5N PLUS

5N PLUS INC.

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three and nine-month periods ended September 30, 2021 and 2020

(in thousands of United States dollars)

(in thousands of United States dollars) (unaudited)

	Notes	**September 30 2021**	December 31 2020
		$	$
Assets			
Current			
Cash and cash equivalents		**33,155**	39,950
Accounts receivable		**31,234**	30,110
Inventories	3	**71,624**	67,139
Income tax receivable		**4,857**	5,440
Other current assets	10	**8,731**	8,256
Total current assets		**149,601**	150,895
Property, plant and equipment		**51,855**	53,191
Right-of-use assets		**11,458**	5,047
Intangible assets		**8,946**	9,668
Deferred tax assets		**6,407**	6,789
Other assets	10	**3,057**	1,088
Total non-current assets		**81,723**	75,783
Total assets		**231,324**	226,678
Liabilities			
Current			
Trade and accrued liabilities		**32,800**	31,671
Income tax payable		**5,198**	3,328
Derivative financial liabilities	4, 10	**193**	-
Current portion of long-term debt	4	**-**	109
Current portion of lease liabilities		**1,651**	1,442
Total current liabilities		**39,842**	36,550
Long-term debt	4	**45,000**	50,000
Employee benefit plan obligation		**15,238**	17,202
Derivative financial liabilities	4, 10	**-**	439
Lease liabilities		**10,167**	3,916
Other liabilities		**195**	195
Total non-current liabilities		**70,600**	71,752
Total liabilities		**110,442**	108,302
Equity		**120,882**	118,376
Total liabilities and equity		**231,324**	226,678

Commitments and contingencies (Note 11)
Proposed acquisition of AZUR (Note 12)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

5N PLUS INC.
INTERIM CONSOLIDATED STATEMENTS OF (LOSS) 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	
	Notes	**2021**	2020	**2021**	2020
		$	$	**$**	$
Revenue		**50,839**	39,872	**145,434**	130,962
Cost of sales	3, 5	**42,587**	29,982	**118,124**	101,565
Selling, general and administrative expenses	5	**4,729**	4,522	**14,858**	14,002
Other expenses (income), net	5	**1,519**	210	**4,119**	2,512
		48,835	34,714	**137,101**	118,079
Operating earnings		**2,004**	5,158	**8,333**	12,883
Financial expense					
Interest on long-term debt		**663**	661	**1,945**	2,016
Imputed interest and other interest expense		**298**	287	**604**	704
Foreign exchange and derivative (gain) loss		**(130)**	683	**(662)**	1,763
		831	1,631	**1,887**	4,483
Earnings before income taxes		**1,173**	3,527	**6,446**	8,400
Income tax expense					
Current		**1,904**	656	**4,134**	2,946
Deferred		**61**	162	**182**	404
		1,965	818	**4,316**	3,350
Net (loss) earnings		**(792)**	2,709	**2,130**	5,050
Attributable to:					
Equity holders of 5N Plus Inc.		**(792)**	2,709	**2,130**	5,050
		(792)	2,709	**2,130**	5,050
(Loss) earnings per share attributable to equity holders of 5N Plus Inc.	7	**(0.01)**	0.03	**0.03**	0.06
Basic (loss) earnings per share	7	**(0.01)**	0.03	**0.03**	0.06
Diluted (loss) earnings per share	7	**(0.01)**	0.03	**0.03**	0.06

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

(in thousands of United States dollars) (unaudited)

	Three months		Nine months	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net (loss) earnings	**(792)**	2,709	**2,130**	5,050
Other comprehensive (loss) income				
Items that may be reclassified subsequently to net (loss) earnings				
Currency translation adjustment	**(29)**	794	**96**	540
	(29)	794	**96**	540
Items that will not be reclassified subsequently to net (loss) earnings				
Remeasurement of employee benefit plan obligation	**(168)**	(695)	**633**	(396)
Income taxes	**53**	219	**(200)**	125
	(115)	(476)	**433**	(271)
Other comprehensive (loss) income	**(144)**	318	**529**	269
Comprehensive (loss) income	**(936)**	3,027	**2,659**	5,319
Attributable to equity holders of 5N Plus Inc.	**(936)**	3,027	**2,659**	5,319

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended September 30
(in thousands of United States dollars, except number of shares) (unaudited)

	Attributable to equity holders of the Company						
2021	**Number of shares**	**Share Capital**	**Contributed Surplus**	**Accumulated other comprehensive loss**	**Deficit**	**Total shareholders' equity**	**Total Equity**
		$	**$**	**$**	**$**	**$**	**$**
Balances at beginning of period	**81,651,130**	**5,835**	**342,802**	**(5,716)**	**(224,545)**	**118,376**	**118,376**
Net earnings for the period	**-**	**-**	**-**	**-**	**2,130**	**2,130**	**2,130**
Other comprehensive income	**-**	**-**	**-**	**529**	**-**	**529**	**529**
Comprehensive income	**-**	**-**	**-**	**529**	**2,130**	**2,659**	**2,659**
Common shares repurchased and cancelled (Note 6)	**(249,572)**	**(17)**	**-**	**-**	**(792)**	**(809)**	**(809)**
Exercise of stock options	**428,678**	**937**	**(291)**	**-**	**-**	**646**	**646**
Share-based compensation	**-**	**-**	**10**	**-**	**-**	**10**	**10**
Balances at end of period	**81,830,236**	**6,755**	**342,521**	**(5,187)**	**(223,207)**	**120,882**	**120,882**

	Attributable to equity holders of the Company						
2020	Number of shares	Share Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity	Total Equity
		$	$	$	$	$	$
Balances at beginning of period	83,401,558	5,961	342,737	(6,750)	(224,651)	117,297	117,297
Net earnings for the period	-	-	-	-	5,050	5,050	5,050
Other comprehensive income	-	-	-	269	-	269	269
Comprehensive income	-	-	-	269	5,050	5,319	5,319
Common shares repurchased and cancelled (Note 6)	(1,358,569)	(97)	-	-	(1,459)	(1,556)	(1,556)
Share-based compensation	-	-	46	-	-	46	46
Balances at end of period	82,042,989	5,864	342,783	(6,481)	(221,060)	121,106	121,106

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

(in thousands of United States dollars) (unaudited)

	Notes	2021	2020
		$	$
Operating activities			
Net earnings		2,130	5,050
Adjustments to reconcile net earnings to cash flows			
Depreciation of property, plant and equipment		6,008	6,878
Depreciation of right-of-use assets		1,156	1,093
Amortization of intangible assets		1,007	1,103
Amortization of other assets		181	133
Impairment of non-current assets	5	-	4,934
Share-based compensation expense (income)		590	(340)
Deferred income taxes		182	404
Imputed interest		218	190
Employee benefit plan obligation		(362)	(339)
Gain on disposal of property, plant and equipment		(32)	(33)
Unrealized loss on non-hedge financial instruments		312	1,793
Unrealized foreign exchange (gain) loss on assets and liabilities		(441)	609
Funds from operations before the following:		10,949	21,475
Net change in non-cash working capital balances	9	(3,050)	(2,322)
Cash from operating activities		7,899	19,153
Investing activities			
Additions to property, plant and equipment		(5,076)	(6,130)
Additions to intangible assets		(291)	(86)
Acquisition of investment in equity instruments	10	(2,000)	-
Proceeds on disposal of property, plant and equipment		53	93
Cash used in investing activities		(7,314)	(6,123)
Financing activities			
Repayment of long-term debt	4	(5,109)	(5,000)
Proceeds from issuance of long-term debt	4	-	5,000
Deferred costs related to long-term debt	4	(229)	-
Common shares repurchased	6	(809)	(1,556)
Issuance of common shares		646	-
Principal elements of lease payments		(1,202)	(1,198)
Cash used in financing activities		(6,703)	(2,754)
Effect of foreign exchange rate changes on cash and cash equivalents		(677)	87
Net (decrease) increase in cash and cash equivalents		(6,795)	10,363
Cash and cash equivalents, beginning of period		39,950	20,065
Cash and cash equivalents, end of period		33,155	30,428
Supplemental information[(1)]			
Income tax paid		1,325	2,016
Interest paid		1,861	2,182

(1) Amounts paid for income tax and interest received were reflected as cash flows from operating activities in the interim consolidated statements of cash flows.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of Activities

5N Plus Inc. (“5N Plus” or the “Company”) is a Canadian-based international company. 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 customer 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 a number of key industries including renewable energy, security, space, pharmaceutical, medical imaging, and industrial and additive manufacturing. The Company is headquartered at 4385 Garand Street, Montreal, Quebec (Canada) H4R 2B4. The Company operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia. The Company’s mission is to be critical to its customers, valued by its employees and trusted by its shareholders. The Company’s core values focus on integrity, commitment and customer development along with emphasis on sustainable development, continuous improvement, health and safety. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”). 5N Plus and its subsidiaries represent the “Company” mentioned throughout these consolidated financial statements. The Company has two reportable business segments, namely Electronic Materials and Eco-Friendly Materials.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 2, 2021.

Since January 2020, the gradual outbreak of the novel strain of the coronavirus, COVID-19 and its declaration as a pandemic by the World Health Organization, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown. While the Company has been able to mitigate the short-term impact from the crisis, it is not possible to reliably estimate the length, severity and long-term impact the global pandemic may have on the Company's financial results, conditions and cash flows. The outbreak of the COVID-19 should be considered a risk factor.

2. Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by IASB (IFRS) and as applicable to the preparation of interim financial statements, including IAS 34, “Interim Financial Reporting”. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The accounting policies followed in these unaudited condensed interim financial statements are consistent with those of the previous financial year, with the additional policies described below.

The functional and presentation currency of the Company is the United States dollar.

Income taxes

Taxes on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(in thousands of United States dollars, unless otherwise indicated) (unaudited)

Financial assets

Investment in equity instruments
At initial recognition, the Company measures an investment in equity instruments at its fair value plus or minus, in the case of an investment in equity instruments not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition or issue of the investment in equity instruments. Transaction costs of investments in equity instruments carried at FVPL are expensed in the consolidated statement of earnings.

For the subsequent measurement, investments in equity instruments which the Company did not make an irrevocable election to present in fair value through other comprehensive income (FVOCI) are measured at FVPL. A gain or loss on an investment in equity instruments that is subsequently measured at FVPL is recognized in the consolidated statement of earnings and presented net within other gains (losses) in the period in which it arises.

3. Inventories

	September 30 2021	December 31 2020
	$	$
Raw materials	**20,842**	21,272
Finished goods	**50,782**	45,867
Total inventories	**71,624**	67,139

For the three and nine-month periods ended September 30, 2021, a total of $27,711 and $71,167 of inventories was included as an expense in cost of sales ($15,145 and $52,896 for the three and nine-month periods ended September 30, 2020).

For the three and nine-month periods ended September 30, 2021, a total of $261 and $428 previously written down was recognized as a reduction of expenses in costs of sales concurrently with the related inventories being sold ($204 and $316 for the Eco-Friendly materials segment and $57 and $112 for the Electronic segment). For the three and nine-month periods ended September 30, 2020, no amount previously written down was recognized as a reduction of expenses in costs of sales concurrently with the related inventories being sold.

4. Long-Term Debt

	September 30 2021	December 31 2020
	$	$
Senior secured revolving facility of $79,000 with a syndicate of banks, maturing in April 2023(1)	**20,000**	25,000
Unsecured subordinated term loan, maturing in March 2024(2)	**25,000**	25,000
Term loan, repaid in full in March 2021	**-**	109
	45,000	50,109
Less current portion of long-term debt	**-**	109
	45,000	50,000

(1) In March 2021, the Company signed a senior secured multi-currency revolving credit facility of $79,000 maturing in April 2023 to replace its existing $79,000 senior secured revolving facility maturing in April 2022. The agreement includes a contingent option to expand the facility to $124,000. At any time, the Company has the option to request that the credit facility be expanded through the exercise of an additional $30,000 accordion feature, subject to review and approval by the lenders. This revolving credit facility can be drawn in US dollars, Canadian dollars or Hong Kong dollars (up to $4,000). Drawings bear interest at either the Canadian prime rate, US base rate, Hong Kong base rate or LIBOR, plus a margin based on the Company's senior net debt to consolidated EBITDA ratio. Under the terms of its credit facility, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at September 30, 2021 and December 31, 2020, the Company had met all covenants.

In February 2020, the Company entered into an interest rate swap agreement, maturing in April 2022, with a major Canadian financial institution to reduce its financial expense fluctuations on Libor rate on a portion of its credit facility (Note 10).

(2) In February 2019, the Company signed a five-year unsecured subordinated term loan with Investissement Québec. The loan was disbursed in two tranches: the first tranche of $5,000 on February 6, 2019 and the second tranche of $20,000 on March 22, 2019. The two tranches of the term loan bear interest equivalent to the 5-year US dollar swap rate plus a margin of 4.19%, which equals to 6.82% and 6.64% respectively. Under the terms of the loan, the Company is required to satisfy certain restrictive covenants as to financial ratios. As at September 30, 2021 and December 31, 2020, the Company had met all covenants.

(in thousands of United States dollars, unless otherwise indicated) (unaudited)

5. Expenses by Nature

	Three months		Nine months	
	2021	2020	**2021**	2020
	$	$	**$**	$
Wages and salaries[1]	**8,528**	7,796	**27,487**	25,595
Share-based compensation expense	**62**	254	**1,149**	934
Depreciation of property, plant and equipment	**2,198**	2,253	**6,008**	6,878
Impairment of non-current assets[2] [3]	**-**	4,934	**-**	4,934
Depreciation of right-of-use assets	**446**	360	**1,156**	1,093
Amortization of intangible assets	**327**	362	**1,007**	1,103
Amortization of other assets	**79**	45	**181**	133
Gain on disposal of property, plant and equipment	**-**	(63)	**(32)**	(33)
Research and development, net of tax credit	**612**	349	**1,489**	1,332
Litigation and restructuring costs (income), net [2] [3]	**500**	(5,577)	**500**	(5,577)

(1) For the three and nine-month periods ended September 30, 2020, wages and salaries were reduced by an amount of $871 and $1,166 resulting from the Canada Emergency Wage Subsidy.

(2) During the third quarter of 2020, the Company recorded an impairment charge on non-current assets of $2,512 ($989 for Land and buildings and $1,523 for Production equipment), included in Electronic materials segment, to reflect the assessment of the carrying value related to the planned closure of one of the Company's subsidiary situated in Asia. This decision was taken solely due to unfavorable business conditions arising from abrupt changes in the regulatory environment and inconsistent enforcement practices.

In addition, a provision for restructuring costs was recorded in accordance with IAS 37 “Provision, contingent liabilities and contingent assets” for an amount of $500 during the third quarter of 2021, compared to an amount of $2,339 during the third quarter of 2020. This provision consists of severances and other related costs to site closure.

(3) During the third quarter of 2020, the Company recorded a non-recurring income of $8,000 resulting from a deed of termination of an offtake agreement with a supplier, net of associated costs of $84. At the same time, the Company recorded an impairment charge on non-current assets of $2,422 to reflect the assessment of the carrying value of some production equipment related to the site affected by this termination agreement.

6. Share Capital

On March 5, 2020, the TSX approved the Company’s normal course issuer bid (NCIB). Under this NCIB, the Company had the right to purchase for cancellation, from March 9, 2020 to March 8, 2021, a maximum of 2,000,000 common shares.

For the nine-month period ended September 30, 2021, the Company repurchased and cancelled 249,572 common shares at an average price of $3.24 for a total amount of $809. An amount of $17 has been applied against share capital, and an amount of $792 has been applied against the deficit.

For the nine-month period ended September 30, 2020, the Company repurchased and cancelled 1,358,569 common shares at an average price of $1.15 for a total amount of $1,556. An amount of $97 has been applied against share capital, and an amount of $1,459 has been applied against the deficit.

(in thousands of United States dollars, unless otherwise indicated) (unaudited)

7. (Loss) Earnings per Share

The following table reconciles the numerators and denominators used for the computation of basic and diluted earnings per share:

	Three months		Nine months	
Numerators	**2021**	2020	**2021**	2020
	$	$	**$**	$
Net (loss) earnings attributable to equity holders of 5N Plus	**(792)**	2,709	**2,130**	5,050
Net (loss) earnings for the period	**(792)**	2,709	**2,130**	5,050

	Three months		Nine months	
Denominators	**2021**	2020	**2021**	2020
Basic weighted average number of shares	**81,652,432**	82,175,324	**81,550,427**	82,633,946
Dilutive effect:				
Stock options	**-**	22,402	**205,570**	21,105
Diluted weighted average number of shares	**81,652,432**	82,197,726	**81,755,997**	82,655,051

For the three and nine-month periods ended September 30, 2021, a total number of 284,722 and 79,152 stock options were excluded from the diluted weighted average number of shares due to their anti-dilutive effect.

For the three and nine-month periods ended September 30, 2020, a total number of 447,156 was excluded from the diluted weighted average number of shares due to their anti-dilutive effect because of the Company's stock price.

8. Operating Segments

The following tables summarize the information reviewed by the entity's chief operating decision maker when measuring performance:

	Three months		Nine months	
	2021	2020	**2021**	2020
	$	$	**$**	$
Eco-Friendly Materials	**31,449**	19,257	**88,012**	71,045
Electronic Materials	**19,390**	20,615	**57,422**	59,917
Total revenue	**50,839**	39,872	**145,434**	130,962
Eco-Friendly Materials	**3,891**	1,412	**13,000**	8,138
Electronic Materials	**3,534**	8,192	**11,311**	20,674
Corporate and unallocated	**(1,888)**	(1,860)	**(6,158)**	(6,564)
Adjusted EBITDA(1)	**5,537**	7,744	**18,153**	22,248
Interest on long-term debt, imputed interest and other interest expense	**961**	948	**2,549**	2,720
Share-based compensation expense	**62**	254	**1,149**	934
Litigation and restructuring costs (income), net (Note 5)	**500**	(5,577)	**500**	(5,577)
Foreign exchange and derivative (gain) loss	**(130)**	683	**(662)**	1,763
Impairment of non-current assets (Note 5)	**-**	4,934	**-**	4,934
Depreciation and amortizations	**2,971**	2,975	**8,171**	9,074
Earnings before income tax	**1,173**	3,527	**6,446**	8,400

(1) Earnings before income tax, depreciation and amortization, impairment of non-current assets, share-based compensation expense, litigation and restructuring costs (income), net and financial expense (income).

(in thousands of United States dollars, unless otherwise indicated) (unaudited)

	Three months		Nine months	
Capital expenditures	**2021**	2020	**2021**	2020
	$	$	**$**	$
Eco-Friendly Materials	**888**	1,813	**2,481**	4,908
Electronic Materials	**1,246**	235	**2,595**	1,222
Total	**2,134**	2,048	**5,076**	6,130

	September 30	December 31
Assets excluding the deferred tax assets	**2021**	2020
	$	$
Eco-Friendly Materials	**96,123**	88,355
Electronic Materials	**99,032**	101,807
Corporate and unallocated	**29,762**	29,727
Total	**224,917**	219,889

The geographic distribution of the Company's revenue based on the location of the customers for the periods ended September 30, 2021 and 2020, and the identifiable non-current assets as at September 30, 2021 and December 31, 2020 are summarized as follows:

	Three months		Nine months	
Revenues	**2021**	2020	**2021**	2020
	$	$	**$**	$
Asia				
China	**2,237**	1,566	**7,133**	4,480
Japan	**1,637**	880	**3,465**	2,566
Other(1)	**6,427**	6,810	**13,896**	23,915
Americas				
United States	**14,586**	15,365	**50,055**	44,674
Other(1)	**5,199**	3,184	**13,948**	10,177
Europe				
Germany	**5,943**	4,692	**17,811**	14,403
Belgium	**5,538**	1,051	**9,307**	3,256
Netherlands	**2,434**	782	**6,786**	4,000
France	**1,090**	1,124	**3,674**	4,632
Other(1)	**4,761**	4,095	**15,960**	14,844
Other	**987**	323	**3,399**	4,015
Total	**50,839**	39,872	**145,434**	130,962

(1) None exceeding 10%

	September 30	December 31
Non-current assets (other than deferred tax assets)	**2021**	2020
	$	$
Asia(1)	**8,451**	9,629
United States	**13,305**	13,673
Canada	**24,252**	15,606
Europe		
Belgium	**8,953**	9,652
Germany	**20,355**	20,434
Total	**75,316**	68,994

(1) None exceeding 10%

For the three and nine-month periods ended September 30, 2021, one customer represented approximately 18% and 21% of the revenues and is included in the Electronic Materials revenues (31% and 28% for the three and nine-month periods ended September 30, 2020).

(in thousands of United States dollars, unless otherwise indicated) (unaudited)

9. Supplemental Cash Flow Information

Net change in non-cash working capital balances related to operations consists of the following:

	Nine months	
	2021	2020
	$	$
(Increase) decrease in assets:		
Accounts receivable	**(1,124)**	(5,156)
Inventories	**(4,485)**	7,237
Income tax receivable	**583**	170
Other current assets	**(891)**	(453)
Increase (decrease) in liabilities:		
Trade and accrued liabilities	**997**	(4,611)
Income tax payable	**1,870**	491
Net change	**(3,050)**	(2,322)

The interim consolidated statements of cash flows exclude or include the following transactions:

	Nine months	
	2021	2020
	$	$
Excluded additions unpaid at end of the period:		
Additions to property, plant and equipment	**419**	552
Included additions unpaid at beginning of the period:		
Additions to property, plant and equipment	**775**	1,012

(in thousands of United States dollars, unless otherwise indicated) (unaudited)

10. Fair Value of Financial Instruments

Fair value hierarchy

The following table presents the financial instruments, by level, which are recognized at fair value in the interim consolidated statements of financial position:

As at September 30, 2021	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial assets (liabilities)			
At fair value through profit or loss			
Equity swap agreement[1]	**-**	**5,562**	**-**
Investment in equity instruments[2]	**-**	**-**	**2,000**
Interest rate swap agreement[3]	**-**	**(193)**	**-**
Total	**-**	**5,369**	**2,000**

As at December 31, 2020	Level 1	Level 2	Level 3
	$	$	$
Financial assets (liabilities)			
At fair value through profit or loss			
Equity swap agreement[1]	-	5,950	-
Interest rate swap agreement[3]	-	(439)	-
Total	-	5,511	-

(1) In June 2017, the Company entered into a swap agreement with a major Canadian financial institution to reduce its income exposure to fluctuations in its share price relating to the DSU, PSU, RSU and SAR programs. Pursuant to the agreement, the Company receives the economic benefit of share price appreciation while providing payments to the financial institution for the institution's cost of funds and any share price depreciation. The net effect of the equity swaps partly offset movements in the Company's share price impacting the cost of the DSU, PSU, RSU and SAR programs. As at September 30, 2021, the equity swap agreement covered 2,571,569 common shares of the Company. The fair value of this indexed deposit is recorded under other current assets.

(2) In January 2021, the Company acquired a minority equity stake in Microbion Corporation (Microbion) for an amount of $2,000 recorded in Other assets.

(3) In February 2020, the Company entered into an interest rate swap agreement with a major Canadian financial institution to reduce its financial expense fluctuations on Libor rate on a portion of its credit facility (Note 4). Under this interest rate swap, the Company exchanges interest payments. The terms are such that on each interest payment date, the Company will receive or pay the net difference between the fixed rate of 1.435% and its Libor rate on a notional amount of $25,000.

11. Commitments and Contingencies

Commitments

In the normal course of business, the Company contracted letters of credit for an amount of up to $676 as at September 30, 2021 ($699 as at December 31, 2020).

Contingencies

In the normal course of operations, the Company is exposed to events that could give rise to contingent liabilities or assets. As at the date of issue of the condensed interim consolidated financial statements, the Company was not aware of any significant events that would have a material effect on its consolidated financial statements.

12. Proposed acquisition of AZUR

On March 30, 2021, the Company entered into an agreement with AZUR SPACE Solar Power GmbH ("AZUR") pursuant to which the Company would acquire all of the issued and outstanding shares of AZUR (the "Transaction") for an expected total purchase price between 73 and 79 million euros subject to prevailing closing adjustments. This includes 6.5 million shares of 5N Plus, subject to the TSX approval, to be issued from treasury at closing and cash payment. The sum of these two items will be approximately 53 million euros, subject to the volume-weighted average closing share price of 5N Plus prior to closing. Furthermore, 5N Plus expects AZUR maximum net indebtedness not to exceed 27 million euros. The cash portion of the Transaction is expected to be funded through a senior debt facility (Note 4).

On October 27, 2021, the Company received the necessary approval from relevant regulatory agencies to acquire all of the issued and outstanding shares of AZUR. The Company expects the deal to close within the next few weeks.