5N PLUS

PRESS RELEASE

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5N Plus Reports Financial Results for the Fourth Quarter and Fiscal Year Ended December 31, 2019

Montreal, Québec, February 25, 2020 – 5N Plus Inc. (TSX:VNP) ("5N Plus" or the "Company"), a leading global producer of engineered materials and specialty chemicals, today reported financial results for the fourth quarter and fiscal year ended December 31, 2019. All amounts are expressed in U.S. dollars.

In a year, characterized by a very difficult environment in the metal markets, anticipated lower contributions from renewable energy sector, higher costs of consumables (excluding metals) and challenges associated with industrialization of the Company's growth initiatives, 5N Plus delivered an Adjusted EBITDA[1,2] of $22.0 million, adequately invested in the Company's future initiatives and closed the year with a strong balance sheet. Throughout the year, the market demand for products produced by 5N Plus remained strong and was supported by a growing backlog[1] driven by the diversity of markets 5N Plus serves.

When adjusted for the decline in metal notations, nearly all core businesses of 5N Plus outperformed in 2019 as compared to the previous year. The persistent decline in metal notations such as bismuth adversely impacted revenue and earnings two ways. Firstly, it affected the difference between sales price and inventory value, which is transitory in nature. With the implementation of our Strategic Plan 5N21 ("5N21"), these impacts have been significantly reduced, though not eliminated. Secondly, by mid-year the supply of complex feed for the Company's refining activities became increasingly limited, as upstream suppliers ceased production or withheld their bismuth-containing by-products, while waiting for more favorable metal market conditions. This resulted in notably lower contributions from refining and recycling activities.

Under 5N21, the Company has been very successful in procuring consumable metals from complex feedstock. In fact, this activity has become a notable contributor to 5N Plus' performance. As metal notations remain low, contributions from this activity will remain under pressure. That being said, under current market conditions, competitive access to metals required by the Company remains robust and 5N Plus is well supplied. It is worth remembering that in the past, this combination of events would have resulted in disruptive damage to the Company. Today however, the impact is noteworthy but certainly not disruptive, enabling 5N Plus to remain keenly focused on delivering its strategic objectives.

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[1] See Non-IFRS Measures

[2] On January 1, 2019, the Company applied IFRS 16 *Leases* retrospectively with no restatement of comparative information, including non-IFRS measures and tables, as allowed by the Standard. This positively impacted the current year's Adjusted EBITDA and EBITDA when comparing them to the prior year's amounts (see Accounting Policies and Changes section in the MD&A for more details).

For the fourth quarter and fiscal year of 2019, the Company reported the following:

- Adjusted EBITDA[1,2] and EBITDA[1,2] reached $22.0 million and $19.1 million in 2019, compared to $32.4 million and $29.0 million in 2018. This performance reflects the adverse movements in the underlying metal notations, recent deterioration of the contributions from our upstream activities due to current metal market conditions, production challenges associated with the new business activities at the beginning of the year, along with the application of the most recent multi-year commercial contracts awarded in sector renewable energy, delivering higher volume of products at lower margins.

- The Adjusted EBITDA and EBITDA for the fourth quarter reached $4.5 million and $3.7 million in 2019 compared to $6.9 million and $5.6 million in 2018. The fourth quarter results were impacted by factors mentioned above along with the historical cyclicality associated with the fourth quarter.

- Net earnings for the year 2019 reached $1.8 million or $0.02 per share, compared to $14.0 million or $0.17 per share for the year 2018.

- Revenue in 2019 reached $196.0 million compared to $218.0 million in 2018, mostly impacted by adverse movements in the underlying metal notations as evident in lower revenue from the Eco-Friendly Materials segment which utilizes more of these metals as consumables in its products.

- Return on Capital Employed[1] (ROCE) reached 8.2% in 2019, compared to 15.1% in 2018 reflecting the overall margin contraction mostly explained by the adverse movements in the underlying metal notations, while capital employed reduced by 4% when compared to 2018.

- Net debt[1] stood at $35.0 million as at December 31, 2019 from $22.2 million for the same period last year, impacted by additional working capital and to a lesser degree participation in the normal course issuer bid ("NCIB") plan.

- As of December 31, 2019, backlog[1] reached 243 days of sales outstanding, higher than previous quarter and Q4 2018 which ended at 217 days. Bookings[1] in Q4 2019 reached 96 days compared to 102 days in Q3 2019 and 105 days in Q4 2018.

- As of December 31, 2019, 5N Plus had purchased and cancelled 1,696,733 of the Company's common shares under the NCIB plan.

- On February 18, 2019, 5N Plus confirmed that its U.S. based subsidiary, 5N Plus Semiconductors, had been awarded a multi-year program to supply opto-electronic semiconductor substrates to Albuquerque, New Mexico based SolAero Technologies. The substrates are intended for use in satellite solar arrays for a number of applications, including powering a constellation of several hundreds low-orbit broadband satellites being manufactured by Airbus OneWeb Satellites. This network of satellites will provide global, persistent, low latency internet access that promises to bridge the digital divide.

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- On July 22, 2019, 5N Plus announced having significantly reduced production at its bismuth refining and recycling facilities. With bismuth notations continuing to decline and reaching levels not seen in decades, certain suppliers halted production or begun to stop marketing their residues. Consequently, the Company increased its commercial grade bismuth metal purchases. The market for bismuth metal remains well supplied and 5N Plus has competitive access.

- On July 24, 2019, 5N Plus announced that it had begun to execute a plan to invest over $10.0 million in process technologies aimed at substantially increasing capacity of the existing assets while enhancing capability along with providing notable environmental benefits in local communities. The investment package is expected to be focused on select sites in North America, Europe and China. The plan should be fully implemented by the third quarter of 2020 with certain investments to be fully commissioned prior to that date. The average payback for this tranche of investments is estimated at about three years.

Arjang Roshan, President and Chief Executive Officer, commented " Despite the punitive set of circumstances faced by 5N Plus in 2019, our Company delivered 11% Adjusted EBITDA margin[1,2] made notable investments in both core and new businesses, actively participated in NCIB program while maintaining a strong balance sheet." Mr. Roshan added "In the year of the perfect storm, our Company has demonstrated an unprecedented level of resilience and agility. A storm which in the past would yield irreparable damages, today, has only slowed our progress and certainly has not damaged our ability to reach calmer waters ahead."

Mr. Roshan concluded "Considering the historically low metal notations, and assuming the underlying price of these metals remains unchanged, the earnings outlook for our upstream activities remain challenging. This being said, the ongoing investments in the operating activities along with a strong market demand for our products supported by a robust orderbook lend credence to the prospect of a better year ahead."

Webcast Information
5N Plus will host a conference call on Wednesday, February 26, 2020 at 8:00 am Eastern Standard Time to discuss results of the fourth quarter and fiscal year ended December 31, 2019. All interested parties are invited to participate in the live broadcast on the Company's website at www.5nplus.com. A replay of the webcast and a recording of the Q&A will be available until March 4, 2020.

To participate in the conference call:
- Montreal area: 514-807-9895
- Toronto area: 647-427-7450
- Toll-Free: 1-888-231-8191

Enter access code 9719899.

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Non-IFRS Measures
EBITDA means net earnings (loss) before interest expenses, income taxes, depreciation and amortization. We use EBITDA because we believe it is a meaningful measure of the operating performance of our 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 margin is defined as EBITDA divided by revenues.

Adjusted EBITDA means EBITDA as defined above before impairment of inventories, share-based compensation expense, impairment of non-current assets, litigation and restructuring costs (income), gain on disposal of property, plant and equipment, change in fair value of debenture conversion option, foreign exchange and derivatives loss (gain). We use adjusted EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of inventory write-downs. 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.

Gross margin is a measure we use to monitor the sales contribution after paying cost of sales excluding depreciation and impairment inventory charge. We also expressed this measure in percentage of revenues by dividing the gross margin value by the total revenue.

Net debt is calculated as total debt (comprising long-term debt, convertible debentures and cross-currency swap in the consolidated statement of financial position) less cash and cash equivalents. Any newly introduced IFRS 16 reporting measures in reference to lease liabilities are excluded from the calculation. We use this measure as an indicator of our overall financial position.

Backlog represents the expected orders we have received but have not yet executed and that are expected to translate into sales within the next twelve months expressed in number of days.

Bookings represent orders received during the period considered, expressed in days, and are calculated by adding revenues to the increase or decrease in backlog for the period considered divided by annualized year revenues. We use backlog to provide an indication of expected future revenues in days, and bookings to determine our ability to sustain and increase our revenues.

Return on Capital Employed (ROCE) is a non-IFRS financial measure, calculated by dividing the annualized Adjusted EBIT by capital employed at the end of the period. Adjusted EBIT is calculated as the Adjusted EBITDA less depreciation of PPE and amortization of intangible assets (adjusted for accelerated depreciation charge, if any). Capital employed is the sum of the accounts receivable, the inventory, the PPE, the goodwill and intangibles less trade and accrued liabilities (adjusted for exceptional items). We use ROCE to measure the return on capital employed, whether the financing is through equity or debt. In our view, this measure provides useful information to determine if capital invested in the Company yields competitive returns. The usefulness of ROCE is limited by the fact that it is a ratio and not providing information as to the absolute amount of our net income, debt or equity. It also excludes certain items from the calculation and other companies may use a similar measure but calculate it differently.

About 5N Plus Inc.
5N Plus is a leading global producer of engineered materials and specialty chemicals with integrated recycling and refining assets to manage the sustainability of its business model. The Company is headquartered in Montreal, Québec, Canada and operates R&D, manufacturing and commercial centers in several locations in Europe, the Americas and Asia. 5N Plus deploys a range of proprietary and proven technologies to manufacture products which are used as enabling precursors by its customers in a number of advanced electronics, optoelectronics, pharmaceutical, health, renewable energy and industrial applications. Many of the materials produced by 5N Plus are critical for the functionality and performance of the products and systems produced by its customers, many of whom are leaders within their industry.

Forward-Looking Statements and Disclaimer

This press release may contain forward-looking information within the meaning of applicable securities laws. All information and statements other than statements of historical facts contained in this press release are forward-looking information. Such statements and information may be identified by words such as "about", "approximately", "may", "believes", "expects", "will", "intends", "should", "plans", "predicts", "potential", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof or other comparable terminology. Forward-looking statements are based on the best estimates available to 5N Plus at this time and involve known and unknown risks, uncertainties and other factors that may cause 5N Plus' 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 5N Plus' business and activities appears under the heading "Risk and Uncertainties" of 5N Plus' 2019 MD&A dated February 25, 2020 available on SEDAR at www.sedar.com. No assurance can be given that any events anticipated by the forward-looking information in this press release 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 press release is made as of the date hereof and 5N Plus undertakes 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.

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5N PLUS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of United States dollars)

	December 31 2019	December 31 2018
	$	$
Assets		
Current		
Cash and cash equivalents	**20,065**	26,724
Accounts receivable	**28,477**	22,984
Inventories	**83,367**	96,889
Income tax receivable	**5,433**	4,891
Other current assets	**7,371**	7,797
Total current assets	**144,713**	159,285
Property, plant and equipment	**58,590**	57,297
Right-of-use assets	**6,050**	-
Intangible assets	**10,990**	11,199
Deferred tax assets	**8,425**	7,872
Other assets	**1,174**	1,404
Total non-current assets	**85,229**	77,772
Total assets	**229,942**	237,057
Liabilities		
Current		
Trade and accrued liabilities	**32,066**	39,249
Income tax payable	**3,374**	7,732
Derivative financial liabilities	**-**	197
Current portion of long-term debt	**107**	175
Current portion of convertible debentures	**-**	18,571
Current portion of lease liabilities	**1,469**	-
Total current liabilities	**37,016**	65,924
Long-term debt	**55,000**	30,000
Deferred tax liabilities	**269**	266
Employee benefit plan obligation	**15,398**	14,619
Lease liabilities	**4,767**	-
Other liabilities	**195**	6,545
Total non-current liabilities	**75,629**	51,430
Total liabilities	**112,645**	117,354
Equity	**117,297**	119,703
Total liabilities and equity	**229,942**	237,057

5N PLUS INC.
CONSOLIDATED STATEMENTS OF EARNINGS
Years ended December 31
(in thousands of United States dollars, except per share information)

	2019	2018
	$	$
Revenue	**195,971**	217,995
Cost of sales	**161,213**	169,061
Selling, general and administrative expenses	**21,179**	23,940
Other expenses (income), net	**5,351**	4,536
Share of loss from joint ventures	**-**	22
	187,743	197,559
Operating earnings	**8,228**	20,436
Financial expense		
Interest on long-term debt	**2,914**	2,873
Imputed interest and other interest expense	**1,165**	3,422
Foreign exchange and derivative loss	**316**	225
	4,395	6,520
Earnings before income taxes	**3,833**	13,916
Income tax expense (recovery)		
Current	**2,187**	848
Deferred	**(139)**	(904)
	2,048	(56)
Net earnings	**1,785**	13,972
Attributable to:		
Equity holders of 5N Plus Inc.	**1,785**	13,972
	1,785	13,972
Earnings per share attributable to equity holders of 5N Plus Inc.	**0.02**	0.17
Basic earnings per share	**0.02**	0.17
Diluted earnings per share	**0.02**	0.17

5N PLUS INC.
(in thousands of United States dollars)

Revenue by Segment and Gross Margin	**Q4 2019**	Q4 2018	**FY 2019**	FY 2018
	$	$	**$**	$
Electronic Materials	**20,517**	19,368	**81,281**	81,014
Eco-Friendly Materials	**24,197**	28,342	**114,690**	136,981
Total revenue	**44,714**	47,710	**195,971**	217,995
Cost of sales	**(37,221)**	(37,916)	**(161,213)**	(169,061)
Depreciation included in cost of sales	**2,457**	2,256	**9,931**	7,962
Gross margin[1]	**9,950**	12,050	**44,689**	56,896
Gross margin percentage[1]	**22.3%**	25.3%	**22.8%**	26.1%

Adjusted EBITDA and EBITDA	**Q4 2019**	Q4 2018	**FY 2019**	FY 2018
	$	$	**$**	$
Revenue	**44,714**	47,710	**195,971**	217,995
Adjusted operating expenses[1,2]*	**(40,212)**	(40,798)	**(174,021)**	(185,645)
Adjusted EBITDA[1,2]	**4,502**	6,912	**21,950**	32,350
Impairment of inventory	**-**	-	**-**	-
Share-based compensation expense	**(455)**	(721)	**(2,583)**	(3,298)
Litigation and restructuring cost	**-**	(766)	**-**	(316)
Gain on disposal of property, plant and equipment	**-**	-	**-**	510
Foreign exchange and derivative (loss) gain	**(365)**	164	**(316)**	(225)
EBITDA[1,2]	**3,682**	5,589	**19,051**	29,021
Interest on long-term debt, imputed interest and other interest expense	**789**	886	**4,079**	6,295
Depreciation and amortization	**2,887**	2,469	**11,139**	8,810
Earnings before income taxes	**6**	2,234	**3,833**	13,916
Income tax expense (recovery)				
Current	**186**	(2,955)	**2,187**	848
Deferred	**(326)**	1,143	**(139)**	(904)
	(140)	(1,812)	**2,048**	(56)
Net earnings	**146**	4,046	**1,785**	13,972
Basic earnings per share	**$-**	$0.05	**$0.02**	$0.17
Diluted earnings per share	**$-**	$0.05	**$0.02**	$0.17

**Excluding share-based compensation expense, litigation and restructuring cost, gain on disposal of property, plant and equipment, impairment of non-current assets and depreciation and amortization.*

Net Debt	**As at December 31, 2019**	As at December 31, 2018
	$	$
Bank indebtedness	**-**	-
Long-term debt including current portion	**55,107**	30,175
Convertible debentures	**-**	18,571
Cross-currency swap	**-**	197
Total Debt[1]	**55,107**	48,943
Cash and cash equivalents	**(20,065)**	(26,724)
Net Debt[1]	**35,042**	22,219

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