5N PLUS

PRESS RELEASE

5N Plus Reports Fourth Quarter and Fiscal Year 2021 Financial Results

40% Y-o-Y Revenue Growth in Q4 2021; Completion of strategic acquisition of Germany-based AZUR on November 5, 2021

Montreal, Quebec, February 22, 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 fourth quarter ("Q4 2021") and fiscal year ("FY 2021") ended December 31, 2021. All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

Q4 and FY 2021 Highlights

- 40% increase in Q4 2021 revenue to $64.6 million, compared to $46.2 million for the same period last year, and $210.0 million for FY 2021, compared to $177.2 million last year, supported by higher demand for Performance Materials and the acquisition of AZUR SPACE Solar Power GmbH ("AZUR") on November 5, 2021.

- Adjusted EBITDA[1] in Q4 2021 of $10.1 million, compared to $6.5 million for the same period last year, supported by the AZUR acquisition and mitigating significant cost increases for international freight and consumables. Adjusted EBITDA for FY 2021 was $28.2 million, compared to $28.8 million, impacted by an unfavorable sales mix and significant cost increases for international freight, consumables and energy, partially mitigated by revenue growth.

- On December 31, 2021, the backlog[1] represented 221 days of annualized revenue, 47 days higher than the previous quarter. Bookings[1] in Q4 2021 reached 175 days, compared to 133 days for the same period last year.

- Annualized Return on Capital Employed ("ROCE")[1] reached 9.5% in 2021, compared to 14.4% at the end of 2020.

- On December 31, 2021, net debt[1] was $80.1 million, from $10.2 million at the end of last year, reflecting the AZUR acquisition.

"5N Plus delivered significant revenue growth in Q4 and for the full year, despite challenging global business conditions. Results were also impacted by incremental costs associated with international freight and consumables. Mindful of inflation and its impact on our businesses, we continue to be disciplined, focused and methodical in addressing these ongoing challenges, while also supporting our continued growth," said Gervais Jacques, Interim President and Chief Executive Officer of 5N Plus.

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[1] *Adjusted EBITDA, backlog, bookings and net debt are non-IFRS financial measures, and Return on Capital Employed is a non-IFRS ratio. See Non-IFRS Measures in this news release for more information on each non-IFRS financial measure.*

“In Q4 of 2021, we established a unique specialty semiconductors platform with the completion of our strategic acquisition of AZUR and after a thorough due diligence process. The acquisition of AZUR strengthens our value chain, competitive capabilities and opens new business opportunities for the future. While our immediate focus is on ensuring the successful integration of AZUR to unlock the full potential of our new value chain, we will also continue to proactively seek opportunities to accelerate the Company’s growth trajectory as a leading global producer of specialty semiconductors and performance materials critical to many key sectors, including applications in imaging and sensing, renewable energy and active pharmaceutical ingredients,” concluded Mr. Jacques.

AZUR Transaction Update

In connection with our acquisition of AZUR on November 5, 2021, we are required, under Part 8 of National Instrument 51-102 – Continuous Disclosure Obligations, to prepare and file a “Business Acquisition Report” (BAR) which requires, among other things, the conversion of AZUR’s annual audited financial statements from German GAAP to IFRS, and an audit of such financial statements under International Standards on Auditing (ISA) for the fiscal years 2019 and 2020.

As the closing of the acquisition of AZUR was only confirmed towards the end of fiscal year 2021 for both the Company and AZUR, the priority was placed on the audit and reporting of fiscal year 2021, to timely consolidate and report AZUR’s financial results from November 5, 2021 to December 31, 2021 per IFRS in the consolidated accounts. As a result of the sizeable workload and resourcing constraints associated with the conversion of AZUR’s audited 2019 and 2020 annual financial statements from German GAAP to IFRS and the subsequent audit under ISA, it was concluded that it would not be possible to complete the audit of the 2019 and 2020 IFRS Financial Statements in due time to meet the filing deadline of the BAR. The Company has advised the applicable securities regulatory authorities of the situation, and expects that beginning on February 28, 2022, the Company will be listed as being in default by applicable securities regulatory authorities until the BAR is filed. The Company and external parties involved in supporting the effort, including advisors and AZUR’s external auditors, are working diligently to finalize the preparation and thereafter complete the audit of the 2019 and 2020 IFRS Financial Statements so that the BAR can be filed at the earliest possible date. The Company currently expects to be in a position to file the BAR during the month of April 2022. AZUR is also regularly filing their audited German GAAP statutory financial statements to the German Federal Gazette (“Bundesanzeiger”) as they become available and due. The Company otherwise confirms that the business integration of AZUR is progressing well, and there is no other information that has not been generally disclosed in respect thereof.

Outlook

The acquisition of AZUR provides 5N Plus with a highly competitive specialty semiconductor value chain and meaningfully expands our product portfolio in large and expanding target markets thereby transforming our positioning in this critical sector. This is reflected in 5N Plus’s backlog at year end, which represented 221 days of annualized revenue at year end, 47 days higher than the previous period. This provides a good indication of the immediate value AZUR brings to 5N Plus and the growth ahead.

Our near-term priority is to ensure the successful integration of AZUR, while also continuing to accelerate the Company’s growth trajectory in 2022, both organically and through acquisitions.

This press release should be read in conjunction with the Company’s 2021 Management’s Discussion & Analysis and Consolidated Financial Statements dated February 22, 2022, available on www.sedar.com and on the Company’s website.

Conference Call

5N Plus will host a conference call on Wednesday, February 23, 2022, at 8:00 am Eastern Daylight Time to discuss results of the fourth quarter ended December 31, 2021. 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: 84880951

A replay of the webcast and a recording of the Q&A will be available until March 2, 2022. To access the recording, please dial at 1-888-390-0541 and enter access code 880951.

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 the 5N Plus 2021 MD&A dated February 22, 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.

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.
CONSOLIDATED STATEMENTS OF EARNINGS
Years ended December 31
(in thousands of United States dollars, except per share information)

	2021	2020
	$	$
Revenue	**209,990**	177,192
Cost of sales	**171,214**	140,806
Selling, general and administrative expenses	**21,883**	19,874
Other expenses (income), net	**4,022**	3,015
	197,119	163,695
Operating earnings	**12,871**	13,497
Financial expenses		
Interest on long-term debt	**2,865**	2,666
Imputed interest and other interest expense	**848**	824
Foreign exchange and derivative loss	**418**	2,798
	4,131	6,288
Earnings before income taxes	**8,740**	7,209
Income tax expense		
Current	**5,580**	3,385
Deferred	**50**	1,638
	5,630	5,023
Net earnings	**3,110**	2,186
Earnings per share	**0.04**	0.03
Basic earnings per share	**0.04**	0.03
Diluted earnings per share	**0.04**	0.03

Net earnings 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 2021	December 31 2020
	$	$
Assets		
Current		
Cash and cash equivalents	**35,940**	39,950
Accounts receivable	**42,098**	30,110
Inventories	**95,526**	67,139
Income tax receivable	**5,054**	5,440
Other current assets	**16,904**	8,256
Total current assets	**195,522**	150,895
Property, plant and equipment	**81,526**	53,191
Right-of-use assets	**32,198**	5,047
Intangible assets	**40,474**	9,668
Goodwill	**13,841**	-
Deferred tax assets	**7,007**	6,789
Other assets	**3,022**	1,088
Total non-current assets	**178,068**	75,783
Total assets	**373,590**	226,678
Liabilities		
Current		
Trade and accrued liabilities	**56,848**	31,671
Income tax payable	**5,615**	3,328
Derivative financial liabilities	**109**	-
Current portion of long-term debt	**-**	109
Current portion of lease liabilities	**2,487**	1,442
Total current liabilities	**65,059**	36,550
Long-term debt	**116,000**	50,000
Deferred tax liabilities	**7,645**	-
Employee benefit plan obligations	**17,231**	17,202
Derivative financial liabilities	**-**	439
Lease liabilities	**30,153**	3,916
Other liabilities	**1,255**	195
Total non-current liabilities	**172,284**	71,752
Total liabilities	**237,343**	108,302
Equity	**136,247**	118,376
Total liabilities and equity	**373,590**	226,678

Non-IFRS Measures

Adjusted operating expenses means operating charges before impairment of inventories, share-based compensation expense (income), impairment of non-current assets, litigation and restructuring costs (recovery), gain on disposal on property, plant and equipment and depreciation and amortization. 5N Plus uses adjusted operating expenses to calculate the Adjusted EBITDA. 5N Plus believes it is a meaningful measure of the operating performance of its ongoing business. 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)	**Q4 2021**	Q4 2020	**FY 2021**	FY 2020
	$	$	**$**	$
Operating expenses	**60,018**	45,616	**197,119**	163,695
Impairment of inventories	**-**	(2 411)	**-**	(2 411)
Impairment of non-current assets	**-**	-	**-**	(4 934)
Share-based compensation recovery (expense)	**460**	(867)	**(689)**	(1 801)
Litigation and restructuring (costs) income, net	**(1 644)**	-	**(2 144)**	5 577
Depreciation and amortization	**(4 364)**	(2 651)	**(12 535)**	(11 725)
Adjusted operating expenses	**54,470**	39,687	**181,751**	148,401

Adjusted EBITDA means revenue less adjusted operating expenses as defined above. We use adjusted EBITDA because we believe it is a meaningful measure of the operating performance of our 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, except per share amounts)	**Q4 2021**	Q4 2020	**FY 2021**	FY 2020
	$	$	**$**	$
Revenue	**64,556**	46,230	**209,990**	177,192
Adjusted operating expenses	**(54,470)**	(39,687)	**(181,751)**	(148,401)
Adjusted EBITDA	**10,086**	6,543	**28,239**	28,791

Backlog represents the expected orders we have received but have 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 days, and are calculated by adding revenues to the increase or decrease in backlog for the period considered divided by annualized year revenues. We use 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 December 31, 2021**	As at December 31, 2020
	$	$
Bank indebtedness	**-**	-
Long-term debt including current portion	**116,000**	50,109
Lease liabilities including current portion	**32,640**	5,358
Subtotal Debt	**148,640**	55,467
Lease liabilities including current portion	**(32,640)**	(5,358)
Total Debt	**116 000**	50 109
Cash and cash equivalents	**(35,940)**	(39,950)
Net Debt	**80,060**	10,159

Return on Capital Employed ("ROCE") is a non-IFRS financial measure, calculated by dividing the annualized Adjusted EBIT by capital employed at the end of the period. Adjusted EBIT is calculated as the Adjusted EBITDA less depreciation of PPE and amortization of intangible assets (adjusted for accelerated depreciation charge, if any). Capital employed is the sum of the accounts receivable, the inventory, the PPE (excluding intangible from Business acquisition), the goodwill and intangibles less trade and accrued liabilities (adjusted for exceptional items). We use ROCE to measure the return on capital employed, whether the financing is through equity or debt. In our view, this measure provides useful information to determine if capital invested in the Company yields competitive returns. The usefulness of ROCE is limited by the fact that it is a ratio and not providing information as to the absolute amount of its net income, debt or equity. It also excludes certain items from the calculation and other companies may use a similar measure but calculate it differently.

(in thousands of U.S. dollars)	**As at December 31, 2021**	As at December 31, 2020
	$	$
Revenue	**209,990**	177,192
Adjusted operating expenses as previously defined	**(181,751)**	(148,401)
Adjusted EBITDA	**28,239**	28,791
Depreciation of property, plant and equipment	**(8,969)**	(8,805)
Amortization of intangible assets	**(1,802)**	(1,469)
Adjusted EBIT	**17,468**	18,517
Account receivables	**42,098**	30,110
Inventories	**95,526**	67,139
Property, plant and equipment	**81,526**	53,191
Intangible asset excluding intangible assets from business acquisition	**12,840**	9,668
Trade and accrued liabilities excluding consideration payable	**(47,844)**	(31,671)
Capital employed	**184,146**	128,437
ROCE	**9.5%**	14.4%

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Contact:

Richard Perron
Chief Financial Officer
5N Plus Inc.
+1 (514) 856-0644
invest@5nplus.com