



PRESS RELEASE

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5N Plus Reports Strong Financial Results for the Fourth Quarter and Fiscal Year Ended December 31, 2020

Growth in Value-Added Materials Expand 5N Plus' Margins & Improve its Results

All amounts are expressed in U.S. dollars.

Montreal, Québec, February 23, 2021 – 5N Plus Inc. (TSX:VNP) (“5N Plus” or the “Company”), a leading global producer of engineered materials and specialty chemicals, today reported financial results for the fourth quarter and fiscal year ended December 31, 2020.

5N Plus concluded 2020 with strong quarterly and full year results - well above the same periods in 2019. The Company’s full year gross margin¹ surged to 27.6% and Adjusted EBITDA¹ to \$28.8 million (16.2% of revenue), despite reduced demand from businesses impacted by COVID-19 and historically low metal notations weighing on upstream activities. In 2020, 5N Plus generated \$24.9 million of cashflow, further strengthening its balance sheet while completing a series of investments supporting the Company’s growth initiatives and enhancing operational agility.

“I am very pleased with our performance and earnings growth in 2020, despite challenges from the global pandemic and historically low metal notations adversely impacting legacy businesses,” said Arjang Roshan, President and Chief Executive Officer of 5N Plus. “The increased contributions from growth initiatives, businesses with less commodity exposure and more value-added activities more than made up for the deficits. I believe 2020 results provide a unique window into the future direction of our company where high-value enabling materials dominate our product portfolio and are a notable catalyst for future growth.”

During the year, higher value-added businesses such as semiconductor compounds and engineered substrates along with health and pharmaceutical compounds experienced strong demand. The demand from materials related to semiconductor applications was exceptionally strong with medical and infrared imaging markets driving the demand. The contribution from these businesses enabled margin expansion in the Company’s earnings and notable improvement to Adjusted EBITDA as compared to the previous year.

Fourth Quarter Financial Highlights

- Revenue for the fourth quarter of 2020 reached \$46.2 million compared to \$44.7 million for the same period last year, and \$177.2 million for fiscal year 2020 as compared to \$196.0 million for fiscal year 2019. Revenue contributions from metal sales were significantly lower than the same period last year, while sales mix continued to shift toward products with higher value-added activities enabled by notable contribution from internal growth initiatives resulting in significant year-over-year margin improvements.

¹ See Non-IFRS Measures

- On December 31, 2020, the Backlog¹ represented 189 days of annualized revenue, higher than previous quarter which ended at 171 days. The net difference in backlog is largely attributed to the timing associated with the negotiation of long-term contracts. Bookings¹ in the fourth quarter of 2020 reached 133 days compared to 53 days in the third quarter of 2020 and 96 days in the fourth quarter of 2019.
- Net earnings in fiscal year 2020 were \$2.2 million or \$0.03 per share compared to \$1.8 million or \$0.02 in fiscal year 2019.
- EBITDA¹ for the fiscal year 2020 reached \$22.4 million compared to \$19.1 million for the year 2019.
- Adjusted EBITDA¹ for the fourth quarter of 2020 reached \$6.5 million compared to \$4.5 million during the same period last year, up 45% quarter-over-quarter.
- Adjusted EBITDA in 2020 reached \$28.8 million compared to \$22.0 million in 2019, up 31% year-over-year, supported by an improved product mix favoring semiconductor compounds and engineered substrates, in addition to high demand from health and pharmaceutical products.
- Return on Capital Employed (“ROCE”)¹ reached 14.4% in 2020 compared to 8.2% at the end of 2019.
- Net debt¹ stood at \$10.2 million as of December 31, 2020, a decrease of \$24.9 million compared to December 31, 2019.
- On March 5, 2020, 5N Plus announced that the Toronto Stock Exchange had approved its normal course issuer bid (“NCIB”). Under the NCIB, 5N Plus has the right to purchase for cancellation, from March 9, 2020 to March 8, 2021, a maximum of 2,000,000 common shares. From March 9, 2020 to December 31, 2020, 5N Plus purchased and cancelled 1,750,428 of the Company’s common shares.

Summary of Key 2020 Developments

- On June 3, 2020, 5N Plus announced that its subsidiary, 5N Plus Semiconductors, located in St. George, Utah, signed a \$12.5 million contract with the U.S. Government aimed at further advancing process and product technologies for specialty semiconductors required by U.S. satellite suppliers.
- On July 21, 2020, 5N Plus announced the introduction of the third generation of engineered semiconductor substrate, INZBE3, designed for infrared imaging and detection applications based on breakthrough process technologies.
- On October 7, 2020, 5N Plus announced that it has entered the Additive Manufacturing market, (commonly referred to as 3D Printing), as a supplier of high-performance engineered powders and has begun to launch a broad portfolio of metal powder products to support this venture.
- On October 21, 2020, 5N Plus and Metalpine GmbH, an Austria-based technology leader in the production of high-quality performance powders for Additive Manufacturing, announced that they have entered into a strategic agreement aimed at jointly serving the growing demand from Additive Manufacturing markets.
- On October 28, 2020, 5N Plus announced the completion of a series of investment packages related to process technologies, totaling nearly \$10.0 million. These investments were aimed at enhancing capability, increasing capacity, and decreasing environmental footprint. The focus of these investments were select sites in Europe and China with segment Eco-Friendly Materials as the major beneficiary.
- On November 12, 2020, 5N Plus announced that it has secured multi-year contracts for the supply of semiconductor materials associated with the manufacturing of thin-film photovoltaic (PV) modules by First

¹ See Non-IFRS Measures

Solar, Inc (Nasdaq FLSR). 5N Plus is the world leading supplier of engineered semiconductor compounds to thin film renewable energy industry.

Subsequent Event

- On January 12, 2021, 5N Plus announced that it has entered into a strategic agreement with Montana-based Microbion Corporation aimed at furthering the development of Microbion’s new class of antibiotic and antibiofilm drugs. Under the terms of the agreement, 5N Plus has taken an equity stake in Microbion and will assume responsibility for the manufacturing of bismuth-based Active Pharmaceutical Ingredients (API) required in Microbion’s family of drug products currently under development.

In 2020, 5N Plus began the next phase of its strategic transformation toward advanced materials with improved margins and away from products affected by metal notations and commoditization. In support of the former, the Company has begun to consider M&A opportunities to augment and expedite its growth, specifically in the field of advanced materials. To address the latter, 5N Plus has launched a strategic review of certain legacy businesses to assess their long-term compatibility with the Company’s transformation focus. The aim of this review is to identify the best option for the future of these businesses. To that end, nearly all non-recurring charges taken by the Company during the year relate to the preparation of these businesses for their future options.

“As a result of our previous strategic plan, our company is now engaged in promising growth initiatives and legacy businesses which have been optimized for performance - the culmination of which has yielded a strong balance sheet,” added Mr. Roshan. “We believe it is time to move to the next chapter of our story and utilize external opportunities to markedly increase our total addressable market for higher value-added products while further refining our existing product portfolio.”

Webcast Information

5N Plus will host a conference call on Wednesday, February 24, 2021 at 8:00 am Eastern Standard Time to discuss results of the fourth quarter and fiscal year ended December 31, 2020. 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: 17301716

A replay of the webcast and a recording of the Q&A will be available until March 3, 2021. To access the recording, please dial at 1-888-390-0541 and enter access code 301716.

Non-IFRS Measures

EBITDA means net earnings (loss) before interest expenses, income taxes, depreciation and amortization. We use 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. EBITDA margin is defined as EBITDA divided by revenues.

Adjusted EBITDA means EBITDA as defined above before impairment of inventories, share-based compensation expense, impairment of non-current assets, litigation and restructuring costs (income), gain on disposal of property, plant and equipment, foreign exchange and derivatives loss (gain). 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. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenues.

Gross margin is a measure we use to monitor the sales contribution after paying cost of sales excluding depreciation and impairment inventory charge. We also expressed this measure in percentage of revenues by dividing the gross margin value by the total revenue.

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 our overall financial position.

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 our ability to sustain and increase our revenues.

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, 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 our 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.

About 5N Plus Inc.

5N Plus is a leading global producer of engineered materials and specialty chemicals with integrated recycling and refining assets to manage the sustainability of its business model. The Company is headquartered in Montreal, Québec, Canada and operates R&D, manufacturing and commercial centers in several locations in Europe, the Americas and Asia. 5N Plus deploys a range of proprietary and proven technologies to manufacture products which are used as enabling precursors by its customers in a number of advanced electronics, optoelectronics, pharmaceutical, health, renewable energy and industrial applications. Many of the materials produced by 5N Plus are critical for the functionality and performance of the products and systems produced by its customers, many of whom are leaders within their industry.

Forward-Looking Statements and Disclaimer

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 2020 MD&A dated February 23, 2021, 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.

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5N PLUS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of U.S. dollars)

	December 31, 2020	December 31, 2019
	\$	\$
Assets		
Current		
Cash and cash equivalents	39,950	20,065
Accounts receivable	30,110	28,477
Inventories	67,139	83,367
Income tax receivable	5,440	5,433
Other current assets	8,256	7,371
Total current assets	150,895	144,713
Property, plant and equipment	53,191	58,590
Right-of-use assets	5,047	6,050
Intangible assets	9,668	10,990
Deferred tax assets	6,789	8,425
Other assets	1,088	1,174
Total non-current assets	75,783	85,229
Total assets	226,678	229,942
Liabilities		
Current		
Trade and accrued liabilities	31,671	32,066
Income tax payable	3,328	3,374
Current portion of long-term debt	109	107
Current portion of lease liabilities	1,442	1,469
Total current liabilities	36,550	37,016
Long-term debt	50,000	55,000
Deferred tax liabilities	-	269
Employee benefit plan obligation	17,202	15,398
Derivative financial liabilities	439	-
Lease liabilities	3,916	4,767
Other liabilities	195	195
Total non-current liabilities	71,752	75,629
Total liabilities	108,302	112,645
Equity	118,376	117,297
Total liabilities and equity	226,678	229,942

5N PLUS INC.

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31

(in thousands of U.S. dollars, except per share information)

	2020	2019
	\$	\$
Revenue	177,192	195,971
Cost of sales	140,806	161,213
Selling, general and administrative expenses	19,874	21,179
Other expenses (income), net	3,015	5,351
	163,695	187,743
Operating earnings	13,497	8,228
Financial expenses		
Interest on long-term debt	2,666	2,914
Imputed interest and other interest expense	824	1,165
Foreign exchange and derivative loss	2,798	316
	6,288	4,395
Earnings before income taxes	7,209	3,833
Income tax expense (recovery)		
Current	3,385	2,187
Deferred	1,638	(139)
	5,023	2,048
Net earnings	2,186	1,785
Attributable to:		
Equity holders of 5N Plus Inc.	2,186	1,785
	2,186	1,785
Earnings per share attributable to equity holders of 5N Plus Inc.	0.03	0.02
Basic earnings per share	0.03	0.02
Diluted earnings per share	0.03	0.02

5N PLUS INC.
(in thousands of U.S. dollars, except per share information)

Revenue by Segment and Gross Margin	Q4 2020	Q4 2019	FY 2020	FY 2019
	\$	\$	\$	\$
Electronic Materials	21,567	20,517	81,484	81,281
Eco-Friendly Materials	24,663	24,197	95,708	114,690
Total revenue	46,230	44,714	177,192	195,971
Cost of sales	(39,241)	(37,221)	(140,806)	(161,213)
Impairment of inventories	2,411	-	2,411	-
Depreciation included in cost of sales	2,231	2,457	10,064	9,931
Gross margin¹	11,631	9,950	48,861	44,689
Gross margin percentage¹	25.2%	22.3%	27.6%	22.8%

Adjusted EBITDA and EBITDA	Q4 2020	Q4 2019	FY 2020	FY 2019
	\$	\$	\$	\$
Revenue	46,230	44,714	177,192	195,971
Adjusted operating expenses ^{1*}	(39,687)	(40,212)	(148,401)	(174,021)
Adjusted EBITDA¹	6,543	4,502	28,791	21,950
Impairment of inventories	(2,411)	-	(2,411)	-
Impairment of non-current assets	-	-	(4,934)	-
Share-based compensation expense	(867)	(455)	(1,801)	(2,583)
Litigation and restructuring income (costs), net	-	-	5,577	-
Foreign exchange and derivative loss	(1,035)	(365)	(2,798)	(316)
EBITDA¹	2,230	3,682	22,424	19,051
Interest on long-term debt, imputed interest and other interest expense	770	789	3,490	4,079
Depreciation and amortization	2,651	2,887	11,725	11,139
(Loss) earnings before income taxes	(1,191)	6	7,209	3,833
Income tax expense (recovery)				
Current	439	186	3,385	2,187
Deferred	1,234	(326)	1,638	(139)
	1,673	(140)	5,023	2,048
Net (loss) earnings	(2,864)	146	2,186	1,785
Basic (loss) earnings per share	(\$0.03)	\$-	\$0.03	\$0.02
Diluted (loss) earnings per share	(\$0.03)	\$-	\$0.03	\$0.02

**Excluding impairment of inventories and non-current assets, share-based compensation expense, litigation and restructuring income (costs), and depreciation and amortization.*

Net Debt	As at December 31, 2020	As at December 31, 2019
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	50,109	55,107
Total Debt¹	50,109	55,107
Cash and cash equivalents	(39,950)	(20,065)
Net Debt¹	10,159	35,042

¹See Non-IFRS Measures