factor.

In February 2022, Russian military forces invaded Ukraine; the invasion is being actively resisted by Ukrainian military personnel and the people of Ukraine, and the outcome of the ongoing conflict is uncertain at this time. Although AZUR SPACE Solar Power GmbH (AZUR), a subsidiary of the Company, had sales in Russia in the past, the amount of such sales is not material to the Company as a whole. The Company has no sales in Russia in 2022. 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 of the foregoing factors could potentially have a negative impact on the Company’s sales and results of operations.

## 2. Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by IASB (IFRS) and as applicable to the preparation of interim financial statements, including 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, 2021, which have been prepared in accordance with IFRS.

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 policies described below.

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. Business Combinations

On November 5, 2021, the Company acquired all of the issued and outstanding shares of AZUR for a purchase price of 50.1 million euros, subject to post-closing adjustments. The consideration transferred was comprised of 6.5 million shares of 5N Plus, which were issued from the treasury at 12.4 million euros, along with a cash payment of 37.7 million euros. Furthermore, the Company financed the working capital and equipment loans for an amount of 23.8 million euros. The cash portion and the working capital of the transaction were funded through the Company's liquidity and senior debt facility.

Located in Heilbronn, Germany, AZUR develops and manufactures multi-junction solar cells based on III-V compound semiconductor materials. The integration of AZUR will not only expand the Company's position within renewable energy, but, through Canada's membership in the European Space Agency (ESA), will also establish 5N Plus as a supplier to the European and U.S. space programs.

To estimate the fair value of the intangible assets, management used the excess earnings method to value customer relationships and the royalty relief method to value technology and trade names using discounted cash flow models. Management developed significant assumptions related to revenue and gross margin forecasts, customer retention rates, royalty rates and discount rates.

The table below presents the Company's adjusted preliminary assessment of the fair values of the assets acquired and liabilities assumed as at March 31, 2022. The Company has not restated the consolidated statement of financial position as at December 31, 2021 as the adjustments were deemed not material. The Company also determined that the net impact on the net earnings as a result of these adjustments was not material for the year ended December 31, 2021, and as such, they were accounted for in the consolidated statement of earnings for the three-period ended March 31, 2022.

| Identified assets acquired and liabilities assumed | Preliminary    | Adjustments  | Adjusted preliminary |
|--|----------------|--------------|----------------------|
|  | \$             | \$           | \$                   |
| Cash and cash equivalents                          | 1,017          | -            | 1,017                |
| Accounts receivable                                | 8,342          | 1,057        | 9,399                |
| Inventories  | 21,394         | (1,057)      | 20,337               |
| Other current assets                               | 256            | -            | 256                  |
| Property, plant and equipment                      | 31,128         | -            | 31,128               |
| Right-of-use assets                                | 21,626         | (286)        | 21,340               |
| Intangible assets                                  | 32,144         | (973)        | 31,171               |
| Other assets                                       | 5              | -            | 5                    |
| Goodwill   | 13,841         | 840          | 14,681               |
| <b>Total assets acquired</b>                       | <b>129,753</b> | <b>(419)</b> | <b>129,334</b>       |
| Trade and accrued liabilities                      | 12,197         | -            | 12,197               |
| Long-term debt <sup>(1)</sup>                      | 27,396         | -            | 27,396               |
| Employee benefit plan obligations                  | 2,673          | -            | 2,673                |
| Lease liabilities                                  | 21,626         | (286)        | 21,340               |
| Other liabilities                                  | 1,059          | 216          | 1,275                |
| Deferred tax liabilities                           | 7,094          | (349)        | 6,745                |
| <b>Total liabilities assumed</b>                   | <b>72,045</b>  | <b>(419)</b> | <b>71,626</b>        |
| <b>Total net assets</b>                            | <b>57,708</b>  | <b>-</b>     | <b>57,708</b>        |

<sup>1)</sup> The long-term debt acquired was repaid in full on November 5, 2021.

The amount recorded for goodwill is not deductible for tax purposes. The accounts receivable are presented net of a loss allowance of \$28.

#### 4. Inventories

|                          | March 31<br>2022 | December 31<br>2021 |
|--------------------------|------------------|---------------------|
| Raw materials            | \$<br>30,084     | \$<br>30,845        |
| Finished goods           | 72,232           | 64,681              |
| <b>Total inventories</b> | <b>102,316</b>   | 95,526              |

For the three-month period ended March 31, 2022, a total of \$30,320 of inventories was included as an expense in cost of sales (\$21,008 the three-month period ended March 31, 2021).

For the three-month period ended March 31, 2022, a total of \$36 previously written down was recognized as a reduction of expenses in costs of sales concurrently with the related inventories being sold (\$18 for the Specialty Semiconductors segment and \$18 for the Performance Materials segment). For the three-month period ended March 31, 2021, a total of \$113 previously written down was recognized as a reduction of expenses in costs of sales concurrently with the related inventories being sold (\$28 for the Specialty Semiconductors segment and \$85 for the Performance Materials segment).

#### 5. Long-Term Debt

|   | March 31<br>2022 | December 31<br>2021 |
|---|------------------|---------------------|
| Senior secured revolving facility of \$124,000 with a syndicate of banks, maturing in April 2023 <sup>(1)</sup> | \$<br>91,000     | \$<br>91,000        |
| Unsecured subordinated term loan, maturing in March 2024 <sup>(2)</sup>   | 25,000           | 25,000              |
|   | <b>116,000</b>   | 116,000             |
| Less current portion of long-term debt  | -                | -                   |
|   | <b>116,000</b>   | 116,000             |

<sup>(1)</sup> In March 2021, the Company signed a senior secured multi-currency revolving credit facility of \$79,000 maturing in April 2023 to replace its existing \$79,000 senior secured revolving facility maturing in April 2022. As a result of the acquisition of Azur in November 2021, the senior secured multi-currency revolving credit facility of \$79,000 increased to \$124,000. 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 LIBOR, 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 March 31, 2022 and December 31, 2021, the Company had met all covenants.

In February 2020, the Company entered into an interest rate swap agreement, maturing in April 2022, with a major Canadian financial institution to reduce its financial expense fluctuations on Libor rate on a portion of its credit facility (Note 11).

<sup>(2)</sup> In February 2019, the Company signed a five-year unsecured subordinated term loan with Investissement Québec. The loan was disbursed in two tranches: the first tranche of \$5,000 on February 6, 2019 and the second tranche of \$20,000 on March 22, 2019. The two tranches of the term loan bear interest equivalent to the 5-year US dollar swap rate plus a margin of 4.19%, which equals to 6.82% and 6.64% respectively. Under the terms of the loan, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at March 31, 2022 and December 31, 2021, the Company had met all covenants.

## 6. Expenses by Nature

|  | Three months |       |
|--|--------------|-------|
|  | 2022         | 2021  |
|  | \$           | \$    |
| Wages and salaries   | 14,645       | 9,482 |
| Share-based compensation expense                           | 124          | 1,396 |
| Depreciation of property, plant and equipment              | 3,273        | 1,928 |
| Depreciation of right-of-use assets                        | 688          | 352   |
| Amortization of intangible assets                          | 868          | 350   |
| Amortization of other assets                               | 77           | 44    |
| Impairment of non-current assets <sup>(1)</sup>            | 5,386        | -     |
| Research and development, net of tax credit <sup>(2)</sup> | 1,099        | 482   |

<sup>(1)</sup> During the first quarter of 2022, the Company recorded a non-cash impairment charge on non-current assets of \$5,386 (\$5,123 for customer relationships and \$263 for other intangibles), included in the Specialty Semiconductors segment, to reflect the assessment of the carrying value of intangible assets impacted by the invasion of Ukraine by Russia, more precisely in reference to Russia based customers. The impairment charge recognized under Other expenses within the consolidated statement of (loss) earnings results from the fact that the Company's initial assumptions regarding the timing of future cashflows from these customers can no longer be supported given the uncertainty associated with recent international sanctions against Russia, and the unknown duration of the conflict.

<sup>(2)</sup> Reduced research and development, net of tax credit by an amount of \$498 for the three-month period ended March 31, 2022 resulting from research and development subsidies. There is an outstanding receivable related to this grant as at March 31, 2022 for an amount of \$244 included within Accounts receivable.

## 7. Share Capital

On March 5, 2020, the TSX approved the Company's normal course issuer bid (NCIB). Under this NCIB, the Company had the right to purchase for cancellation, from March 9, 2020 to March 8, 2021, a maximum of 2,000,000 common shares.

For the three-month period ended March 31, 2021, the Company repurchased and cancelled 249,572 common shares at an average price of \$3.24 for a total amount of \$809. An amount of \$17 has been applied against share capital, and an amount of \$792 has been applied against the deficit.

## 8. Earnings per Share

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

| Numerators                         | Three months |      |
|------------------------------------|--------------|------|
|                                    | 2022         | 2021 |
|                                    | \$           | \$   |
| Net (loss) earnings for the period | (5,755)      | 763  |

  

| Denominators                              | Three months |            |
|---|--------------|------------|
|   | 2022         | 2021       |
| Basic weighted average number of shares   | 88,330,236   | 81,525,956 |
| Dilutive effect:                          |              |            |
| Stock options                             | -            | 312,944    |
| Diluted weighted average number of shares | 88,330,236   | 81,838,900 |

For the three-month period ended March 31, 2022, a total number of 787,287 stock options was excluded from the diluted weighted average number of shares due to their anti-dilutive effect.

For the three-month period ended March 31, 2021, no stock option was excluded from the diluted weighted average number of shares due to their anti-dilutive effect because of the Company's stock price.

## 9. Operating Segments

Following the acquisition of AZUR (Note 3) and the subsequent integration of its activities within the Company's operations, the Company deemed it appropriate to reposition certain products and applications between the segments which resulted in a change in reportable segments which took effect in the fourth quarter of 2021. Accordingly, the Company has now adjusted the previously reported segment information for the three-month ended March 31, 2021.

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

|   | Three months   |                  |
|---|----------------|------------------|
|   | 2022           | 2021<br>adjusted |
|   | \$             | \$               |
| Specialty Semiconductors  | 27,301         | 12,142           |
| Performance Materials   | 37,120         | 34,734           |
| <b>Total revenue</b>  | <b>64,421</b>  | <b>46,876</b>    |
| Specialty Semiconductors  | 5,671          | 3,166            |
| Performance Materials   | 2,622          | 5,243            |
| Corporate and unallocated   | (2,667)        | (2,129)          |
| <b>Adjusted EBITDA<sup>(1)</sup></b>                                    | <b>5,626</b>   | <b>6,280</b>     |
| Interest on long-term debt, imputed interest and other interest expense | 1,271          | 740              |
| Share-based compensation expense  | 124            | 1,396            |
| Foreign exchange and derivative loss (gain)                             | 299            | (859)            |
| Impairment of non-current assets (Note 6)                               | 5,386          | -                |
| Depreciation and amortizations  | 4,829          | 2,630            |
| <b>(Loss) earnings before income tax</b>                                | <b>(6,283)</b> | <b>2,373</b>     |

<sup>(1)</sup> (Loss) earnings before income tax, depreciation and amortizations, impairment of non-current assets, share-based compensation expense, and financial expense (income).

|   | Three months   |                  |
|---|----------------|------------------|
|   | 2022           | 2021<br>adjusted |
| <b>Capital expenditures</b>                     |                |                  |
|   | \$             | \$               |
| Specialty Semiconductors                        | 2,587          | 512              |
| Performance Materials                           | 1,337          | 1,179            |
| Corporate and unallocated                       | 32             | -                |
| <b>Total</b>                                    | <b>3,956</b>   | <b>1,691</b>     |
|   |                |                  |
|   | March 31       | December 31      |
| <b>Assets excluding the deferred tax assets</b> | 2022           | 2021             |
|   | \$             | \$               |
| Specialty Semiconductors                        | 178,998        | 189,022          |
| Performance Materials                           | 148,297        | 146,111          |
| Corporate and unallocated                       | 26,610         | 31,450           |
| <b>Total</b>                                    | <b>353,905</b> | <b>366,583</b>   |

The geographic distribution of the Company's revenue based on the location of the customers for the periods ended March 31, 2022 and 2021, and the identifiable non-current assets as at March 31, 2022 and December 31, 2021 are summarized as follows:

| Revenues             | Three months  |               |
|----------------------|---------------|---------------|
|                      | 2022          | 2021          |
|                      | \$            | \$            |
| Asia                 |               |               |
| China                | 2,475         | 2,390         |
| Japan                | 1,724         | 907           |
| Other <sup>(1)</sup> | 8,635         | 3,168         |
| Americas             |               |               |
| United States        | 17,587        | 18,030        |
| Other <sup>(1)</sup> | 4,945         | 4,288         |
| Europe               |               |               |
| Germany              | 11,945        | 6,254         |
| Belgium              | 1,958         | 1,901         |
| Netherlands          | 3,125         | 1,703         |
| France               | 2,727         | 1,309         |
| Other <sup>(1)</sup> | 7,823         | 5,573         |
| Other                | 1,477         | 1,353         |
| <b>Total</b>         | <b>64,421</b> | <b>46,876</b> |

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

| Non-current assets (other than deferred tax assets) | March 31       | December 31    |
|---|----------------|----------------|
|   | 2022           | 2021           |
|   | \$             | \$             |
| Asia <sup>(1)</sup>                                 | 7,222          | 7,850          |
| United States                                       | 12,440         | 12,836         |
| Canada  | 26,316         | 25,176         |
| Europe  |                |                |
| Belgium   | 8,227          | 8,631          |
| Germany   | 108,584        | 116,568        |
| <b>Total</b>  | <b>162,789</b> | <b>171,061</b> |

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

For the three-month period ended March 31, 2022, one customer represented approximately 17% (2021 – 23%) of the revenues of which 14% (2021 – 14%) is within the Specialty Semiconductors segment and 3% (2021 – 9%) is within the Performance Materials segment.

## 10. Supplemental Cash Flow Information

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

|                                     | Three months   |            |
|-------------------------------------|----------------|------------|
|                                     | 2022           | 2021       |
|                                     | \$             | \$         |
| Decrease (increase) in assets:      |                |            |
| Accounts receivable                 | 2,094          | 400        |
| Inventories                         | (6,790)        | (791)      |
| Income tax receivable               | (272)          | (34)       |
| Other current assets                | (502)          | 68         |
| (Decrease) increase in liabilities: |                |            |
| Trade and accrued liabilities       | (3,377)        | 937        |
| Income tax payable                  | 1,105          | 296        |
| <b>Net change</b>                   | <b>(7,742)</b> | <b>876</b> |

**5N PLUS INC.**

## 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)**

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

|   | Three months |      |
|---|--------------|------|
|   | 2022         | 2021 |
| Excluded additions unpaid at end of the period:       | \$           | \$   |
| Additions to property, plant and equipment            | 2,504        | 203  |
| Included additions unpaid at beginning of the period: |              |      |
| Additions to property, plant and equipment            | 3,095        | 775  |

**11. Fair Value of Financial Instruments****Fair value hierarchy**

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

| As at March 31, 2022                            | Level 1 | Level 2 | Level 3 |
|---|---------|---------|---------|
|   | \$      | \$      | \$      |
| Financial assets (liabilities)                  |         |         |         |
| At fair value through profit or loss            |         |         |         |
| Indexed deposit agreement <sup>(1)</sup>        | -       | 4,931   | -       |
| Investment in equity instruments <sup>(2)</sup> | -       | -       | 2,000   |
| Restricted investment <sup>(3)</sup>            | -       | -       | 699     |
| Interest rate swap agreement <sup>(4)</sup>     | -       | (21)    | -       |
| <b>Total</b>                                    | -       | 4,910   | 2,699   |
| As at December 31, 2021                         | Level 1 | Level 2 | Level 3 |
|   | \$      | \$      | \$      |
| Financial assets (liabilities)                  |         |         |         |
| At fair value through profit or loss            |         |         |         |
| Indexed deposit agreement <sup>(1)</sup>        | -       | 4,819   | -       |
| Investment in equity instruments <sup>(2)</sup> | -       | -       | 2,000   |
| Restricted investment <sup>(3)</sup>            | -       | -       | 713     |
| Interest rate swap agreement <sup>(4)</sup>     | -       | (109)   | -       |
| <b>Total</b>                                    | -       | 4,710   | 2,713   |

<sup>(1)</sup> In June 2017, the Company entered into an indexed deposit 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 indexed deposit partly offset movements in the Company's share price impacting the cost of the DSU, PSU, RSU and SAR programs. As at March 31, 2022, the indexed deposit agreement recorded under other current assets, covered 2,571,569 common shares of the Company.

<sup>(2)</sup> In January 2021, the Company acquired a minority equity stake in Microbion Corporation (Microbion) for an amount of \$2,000 recorded in Other assets.

<sup>(3)</sup> The fair value of the restricted investment is recorded in Other assets.

<sup>(4)</sup> In February 2020, the Company entered into an interest rate swap agreement with a major Canadian financial institution to reduce its financial expense fluctuations on Libor rate on a portion of its credit facility (Note 5). Under this interest rate swap, the Company exchanges interest payments. The terms are such that on each interest payment date, the Company will receive or pay the net difference between the fixed rate of 1.435% and its Libor rate on a notional amount of \$25,000.

## 12. Commitments and Contingencies

### Commitments

In the normal course of business, the Company contracted letters of credit for an amount of up to \$859 as at March 31, 2022 (\$953 as at December 31, 2021).

### 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.