



PRESS RELEASE

5N Plus Reports 2023 Second Quarter Financial Results

Strongest quarterly and YTD Adjusted EBITDA and gross margin performance in nearly a decade

Montréal, Québec, August 1, 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 second quarter of fiscal 2023 (“Q2 2023”) ended June 30, 2023. All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

“Our strong financial results year to date are a testament to our strategy and market leadership. They reflect our improved product mix and high-growth-end-market focus, as well as the effectiveness of our commercial excellence program implemented over a year ago. The disciplined execution of our strategic priorities has translated into delivering our strongest quarterly and year-to-date Adjusted EBITDA¹ and gross margin performance in nearly a decade. At mid-year, we are on track to achieve our FY 2023 Adjusted EBITDA guidance.

“As a leader in the production of critical engineered materials and critical metal recovery, as well as a leading supplier of ultra-high purity specialty semiconductor materials outside of China, we are uniquely positioned to continue to benefit from strong demand in our end markets. This includes the space solar power and terrestrial renewable energy sectors, where we continue to invest in building capacity to meet unprecedented customer demand,” said Gervais Jacques, President and CEO of 5N Plus.

Q2 2023 Highlights

- Revenue in Q2 2023 reached \$59.1 million, compared to \$72.4 million for the same period last year. The decrease is primarily attributable to the Company’s strategic exit from the manufacturing of low-margin extractive and catalytic products in the second half of 2022.
- In Q2 2023, EBITDA¹ was \$17.5 million, compared to \$6.7 million in Q2 2022. The \$10.8 million increase is mainly explained by litigation and restructuring income of \$9.0 million received from the previous shareholder of AZUR SOLAR Space GmbH (“AZUR”) as per stipulations of the share purchase agreement.
- Adjusted EBITDA in Q2 2023 reached \$10.8 million, compared to \$8.6 million for the same period last year, an increase of 26%, with Specialty Semiconductors increasing by 27% to \$8.1 million, due to higher demand and Performance Materials increasing by 12% to \$6.2 million due to a more favourable product mix.
- Adjusted gross margin¹ in Q2 2023 was 32.9%, compared to 22.4% in Q2 2022.
- On June 30, 2023, the backlog¹ represented 289 days of annualized revenue, 17 days lower than the previous quarter due to the quarterly realization of yearly contracts under Performance Materials and 149 days higher than the same period last year primarily due to the demand for terrestrial renewable energy and space solar power.
- Net debt¹ stood at \$73.4 million as at June 30, 2023, compared to \$78.3 million as at December 31, 2022, representing a decrease of \$4.9 million.

Outlook

Management continues to expect strong demand in its target end markets, including terrestrial renewable energy and space solar power sectors under Specialty Semiconductors and in the health and pharmaceutical sector under Performance Materials. Management continues to approach future business opportunities with discipline and within the framework of its commercial excellence program pillars of innovation, value optimization and client partnership.

¹ See Non-IFRS Measures

The ongoing implementation of the Company's capacity expansion programs – to increase output capacity at AZUR by 30% by 2024 and to increase production capacity under renewable energy applications by 35% in 2023 and 100% in 2024 – is progressing well and as planned. The Company is also in the advanced stages of securing additional complex feeds and secondary streams for the recovery of critical minerals, following the recent expansion of recycling and refining capacity at its Montreal plant.

Management maintains its previously disclosed Adjusted EBITDA¹ guidance range of between \$35 million and \$40 million for FY 2023 and a projected Adjusted EBITDA range of between \$45 million and \$50 million for FY 2024.

Conference Call

5N Plus will host a conference call on Wednesday, August 2, 2023 at 8:00 am Eastern Time to discuss results of the second quarter 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: 13570887

A replay of the conference call will be available two hours after the event and until August 9, 2023. To access the recording, please dial 1-888-390-0541 and enter access code 570887.

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 and note 10 of the unaudited condensed interim consolidated financial statements for the three and six-month periods ended June 30, 2023 and June 30, 2022 available on 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.

¹ See Non-IFRS Measures

5N PLUS INC.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the three and six-month periods ended June 30

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

	Three months		Six months	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue	59,075	72,388	114,362	136,809
Cost of sales	42,765	60,147	84,767	114,396
Selling, general and administrative expenses	7,569	7,421	14,462	14,914
Other (income) expenses, net	(4,500)	2,501	(2,834)	9,893
	45,834	70,069	96,395	139,203
Operating earnings (loss)	13,241	2,319	17,967	(2,394)
Financial expense				
Interest on long-term debt	2,141	1,103	4,173	2,048
Imputed interest and other interest (income) expense	(85)	281	143	607
Foreign exchange and derivative (gain) loss	(274)	436	(259)	735
	1,782	1,820	4,057	3,390
Earnings (loss) before income taxes	11,459	499	13,910	(5,784)
Income tax expense (recovery)				
Current	2,855	2,819	3,769	4,664
Deferred	(1,539)	(190)	(1,456)	(2,563)
	1,316	2,629	2,313	2,101
Net earnings (loss)	10,143	(2,130)	11,597	(7,885)
Basic earnings (loss) per share	0.11	(0.02)	0.13	(0.09)
Diluted earnings (loss) per share	0.11	(0.02)	0.13	(0.09)

Net earnings (loss) 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) (unaudited)

	June 30 2023	December 31 2022
	\$	\$
Assets		
Current		
Cash and cash equivalents	40,087	42,691
Accounts receivable	34,289	32,872
Inventories	100,406	86,254
Income tax receivable	1,758	5,488
Other current assets	5,382	19,857
Total current assets	181,922	187,162
Property, plant and equipment	79,211	77,951
Right-of-use assets	29,470	30,082
Intangible assets	30,337	31,563
Goodwill	11,825	11,825
Deferred tax assets	6,997	6,002
Other assets	3,297	3,400
Total non-current assets	161,137	160,823
Total assets	343,059	347,985
Liabilities		
Current		
Trade and accrued liabilities	31,022	40,200
Income tax payable	4,932	8,780
Derivative financial liabilities	420	-
Current portion of deferred revenue	13,038	11,730
Current portion of lease liabilities	2,107	2,136
Current portion of long-term debt	25,000	-
Total current liabilities	76,519	62,846
Long-term debt	88,500	121,000
Deferred tax liabilities	6,265	6,959
Employee benefit plan obligations	12,156	11,643
Lease liabilities	27,998	28,266
Deferred revenue	5,647	2,354
Other liabilities	1,926	2,141
Total non-current liabilities	142,492	172,363
Total liabilities	219,011	235,209
Equity	124,048	112,776
Total liabilities and equity	343,059	347,985

Non-IFRS Measures

EBITDA means net earnings (loss) before interest expenses, income taxes, depreciation and amortization. 5N Plus 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)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Net earnings (loss)	10,143	(2,130)	11,597	(7,885)
Interest on long-term debt, imputed interest and other interest expense	2,056	1,384	4,316	2,655
Income taxes expense	1,316	2,629	2,313	2,101
Depreciation and amortization	4,015	4,856	8,074	9,685
EBITDA	17,530	6,739	26,300	6,556

Adjusted EBITDA means operating earnings (loss) as defined before the effect of impairment of inventories, share-based compensation expense (recovery), litigation and restructuring (income) costs, impairment of non-current assets, loss (gain) on disposal of property, plant and equipment, 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)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Revenues	59,075	72,388	114,362	136,809
Operating expenses	(45,834)	(70,069)	(96,395)	(139,203)
Operating earnings (loss)	13,241	2,319	17,967	(2,394)
Share-based compensation expense	701	1,036	713	1,160
Litigation and restructuring (income) costs	(8,772)	372	(8,772)	372
Impairment of non-current assets	608	-	608	5,386
Loss on disposal of property, plant and equipment	1,051	-	1,051	-
Depreciation and amortization	4,015	4,856	8,074	9,685
Adjusted EBITDA	10,844	8,583	19,641	14,209

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.

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

(in thousands of U.S. dollars)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Total revenue	59,075	72,388	114,362	136,809
Cost of sales	(42,765)	(60,147)	(84,767)	(114,396)
Gross margin	16,310	12,241	29,595	22,413
Depreciation included in cost of sales	3,152	3,954	6,354	7,859
Adjusted gross margin	19,462	16,195	35,949	30,272
Adjusted gross margin percentage	32.9%	22.4%	31.4%	22.1%

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 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 June 30, 2023	As at December 31, 2022
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	113,500	121,000
Lease liabilities including current portion	30,105	30,402
Subtotal Debt	143,605	151,402
Lease liabilities including current portion	(30,105)	(30,402)
Total Debt	113,500	121,000
Cash and cash equivalents	(40,087)	(42,691)
Net Debt	73,413	78,309

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