



PRESS RELEASE

## 5N Plus Reports 2022 Fourth Quarter and Annual Financial Results

*Provides Adjusted EBITDA<sup>1</sup> Guidance for FY 2023 and FY 2024*

**Montréal, Quebec, February 21, 2023** – 5N Plus Inc. (TSX:VNP) (“5N Plus” or the “Company”), a leading global producer of specialty semiconductors and performance materials, today announced its financial results for the fourth quarter (“Q4 2022”) and fiscal year (“FY 2022”) ended December 31, 2022. All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

Executing on its strategy to focus on value-added end markets and client partnership, the Company made significant progress in FY 2022, securing strategic agreements in high-growth sectors while exiting the low-margin extractive and catalytic sector. As a result, the Company is well-positioned to build on its momentum and market leadership in its promising sectors in which it operates, as illustrated by its historically high backlog<sup>1</sup> as at December 31, 2022.

The Company also responded swiftly to inflationary and energy related cost pressures throughout FY 2022, quickly implementing the first wave of its commercial excellence program to mitigate the negative impact of inflation on product margins. This resulted in a sequential improvement of consolidated adjusted gross margins<sup>1</sup> from 21.9% in Q1 2022 to 26.7% in Q4 2022.

### Q4 2022 Highlights

- Revenue in Q4 2022 reached \$61.0 million, compared to \$64.6 million for the same period last year. The decrease is primarily attributable to the divestiture of the Tilly, Belgium operations. Revenue increased by 26% to \$264.2 million in FY 2022, compared to \$210.0 million last year, supported by the acquisition of AZUR SPACE Solar GmbH (“AZUR”) and higher demand for renewable energy in Specialty Semiconductors, as well as for pharmaceutical and health in Performance Materials.
- Adjusted EBITDA<sup>1</sup> in Q4 2022 reached \$6.7 million, compared to \$10.1 million for the same period last year, due to AZUR realizing the majority of its 2021 annual Adjusted EBITDA in the months following its acquisition. Adjusted EBITDA for FY 2022 reached \$30.0 million, achieving the high end of the Company’s FY 2022 guidance, compared to \$28.2 million last year, despite the negative impact of the Russia/Ukraine conflict in Q1 2022, rising inflation and the winding down and divestiture of the Tilly, Belgium operations.
- In Q4 2022, the Company recorded a loss on divestiture of \$7.8 million on the winding down and subsequent divestiture of the Tilly, Belgium operations completed in December 2022, as well as \$3.2 million in litigation and restructuring costs, mainly attributable to the same transaction.
- On December 31, 2022, the backlog represented 253 days of annualized revenue, 61 days higher than the previous quarter and 32 days higher than same period last year. The increase in the backlog is attributable to favourable negotiations of long-term contracts under Specialty Semiconductors.
- Net debt<sup>1</sup> stood at \$78.3 million on December 31, 2022, down from \$80.1 million at the end of the prior year.

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<sup>1</sup> See Non-IFRS Measures

“I am pleased with what we have been able to accomplish as a team in FY 2022, particularly in the context of continuing headwinds and market challenges. We successfully executed on our strategy to increase volumes and structurally improve our costs and product mix, which resulted in strong growth in key sectors. With the exit from more commoditized business lines and investments in innovative specialty semiconductors and performance materials, we are well-positioned for the future as we continue to focus on value-added client partnerships and leveraging our unique expertise in enabling critical industries,” said Gervais Jacques, President and CEO of 5N Plus.

### **Outlook**

Under its Specialty Semiconductors segment, 5N Plus continues to be the only viable global supplier, outside China, of ultra-high purity semiconductor compounds used in a wide range of critical technologies essential to people’s lives. With unprecedented demand for applications such as terrestrial renewable energy and space solar power, the Company is well-positioned to unlock the full potential of its enhanced product offering and is investing in its operations to meet exceptional customer demand in the years to come.

The Company is uniquely positioned to play a significant role in the new Photon Counting Detectors technology for CT scan, which is set to revolutionize medical imaging in the medium-term. The Company also continues to explore other potential market opportunities for its specialty semiconductor products namely in the defence and security sectors.

Under Performance Materials, management expects its health and pharmaceutical products to continue providing high profitability and consistent cashflows. The Company will continue to focus on the right sectors to expand the segment’s product mix in attractive end markets.

The Company will continue to implement operational optimization initiatives, where appropriate, to bring incremental benefits to 5N Plus in support of organic growth, while remaining opportunistic regarding M&As.

Given its investments in high-growth potential opportunities, with unprecedented demand in key end markets and a simplified business and product mix, management expects its projected Adjusted EBITDA<sup>1</sup> range to be between \$35 million and \$40 million for FY 2023, with a higher contribution in the second half of the year, and between \$45 million and \$50 million for FY 2024.

Looking ahead, 5N Plus is focused on meeting customer demand and building on its momentum to reap the full potential of its strategy, supported by its commercial excellence program and investments in value-added and high-growth markets.

### **Conference Call**

5N Plus will host a conference call on Wednesday, February 22, 2023, at 8:00am Eastern Time to discuss results of the fourth quarter and fiscal year ended December 31, 2022. All interested parties are invited to participate in the live broadcast on the Company’s website at [www.5nplus.com](http://www.5nplus.com).

To participate in the conference call:

- Toronto area: 416-764-8659
- Toll-Free: 1-888-664-6392
- Enter access code: 39552820

A replay of the conference call will be available two hours after the event and until March 1, 2023. To access the recording, please dial at 1-888-390-0541 and enter access code 552820.

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<sup>1</sup> See Non-IFRS Measures

**About 5N Plus Inc.**

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'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 several key industries, including renewable energy, security, space, pharmaceutical, medical imaging and industrial. Headquartered in Montréal, Quebec, 5N Plus operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia.

**Forward-Looking Statements**

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 5N Plus' 2022 MD&A dated February 21, 2023 available on [www.sedar.com](http://www.sedar.com).

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.

**5N PLUS INC.**

## CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

Years ended December 31

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

	2022	2021
	\$	\$
<b>Revenue</b>	<b>264,223</b>	209,990
Cost of sales	215,715	171,214
Selling, general and administrative expenses	28,565	21,883
Other expenses (income), net	32,997	4,022
	<b>277,277</b>	197,119
<b>Operating (loss) earnings</b>	<b>(13,054)</b>	12,871
<b>Financial expenses</b>		
Interest on long-term debt	5,466	2,865
Imputed interest and other interest (income) expense	(274)	848
Foreign exchange and derivative loss	42	418
	<b>5,234</b>	4,131
<b>(Loss) earnings before income taxes</b>	<b>(18,288)</b>	8,740
Income tax expense (recovery)		
Current	6,865	5,580
Deferred	(2,154)	50
	<b>4,711</b>	5,630
<b>Net (loss) earnings</b>	<b>(22,999)</b>	3,110
<b>(Loss) earnings per share</b>	<b>(0.26)</b>	0.04
<b>Basic (loss) earnings per share</b>	<b>(0.26)</b>	0.04
<b>Diluted (loss) earnings per share</b>	<b>(0.26)</b>	0.04

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

**5N PLUS INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(in thousands of U.S. dollars)**

	December 31 2022	December 31 2021
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	42,691	35,940
Accounts receivable	32,872	42,098
Inventories	86,254	95,526
Income tax receivable	5,488	5,054
Other current assets	19,857	16,904
<b>Total current assets</b>	<b>187,162</b>	<b>195,522</b>
Property, plant and equipment	77,951	81,526
Right-of-use assets	30,082	32,198
Intangible assets	31,563	40,474
Goodwill	11,825	13,841
Deferred tax assets	6,002	7,007
Other assets	3,400	3,022
<b>Total non-current assets</b>	<b>160,823</b>	<b>178,068</b>
<b>Total assets</b>	<b>347,985</b>	<b>373,590</b>
<b>Liabilities</b>		
<b>Current</b>		
Trade and accrued liabilities	40,200	46,454
Income tax payable	8,780	5,615
Derivative financial liabilities	-	109
Current portion of deferred revenue	11,730	10,394
Current portion of lease liabilities	2,136	2,487
<b>Total current liabilities</b>	<b>62,846</b>	<b>65,059</b>
Long-term debt	121,000	116,000
Deferred tax liabilities	6,959	7,645
Employee benefit plan obligations	11,643	17,231
Lease liabilities	28,266	30,153
Deferred revenue	2,354	-
Other liabilities	2,141	1,255
<b>Total non-current liabilities</b>	<b>172,363</b>	<b>172,284</b>
<b>Total liabilities</b>	<b>235,209</b>	<b>237,343</b>
<b>Equity</b>	<b>112,776</b>	<b>136,247</b>
<b>Total liabilities and equity</b>	<b>347,985</b>	<b>373,590</b>

### Non-IFRS Measures

Adjusted EBITDA means Operating earnings (loss) before the effect of impairment of inventories, share-based compensation expense (recovery), litigation and restructuring costs, impairment of non-current assets, loss on divestiture of subsidiary, 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.

(in thousands of U.S. dollars)	Q4 2022	Q4 2021	FY 2022	FY 2021
	\$	\$	\$	\$
Revenues	61,042	64,556	264,223	209,990
Operating expenses	(69,261)	(60,018)	(277,277)	(197,119)
Operating (loss) earnings	(8,219)	4,538	(13,054)	12,871
Share-based compensation (recovery) expense	(171)	(460)	999	689
Litigation and restructuring costs	3,210	1,644	3,823	2,144
Impairment of non-current assets	-	-	12,478	-
Loss on divestiture of subsidiary	7,834	-	7,834	-
Loss on disposal of assets held for sale	-	-	216	-
Depreciation and amortization	4,051	4,364	17,732	12,535
<b>Adjusted EBITDA</b>	<b>6,705</b>	<b>10,086</b>	<b>30,028</b>	<b>28,239</b>
<b>Adjusted EBITDA margin</b>	<b>11.0%</b>	<b>15.6%</b>	<b>11.4%</b>	<b>13.4%</b>

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.

(in thousands of U.S. dollars)	Q4 2022	Q4 2021	FY 2022	FY 2021
	\$	\$	\$	\$
<b>Total revenue</b>	<b>61,042</b>	<b>64,556</b>	<b>264,223</b>	<b>209,990</b>
Cost of sales	(47,909)	(53,090)	(215,715)	(171,214)
<b>Gross margin</b>	<b>13,133</b>	<b>11,466</b>	<b>48,508</b>	<b>38,776</b>
Depreciation included in cost of sales	3,155	3,515	14,208	10,539
<b>Adjusted Gross margin</b>	<b>16,288</b>	<b>14,981</b>	<b>62,716</b>	<b>49,315</b>
<b>Adjusted Gross margin percentage</b>	<b>26.7%</b>	<b>23.2%</b>	<b>23.7%</b>	<b>23.5%</b>

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 number of 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.

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.

(in thousands of U.S. dollars)	As at December 31, 2022	As at December 31, 2021
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	<b>121,000</b>	116,000
Lease liabilities including current portion	<b>30,402</b>	32,640
<b>Subtotal Debt</b>	<b>151,402</b>	148,640
Lease liabilities including current portion	<b>(30,402)</b>	(32,640)
<b>Total Debt</b>	<b>121,000</b>	116,000
Cash and cash equivalents	<b>(42,691)</b>	(35,940)
<b>Net Debt</b>	<b>78,309</b>	80,060

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