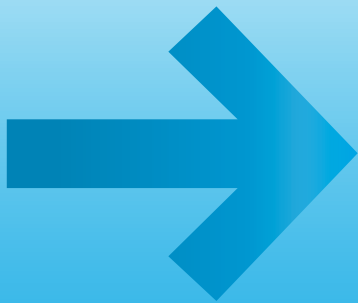


5N+1

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Management Report

Quarter Ended
September 30, 2023

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations is intended to assist readers in understanding 5N Plus Inc. (the "Company" or "5N Plus"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of Q3 2023 and the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2022, based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards, 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 November 7, 2023, the date on which the MD&A was approved by the Company's Board of Directors. Unless otherwise indicated, the terms "we", "us", "our" and "the group" as used herein refer to the Company together with its subsidiaries. "Q3 2023" and "Q3 2022" refer to the three-month periods ended September 30, 2023 and September 30, 2022, respectively, "YTD 2023" and "YTD 2022" refer to the nine-month periods ended September 30, 2023, and September 30, 2022 respectively.

Non-IFRS Measures

This MD&A contains certain non-IFRS financial measures and ratios, which do not have a standard meaning under IFRS 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, Total debt, Net debt, Working capital and Working capital ratio.

For definitions, further information and reconciliation of these measures to the most directly comparable measures under IFRS, 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. Forward-looking information and statements are based on the best estimates available to the Company at the time and involve known and unknown risks, uncertainties or other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. A description of the risks affecting the Company's business and activities appears under the heading "Risk and Uncertainties" of 5N Plus's 2022 MD&A dated February 21, 2023 and note 10 of the unaudited condensed interim consolidated financial statements for the three and nine-month periods ended September 30, 2023 and September 30, 2022 available on SEDAR+ at www.sedarplus.ca.

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

Overview

5N Plus is a leading global producer of specialty semiconductors and performance materials. The Company's ultra-pure materials often form the core element of its customers' products. These customers rely on 5N Plus' 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 several key industries, including renewable energy, security, space, pharmaceutical, medical imaging, and industrial. Headquartered in Montréal, Québec, 5N Plus 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 Plus' 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 EBITDA¹, which are reconciled to consolidated numbers considering corporate income and expenses.

Operating in North America and Europe, the Specialty Semiconductors segment integrates the products and operations of AZUR SOLAR Space GmbH ("AZUR") since November 5, 2021. The segment manufactures and sells products used in several applications, such as renewable energy, space satellites and imaging. Typical end markets include photovoltaics (terrestrial and spatial 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 and solar cells. 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, animal feed additives, 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".

¹ See Non-IFRS Measures

Q3 2023 Highlights – On Track for a Strong FY 2023 Backed by a Focused and Effective Growth Strategy

The Company's Q3 2023 and YTD 2023 results support its clear growth strategy focused on providing higher value-added specialty semiconductor and performance materials to key growth industries, as well as its commercial excellence program to foster long-term customer relationships. 5N Plus continues to leverage its position as a leading global supplier of ultra-high-purity semiconductor materials used in a wide range of critical technologies, based outside of China. The Company continues to benefit from sustained long-term demand in its core end markets, such as space solar power and terrestrial renewable energy, and continues to invest in its production capacity to meet contracted demand.

All amounts are expressed in U.S. dollars.

Results for Q3 2023 and YTD 2023 were solid, with the Company on track to deliver an excellent FY 2023 performance compared to FY 2022, reflecting the disciplined execution of its growth strategy and go-to-market approach. Adjusted EBITDA¹ in Q3 2023 and YTD 2023 increased 6% and 26%, respectively, compared to the same periods last year. Adjusted gross margin¹ came in at 24.9% in Q3 2023 and 29.1% YTD 2023, compared to 22.9% YTD 2022, reflecting ongoing product mix improvements, strong client partnerships and value-added product development in both reporting segments.

In Specialty Semiconductors, revenue was up \$9.7 million, in Q3 2023 and up \$20.9 million YTD 2023, compared to the corresponding periods last year. However, Adjusted EBITDA was lower year over year due to a shift in the timing of incremental contributions from AZUR from Q3 to Q4 2023, explained by a less favourable revenue mix, and planned reduced summer operations impacting productivity and period costs, while Q3 2022 was AZUR's strongest quarter of FY 2022.

During the quarter, it was announced that the Company's space solar cell technology helped power the Indian Space Research Organisation's Chandrayaan-3 lunar mission, with the 3G30 solar cells for the propulsion module (758W), the lander (738W) and the rover (50W) all supplied by AZUR. In the terrestrial renewable energy sector, RayGen inaugurated its energy storage power plant in Carwarp, Victoria, Australia, powered by triple junction solar cells also supplied by AZUR, a technology developed in close partnership by the two companies over the last several years. The plant is the world's largest and highest efficiency next-generation long-duration solar energy storage project, enabling AZUR's technology to make a significant contribution to the clean energy transition. Despite the timing of contributions from AZUR this quarter, demand for Specialty Semiconductors, as well as the Company's backlog¹ in this sector, remain strong. As management looks to further grow its space sector with new opportunities, it is guided by its commercial excellence program and its commitment to innovation, value optimization and client partnership.

Under Performance Materials, revenue for the quarter and YTD 2023 was lower compared to the same periods in 2022 due to the Company's strategic exit of the low-margin extractive and catalytic products in the second half of 2022. However, the segment generated a 30% increase in Adjusted EBITDA in Q3 2023 and a 31% increase YTD 2023, compared to the corresponding periods last year, reflecting an improved product mix comprised of higher value-added and higher margin products.

Net debt¹ increased by \$5.2 million in Q3 2023, primarily reflecting ongoing capacity building to meet contracted demand in 2024 in the fast-growing Specialty Semiconductors segment, while remaining flat compared to at the end of FY 2022.

Ongoing capacity expansion projects to meet demand for the renewable energy and space sectors remain on schedule. As previously announced, this includes an increase in output capacity at AZUR of 30% in the course of 2024 and an increase in production capacity for renewable energy applications of 35% for 2023 and 100% in 2024, primarily in Montreal. The Company also continues to secure additional complex feeds and secondary streams for the recovery of critical minerals, following the recent expansion of recycling and refining capacity in Montreal.

¹ See Non-IFRS Measures

Financial Highlights

- Revenue in Q3 2023 reached \$62.9 million, compared to \$66.4 million for the same period last year. The slight decrease is primarily attributable to the Company's exit from the manufacturing of extractive and catalytic products in the second half of 2022, largely compensated by increased demand in Specialty Semiconductors.
- Adjusted EBITDA¹ in Q3 2023 was \$9.6 million, compared to \$9.1 million for the same period last year. Adjusted EBITDA was \$29.3 million YTD 2023, compared to \$23.3 million YTD 2022.
- Adjusted gross margin¹ YTD 2023 was 29.1%, compared to 22.9% YTD 2022.
- On September 30, 2023, the backlog¹ represented 284 days of annualized revenue, 5 days lower than the previous quarter and 92 days higher than the same period last year, primarily due to demand for terrestrial renewable energy and space solar power.
- Net debt¹ stood at \$78.6 million as at September 30, 2023, compared to \$78.3 million as at December 31, 2022.

Outlook

Management continues to expect demand to remain strong in both the terrestrial renewable energy and space solar power markets under Specialty Semiconductors and in the health and pharmaceutical sector under Performance Materials.

Management is maintaining its previously disclosed Adjusted EBITDA guidance range of between \$35 million and \$40 million for FY 2023 and a projected Adjusted EBITDA range of between \$45 million and \$50 million for FY 2024.

¹ See Non-IFRS Measures

Summary of Results

(in thousands of U.S. dollars, except per share amounts)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Revenue	62,946	66,372	177,308	203,181
Adjusted operating expenses ^{1*}	(53,297)	(57,258)	(148,018)	(179,858)
Adjusted EBITDA¹	9,649	9,114	29,290	23,323
Share-based compensation expense	(305)	(10)	(1,018)	(1,170)
Litigation and restructuring (costs) income	-	(241)	8,772	(613)
Impairment of non-current assets	-	(7,092)	(608)	(12,478)
Loss on disposal of property, plant and equipment	-	-	(1,051)	-
Loss on disposal of assets held for sale	-	(216)	-	(216)
Foreign exchange and derivative gain (loss)	238	196	497	(539)
EBITDA¹	9,582	1,751	35,882	8,307
Interest on long-term debt, imputed interest and other interest expense	2,389	1,821	6,705	4,476
Depreciation and amortization	3,979	3,996	12,053	13,681
Earnings (loss) before income taxes	3,214	(4,066)	17,124	(9,850)
Income tax expense (recovery)				
Current	2,293	2,158	6,062	6,822
Deferred	(597)	744	(2,053)	(1,819)
	1,696	2,902	4,009	5,003
Net earnings (loss)	1,518	(6,968)	13,115	(14,853)
Basic earnings (loss) per share	\$0.02	(\$0.08)	\$0.15	(\$0.17)
Diluted earnings (loss) per share	\$0.02	(\$0.08)	\$0.15	(\$0.17)

¹Excluding impairment of inventories, share-based compensation expense, litigation and restructuring income (costs), impairment of non-current assets, loss on disposal of property, plant and equipment ("PPE"), loss on disposal of assets held for sale, and depreciation and amortization.

Revenue by Segment and Adjusted Gross Margin

(in thousands of U.S. dollars)	Q3 2023	Q3 2022	Change	YTD 2023	YTD 2022	Change
	\$	\$		\$	\$	
Specialty Semiconductors	41,766	32,022	30%	110,818	89,967	23%
Performance Materials	21,180	34,350	(38%)	66,490	113,214	(41%)
Total revenue	62,946	66,372	(5%)	177,308	203,181	(13%)
Cost of sales	(50,389)	(53,410)	(6%)	(135,156)	(167,806)	(19%)
Depreciation included in cost of sales	3,113	3,194	(3%)	9,467	11,053	(14%)
Adjusted gross margin¹	15,670	16,156	(3%)	51,619	46,428	11%
Adjusted gross margin percentage¹	24.9%	24.3%		29.1%	22.9%	

Revenue in Q3 2023 decreased by 5%, reaching \$62.9 million, compared to \$66.4 million for the same period last year. The decrease is primarily attributable to the Company's strategic exit from the manufacturing of low-margin extractive and catalytic products in the second half of 2022 and the related divestiture of its Tilly, Belgium operations in Q4 2022.

Adjusted gross margin¹ YTD 2023 was favourably impacted by the consolidated product mix, supported by the implementation of the Company's commercial excellence program last year, and the Company's exit from the manufacturing of low-margin extractive and catalytic products. Adjusted gross margin reached \$15.7 million, or 24.9%, compared to \$16.2 million, or 24.3%, in Q3 2022, and \$51.6 million, or 29.1%, in YTD 2023, compared to \$46.4 million, or 22.9%, in YTD 2022.

Specialty Semiconductors Segment

Revenue in Q3 2023 reached \$41.8 million, compared to \$32.0 million in Q3 2022. In YTD 2023, revenue reached \$110.8 million, compared to \$90.0 million in YTD 2022, supported by higher demand in strategic sectors. Adjusted gross margin in Q3 2023, was impacted by an unfavourable revenue mix under Space shifting AZUR incremental contribution from Q3 to Q4, while Q3 represented the strongest quarter for AZUR in FY 2022. In YTD 2023, Adjusted gross margin was 26.1%, compared to 27.1% in YTD 2022.

¹ See Non-IFRS Measures

Performance Materials Segment

Revenue in Q3 2023 reached \$21.2 million, compared to \$34.4 million in Q3 2022. In YTD 2023, revenue reached \$66.5 million, compared to \$113.2 million in YTD 2022. The decrease is primarily attributable to the Company's strategic exit from the manufacturing of low-margin extractive and catalytic products in the second half of 2022 and the related divestiture of its Tilly, Belgium operations in Q4 2022. Adjusted gross margin¹ in Q3 2023 was 39.4%, compared to 20.6% in Q3 2022. In YTD 2023, Adjusted gross margin was 34.9%, compared to 19.9% in YTD 2022.

Operating Earnings (Loss), EBITDA and Adjusted EBITDA

(in thousands of U.S. dollars)	Q3 2023	Q3 2022	Change	YTD 2023	YTD 2022	Change
	\$	\$		\$	\$	
Specialty Semiconductors	4,714	6,547	(28%)	20,064	18,628	8%
Performance Materials	6,637	5,090	30%	17,333	13,280	31%
Corporate	(1,702)	(2,523)	(33%)	(8,107)	(8,585)	(6%)
Adjusted EBITDA¹	9,649	9,114	6%	29,290	23,323	26%
EBITDA¹	9,582	1,751		35,882	8,307	
Operating earnings (loss)	5,365	(2,441)		23,332	(4,835)	

Adjusted EBITDA¹ in Q3 2023 reached \$9.6 million, an increase of \$0.5 million, compared to \$9.1 million in Q3 2022.

In Q3 2023, EBITDA¹ reached \$9.6 million, compared to \$1.8 million in Q3 2022. The increase of \$7.8 million is mainly explained by an impairment of non-current assets of \$7.1 million recorded in Q3 2022. For more information, see the "Expenses" section.

In Q3 2023, operating earnings amounted to \$5.4 million, compared to an operating loss of \$2.4 million in Q3 2022. In YTD 2023, operating earnings amounted to \$23.3 million, compared to an operating loss of \$4.8 million in YTD 2022.

Specialty Semiconductors Segment

Adjusted EBITDA decreased by \$1.8 million, or 28%, under Specialty Semiconductors impacted by revenue mix with shifted contribution under AZUR from Q3 to Q4 2023, while Q3 2022 represented AZUR'S strongest quarter of FY 2022. Adjusted EBITDA in YTD 2023 increased by \$1.4 million to \$20.1 million, representing an Adjusted EBITDA margin of 18%, compared to 21% for the same period in FY 2022.

Performance Materials Segment

Adjusted EBITDA in Q3 2023 increased by \$1.5 million, or 30%, to \$6.6 million, representing an Adjusted EBITDA margin of 31%, compared to 15% in Q3 2022. Adjusted EBITDA in YTD 2023 increased by \$4.1 million to \$17.3 million, representing an Adjusted EBITDA margin of 26%, compared to 12% in the same period in 2022. The increase is primarily attributable to the Company's strategic exit from the manufacturing of low margin extractive and catalytic products in the second half of FY 2022 and the related divestiture of its Tilly, Belgium operations in Q4 2022.

¹ See Non-IFRS Measures

Net Earnings (Loss) and Adjusted Net Earnings (Loss)

(in thousands of U.S. dollars, except per share amounts)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Net earnings (loss)	1,518	(6,968)	13,115	(14,853)
Basic earnings (loss) per share	\$0.02	(\$0.08)	\$0.15	(\$0.17)
Reconciling items:				
Share-based compensation expense	305	10	1,018	1,170
Litigation and restructuring costs (income)	-	241	(8,772)	613
Impairment of non-current assets	-	7,092	608	12,478
Loss on disposal of property, plant and equipment	-	-	1,051	-
Loss on disposal of assets held for sale	-	216	-	216
Income tax recovery on taxable items above	(81)	(71)	(628)	(2,023)
Adjusted net earnings (loss)¹	1,742	520	6,392	(2,399)
Basic adjusted earnings (loss) per share¹	\$0.02	\$-	\$0.07	(\$0.03)

In Q3 2023, net earnings were \$1.5 million or \$0.02 per share, compared to a net loss of \$7.0 million or \$0.08 per share in Q3 2022. Adjusted net earnings¹ were \$1.7 million or \$0.02 per share in Q3 2023, compared to \$0.5 million or \$nil per share in Q3 2022.

In YTD 2023, net earnings were \$13.1 million or \$0.15 per share, compared to a net loss of \$14.9 million or \$0.17 per share in YTD 2022. Adjusted net earnings were \$6.4 million or \$0.07 per share in YTD 2023, compared to an Adjusted net loss of \$2.4 million or \$0.03 per share in YTD 2022.

Excluding income tax recovery, the item reconciling Adjusted net earnings in Q3 2023 is share-based compensation. For YTD 2023, the items are share-based compensation expense, litigation and restructuring income of \$8.8 million, an impairment charge on non-current assets of \$0.6 million and a loss on disposal of PPE of \$1.1 million. For more information, see the "Expenses" section.

Backlog and Bookings

(in thousands of U.S. dollars)	BACKLOG ¹			BOOKINGS ¹		
	Q3 2023	Q2 2023	Q3 2022	Q3 2023	Q2 2023	Q3 2022
	\$	\$	\$	\$	\$	\$
Specialty Semiconductors	167,709	158,765	104,336	50,710	47,716	71,013
Performance Materials	28,205	28,146	35,054	21,239	13,043	23,959
Total	195,914	186,911	139,390	71,949	60,759	94,972

(number of days based on annualized revenues)*	BACKLOG ¹			BOOKINGS ¹		
	Q3 2023	Q2 2023	Q3 2022	Q3 2023	Q2 2023	Q3 2022
Specialty Semiconductors	365	365	297	111	120	202
Performance Materials	122	113	93	92	52	64
Weighted average	284	289	192	104	94	131

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

Q3 2023 vs. Q2 2023

Backlog¹ on September 30, 2023 represented 284 days of annualized revenue, a decrease of 5 days, or 2%, over the backlog on June 30, 2023.

The backlog for Specialty Semiconductors represented 365 days of annualized revenue, at a similar level as the backlog on June 30, 2023, when expressed in days. While the estimated number of days based on annualized revenue cannot exceed 365 days per our definition, it is important to note that the effective backlog under Specialty Semiconductors surpasses the next twelve months due to confirmed long-term contracts in renewable energy and space solar power applications.

¹ See Non-IFRS Measures

The backlog¹ for Performance Materials represented 122 days of annualized revenue, an increase of 9 days, or 8%, compared to the backlog on June 30, 2023, mainly due to the quarterly realization of yearly contracts. The key contracts under this segment, now presenting an improved product mix, continue to be mainly renewed in the fourth and first quarters of the year.

Bookings¹ for Specialty Semiconductors decreased by 9 days, from 120 days in Q2 2023 to 111 days in Q3 2023. Bookings for Performance Materials increased by 40 days, from 52 days in Q2 2023 to 92 days in Q3 2023. 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.

Q3 2023 vs. Q3 2022

Backlog on September 30, 2023, for Specialty Semiconductors increased by 68 days, largely attributable to favourable negotiations of long-term contracts under Specialty Semiconductors. The backlog for Performance Materials, represented 122 days, an increase of 29 days, compared to 93 days on September 30, 2022.

Bookings for Specialty Semiconductors decreased by 91 days for the same factors mentioned above, and increased by 28 days for Performance Materials, compared to the previous year quarter.

Expenses

(in thousands of U.S. dollars)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Depreciation and amortization	3,979	3,996	12,053	13,681
SG&A	6,249	6,468	20,711	21,382
Share-based compensation expense	305	10	1,018	1,170
Litigation and restructuring costs (income)	-	241	(8,772)	613
Impairment of non-current assets	-	7,092	608	12,478
Loss on disposal of property, plant and equipment	-	-	1,051	-
Loss on disposal of assets held for sale	-	216	-	216
Financial expense	2,151	1,625	6,208	5,015
Income tax expense	1,696	2,902	4,009	5,003
Total expenses	14,380	22,550	36,886	59,558

Depreciation and Amortization

Depreciation and amortization expenses in Q3 2023 and YTD 2023 amounted to \$4.0 million and \$12.1 million, respectively, compared to \$4.0 million and \$13.7 million, respectively, for the same periods in 2022. The decrease in YTD 2023 is mainly associated with the Company's divestiture of its Tilly, Belgium operations in Q4 2022.

SG&A

SG&A expenses in Q3 2023 and YTD 2023 were \$6.2 million and \$20.7 million, respectively, compared to \$6.5 million and \$21.4 million, respectively, for the same periods in FY 2022. The decrease in YTD 2023 is mainly associated with the Company's divestiture of its Tilly, Belgium operations in Q4 2022 mitigated by inflation impacting various expenses.

Share-based Compensation Expense

Share-based compensation expense in Q3 2023 amounted to \$0.3 million, compared to \$nil million in Q3 2022. In YTD 2023, share-based compensation expense amounted to \$1.0 million, compared to \$1.2 million in YTD 2022.

Litigation and restructuring costs (income)

In Q2 2023, the Company recorded a litigation and restructuring income of \$8.8 million which represents the amount received from the previous shareholder of AZUR, net of related expenses. The income was received as per stipulations of the share purchase agreement and is not related to AZUR's performance post-acquisition.

In Q3 2022, following a change to its senior executive management, the Company recorded litigation and restructuring costs of \$0.2 million. In Q2 2022, the Company recorded \$0.4 million related to the settlement of a contract by mutual agreement, for total litigation and restructuring costs of \$0.6 million in YTD 2022.

¹ See Non-IFRS Measures

Impairment of Non-Current Assets

In Q2 2023, the Company recorded an impairment of non-current assets of \$0.6 million in relation to PPE 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 production equipment.

In Q3 2022, the Company recorded an impairment of non-current assets of \$7.1 million (\$2.4 million for buildings, \$4.6 million for machinery and \$0.1 million for furniture and fixtures), under its Performance Materials segment, to reflect the assessment of the carrying value of PPE following its intention to halt production at its manufacturing facility in Tilly, Belgium.

In Q1 2022, the Company recorded an impairment of non-current assets of \$5.4 million (\$5.1 million for customer relationships and \$0.3 million for other intangibles) under its Specialty Semiconductors segment, to reflect the assessment of the carrying value of intangible assets due to the impact of the Russia/Ukraine conflict on the Company's Russia-based customer relationships. The Company's initial assumptions regarding future cashflows from these customers are no longer supported given the international sanctions in place against Russia and the uncertainty related to, and the unknown duration of, the Ukraine/Russia conflict.

Loss on disposal of property, plant and equipment

In Q2 2023, the Company recorded a loss of \$1.1 million on the disposal of a production equipment 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 a credit to be applied against future production equipment purchases.

Loss on disposal of assets held for sale

In Q3 2022, the Company recorded a loss of \$0.2 million on the disposal of assets held for sale. The asset, previously presented as held for sale within the Specialty Semiconductors segment, pertains to a building reclassification of \$3.0 million in Q2 2022. The reclassification was related to the planned relocation of operations to Canada from one of the Company's subsidiaries in Asia, announced in Q3 2020.

Financial Expense

Financial expense amounted to \$2.2 million in Q3 2023 compared to \$1.6 million in Q3 2022. In YTD 2023, financial expense amounted to \$6.2 million, compared to \$5.0 million in YTD 2022. The negative impact of a significant increase in interest rates in Q3 2023 and YTD 2023 was mitigated by a gain in foreign exchange and derivatives for YTD 2023, compared to a loss for the same period last year.

Income Taxes

The Company reported earnings before income taxes of \$3.2 million in Q3 2023 and \$17.1 million in YTD 2023. Income tax expense in Q3 2023 and YTD 2023 was \$1.7 million and \$4.0 million, respectively, compared to \$2.9 million and \$5.0 million, respectively, in the same periods in FY 2022. Both periods were impacted by deferred tax assets applicable only in certain jurisdictions.

Liquidity and Capital Resources

(in thousands of U.S. dollars)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Funds from operations before the following	5,064	2,473	26,168	9,051
Net changes in non-cash working capital items	(7,193)	7,659	(20,691)	1,285
Cash (used in) from operating activities	(2,129)	10,132	5,477	10,336
Cash used in investing activities	(2,694)	(3,259)	(4,265)	(10,099)
Cash (used in) from financing activities	(5,246)	(3,267)	(14,031)	4,717
Effect of foreign exchange rate changes on cash and cash equivalents	(143)	129	3	(722)
Net (decrease) increase in cash and cash equivalents	(10,212)	3,735	(12,816)	4,232

In Q3 2023, cash used in operating activities amounted to \$2.1 million, compared to cash generated from operating activities of \$10.1 million in Q3 2022. In YTD 2023, cash generated from operating activities amounted to \$5.5 million, compared to \$10.3 million in YTD 2022. The decrease in YTD 2023 is mainly due to the net difference from higher contribution of funds from operating activities of \$17.1 million, negatively impacted by an unfavourable change in non-cash working capital in YTD 2023 to support expected 2024 demand growth.

In Q3 2023, cash used in investing activities amounted to \$2.7 million, compared to \$3.3 million in Q3 2022. The decrease of \$0.6 million is mainly explained by the net decrease in additions to PPE reduced by the proceeds of \$2.8 million from the disposal of assets held for sale in Q3 2022. In YTD 2023, cash used in investing activities amounted to \$4.3 million, compared to \$10.1 million in YTD 2022. The decrease of \$5.8 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. This receipt was partially mitigated by the proceeds of \$2.8 million from the disposal of assets held for sale in Q3 2022, net of lower additions to PPE of \$2.2 million in YTD 2023.

In Q3 2023, cash used in financing activities amounted to \$5.2 million, compared to \$3.3 million in Q3 2022. In YTD 2023, cash used in financing activities amounted to \$14.0 million, compared to cash generated from financing activities of \$4.7 million in YTD 2022. The increase of \$18.7 million is mainly attributable to the reimbursements of \$7.5 million in Q2 2023 and \$5.0 million in Q3 2023 of the credit facility while the Company made a net drawdown of \$7.5 million in YTD 2022. In addition, the Company received cash from the issuance of common shares in YTD 2023, while the principal elements of lease payments were similar for both periods.

Working Capital

(in thousands of U.S. dollars)	As at September 30, 2023	As at December 31, 2022
	\$	\$
Inventories	102,344	86,254
Other current assets	78,435	100,908
Current liabilities	(77,232)	(62,846)
Working capital¹	103,547	124,316
Working capital current ratio¹	2.34	2.98

The \$20.8 million decrease in working capital¹ compared to December 31, 2022, is mainly attributable to higher current liabilities following the presentation of the subordinated term loan of \$25.0 million maturing in March 2024 as a current portion of long-term debt in Q1 2023, net of lower trade and accrued liabilities. In addition, inventories increased by \$16.1 million in YTD 2023 to support demand and were mitigated by lower other current assets of \$22.5 million.

Net Debt

(in thousands of U.S. dollars)	As at September 30, 2023	As at December 31, 2022
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	108,500	121,000
Total Debt¹	108,500	121,000
Cash and cash equivalents	(29,875)	(42,691)
Net Debt¹	78,625	78,309

Total debt¹ stood at \$108.5 million as at September 30, 2023, compared to \$121.0 million as at December 31, 2022.

Net debt¹, after considering cash and cash equivalents, increased by \$0.3 million to \$78.6 million on September 30, 2023, from \$78.3 million on December 31, 2022.

¹ See Non-IFRS Measures

Share Information

	As at November 7, 2023	As at September 30, 2023
Issued and outstanding shares	88,704,724	88,704,724
Stock options potentially issuable	1,365,162	1,365,162

Off-balance Sheet Arrangements

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 19 and 27 of the audited consolidated financial statements for the year ended December 31, 2022. As at September 30, 2023, the Company had no off-balance sheet arrangements except for the use of letters of credit.

Commitments

As at September 30, 2023, in the normal course of business, the Company contracted letters of credit for an amount of \$0.5 million (\$0.9 million as at December 31, 2022).

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.

Divestiture of 5N Belgium SA

On December 19, 2022, the Company divested its 100% interest in 5N Plus Belgium SA, previously included within its Performance Materials segment, and recognized a loss on divestiture of \$7.8 million. The decision to cease the production of lower margin products used in extractive and catalytic applications was made following a strategic review of the Company's operations. As part of the transaction, a provision of \$2.6 million was recorded under Litigation and Restructuring costs in Q4 2022, of which 2.0 million euros or \$2.1 million is held in escrow, to support the new owners to ensure site compliance with most recent environmental standards and other related costs. Prior to the divestiture, the Company recorded an impairment charge of \$7.1 million on PPE in Q3 2022 following the announcement of its intention to halt production at its manufacturing facility in Tilly, Belgium.

If the Company's exit from the manufacturing of low margin extractive and catalytic products and related divestiture of 5N Belgium SA had been completed as of January 1, 2022, the yearly consolidated Adjusted EBITDA¹ would have been higher by approximately \$2.0 million, and revenue under Performance Materials segment lower by \$39.3 million.

Governance

As required by Multilateral Instrument 52-109 of the Canadian Securities Administrators ("MI 52-109"), 5N Plus has filed certificates signed by the Chief Executive Officer ("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.

¹ See Non-IFRS Measures

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.

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 nine-month period ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the ICFR.

Financial Instruments and Risk Management**Fair Value of Financial Instruments**

A detailed description of the methods and assumptions used to measure the fair value of the Company's financial instruments and their fair value is discussed in Note 19 – Fair Value of Financial Instruments in the 2022 audited consolidated financial statements of the Company.

Financial Risk Management

For a detailed description of the nature and extent of risks arising from financial instruments, and their related risk management, refer to Note 27 of the 2022 audited consolidated financial statements of the Company. The Company is not aware of any significant changes to its risk factors from those disclosed at that time.

Risk and Uncertainties

For a detailed description of risk factors associated with 5N Plus and its business, refer to "Risk and Uncertainties" of 5N Plus' 2022 MD&A dated February 21, 2023. 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, crisis and climate change management, international operations including China, environmental regulations, social and governance (ESG) considerations, safety and hazards, prolonged armed conflict in Ukraine, COVID-19, availability and retention of qualified employees, collective agreements, litigation, our growth strategy, competition, commodity price, sources of supply, protection of intellectual property, inventory price, business interruptions, changes in backlog, acquisitions, systems, network infrastructure and data failure, as well as market price of the common shares.

Non-IFRS Measures

In this Management's Report, 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, do not have any standardized meaning prescribed under IFRS 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.

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 Plus uses backlog to provide an indication of expected future revenues in days, and bookings to determine its ability to sustain and increase its revenues.

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

EBITDA is reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Net earnings (loss)	1,518	(6,968)	13,115	(14,853)
Interest on long-term debt, imputed interest and other interest expense	2,389	1,821	6,705	4,476
Income tax expense	1,696	2,902	4,009	5,003
Depreciation and amortization	3,979	3,996	12,053	13,681
EBITDA	9,582	1,751	35,882	8,307

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), litigation and restructuring (income) costs, impairment of non-current assets, loss (gain) on disposal of property, plant and equipment, loss on disposal of assets held for sale, and depreciation and amortization. 5N Plus uses Adjusted EBITDA because it believes it is a meaningful measure of the operating performance of its ongoing business without the effects of certain expenses. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

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

Adjusted EBITDA and Adjusted EBITDA margin are reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Revenues	62,946	66,372	177,308	203,181
Operating expenses	(57,581)	(68,813)	(153,976)	(208,016)
Operating earnings (loss)	5,365	(2,441)	23,332	(4,835)
Share-based compensation expense	305	10	1,018	1,170
Litigation and restructuring costs (income)	-	241	(8,772)	613
Impairment of non-current assets	-	7,092	608	12,478
Loss on disposal of property, plant and equipment	-	-	1,051	-
Loss on disposal of assets held for sale	-	216	-	216
Depreciation and amortization	3,979	3,996	12,053	13,681
Adjusted EBITDA	9,649	9,114	29,290	23,323
Adjusted EBITDA margin	15.3%	13.7%	16.5%	11.5%

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

Adjusted operating expenses are reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Operating expenses	57,581	68,813	153,976	208,016
Share-based compensation expense	(305)	(10)	(1,018)	(1,170)
Litigation and restructuring (costs) income	-	(241)	8,772	(613)
Impairment of non-current assets	-	(7,092)	(608)	(12,478)
Loss of disposal of property, plant and equipment	-	-	(1,051)	-
Loss on disposal of assets held for sale	-	(216)	-	(216)
Depreciation and amortization	(3,979)	(3,996)	(12,053)	(13,681)
Adjusted operating expenses	53,297	57,258	148,018	179,858

Adjusted net earnings (loss) means the net earnings (loss) before the effect of impairment of inventory, share-based compensation (expense) recovery, litigation and restructuring income (costs), impairment of non-current assets and gain (loss) on disposal of property, plant and equipment, loss on disposal of assets held for sale, net of the related income tax expense (recovery). 5N Plus 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 weighted average number of outstanding shares. 5N Plus 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)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Net earnings (loss)	1,518	(6,968)	13,115	(14,853)
Basic earnings (loss) per share	\$0.02	(\$0.08)	\$0.15	(\$0.17)
Reconciling items:				
Share-based compensation expense	305	10	1,018	1,170
Litigation and restructuring costs (income)	-	241	(8,772)	613
Impairment of non-current assets	-	7,092	608	12,478
Loss on disposal of property, plant and equipment	-	-	1,051	-
Loss on disposal of assets held for sale	-	216	-	216
Income tax recovery on taxable items above	(81)	(71)	(628)	(2,023)
Adjusted net earnings (loss)	1,742	520	6,392	(2,399)
Basic weighted average number of shares	88,601,463	88,330,236	88,475,482	88,330,236
Basic adjusted earnings (loss) per share	\$0.02	\$-	\$0.07	(\$0.03)

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

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

(in thousands of U.S. dollars)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Total revenue	62,946	66,372	177,308	203,181
Cost of sales	(50,389)	(53,410)	(135,156)	(167,806)
Gross margin	12,557	12,962	42,152	35,375
Depreciation included in cost of sales	3,113	3,194	9,467	11,053
Adjusted gross margin	15,670	16,156	51,619	46,428
Adjusted gross margin percentage	24.9%	24.3%	29.1%	22.9%

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

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

(in thousands of U.S. dollars)	As at September 30, 2023	As at December 31, 2022
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	108,500	121,000
Lease liabilities including current portion	29,057	30,402
Subtotal Debt	137,557	151,402
Lease liabilities including current portion	(29,057)	(30,402)
Total Debt	108,500	121,000
Cash and cash equivalents	(29,875)	(42,691)
Net Debt	78,625	78,309

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 September 30, 2023	As at December 31, 2022
	\$	\$
Inventories	102,344	86,254
Other current assets excluding inventories	78,435	100,908
Current assets	180,779	187,162
Current liabilities	(77,232)	(62,846)
Working capital	103,547	124,316
Working capital current ratio	2.34	2.98

Additional Information

5N Plus' 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.

Selected Quarterly Financial Information

(in thousands of U.S. dollars, except per share amounts)	September 30, 2023	June 30, 2023	March 31, 2023	Dec 31, 2022	Sept 30, 2022	June 30, 2022	March 31, 2022	Dec 31, 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	62,946	59,075	55,287	61,042	66,372	72,388	64,421	64,556
EBITDA ¹	9,582	17,530	8,770	(3,671)	1,751	6,739	(183)	7,822
Adjusted EBITDA ¹	9,649	10,844	8,797	6,705	9,114	8,583	5,626	10,086
Net earnings (loss)	1,518	10,143	1,454	(8,146)	(6,968)	(2,130)	(5,755)	980
Basic earnings (loss) per share	\$0.02	\$0.11	\$0.02	(\$0.09)	(\$0.08)	(\$0.02)	(\$0.07)	\$0.01
Diluted earnings (loss) per share	\$0.02	\$0.11	\$0.02	(\$0.09)	(\$0.08)	(\$0.02)	(\$0.07)	\$0.01
Adjusted net earnings (loss) ¹	1,742	3,187	1,463	2,132	520	(997)	(1,922)	1,879
Basic adjusted earnings (loss) per share ¹	\$0.02	\$0.04	\$0.02	\$0.02	\$-	(\$0.01)	(\$0.02)	\$0.02
Funds from operations	5,064	15,227	5,877	4,447	2,473	3,778	2,800	5,604
Backlog ¹	284 days	289 days	306 days	253 days	192 days	140 days	196 days	221 days

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

¹ See Non-IFRS Measures