

5N Plus Inc. Reports 2024 Third Quarter Financial Results

- 25% year-over-year increase in revenue to \$78.8 million
- 62% year-over-year increase in Adjusted EBITDA¹ to \$15.6 million
- Adjusted gross margin¹ of 31.1%
- Backlog¹ of \$250 million, representing 289 days of annualized revenue, as at September 30, 2024

Montreal, Québec, November 4, 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 third quarter of fiscal 2024 ended September 30, 2024 (“Q3 2024”). All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

“Our strong results in the third quarter of 2024 reflect sustained growth momentum in our Specialty Semiconductors business, coupled with a stellar performance by our Performance Materials segment. Our teams are also executing seamlessly on the operational front with our specialty semiconductor capacity initiatives, enabling us to meet near term contracted demand and to efficiently expand capacity in future. Given our strong results year to date, we now expect to be able to surpass our previously disclosed guidance range and to slightly exceed \$50 million in Adjusted EBITDA for the full fiscal year,” said Gervais Jacques, President and CEO of 5N+.

“Looking ahead, our collective work and strong execution of our strategy over the last few years also position us well for the next chapter of our growth as a valued and trusted global actor in advanced materials technology. We are now in a strong position to efficiently capture additional organic growth and actively on the lookout for external growth opportunities. We will remain focused on opportunities that enable us to extend or leverage our competitive advantages, capabilities and Specialty Semiconductor value chain, while ensuring that our advanced materials remain a critical enabler of our customer’s product without being a critical cost component,” concluded Mr. Jacques.

Q3 2024 Highlights

- Revenue in Q3 2024 increased by 25% to \$78.8 million, compared to \$62.9 million in Q3 2023, primarily driven by strong growth under Specialty Semiconductors.
- Adjusted EBITDA in Q3 2024 increased by 62% to \$15.6 million, compared to \$9.6 million in Q3 2023, driven by higher volume from the terrestrial renewable energy and space solar power sectors, better prices over inflation, and a strong quarterly performance under Performance Materials from a product mix and operating costs perspective.
- Adjusted gross margin increased by 56% to reach \$24.5 million in Q3 2024, favourably impacted by the same factors as above. Adjusted gross margin as a percentage of sales was 31.1%, compared to 24.9% in Q3 2023.
- Net earnings in Q3 2024 were \$6.4 million, compared to \$1.5 million in Q3 2023.
- Backlog stood at \$249.7 million, representing 289 days of annualized revenue as at September 30, 2024, 11 days lower than the previous quarter and at a similar level than the same period last year, primarily due to the timing of contract signings and renewals.
- Net debt¹ was \$93.7 million as at September 30, 2024, compared to \$73.8 million as at December 31, 2023, reflecting an increase in working capital¹ and planned capital expenditures in the first half of 2024 under Specialty Semiconductors. The Company’s net-debt-to-EBITDA ratio¹ stood at 1.99x as at September 30, 2024.

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.

Other Developments

- On October 15, 2024, 5N+ announced the completion of its 2024 production capacity program ahead of schedule at its wholly-owned subsidiary, AZUR SPACE Solar Power GmbH (“AZUR”), and that it expanded its capacity by 35% over 2022 levels, surpassing its initial 30% target. 5N+ also announced that AZUR intends to increase its space solar cell production capacity by a further 30% in early 2025, with minimal additional investments as most of the equipment has been purchased and delivered.

Outlook

In Specialty Semiconductors, 5N+ continues to benefit from its position as the leading global supplier of ultra-high purity semiconductor compounds outside China, with long-term partnerships with key customers. Growing demand remains the rule, particularly in terrestrial renewable energy and space solar power. 5N+ is well-positioned to capitalize on future opportunities in these high-growth sectors, as well as other markets, including sensing and medical imaging.

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 and development initiatives, including through partnerships.

Based on its performance to date, management has revised its Adjusted EBITDA guidance for 2024 upward and now expects to slightly exceed \$50 million in Adjusted EBITDA. This is over and above the top end of its previously disclosed guidance range for 2024 of between \$45 and \$50 million in Adjusted EBITDA. Its Adjusted EBITDA guidance range for 2025 of between \$50 million and \$55 million remains unchanged. As in previous years, management will communicate guidance for 2025 and 2026 as part of its full year 2024 earnings release.

Conference Call

5N+ will host a conference call on Tuesday, November 5, 2024, at 8:00 am Eastern Time to discuss third quarter of 2024 financial results. 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: 646-357-8785
- Toll-Free: 1-800-836-8184
- Enter access code: 74914

A replay of the conference call will be available two hours after the event and until November 12, 2024. To access the recording, please dial 1-888-660-6345 and enter access code 74914.

About 5N+

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, and note 10 of the unaudited condensed interim consolidated financial statements for the three and nine-month periods ended September 30, 2024 and September 30, 2023 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.

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	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue	78,828	62,946	218,427	177,308
Cost of sales	57,904	50,389	160,309	135,156
Selling, general and administrative expenses	8,135	6,249	24,169	20,711
Other expenses (income), net	3,295	943	7,874	(1,891)
	69,334	57,581	192,352	153,976
Operating earnings	9,494	5,365	26,075	23,332
Financial expense				
Interest on long-term debt	2,191	2,081	6,132	6,254
Imputed interest and other interest expense	452	308	591	451
Foreign exchange and derivative gain	(450)	(238)	(835)	(497)
	2,193	2,151	5,888	6,208
Earnings before income taxes	7,301	3,214	20,187	17,124
Income tax expense (recovery)				
Current	1,347	2,293	6,038	6,062
Deferred	(416)	(597)	483	(2,053)
	931	1,696	6,521	4,009
Net earnings	6,370	1,518	13,666	13,115
Basic earnings per share	0.07	0.02	0.15	0.15
Diluted earnings per share	0.07	0.02	0.15	0.15

Net earnings are completely attributable to equity holders of 5N+.

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

	September 30, 2024	December 31, 2023
	\$	\$
Assets		
Current		
Cash and cash equivalents	24,565	34,706
Accounts receivable	45,371	33,437
Inventories	124,459	105,850
Income tax receivable	1,666	1,672
Derivative financial assets	6,183	591
Other current assets	6,187	5,707
Total current assets	208,431	181,963
Property, plant and equipment	90,592	84,600
Right-of-use assets	30,421	29,290
Intangible assets	25,376	29,304
Goodwill	11,825	11,825
Deferred tax assets	8,074	8,261
Other assets	5,541	4,959
Total non-current assets	171,829	168,239
Total assets	380,260	350,202
Liabilities		
Current		
Trade and accrued liabilities	40,186	37,024
Income tax payable	5,624	4,535
Current portion of deferred revenue	11,833	13,437
Current portion of lease liabilities	2,034	1,811
Current portion of long-term debt	-	25,000
Total current liabilities	59,677	81,807
Long-term debt	118,271	83,500
Deferred tax liabilities	5,579	5,284
Employee benefit plan obligations	13,444	13,393
Lease liabilities	29,597	28,328
Deferred revenue	9,125	5,629
Other liabilities	825	3,669
Total non-current liabilities	176,841	139,803
Total liabilities	236,518	221,610
Equity	143,742	128,592
Total liabilities and equity	380,260	350,202

Non-IFRS Measures

EBITDA means net earnings (loss) before interest expenses, income tax expense (recovery), 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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
	\$	\$	\$	\$
Net earnings	6,370	1,518	13,666	13,115
Interest on long-term debt, imputed interest and other interest expense	2,643	2,389	6,723	6,705
Income tax expense	931	1,696	6,521	4,009
Depreciation and amortization	4,424	3,979	12,418	12,053
EBITDA	14,368	9,582	39,328	35,882

Adjusted EBITDA means operating earnings (loss) as defined before the effect of impairment of inventories, share-based compensation expense (recovery), loss (gain) on disposal of property, plant and equipment, impairment of non-current assets, litigation and restructuring costs (income), 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 and Adjusted EBITDA margin are reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
	\$	\$	\$	\$
Revenues	78,828	62,946	218,427	177,308
Operating expenses	(69,334)	(57,581)	(192,352)	(153,976)
Operating earnings	9,494	5,365	26,075	23,332
Share-based compensation expense	252	305	597	1,018
(Gain) loss on disposal of property, plant and equipment	(2,089)	-	(2,089)	1,051
Impairment of non-current assets	2,519	-	2,826	608
Litigation and restructuring costs (income)	1,021	-	1,021	(8,772)
Depreciation and amortization	4,424	3,979	12,418	12,053
Adjusted EBITDA	15,621	9,649	40,848	29,290
Adjusted EBITDA margin	19.8%	15.3%	18.7%	16.5%

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 adjusted gross margin value by the total revenue.

Adjusted gross margin is reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
	\$	\$	\$	\$
Total revenue	78,828	62,946	218,427	177,308
Cost of sales	(57,904)	(50,389)	(160,309)	(135,156)
Gross margin	20,924	12,557	58,118	42,152
Depreciation included in cost of sales	3,553	3,113	9,802	9,467
Adjusted gross margin	24,477	15,670	67,920	51,619
Adjusted gross margin percentage	31.1%	24.9%	31.1%	29.1%

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 the trailing 12 months EBITDA.

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

(in thousands of U.S. dollars)	As at September 30, 2024	As at December 31, 2023
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	118,271	108,500
Lease liabilities including current portion	31,631	30,139
Subtotal Debt	149,902	138,639
Lease liabilities including current portion	(31,631)	(30,139)
Total Debt	118,271	108,500
Cash and cash equivalents	(24,565)	(34,706)
Net Debt	93,706	73,794

Working capital is a measure of liquid assets that is calculated by taking current assets and subtracting current liabilities. Given that the Company is currently indebted, it uses it as an indicator of its financial efficiency and aims to maintain it at the lowest possible level.

Working capital ratio is calculated by dividing current assets by current liabilities.

Working capital is reconciled to the most comparable IFRS measure:

(in thousands of U.S. dollars)	As at September 30, 2024	As at December 31, 2023
	\$	\$
Inventories	124,459	105,850
Other current assets excluding inventories	83,972	76,113
Current assets	208,431	181,963
Current liabilities	(59,677)	(81,807)
Working capital	148,754	100,156
Working capital current ratio	3.49	2.22

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