Performance Materials

Rahim Suleman
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Second Quarter 2025 Results

TSX: NEO.TO | Earnings call | August 12, 2025

Forward-Looking Information

The following presentation contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to future events or future performance of Neo Performance Materials Inc., and its subsidiaries and affiliates (collectively, "Neo"). All statements in this presentation, other than statements of historical facts, with respect to Neo's objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates, and intentions are forward-looking information. Specific forward-looking information in this presentation include, but are not limited to: expectations regarding certain of Neo's future results and information, including, among other things, revenue, expenses, growth prospects, capital expenditures, and operations; risk factors relating to national or international economies, geopolitical risk and other risks present in the jurisdictions in which Neo, its customers, its suppliers, and/or its logistics partners operate, and; statements with respect to current and future market trends that may directly or indirectly impact sales and revenue of Neo, including but not limited to the price of rare earth elements; expected use of cash balances; continuation of prudent management of working capital; source of funds for ongoing business requirements and capital investments; expectations regarding sufficiency of the allowance for uncollectible accounts and inventory provisions; analysis regarding sensitivity of the business to changes in exchange rates and changes in rare earth prices; impact of recently adopted accounting pronouncements; risk factors relating to intellectual property protection and intellectual property litigation; expectations regarding demand for products and applications; expectations regarding the growth of superconductor materials; anticipated completion and launch of Neo's new permanent magnet facility in Europe and related commercial production estimates, forecasted budget, commissioning and costs associated with the facility; targeted reductions in SG&A; Neo's requalified product portfolio, including the NAMCO product portfolio, and continued product qualification expected in 2025; expectations regarding tariffs; securing new automotive customer agreements for permanent magnet and emissions control facilities; expectations concerning the continued growth of the Magnequench project and improvements in C&O; expectations concerning any remediation efforts to Neo's design of its internal controls over financial reporting and disclosure controls and procedures; and Neo's 2025 guidance, including Neo's 2025 Adjusted EBITDA guidance and the assumptions relating thereto. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Additionally, Neo's 2025 guidance reflects Neo's expectations as to financial performance in 2025 based on assumptions which Neo believes to be reasonable as of the date of this presentation, including but not limited to continued Magnequench growth, significant improvements in C&O, exiting lower-margin separation assets, strong hafnium demand despite pricing moderation, continued reduction in SG&A expenses, expectations regarding tariffs; securing new automotive customer agreements for permanent magnet and emissions control facilities; expectations concerning the continued growth of the Magnequench project and improvements in C&O. Neo believes the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this discussion and analysis should not be unduly relied upon. For more information on Neo, investors should review Neo's continuous disclosure filings that are available under its profile at www.sedarplus.ca. Information contained in forward-looking statements in this presentation is provided as of the date hereof and Neo disclaims any obligation to update any forward-looking information, whether as a result of new information or future events or results, except to the extent required by applicable securities laws.

Non-IFRS Financial Measures

This presentation refers to certain specified financial measures, including non-IFRS financial measures and ratios such as "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income", "Adjusted Earnings per Share", "Debt to Adjusted EBITDA", "Free Cash Flow", "Free Cash Flow conversion", "Gross Margin", and "Net Debt". These specified financial measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and may not be comparable to similar measures presented by other companies. Rather, these specified financial measures are provided as additional information to complement IFRS financial measures by providing further understanding of Neo's results of operations from management's perspective. Neo's definitions of non-IFRS measures used in this presentation may not be the same as the definitions for such measures used by other companies in their reporting.

Specified financial measures such as non-IFRS measures and ratios have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of Neo's financial information reported under IFRS. Neo uses specified financial measures to provide investors with supplemental measures of its base-line operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Neo believes that securities analysts, investors and other interested parties frequently use specified financial measures such as non-IFRS financial measures and ratios in the evaluation of issuers. Neo's management also uses non-IFRS financial measures and ratios to facilitate operating performance comparisons from period to period. Readers are cautioned that these measures should not be construed as an alternative to their nearest or directly comparable financial measures determined in accordance with IFRS as an indication of Neo's financial performance. For further information on how Neo defines such specified financial measures, including non-IFRS financial measures and ratios and, where applicable, their reconciliations to the nearest comparable IFRS measures, please see the "Non-IFRS Financial Measures" section of Neo's MD&A for the three months ended June 30, 2025, which is hereby incorporated by reference into this presentation, and at www.neomaterials.com and on SEDAR+ at www.sedarplus.ca.

neo Performance Materials

Introduction

Rahim Suleman

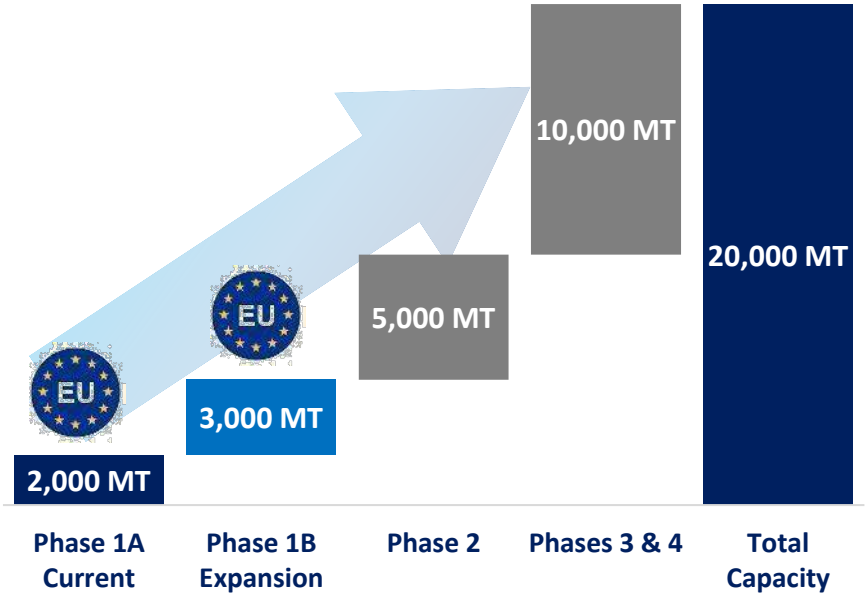
Q2 2025 Key Themes

- Executing On Strategic Priorities
- Driving Operational Efficiency and Commercial Growth
- Delivering Strong Financial Performance

Advancing a Localized Permanent Magnet Supply Chain

- Built in just 500 days, our European permanent magnet facility is producing to spec ahead of its September 2025 Grand Opening
- New EV Magnet Award from European Tier 1 Supplier
- European Pilot Heavy Rare Earth Separation Project on Track; Completion Expected by Year-End 2025

Neo Annual Permanent Magnet Capacity Target



Estimated Demand Outside of China: 170,000 MT(1)

(1) Source: Adamas Intelligence. Based on 2035 estimates for Permanent Magnet demand in Japan, US, and Europe.

Global Recognition of Neo's Role in the Rare Earth Magnetics Supply Chain

EU President Ursula von der Leyen, at the G7 2025 Summit in Canada:

*"Today, I brought with me a permanent magnet. Not just any magnet—this is a **rare-earth** permanent magnet. It was manufactured in Estonia, by a Canadian company using raw materials sourced from Australia, for German & French automotive"*

> 85% of EV/ HEV traction motors use permanent RE magnets (~1-2 kg/motor)

Prime Minister of Canada, Mark Carney, holding a Neo magnet at G7 2025

Q2 2025 Financial Results

Strong Performance Supported By Resilient Demand, Cost Discipline and Updated Guidance

	NET SALES	ADJUSTED EBITDA[1]	ADJUSTED EPS[1]	NET CASH
Q2'25	$115m	$19m	$0.19	$(13)m
Q2'24	$108m	$13m	$0.13	$51m

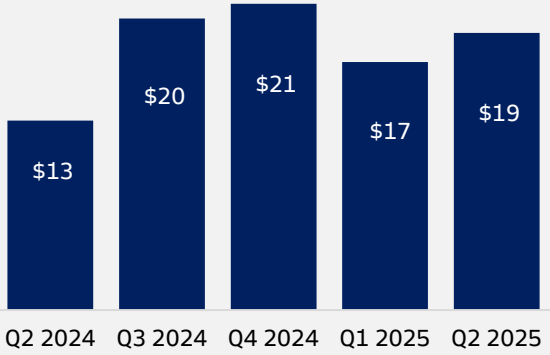
$55-60m

to

2025 ADJ. EBITDA[1] OUTLOOK

$64-68m

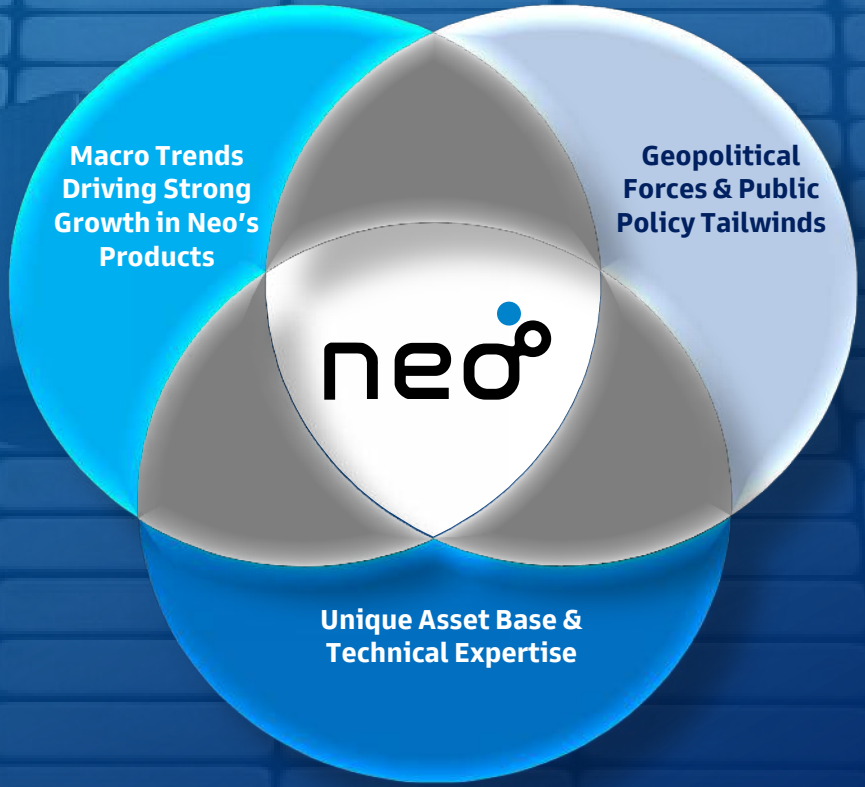
Trending Adj. EBITDA[1] ($m)



CASH[2]:	$80m
NET WORKING CAPITAL[1][2][3]:	$181m
GROSS DEBT[2]:	$94m

1. Non-IFRS Financial Measure. See "Non-IFRS Financial Measures" in the disclaimer section for further information. Note: All financial values are in US dollars, except when stated otherwise
2. As at June 30, 2025
3. Net Working Capital is estimated as: (Accounts receivable + Inventories + Other current assets)-(Accounts payable + Lease Obligations + Other current liabilities)

Neo: A Pure-Play Beneficiary of Supply Chain Shifts and Critical Materials Demand



Financials

Jonathan Baksh

REVENUE

$115m in Q2 2025

VS

~7% YoY

$108m in Q2 2024

- Revenue drivers: higher volumes in Magnequench and improved product mix and pricing in Rare Metals, partially offset by lower revenue in Chemicals & Oxides, reflecting the divestiture of JAMR
- Adj. EBITDA drivers: more favourable product mix and improved operational execution

ADJ. EBITDA[1] MARGIN

16.5% in Q2 2025

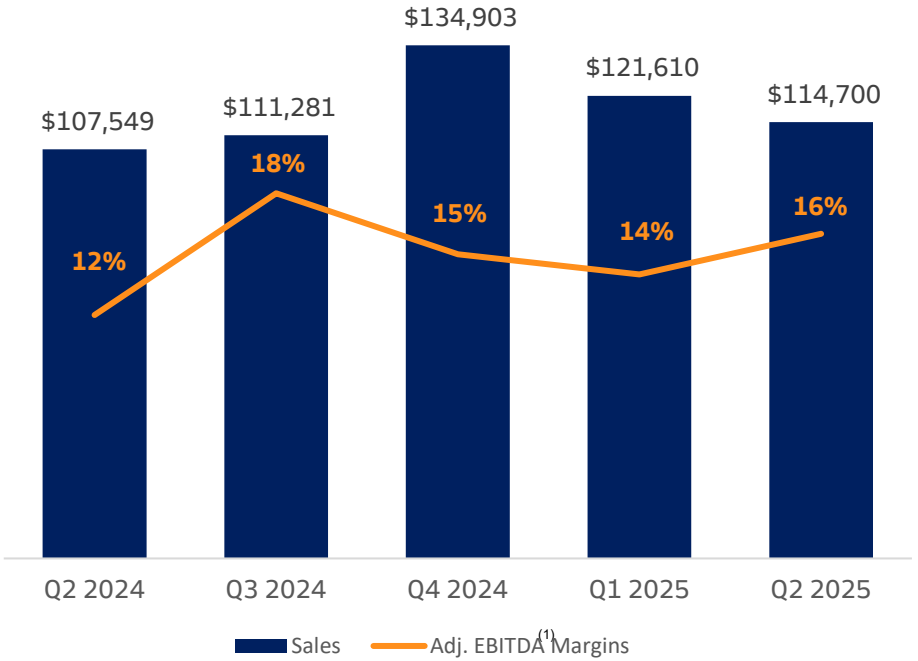
VS

~400 basis points

12.5% in Q2 2024

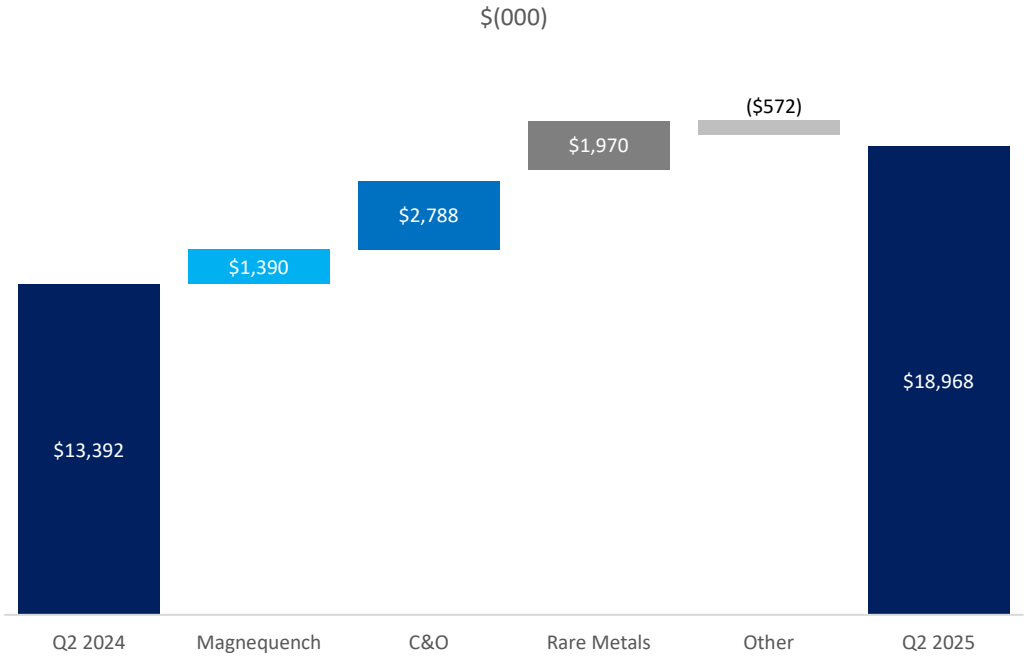
Revenue and Adj. EBITDA[1] Margin

$(000)



(1) Non-IFRS Financial Measure. See "Non-IFRS Financial Measures" in the disclaimer section for further information. Note: All financial values are in US dollars, except when stated otherwise

Q2 2024/25 Adj. EBITDA[(1)] Bridge



ADJ.EBITDA[(1)]

neo

$19m in Q2 2025

~42% YoY

VS

$13m in Q2 2024

Magnequench

strong volume growth in bonded magnets and powders

Chemicals & Oxides

strong growth in auto catalyst business

Rare Metals

normalized hafnium pricing balanced by sustained demand in aerospace and high-tech end markets

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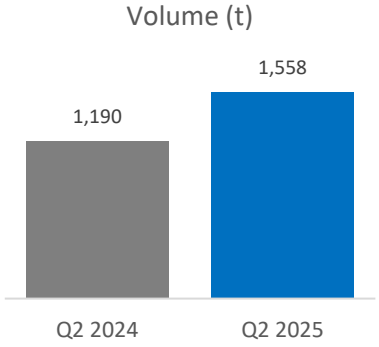
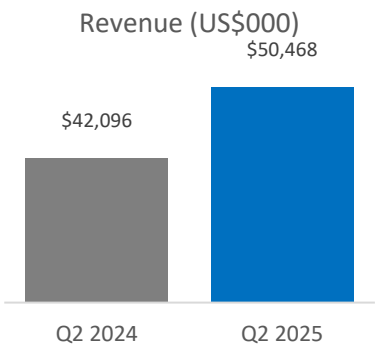
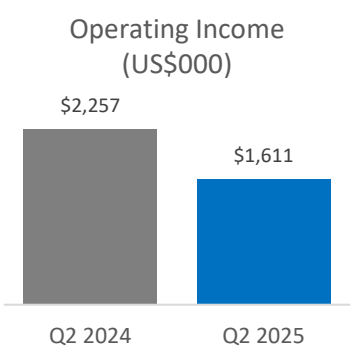
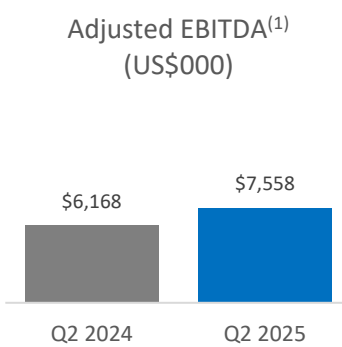
Magnequench



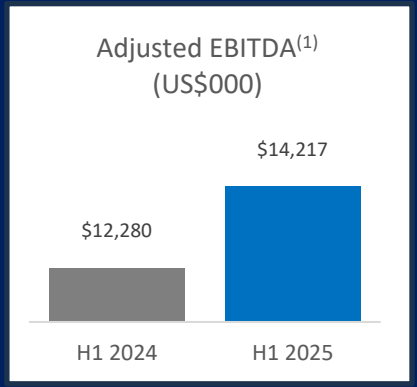






Q2 2025 Highlights

- For the quarter, sales volumes increased by 31% year-over-year, largely due to significant growth across both bonded magnets and powders.
- Bonded Magnets and Powders quarterly volumes up 36% and 30% respectively, from the prior year.
- Adjusted EBITDA of $7.6 million and $14.2 million, respectively, for the three and six months ended June 30, 2025, was up 23% and 16% versus the same periods last year.



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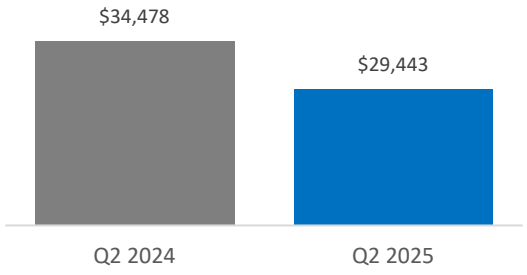
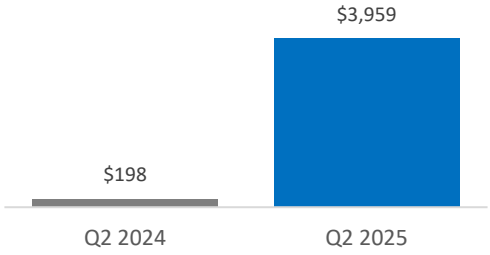
Chemical & Oxides

Revenue (US$000)



Operating Income (US$000)

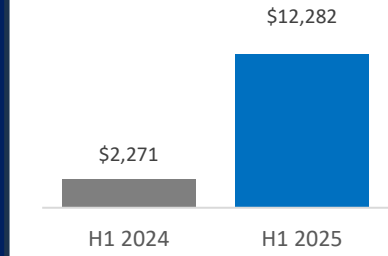


Adjusted EBITDA[(1)] (US$000)

Q2 2025 Highlights

- Emissions catalyst volumes for the quarter were up 11% from the prior year, which is in line with management's expectations of growth year-over-year.
- Wastewater treatment volumes for the quarter were up 23% from the prior year.
- Continued progress on heavy rare earth separation pilot line in Europe.
- Adjusted EBITDA of $5.4 million and $12.3 million, respectively, for the three and six months ended June 30, 2025, was up 105% and 441% compared to the same periods last year.

Adjusted EBITDA[(1)] (US$000)



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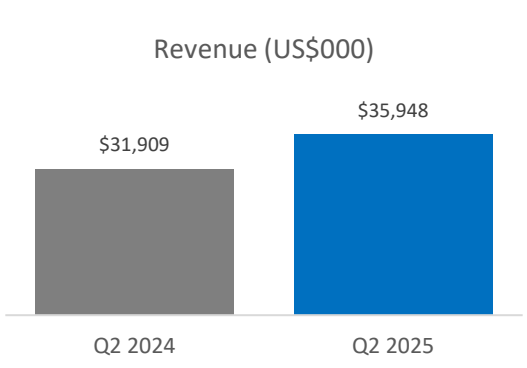
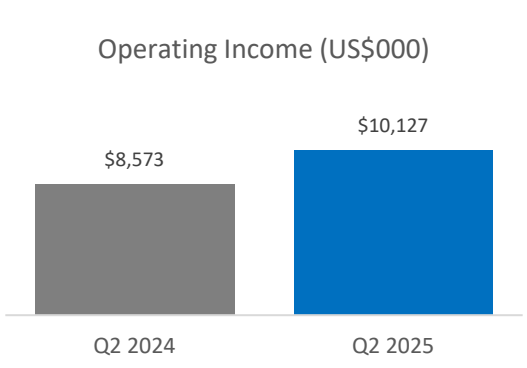
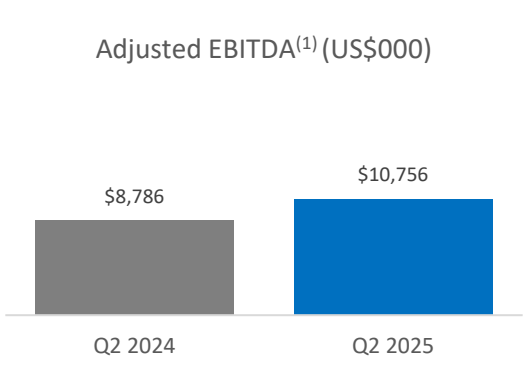
Rare Metals

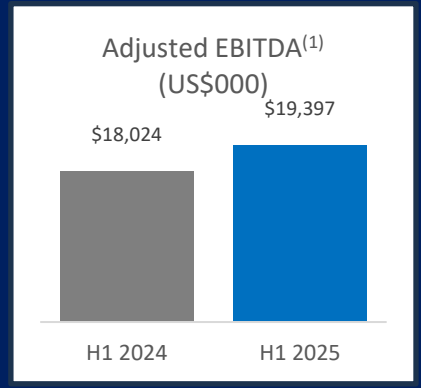






Q2 2025 Highlights

- Hafnium prices have normalized, with gross margins for the quarter down 8% from the prior year despite higher volumes. This was offset by continued strong end market demand combined with further tailwinds driven by increased U.S. tariffs, causing customers to accelerate purchases.
- Gallium business continues to see strong demand and higher prices amidst regulatory tailwinds. Neo continues to be the only gallium recycler and upgrader in North America.
- Adjusted EBITDA of $10.8 million and $19.4 million, respectively, for the three and six months ended June 30, 2025 was up 22% and 8% versus the same periods last year.



1. Non-IFRS Financial Measure. See "Non-IFRS Financial Measures" in the disclaimer section for further information. Note: All financial values are in US dollars, except when stated otherwise

Cash Flows and Capital Allocation

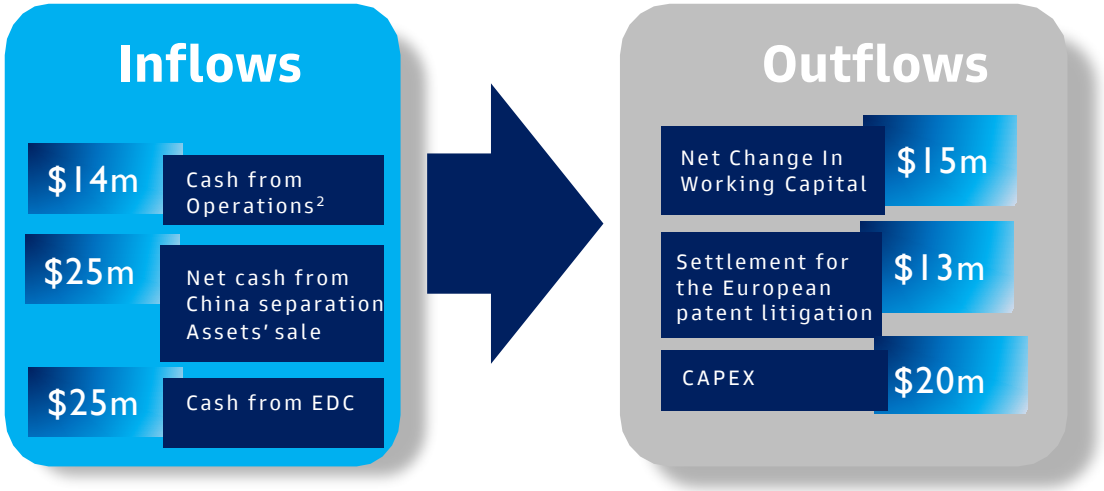
CASH

$80m in Q2 2025

~$3m

VS

$77m in Q1 2025



1. Non-IFRS Financial Measure. See "Non-IFRS Financial Measures" in the disclaimer section for further information. Note: All financial values are in US dollars, except when stated otherwise.
2. Cash from Operations, before net change in working capital, income taxes paid and net interest received

Dividends

LTM $12m H1 2025 $6m

NCIB

H1 2025 $2.3m

Strategic Projects

Emissions Control Catalyst Facility

Grand opening Sept 2024

$61.1m *Capital spend to date[1]*

$6.9m *Remaining spend[1]*

$7.0m *Budget Savings*

Permanent Magnet Plant in Europe

Site commissioning in 2025

$68.8m *Capital spend to date[1]*

$6.2m *Remaining spend[1]*

$5.8m *Received EU Grant*

$4-8m *Remaining EU Grant Reimbursement*

Strong Balance Sheet

	Q1 2025		Q2 2025
Cash	$77m	→	$80m
Gross debt	$71m	→	$94m
Net cash	$6m	→	$(13)m
Inventory	$144m	→	$146m
Property, Plant & Equipment	$185m	→	$190m

Liquidity[1] ($m)

Cash On Hand	$80m
Revolving and Other Loan Capacity	**$45m**
Government Grant	$4m-$8m

1. Liquidity includes cash, undrawn credit facilities, and grants.

Closing Remarks

Rahim Suleman

Delivering Growth & Capital Returns to Shareholders

Neo is strategically positioned to capitalize on mega-trends and the growing demand for secure critical materials supply chains

1. Financial Strength & Resilience

Value-added business model designed to withstand market cycles

2. Strong Growth Prospects

Long-term growth supported by mega-trends and geopolitical tailwinds

3. Execution

A track record of delivering on commitments and outperforming expectations

Q&A

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