



Enabling
Performance

5N Plus Reports 2023 Fourth Quarter and Annual Financial Results

- Record reported Adjusted EBITDA¹ of \$38.3 million in FY 2023
- Adjusted gross margin¹ of 29.0% for FY 2023
- Net earnings of \$2.3 million in Q4 2023 and \$15.4 million in FY 2023
- Net debt to EBITDA ratio¹ of 1.69x as at December 31, 2023

Montréal, Québec, February 27, 2024 – 5N Plus Inc. (TSX:VNP) (“5N+” or “the Company”), a leading global producer of specialty semiconductors and performance materials, today announced its financial results for the fourth quarter of fiscal 2023 (“Q4 2023”) and fiscal year (“FY 2023”) ended December 31, 2023. All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

“For FY 2023, we delivered record reported Adjusted EBITDA and significant margin expansion, while sustaining a strong backlog¹. Our performance across these key performance indicators is proof that our strategy – focused on commercial excellence, value-added products and long-term partnerships – is delivering tangible results, while also enabling us to provide increased visibility on our near-term growth path.

“Records are made to be broken and it is our objective to do just that in the coming years. We are confident in our approach and, as reflected in our guidance for 2024 and 2025, we expect to be able to keep levelling up our performance. We will continue to leverage our unique position as a trusted partner for ultra-high purity specialty semiconductors and performance materials, and to capitalize on growing demand in critical end markets like terrestrial renewable energy and space solar power,” said Gervais Jacques, President and CEO of 5N+.

Q4 2023 Highlights

- Revenue in Q4 2023 reached \$65.1 million, compared to \$61.0 million for the same period last year. The 7% increase is primarily attributable to higher demand in the Specialty Semiconductors segment, offset by lower revenue in the Performance Materials segment following the strategic exit from the manufacturing of low-margin extractive and catalytic products in 2022.
- Net earnings in Q4 2023 were \$2.3 million compared to a net loss of \$8.1 million in Q4 2022. Net earnings in FY 2023 were \$15.4 million compared to a net loss of \$23.0 million in FY 2022.
- Adjusted EBITDA in Q4 2023 was \$9.0 million, a 35% increase over the \$6.7 million for the same period last year. Adjusted EBITDA was \$38.3 million in FY 2023, a 28% increase compared to \$30.0 million in FY 2022.
- Adjusted gross margin in FY 2023 was 29.0%, compared to 23.7% in FY 2022.
- On December 31, 2023, the backlog represented 292 days of annualized revenue, 8 days higher than the previous quarter and 39 days higher than the same period last year, primarily due to increasing demand in both terrestrial renewable energy and space solar power.
- Net debt¹ was \$73.8 million as at December 31, 2023, compared to \$78.3 million as at December 31, 2022.

¹ These measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. See Non-IFRS Measures for more information.

Outlook

In Specialty Semiconductors, 5N+ continues to benefit from its unique position as the leading global supplier of ultra-high purity semiconductor compounds outside China, with extensive expertise and a favourable global footprint resulting in a reliable supply chain. The Company's products can be found in a wide range of technologies used in critical applications and everyday products.

Growing demand remains the rule in Specialty Semiconductors end markets, particularly in terrestrial renewable energy and space solar power. This positions 5N+ well to capitalize on future opportunities in these high-growth sectors, as well as other markets, including defense, security and medical imaging, and through its long-term partnerships with key customers.

Management expects growth in the Performance Materials segment to be primarily derived from health and pharmaceutical products, which provide high profitability and predictable cashflows. Additional long-term opportunities are expected to stem from product expansion or development initiatives, including through partnerships.

Furthermore, management continues to seek opportunities to increase operational efficiency, while exploring potential acquisitions and partnerships to enhance its own organic growth and leadership market position.

With the visibility afforded to management as a result of the solid execution of its business strategy over the last few years, its improved product mix and strong backlog, management is committed to sustaining its trajectory with respect to Adjusted EBITDA growth and margin improvements. To that end, management is maintaining its previously disclosed projected Adjusted EBITDA range for FY 2024 to be between \$45 million and \$50 million and expects Adjusted EBITDA for FY 2025 to be between \$50 million and \$55 million, supported by organic growth.

To meet these objectives, 5N+ will continue to execute on its value-added focused strategy and commercial excellence program, leveraging its competitive advantages stemming from its unique positioning both from a geographic and expertise standpoint. As a trusted partner in the development and manufacturing of critical specialty semiconductors and performance materials with a customer-centric mentality, the Company will also continue methodically investing in its production capacity to serve high-growth markets and strategic global customers.

Conference Call

5N+ will host a conference call on Wednesday, February 28, 2024, at 8:00 am Eastern Time to discuss fourth quarter and annual results for fiscal 2023. 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: 94847778

A replay of the conference call will be available two hours after the event and until March 6, 2024. To access the recording, please dial 1-888-390-0541 and enter access code 847778.

About 5N Plus Inc.

5N+ 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+'s products to enable performance and sustainability in their own products. 5N+ 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+ 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. Such forward-looking statements are based on a number of estimates and assumptions that the Company believes are reasonable when made, including that 5N+ will be able to retain and hire key personnel and maintain relationships with customers, suppliers and other business partners, that 5N+ will continue to operate its business in the normal course, that 5N+ will be able to implement its growth strategy, that 5N+ will be able to successfully and timely complete the realization of its backlog, that 5N+ will not suffer any supply chain challenges or any material disruption in the supply of raw materials on competitive terms, that 5N+ will be able to generate new sales, produce, deliver, and sell its expected product volumes at the expected prices and control its costs, as well as other factors believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict and 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 Company's 2023 MD&A dated February 27, 2024, available on 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 statements in this press release will transpire or occur, or if any of them do so, what benefits that 5N+ will derive therefrom. In particular, no assurance can be given as to the future financial performance of 5N+. The forward-looking statements 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 EARNINGS (LOSS)

Years ended December 31

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

	2023	2022
	\$	\$
Revenue	242,371	264,223
Cost of sales	184,833	215,715
Selling, general and administrative expenses	29,410	28,565
Other expenses (income), net	756	32,997
	214,999	277,277
Operating earnings (loss)	27,372	(13,054)
Financial expenses		
Interest on long-term debt	8,262	5,466
Imputed interest and other interest expense (income)	572	(274)
Foreign exchange and derivative (gain) loss	(136)	42
	8,698	5,234
Earnings (loss) before income taxes	18,674	(18,288)
Income tax expense (recovery)		
Current	6,674	6,865
Deferred	(3,399)	(2,154)
	3,275	4,711
Net earnings (loss)	15,399	(22,999)
Basic earnings (loss) per share	0.17	(0.26)
Diluted earnings (loss) per share	0.17	(0.26)

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

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

	December 31 2023	December 31 2022
	\$	\$
Assets		
Current		
Cash and cash equivalents	34,706	42,691
Accounts receivable	33,437	32,872
Inventories	105,850	86,254
Income tax receivable	1,672	5,488
Derivative financial assets	591	-
Other current assets	5,707	19,857
Total current assets	181,963	187,162
Property, plant and equipment	84,600	77,951
Right-of-use assets	29,290	30,082
Intangible assets	29,304	31,563
Goodwill	11,825	11,825
Deferred tax assets	8,261	6,002
Other assets	4,959	3,400
Total non-current assets	168,239	160,823
Total assets	350,202	347,985
Liabilities		
Current		
Trade and accrued liabilities	37,024	40,200
Income tax payable	4,535	8,780
Current portion of deferred revenue	13,437	11,730
Current portion of lease liabilities	1,811	2,136
Current portion of long-term debt	25,000	-
Total current liabilities	81,807	62,846
Long-term debt	83,500	121,000
Deferred tax liabilities	5,284	6,959
Employee benefit plan obligations	13,393	11,643
Lease liabilities	28,328	28,266
Deferred revenue	5,629	2,354
Other liabilities	3,669	2,141
Total non-current liabilities	139,803	172,363
Total liabilities	221,610	235,209
Equity	128,592	112,776
Total liabilities and equity	350,202	347,985

Non-IFRS Measures

EBITDA means net earnings (loss) before interest expenses, income tax (recovery) expense, depreciation and amortization. 5N+ 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)	Q4 2023	Q4 2022	FY 2023	FY 2022
	\$	\$	\$	\$
Net earnings (loss)	2,284	(8,146)	15,399	(22,999)
Interest on long-term debt, imputed interest and other interest expense	2,129	716	8,834	5,192
Income tax (recovery) expense	(734)	(292)	3,275	4,711
Depreciation and amortization	4,057	4,051	16,110	17,732
EBITDA	7,736	(3,671)	43,618	4,636

Adjusted EBITDA means operating earnings (loss) as defined before the effect of impairment of inventories, share-based compensation expense (recovery), litigation and restructuring costs (income), impairment of non-current assets, loss on disposal of property, plant and equipment, loss on divestiture of subsidiary, loss on disposal of assets held for sale, and depreciation and amortization. 5N+ 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 is reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q4 2023	Q4 2022	FY 2023	FY 2022
	\$	\$	\$	\$
Revenues	65,063	61,042	242,371	264,223
Operating expenses	(61,023)	(69,261)	(214,999)	(277,277)
Operating earnings (loss)	4,040	(8,219)	27,372	(13,054)
Share-based compensation expense (recovery)	414	(171)	1,432	999
Litigation and restructuring costs (income)	458	3,210	(8,314)	3,823
Impairment of non-current assets	64	-	672	12,478
Loss on disposal of property, plant and equipment	-	-	1,051	-
Loss on divestiture of subsidiary	-	7,834	-	7,834
Loss on disposal of assets held for sale	-	-	-	216
Depreciation and amortization	4,057	4,051	16,110	17,732
Adjusted EBITDA	9,033	6,705	38,323	30,028

Adjusted gross margin is a measure used to monitor the sales contribution after paying cost of sales, excluding depreciation and inventory impairment charges. 5N+ 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)	Q4 2023	Q4 2022	FY 2023	FY 2022
	\$	\$	\$	\$
Total revenue	65,063	61,042	242,371	264,223
Cost of sales	(49,677)	(47,909)	(184,833)	(215,715)
Gross margin	15,386	13,133	57,538	48,508
Depreciation included in cost of sales	3,189	3,155	12,656	14,208
Adjusted gross margin	18,575	16,288	70,194	62,716
Adjusted gross margin percentage	28.5%	26.7%	29.0%	23.7%

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+ 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+ uses this measure as an indicator of its overall financial position.

The net debt to EBITDA ratio is defined as net debt divided by EBITDA.

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

(in thousands of U.S. dollars)	As at December 31, 2023	As at December 31, 2022
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	108,500	121,000
Lease liabilities including current portion	30,139	30,402
Subtotal Debt	138,639	151,402
Lease liabilities including current portion	(30,139)	(30,402)
Total Debt	108,500	121,000
Cash and cash equivalents	(34,706)	(42,691)
Net Debt	73,794	78,309

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