



5N PLUS INC.

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three and nine-month periods ended September 30, 2020 and 2019
(in thousands of United States dollars)

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of United States dollars) (unaudited)

	Notes	September 30 2020	December 31 2019
		\$	\$
Assets			
Current			
Cash and cash equivalents		30,428	20,065
Accounts receivable		33,633	28,477
Inventories	3	76,130	83,367
Income tax receivable		5,263	5,433
Other current assets		6,379	7,371
Total current assets		151,833	144,713
Property, plant and equipment		52,454	58,590
Right-of-use assets		5,240	6,050
Intangible assets		9,985	10,990
Deferred tax assets		7,876	8,425
Other assets		1,071	1,174
Total non-current assets		76,626	85,229
Total assets		228,459	229,942
Liabilities			
Current			
Trade and accrued liabilities		26,066	32,066
Income tax payable		3,865	3,374
Current portion of long-term debt	4	104	107
Current portion of lease liabilities		1,461	1,469
Total current liabilities		31,496	37,016
Long-term debt	4	55,000	55,000
Deferred tax liabilities		-	269
Employee benefit plan obligation		16,104	15,398
Derivative financial liabilities	4, 10	519	-
Lease liabilities		4,039	4,767
Other liabilities		195	195
Total non-current liabilities		75,857	75,629
Total liabilities		107,353	112,645
Equity		121,106	117,297
Total liabilities and equity		228,459	229,942

Commitments and contingencies (Note 11)

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

	Notes	Three months		Nine months	
		2020	2019	2020	2019
		\$	\$	\$	\$
Revenue		39,872	49,554	130,962	151,257
Cost of sales	3, 5	29,982	40,141	101,565	123,992
Selling, general and administrative expenses	5	4,522	5,242	14,002	16,234
Other expenses (income), net	5	210	1,276	2,512	3,963
		34,714	46,659	118,079	144,189
Operating earnings		5,158	2,895	12,883	7,068
Financial expense					
Interest on long-term debt		661	747	2,016	2,192
Imputed interest and other interest expense		287	195	704	1,098
Foreign exchange and derivative loss (gain)		683	(472)	1,763	(49)
		1,631	470	4,483	3,241
Earnings before income taxes		3,527	2,425	8,400	3,827
Income tax expense					
Current		656	854	2,946	2,001
Deferred		162	541	404	187
		818	1,395	3,350	2,188
Net earnings		2,709	1,030	5,050	1,639
Attributable to:					
Equity holders of 5N Plus Inc.		2,709	1,030	5,050	1,639
		2,709	1,030	5,050	1,639
Earnings per share attributable to equity holders of 5N Plus Inc.	7	0.03	0.01	0.06	0.02
Basic earnings per share	7	0.03	0.01	0.06	0.02
Diluted earnings per share	7	0.03	0.01	0.06	0.02

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three and nine-month periods ended September 30

(in thousands of United States dollars) (unaudited)

	Three months		Nine months	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net earnings	2,709	1,030	5,050	1,639
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net earnings				
Net changes in cash flow hedges				
Effective portion of changes in fair value of cash flow hedges	-	-	-	723
Reclassification to net earnings	-	-	-	(693)
De-designation of cash flow hedges	-	-	-	145
Income taxes	-	-	-	(21)
	-	-	-	154
Currency translation adjustment	794	(648)	540	(652)
	794	(648)	540	(498)
Items that will not be reclassified subsequently to net earnings				
Remeasurement of employee benefit plan obligation	(695)	(661)	(396)	(2,041)
Income taxes	219	205	125	635
	(476)	(456)	(271)	(1,406)
Other comprehensive income (loss)	318	(1,104)	269	(1,904)
Comprehensive income (loss)	3,027	(74)	5,319	(265)
Attributable to equity holders of 5N Plus Inc.	3,027	(74)	5,319	(265)

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

5N PLUS INC.**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						
	Number of shares	Share Capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity	Total Equity
2020							
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

	Attributable to equity holders of the Company						
	Number of shares	Share Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity	Total Equity
2019							
Balances at beginning of period	84,609,791	\$ 343,480	\$ 4,444	\$ (5,674)	\$ (222,547)	\$ 119,703	\$ 119,703
Net earnings for the period	-	-	-	-	1,639	1,639	1,639
Other comprehensive loss	-	-	-	(1,904)	-	(1,904)	(1,904)
Comprehensive income (loss)	-	-	-	(1,904)	1,639	(265)	(265)
Reduction of share capital (Note 6)	-	(338,478)	338,478	-	-	-	-
Common shares repurchased and cancelled (Note 6)	(1,696,733)	(101)	-	-	(3,889)	(3,990)	(3,990)
Exercise of stocks options	488,500	1,060	(337)	-	-	723	723
Share-based compensation	-	-	144	-	-	144	144
Balances at end of period	83,401,558	5,961	342,729	(7,578)	(224,797)	116,315	116,315

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30

(in thousands of United States dollars) (unaudited)

	Notes	2020 \$	2019 \$
Operating activities			
Net earnings		5,050	1,639
Adjustments to reconcile net earnings to cash flows			
Depreciation of property, plant and equipment		6,878	6,532
Depreciation of right-of-use assets		1,093	1,078
Amortization of intangible assets		1,103	642
Amortization of other assets		133	128
Impairment of non-current assets	5	4,934	-
Share-based compensation (income) expense		(340)	350
Deferred income taxes		404	187
Imputed interest		190	722
Employee benefit plan obligation		(339)	(221)
Gain on disposal of property, plant and equipment		(33)	(28)
Unrealized loss on non-hedge financial instruments		1,793	1,778
Unrealized foreign exchange loss (gain) on assets and liabilities		609	(596)
Realized loss on non-hedge financial instruments		-	25
Loss on de-designation of cash flow hedges		-	145
Funds from operations before the following:		21,475	12,381
Net change in non-cash working capital balances	9	(2,322)	(14,860)
Cash from (used in) operating activities		19,153	(2,479)
Investing activities			
Additions to property, plant and equipment		(6,130)	(6,475)
Additions of intangible assets		(86)	(811)
Proceeds on disposal of property, plant and equipment		93	180
Cash used in investing activities		(6,123)	(7,106)
Financing activities			
Repayment of long-term debt	4	(5,000)	(75)
Proceeds from issuance of long-term debt	4	5,000	25,000
Repayment of convertible debentures		-	(19,259)
Common shares repurchased	6	(1,556)	(3,990)
Issuance of common shares		-	723
Principal elements of lease payments		(1,198)	(1,188)
Cash (used in) from financing activities		(2,754)	1,211
Effect of foreign exchange rate changes on cash and cash equivalents		87	(168)
Net increase (decrease) in cash and cash equivalents		10,363	(8,542)
Cash and cash equivalents, beginning of period		20,065	26,724
Cash and cash equivalents, end of period		30,428	18,182
Supplemental information ⁽¹⁾			
Income tax paid		2,016	5,810
Interest paid		2,182	1,640

(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 engineered materials and specialty chemicals with integrated recycling and refining assets to manage the sustainability of its business model. The Company is headquartered at 4385 Garand Street, Montreal, Quebec (Canada) H4R 2B4. The Company 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. 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 10, 2020.

The Company is not aware of any significant changes to its risk factors previously disclosed, however 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 new 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, 2019, 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 policy 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.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine-month periods ended September 30
(in thousands of United States dollars, unless otherwise indicated) (unaudited)

3. Inventories

	September 30 2020	December 31 2019
	\$	\$
Raw materials	23,198	27,228
Finished goods	52,932	56,139
Total inventories	76,130	83,367

For the three and nine-month periods ended September 30, 2020, a total of \$15,145 and \$52,896 of inventories was included as an expense in cost of sales (\$22,849 and \$65,861 for the three and nine-month periods ended September 30, 2019).

4. Long-Term Debt

	September 30 2020	December 31 2019
	\$	\$
Senior secured revolving facility of \$79,000 with a syndicate of banks, maturing in April 2022 ⁽¹⁾	30,000	30,000
Unsecured subordinated term loan, maturing in March 2024 ⁽²⁾	25,000	25,000
Term loan, non-interest bearing, repayable under certain conditions, maturing in 2023. If the loan has not been repaid in full by the end of 2023, the balance will be forgiven ⁽³⁾	104	107
	55,104	55,107
Less current portion of long-term debt	104	107
	55,000	55,000

⁽¹⁾ In April 2018, the Company signed a senior secured multi-currency revolving credit facility of \$79,000 maturing in April 2022. 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, 2020 and December 31, 2019, the Company had met all covenants.

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 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, 2020 and December 31, 2019, the Company had met all covenants.

⁽³⁾ The term loan is classified as short-term debt since these amounts could become payable on demand.

5. Expenses by Nature

	Three months		Nine months	
	2020	2019	2020	2019
	\$	\$	\$	\$
Wages and salaries ⁽¹⁾	7,796	8,911	25,595	27,386
Share-based compensation expense	254	586	934	2,128
Depreciation of property, plant and equipment	2,253	1,910	6,878	6,532
Impairment of non-current assets ^{(2) (3)}	4,934	-	4,934	-
Depreciation of right-of-use assets	360	368	1,093	1,078
Amortization of intangible assets	362	215	1,103	642
Amortization of other assets	45	44	133	128
(Gain) loss on disposal of property, plant and equipment	(63)	32	(33)	(28)
Research and development, net of tax credit	349	447	1,332	1,225
Litigation and restructuring (income) costs, net ^{(2) (3)}	(5,577)	-	(5,577)	-

⁽¹⁾ Reduced by an amount of \$871 and \$1,166 for the three and nine-month periods ended September 30, 2020 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 \$2,339 which consist 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 has approved the Company's normal course issuer bid (NCIB). Under this NCIB, the Company has 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, 2020, the Company had 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.

On February 27, 2019, the TSX has approved the Company's NCIB. Under this NCIB, the Company had the right to purchase for cancellation, from March 1, 2019 to February 29, 2020, a maximum of 3,515,926 common shares. For the nine-month period ended September 30, 2019, the Company had repurchased and cancelled 1,696,733 common shares at an average price of \$2.35 for a total amount of \$3,990. An amount of \$101 has been applied against share capital, and an amount of \$3,889 has been applied against the deficit.

On February 11, 2019, the Company's shareholders approved a special resolution by which the stated capital of the common shares of the Company be reduced to \$5,000 and the amount of the reduction be added to the contributed surplus of the Company pursuant to Section 38(1) of the *Canada Business Corporation Act* (the "Stated Capital Reduction"). Therefore, the share capital was reduced, and the contributed surplus was increased by the amount of \$338,478. No change in shareholders' equity resulted by this transaction.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine-month periods ended September 30
(in thousands of United States dollars, unless otherwise indicated) (unaudited)

7. Earnings per Share

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

Numerators	Three months		Nine months	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net earnings attributable to equity holders of 5N Plus	2,709	1,030	5,050	1,639
Net earnings for the period	2,709	1,030	5,050	1,639

Denominators	Three months		Nine months	
	2020	2019	2020	2019
Basic weighted average number of shares	82,175,324	83,368,493	82,633,946	83,904,070
Dilutive effect:				
Stock options	22,402	102,997	21,105	226,483
Diluted weighted average number of shares	82,197,726	83,471,490	82,655,051	84,130,553

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

For the three and nine-month periods ended September 30, 2019, a total number of 568,784 and 444,284 stock options were 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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Eco-Friendly Materials	19,257	27,951	71,045	90,493
Electronic Materials	20,615	21,603	59,917	60,764
Total revenue	39,872	49,554	130,962	151,257
Eco-Friendly Materials	1,412	2,290	8,138	8,946
Electronic Materials	8,192	6,373	20,674	15,194
Corporate and unallocated	(1,860)	(2,689)	(6,564)	(6,692)
Adjusted EBITDA⁽¹⁾	7,744	5,974	22,248	17,448
Interest on long-term debt, imputed interest and other interest expense	948	942	2,720	3,290
Share-based compensation expense	254	586	934	2,128
Litigation and restructuring (income) costs, net (Note 5)	(5,577)	-	(5,577)	-
Foreign exchange and derivative loss (gain)	683	(472)	1,763	(49)
Impairment of non-current assets (Note 5)	4,934	-	4,934	-
Depreciation and amortizations	2,975	2,493	9,074	8,252
Earnings before income tax	3,527	2,425	8,400	3,827

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

5N PLUS INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine-month periods ended September 30

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

	Three months		Nine months	
	2020	2019	2020	2019
Capital expenditures	\$	\$	\$	\$
Eco-Friendly Materials	1,813	1,481	4,908	3,435
Electronic Materials	235	1,276	1,222	2,877
Corporate and unallocated	-	163	-	163
Total	2,048	2,920	6,130	6,475

	September 30 2020	December 31 2019
Assets excluding the deferred tax asset	\$	\$
Eco-Friendly Materials	89,930	90,771
Electronic Materials	104,933	112,023
Corporate and unallocated	25,720	18,723
Total	220,583	221,517

The geographic distribution of the Company's revenue based on the location of the customers for the periods ended September 30, 2020 and 2019, and the identifiable non-current assets as at September 30, 2020 and December 31, 2019 are summarized as follows:

	Three months		Nine months	
	2020	2019	2020	2019
Revenues	\$	\$	\$	\$
Asia				
China	1,566	1,540	4,480	4,892
Japan	880	1,052	2,566	2,985
Other ⁽¹⁾	6,810	12,781	23,915	35,862
Americas				
United States	15,365	13,175	44,674	38,663
Other	3,184	2,611	10,177	10,649
Europe				
Germany	4,692	6,202	14,403	18,343
France	1,124	1,159	4,632	5,018
United Kingdom	363	1,221	2,461	2,554
Other ⁽¹⁾	5,565	8,407	19,639	27,604
Other	323	1,406	4,015	4,687
Total	39,872	49,554	130,962	151,257

⁽¹⁾ None exceeding 10%

	September 30 2020	December 31 2019
Non-current assets (other than deferred tax assets)	\$	\$
Asia ⁽¹⁾	8,736	15,447
United States	14,087	15,159
Canada	16,264	18,119
Europe		
Belgium	9,592	9,796
Germany	20,071	18,283
Total	68,750	76,804

⁽¹⁾ None exceeding 10%

For the three and nine-month periods ended September 30, 2020, one customer represented approximately 31% and 28% of the revenues and is included in the Electronic Materials revenues (22% for the three and nine-month periods ended September 30, 2019).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine-month periods ended September 30
(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	
	2020	2019
	\$	\$
(Increase) decrease in assets:		
Accounts receivable	(5,156)	(7,113)
Inventories	7,237	10,958
Income tax receivable	170	(652)
Other current assets	(453)	(520)
(Decrease) increase in liabilities:		
Trade and accrued liabilities	(4,611)	(14,072)
Income tax payable	491	(3,461)
Net change	(2,322)	(14,860)

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

	Nine months	
	2020	2019
	\$	\$
Excluded additions unpaid at end of the period:		
Additions to property, plant and equipment	552	933
Included additions unpaid at beginning of the period:		
Additions to property, plant and equipment	1,012	469
Excluded a reclassification from other liabilities to trade and accrued liabilities following new agreement with a customer	-	6,320
Excluded adjustment recognized on adoption of IFRS 16:		
Adjustment to right-of-use assets	-	7,152
Excluded adjustment recognized on adoption of IFRS 16:		
Adjustment to lease liabilities	-	7,152

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, 2020	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets			
At fair value through profit or loss			
Equity swap agreement ⁽¹⁾	-	3,443	-
Total	-	3,443	-
Financial liabilities			
At fair value through profit or loss			
Interest rate swap agreement ⁽²⁾	-	519	-
Total	-	519	-
As at December 31, 2019	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets			
At fair value through profit or loss			
Equity swap agreement ⁽¹⁾	-	4,862	-
Total	-	4,862	-

⁽¹⁾ In June 2017, the Company has 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, 2020, 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 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 \$668 as at September 30, 2020 (\$430 as at December 31, 2019).

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.