



PRESS RELEASE

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5N Plus Reports Strong Financial Results for the Third Quarter Ended September 30, 2020

Montreal, Québec, November 10, 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 third quarter ended September 30, 2020.

All amounts are expressed in U.S. dollars.

5N Plus posted strong results in the third quarter of 2020, achieving surging gross margin¹ of 31.3% and Adjusted EBITDA¹ of \$7.7 million or 19.4% of revenue despite a globally challenging business environment due to the current pandemic. The improved earnings and higher margins were supported by a shift in product mix away from commodities to higher value-added products. As compared to the same period last year, revenue for the quarter was impacted by lower metal notations and COVID-19 related challenges, with segment Eco-Friendly Materials absorbing the majority of the impact.

During the quarter, 5N Plus initiated the closure of an Asian subsidiary with planned consolidation of select activities within the Company’s global footprint. This decision was taken solely due to unfavorable business conditions arising from abrupt changes in the regulatory environment and inconsistent enforcement practices, resulting in restructuring and impairment charges. Also, during the quarter, 5N Plus executed a negotiated settlement addressing upstream related challenges which resulted in a non-recurring income of \$8.0 million. The financial impact of these two non-recurring events resulted in a net gain and a favorable cash flow impact to follow over the coming quarters.

For the third quarter of 2020 and year-to-date, the Company reported the following:

- Adjusted EBITDA¹ for the third quarter of 2020 reached \$7.7 million compared to \$6.0 million during the same period last year. EBITDA¹ for the third quarter of 2020 reached \$7.5 million compared to \$5.9 million during the same quarter of 2019.
- Adjusted EBITDA and EBITDA for the nine-month period ended September 30, 2020 reached \$22.2 million and \$20.2 million respectively compared to \$17.4 million and \$15.4 million during the same period of 2019, favorably impacted by various activities related to semiconductor compounds and engineered substrates within segment Electronic Materials. Despite challenges associated with COVID-19 and low but stable metal notations impacting upstream activities, operational improvements in segment Eco-Friendly Materials narrowed the shortfall as compared to the same period last year.

¹ See Non-IFRS Measures

- Revenue for the third quarter and the nine-month period ended September 30, 2020 reached \$39.9 million and \$131.0 million compared to \$49.6 million and \$151.3 million during the same periods in 2019. The portion of the revenue attributed to the sale of metals was significantly lower than the same periods last year and the historically low metal notations reduced contribution from upstream activities. In addition, reduced demand from certain industries due to COVID-19 impacted overall revenue.
- Net earnings for the third quarter of 2020 were \$2.7 million or \$0.03 per share compared to \$1.0 million or \$0.01 per share for the same period last year and \$5.1 million or \$0.06 per share for the nine-month period compared to \$1.6 million or \$0.02 per share for the same period last year.
- Annualized Return on Capital Employed (ROCE)¹ reached 12.9% for the third quarter of 2020 as compared to 8.2% at the end of 2019.
- Net debt¹ stood at \$24.7 million as of September 30, 2020, a decrease of \$10.4 million compared to December 31, 2019.
- From March 9, 2020 to September 30, 2020, 5N Plus purchased and cancelled 1,358,569 of the Company's common shares under the normal course issuer bid (NCIB) plan. Under the NCIB, 5N Plus has the right to purchase for cancellation, until March 8, 2021, a maximum of 2,000,000 common shares.
- As of September 30, 2020, the Backlog¹ reached a level of 171 days of annualized revenue, lower than previous quarter which ended at 202 days and lower than in Q3 2019 at 215 days. The net difference in backlog is largely attributed to the timing associated with the negotiation of long-term contracts some of which are well underway and are expected to be completed early next year. Bookings¹ in Q3 2020 reached 53 days compared to 66 days in Q2 2020 and 102 days in Q3 2019.
- On July 21, 2020, 5N Plus announced the introduction of the third generation of engineered semiconductor substrate, INZBE3, designed for infrared imaging and detection applications based on breakthrough process technologies with immediate surging demand expected by the customer base.
- On October 7, 2020, 5N Plus announced that it has entered the Additive Manufacturing market, (commonly referred to as 3D Printing), as the supplier of high-performance engineered powders and have begun to launch a broad portfolio of metal powder products to support this ambition.
- On October 21, 2020, 5N Plus and Metalpine GmbH, an Austria-based technology leader in the production of high-quality performance powders for Additive Manufacturing announced that the parties have entered into a strategic agreement aimed at jointly serving the growing demand from Additive Manufacturing markets.
- On October 28, 2020, 5N Plus announced the completion of a series of investment packages related to process technologies, totaling nearly \$10.0 million. These investments were aimed at substantially enhancing capability, increasing capacity and improving environmental footprint. The focus of these investments were select sites in Europe and China with segment Eco-Friendly Materials as the major beneficiary.

Arjang Roshan, President and Chief Executive Officer, commented: "Despite a challenging business environment impacted by COVID-19, 5N Plus continues to deliver strong earnings and expand margins thanks to the growing contributions from our growth initiatives. Numerous customer feedbacks and growing sales orders; especially for engineered compounds, powders and substrates, continue to reaffirm our belief in the growth initiatives and their relevance to the markets of the future."

¹ See Non-IFRS Measures

Mr. Roshan continued: "Recognizing the viability of our trajectory, we are vetting various options to expedite the rate of growth in these initiatives with emphasis on substantially increasing our Company's total addressable market." Mr. Roshan concluded: "What is abundantly certain is that our people are the impetus behind our progress and their health and safety shall remain our first and foremost priority."

Webcast Information

5N Plus will host a conference call on Wednesday, November 11, 2020 at 8:00 am (Eastern Time) to discuss results of the third quarter ended September 30, 2020. All interested parties are invited to participate in the live broadcast on the Company's website at www.5nplus.com.

To participate in the conference call:

- Toronto area: 416-764-8659
- Toll-Free: 1-888-664-6392

Enter access code 87269171.

A playback will be available two hours after the event at 1-888-390-0541, until November 18, 2020. The access code is 269171.

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, 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 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.

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 less cash and cash equivalents. Any 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

Certain statements in this press release 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 the 5N Plus' 2019 MD&A dated February 25, 2020 and note 10 of the unaudited condensed interim consolidated financial statements for the three and nine-month periods ended periods ended September 30, 2020 and 2019 available on www.sedar.com.

The Company is not aware of any significant changes to its risk factors previously disclosed, however 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. These measures have caused material disruption to businesses globally resulting in an economic slowdown. While the Company has been able to mitigate the short-term 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 new risk factor.

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 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 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.

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Contact:**Richard Perron**

Chief Financial Officer

5N Plus Inc.

(514) 856-0644

invest@5nplus.com

5N PLUS INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of United States dollars) (unaudited)

	September 30 2020	December 31 2019
	\$	\$
Assets		
Current		
Cash and cash equivalents	30,428	20,065
Accounts receivable	33,633	28,477
Inventories	76,130	83,367
Income tax receivable	5,263	5,433
Other current assets	6,379	7,371
Total current assets	151,833	144,713
Property, plant and equipment	52,454	58,590
Right-of-use assets	5,240	6,050
Intangible assets	9,985	10,990
Deferred tax assets	7,876	8,425
Other assets	1,071	1,174
Total non-current assets	76,626	85,229
Total assets	228,459	229,942
Liabilities		
Current		
Trade and accrued liabilities	26,066	32,066
Income tax payable	3,865	3,374
Current portion of long-term debt	104	107
Current portion of lease liabilities	1,461	1,469
Total current liabilities	31,496	37,016
Long-term debt	55,000	55,000
Deferred tax liabilities	-	269
Employee benefit plan obligation	16,104	15,398
Derivative financial liabilities	519	-
Lease liabilities	4,039	4,767
Other liabilities	195	195
Total non-current liabilities	75,857	75,629
Total liabilities	107,353	112,645
Equity	121,106	117,297
Total liabilities and equity	228,459	229,942

5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

For the three and nine-month periods ended September 30

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

	Three months		Nine months	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue	39,872	49,554	130,962	151,257
Cost of sales	29,982	40,141	101,565	123,992
Selling, general and administrative expenses	4,522	5,242	14,002	16,234
Other expenses (income), net	210	1,276	2,512	3,963
	34,714	46,659	118,079	144,189
Operating earnings	5,158	2,895	12,883	7,068
Financial expense				
Interest on long-term debt	661	747	2,016	2,192
Imputed interest and other interest expense	287	195	704	1,098
Foreign exchange and derivative loss (gain)	683	(472)	1,763	(49)
	1,631	470	4,483	3,241
Earnings before income taxes	3,527	2,425	8,400	3,827
Income tax expense				
Current	656	854	2,946	2,001
Deferred	162	541	404	187
	818	1,395	3,350	2,188
Net earnings	2,709	1,030	5,050	1,639
Attributable to:				
Equity holders of 5N Plus Inc.	2,709	1,030	5,050	1,639
	2,709	1,030	5,050	1,639
Earnings per share attributable to equity holders of 5N Plus Inc.	0.03	0.01	0.06	0.02
Basic earnings per share	0.03	0.01	0.06	0.02
Diluted earnings per share	0.03	0.01	0.06	0.02

5N PLUS INC.

For the three and nine-month periods ended September 30

(in thousands of U.S. dollars, except per share information) (unaudited)

Revenue by Segment and Gross Margin	Q3 2020	Q3 2019	YTD 2020	YTD 2019
	\$	\$	\$	\$
Electronic Materials	20,615	21,603	59,917	60,764
Eco-Friendly Materials	19,257	27,951	71,045	90,493
Total revenue	39,872	49,554	130,962	151,257
Cost of sales	(29,982)	(40,141)	(101,565)	(123,992)
Depreciation included in cost of sales	2,570	2,227	7,833	7,474
Gross margin¹	12,460	11,640	37,230	34,739
Gross margin percentage¹	31.3%	23.5%	28.4%	23.0%

Adjusted EBITDA and EBITDA	Q3 2020	Q3 2019	YTD 2020	YTD 2019
	\$	\$	\$	\$
Revenue	39,872	49,554	130,962	151,257
Adjusted operating expenses ^{1*}	(32,128)	(43,580)	(108,714)	(133,809)
Adjusted EBITDA¹	7,744	5,974	22,248	17,448
Impairment of inventory	-	-	-	-
Impairment of non-current assets	(4,934)	-	(4,934)	-
Share-based compensation expense	(254)	(586)	(934)	(2,128)
Litigation and restructuring income (costs), net	5,577	-	5,577	-
Foreign exchange and derivative (loss) gain	(683)	472	(1,763)	49
EBITDA¹	7,450	5,860	20,194	15,369
Interest on long-term debt, imputed interest and other interest expense	948	942	2,720	3,290
Depreciation and amortization	2,975	2,493	9,074	8,252
Earnings before income taxes	3,527	2,425	8,400	3,827
Income tax expense				
Current	656	854	2,946	2,001
Deferred	162	541	404	187
	818	1,395	3,350	2,188
Net earnings	2,709	1,030	5,050	1,639
Basic earnings per share	\$0.03	\$0.01	\$0.06	\$0.02
Diluted earnings per share	\$0.03	\$0.01	\$0.06	\$0.02

*Excluding impairment of inventory, share-based compensation expense and depreciation and amortization.

Net Debt	As at September 30, 2020	As at December 31, 2019
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	55,104	55,107
Total Debt¹	55,104	55,107
Cash and cash equivalents	(30,428)	(20,065)
Net Debt¹	24,676	35,042

¹ See Non-IRFS Measures