



PRESS RELEASE

5N Plus Reports First Quarter 2022 Financial Results

37% Y-o-Y Revenue Growth in Q1 2022 Supported by Higher Demand for Specialty Semiconductors, and Pharma and Health Performance Materials

Montreal, Quebec, May 4, 2022 – 5N Plus Inc. (TSX:VNP) (“5N Plus” or the “Company”), a leading global producer of specialty semiconductors and performance materials, today announced its operating and financial results for the first quarter (“Q1 2022”) ended March 31, 2022. All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

“We kicked off 2022 with strong demand for our advanced materials across core and growth businesses, including in Renewable Energy, Space, Pharma and Health, delivering significant revenue growth over last year and confirming the unique and strategic role we play in many critical industries. At the same time, we continue to contend with supply and inflationary pressures, in addition to the unforeseen impacts of the ongoing Russia/Ukraine conflict, including on AZUR. Despite this, we have maintained a solid backlog and booking levels, while shifting our production scheduling and shipments for certain European products and clients,” said Gervais Jacques, President and Chief Executive Officer of 5N Plus.

“Looking at our priorities, we continue to ensure the smooth integration of AZUR, a business which we anticipate will benefit from growing demand for solar cells in space applications, more than offsetting the portion of its business impacted by the ongoing Russia/Ukraine conflict. More broadly and across both segments, we are making good progress implementing our commercial excellence program focused on value-creating client partnerships, with the first wave of our go-to-market strategy now being deployed. Finally, we have re-launched the strategic review of certain legacy businesses to assess their long-term compatibility with our strategy as we aim to position 5N Plus for future growth in value-added markets and as a partner of choice to our clients,” concluded Mr. Jacques.

Q1 2022 Highlights

- Per expectations, the key sectors that outperformed the same period last year were Renewable Energy and Space for Specialty Semiconductors with Imaging at a similar level, as well as Pharma and Health under Performance Materials. However, Industrial, and Extractive and Catalytic materials were negatively impacted by inflation and ongoing supply chain challenges, particularly in Europe, in addition to the ongoing Russia/Ukraine conflict. Sales to a Canadian client with operations in Russia historically purchasing Extractive materials annually at this time of the year did not materialize. Also, AZUR sales commitments to Russian clients, including previously planned production and shipments, were not realized due to the Ukraine/Russia conflict and related sanctions.
- 37% increase in revenue to \$64.4 million, compared to \$46.9 million for the same period last year. Both periods were supported by higher demand for Specialty Semiconductors, over and above contributions from AZUR, as well as Pharma and Health in Performance Materials.
- Adjusted EBITDA¹ in Q1 2022 reached \$5.6 million, compared to \$6.3 million for the same period last year. Adjusted EBITDA increased by \$2.5 million for Specialty Semiconductors and decreased by \$2.6 million for Performance Materials impacted by inflation and ongoing supply challenges, and higher project specific expenses under Corporate.

¹ Adjusted EBITDA, backlog, bookings and net debt are non-IFRS financial measures. See Non-IFRS Measures in this news release for more information on each non-IFRS financial measure.

- On March 31, 2022, the backlog¹ represented 196 days of annualized revenue, 25 days lower than the previous quarter, and similar to the same quarter last year. Bookings¹ in Q1 2022 reached 68 days, compared to 100 days for the same period last year.
- Net debt¹ stood at \$90.0 million on March 31, 2022, from \$80.1 million at the end of last year, the increase reflecting the acquisition of AZUR on November 5, 2021, and additional working capital requirements normally required at this time of the year.

AZUR and Russia/Ukraine Conflict Update

In Q1 2022, the Company recorded a non-cash impairment charge on non-current assets of \$5.4 million (\$5.1 million for customer relationships and \$0.3 million for other intangibles), included in the Specialty Semiconductors segment, to reflect the assessment of the carrying value of intangible assets impacted by Russia/Ukraine conflict, more precisely in reference to Russia-based customers. The impairment charge results from the fact that the Company's initial assumptions regarding the timing of future cashflows from these customers can no longer be supported given the uncertainty associated with recent international sanctions against Russia, and the unknown duration of the conflict.

Although AZUR, a subsidiary of the Company acquired on November 5, 2021, had sales in Russia in the past, the amount of such sales is not material to the Company as a whole. In addition, we anticipate that growing demand in other sectors, including for Solar Cells in space applications in Europe and North America, will create business opportunities for AZUR that will more than offset the portion of the business impacted by the Russia/Ukraine conflict.

Outlook

Our near-term priority is to ensure the successful integration of AZUR, while also continuing to accelerate the Company's growth trajectory, both organically and through acquisitions. The Company is moving forward with the necessary investments in AZUR to develop and commercialize new Wide Band Gap materials, specifically Gallium Nitride (GaN), an emerging multi-billion-dollar market around High Power Electronic and Communications (RF) applications.

The Company is also pleased with the advancement of its St-Laurent project in Montreal, Canada, aimed at expanding the development and manufacturing of critical and strategic minerals, including those containing Tellurium, for advanced II-VI based semiconductors. The commissioning of the project is expected to be completed, as planned, in mid-2022.

As part of the next phase of its strategic transformation toward advanced materials with improved margins and moving away from products affected by commoditization, the Company has re-launched its strategic review of certain legacy businesses to assess their long-term compatibility with its strategy. Based on current challenges, Adjusted EBITDA¹ for 2022 is expected to be between \$25 million to \$30 million. The range of variance for the Adjusted EBITDA is largely dictated by the speed at which 5N Plus will be able to address the challenges associated with inflation and ongoing geo-politic events.

This press release should be read in conjunction with the Company's Management's Discussion & Analysis and Consolidated Financial Statements dated May 4, 2022, available on www.sedar.com and on the Company's website.

Conference Call

5N Plus will host a conference call on Thursday, May 5, 2022, at 8:00 am Eastern Daylight Time to discuss results of the first quarter ended March 31, 2022. 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: 647-484-0475
- Toll-Free: 1-888-220-8451
- Enter access code: 1336377

A replay of the webcast and a recording of the Q&A will be available until May 12, 2022. To access the recording, please dial at 1-888-203-1112 and enter access code 1336377.

Annual Meeting of Shareholders

This year again, 5N Plus will hold its annual general meeting in a virtual only format, which will be conducted via live webcast at <https://meetnow.global/M7T7P6Y> on May 5, 2022 at 10:00 a.m. (Eastern Daylight Time).

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 2021 MD&A dated February 22, 2022 and note 11 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2022 and March 31, 2021 available on www.sedar.com.

The Company is not aware of any significant changes to its risk factors previously disclosed, however since February 2022, Russian military forces invaded Ukraine; the invasion is being actively resisted by Ukrainian military personnel and the people of Ukraine, and the outcome of the ongoing conflict is uncertain at this time. Although AZUR SPACE Solar Power GmbH (AZUR), a subsidiary of the Company, had sales in Russia in the past, the amount of such sales is not material to the Company as a whole. The Company has no sales in Russia in 2022. A prolonged armed conflict in Ukraine or an expansion of the armed conflict to other European countries could have a negative impact on the European and global economies. As well, Russia is a major exporter of oil and natural gas. Any disruption of supplies of oil and natural gas from Russia could have a significant adverse effect on the European and world economies. All of the foregoing factors could potentially have a negative effect on the Company's sales and results of operations.

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.

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, Québec, 5N Plus operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia.

5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

For the three-month periods ended March 31

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

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

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

5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of United States dollars)

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

Non-IFRS Measures

Adjusted EBITDA means Operating (loss) earnings as defined before the effect of impairment of inventories, share-based compensation expense (recovery), impairment of non-current assets, litigation and restructuring costs (income), and gain on disposal of property, plant and equipment. 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)	Q1 2022	Q1 2021
	\$	\$
Revenues	64,421	46,876
Operating expenses	(69,134)	(44,622)
Operating (loss) earnings	(4,713)	2,254
Impairment of non-current assets	5,386	-
Share-based compensation expense	124	1,396
Depreciation and amortization	4,829	2,630
Adjusted EBITDA	5,626	6,280
Adjusted EBITDA margin	8.7%	13.4%

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. We use this measure as an indicator of its overall financial position.

(in thousands of U.S. dollars)	As at March 31, 2022	As at December 31, 2021
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	116,000	116,000
Lease liabilities including current portion	31,453	32,640
Subtotal Debt	147,453	148,640
Lease liabilities including current portion	(31,453)	(32,640)
Total Debt	116,000	116,000
Cash and cash equivalents	(25,961)	(35,940)
Net Debt	90,039	80,060

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