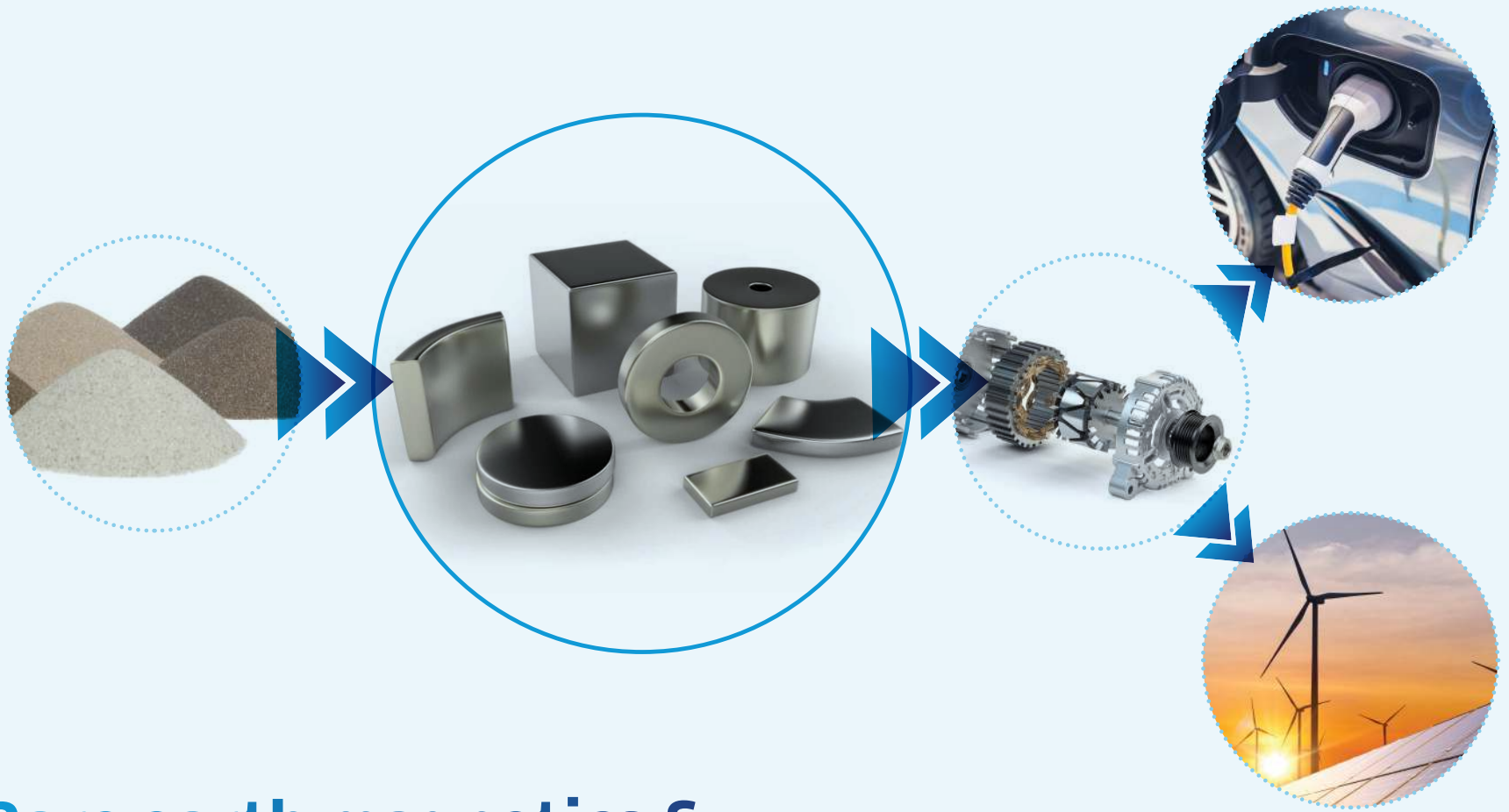




Performance Materials



# Rare earth magnetics & critical materials

Fast forwarding the clean energy transition

A Generational Opportunity

# Disclaimer

## 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. 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, revenue growth, capital expenditures, and operations; risk factors relating to national or international economies (including the impact of COVID-19), 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 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; impact of recently adopted accounting pronouncements; risk factors relating to intellectual property protection and intellectual property litigation; and, expectations concerning any remediation efforts to Neo’s design of its internal controls over financial reporting and disclosure controls and procedures. 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. 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](http://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.

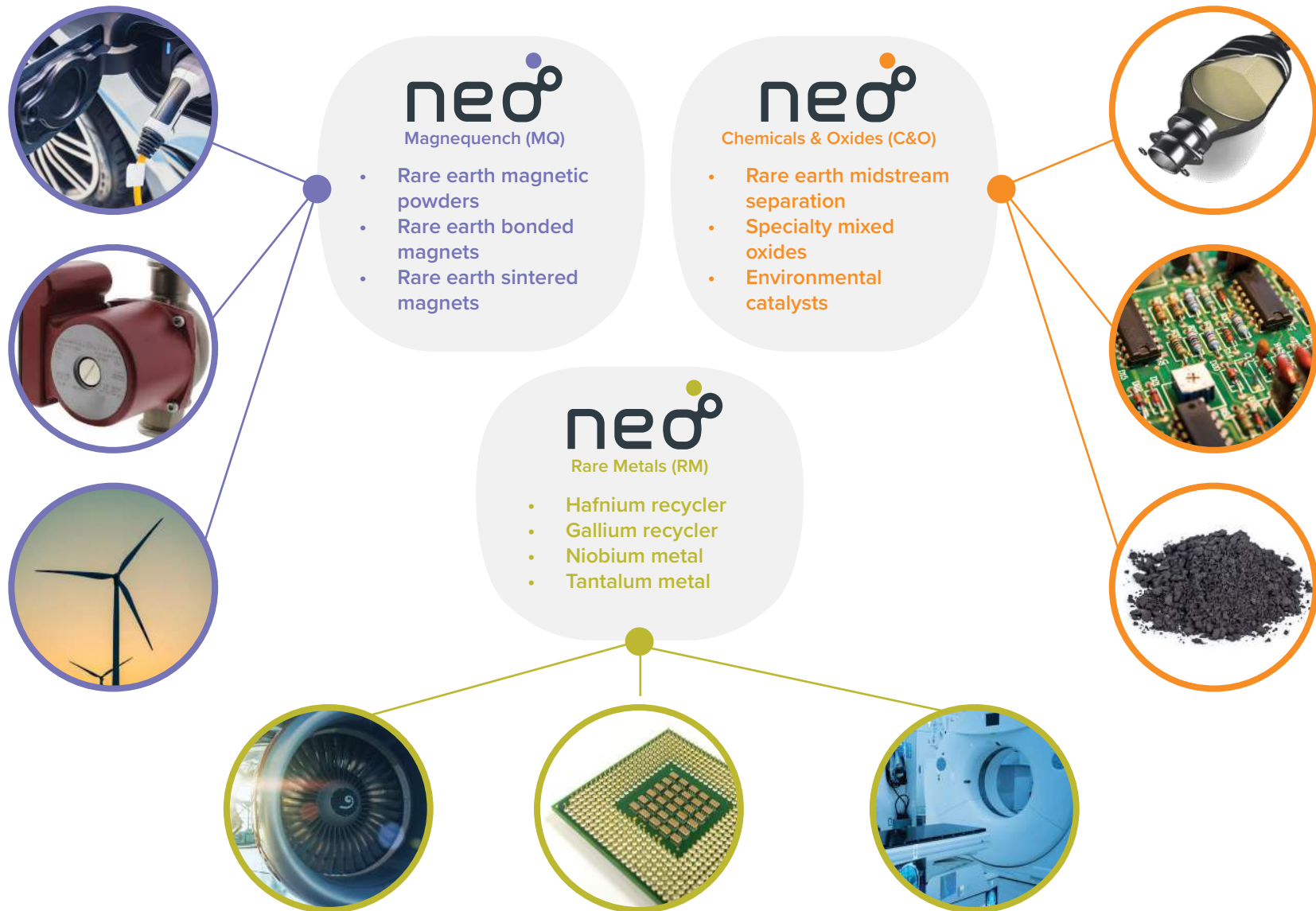
## Non-IFRS Measures

This presentation refers to certain non-IFRS financial measures such as “Operating Income”, “Adjusted Net Income”, “EBITDA”, “Adjusted EBITDA”, and “Adjusted EBITDA Margin”. These 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 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 news release may not be the same as the definitions for such measures used by other companies in their reporting.

Non-IFRS measures 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 non-IFRS 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 non-IFRS financial measures in the evaluation of issuers. Neo’s management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period. For the operating segments, Neo also uses “OIBDA” and “Adjusted OIBDA”, which reconciles to operating income. Neo uses OIBDA and EBITDA interchangeably as the use of adjustments in each measure provides the same calculated outcome of operating performance. For definitions of how Neo defines such financial measures, please see the “Non-IFRS Financial Measures” section of Neo’s management’s discussion and analysis filing for the quarter ended December 31, 2023, available on Neo’s web site at [www.neomaterials.com](http://www.neomaterials.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

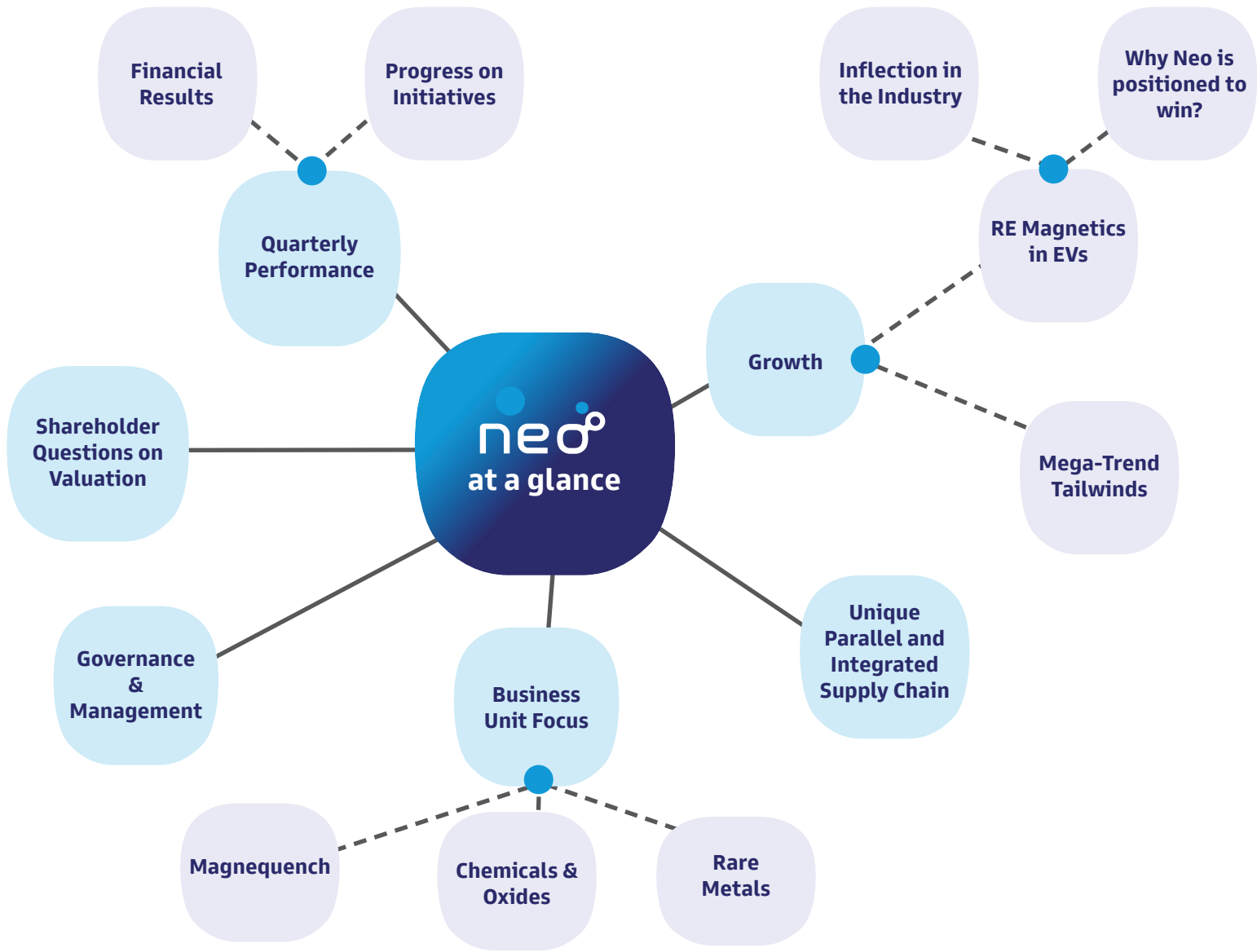
March 14, 2024

# Navigating Neo's business units and applications



# Navigating Neo's inflection point thesis: why invest now

Click bubble for relevant page.



# NEO at a glance - Global Leadership

Neo is an advanced materials science, engineering & manufacturing company, with a focus on rare earth magnetism and other critical materials.

## Rare Earth Magnetism market outside of China about to increase rapidly and sizeably

**30+** years RE magnetism experience inside and outside of China



**Most integrated** rare earth magnetism company in the world



Only operator of **parallel supply chains** – both inside and outside of China

## Global Leader in Rare Earth & Rare Metal Applications



**Top 3** producer of environmental emissions control catalysts



**Top recycler** of Hafnium and Gallium rare metals outside of China



Only operator to offer **parallel rare earth separation** supply chain

## The Inflection Point in Rare Earth Magnetism

**85%** of all traction motors (for EVs) use rare earth magnets driven motors

+

**90%** of global RE magnetism are produced in China today

=



Massive investments by industry to create diversified supply

Automotive customers cannot have such geographic dependencies affecting powertrain for EVs

Governments in North America and Europe are putting both policy and real \$ behind to create an independent RE industry

# NEO at a glance

## Headquarters

Toronto, Canada

## Publicly Traded Exchange

TSX: NEO.TO

## Global Footprint

Canada, China, Estonia, Japan, Germany, South Korea, Thailand, Singapore, United Kingdom, United States

## Employees

~1,910

## Market Cap\*

CAD \$298.17 million

## Shares Outstanding

41,631,492  
(Fully Diluted: 44,204,748)

## Select Balance Sheet Metrics

**Cash** USD \$90 million  
(incl. Restricted)

**Inventory** USD \$212 million

**Debt** USD (\$25.3) million

## 52-Week Price Range\*

CAD \$6.70-9.70

## Recent Share Price\*

CAD \$6.77

\* As of March 14, 2024

## Analysts Covering Neo:

**Canaccord Genuity:** Yuri Lynk

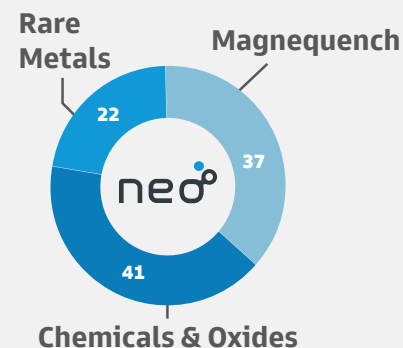
**Cormark Securities:** David Ocampo

**Stifel GMP:** Ian Gilles

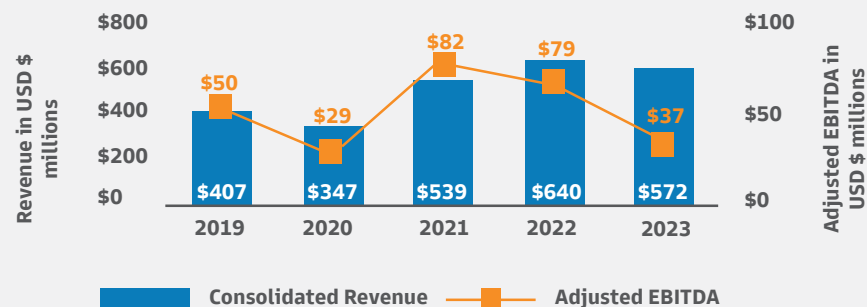
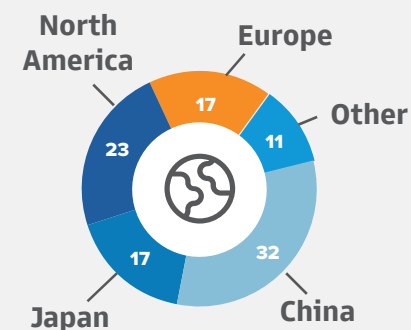
**Raymond James:** Frédéric Bastien

**Paradigm Capital:** Marvin Wolff

## Revenue by Segment (LTM) %



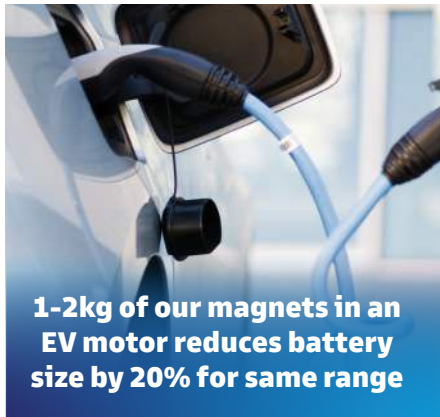
## Revenue by Geography (LTM) %



# Growth Drivers

Neo's products deliver critical properties that enable technologies vital to each of these growth drivers

## Electric Vehicles



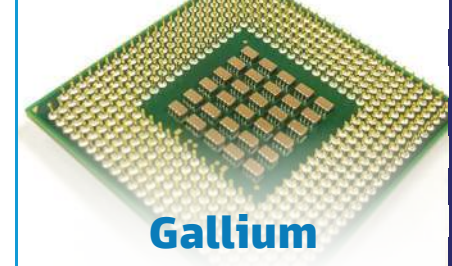
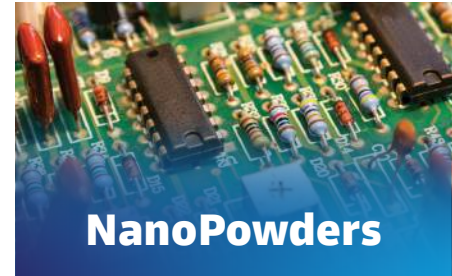
## Energy Efficient & Powerful Motors



## Environmental Footprint Reduction



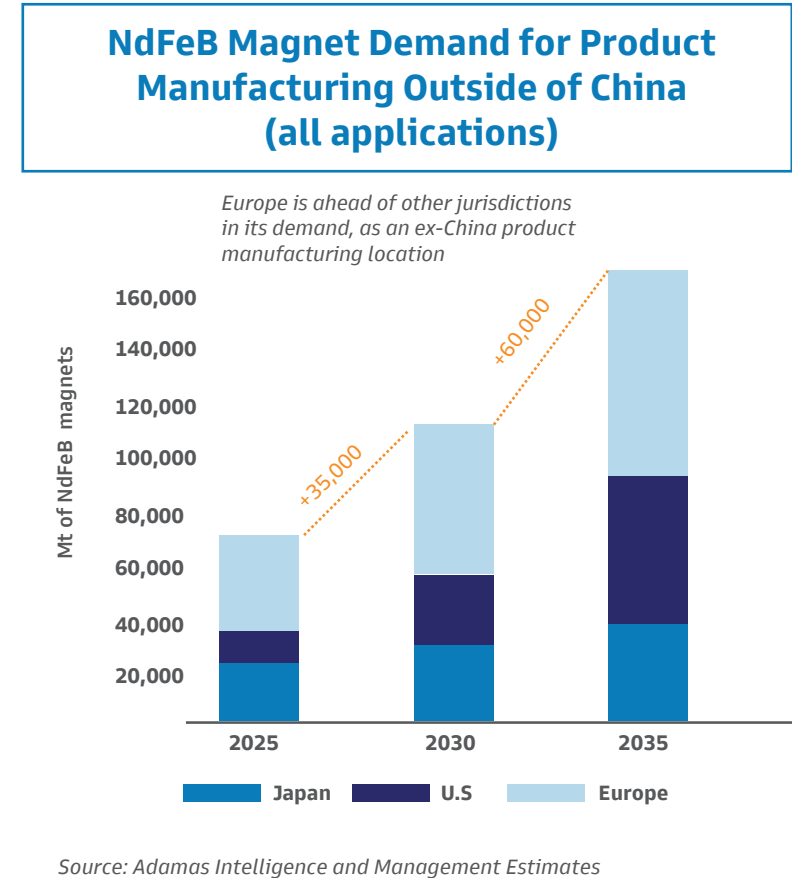
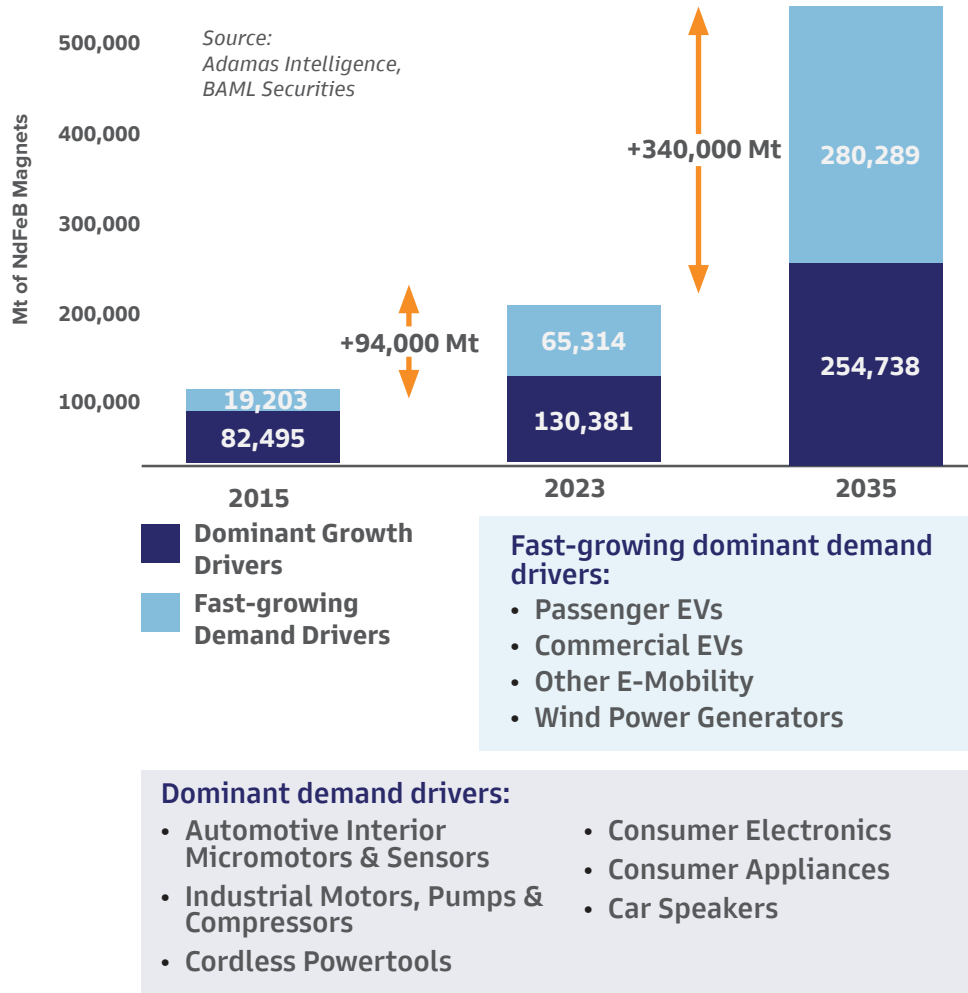
## Advanced Microelectronics & Aerospace Technologies



With experience supplying these growing markets, Neo can amplify the value it captures from its product mix.

# Understanding the Global Rare Earth Magnet Growth Curve

What is driving the global rare earth magnetics demand today? What will drive it tomorrow?



The new growth drivers of rare earth magnetics require a parallel supply chain.

# Why are Rare Earth Magnetics important for EVs/PHEVs

Rare earth magnets are critical in all motors of EVs, including traction motors

## Traction Motors

### EV Traction Motors

- 1-2kg of rare earth magnets in EV traction motor
- 85% of EV motors use rare earth magnets



Rare earth magnetics save 20+% of battery size, for same range

## Other Motors in All Vehicles

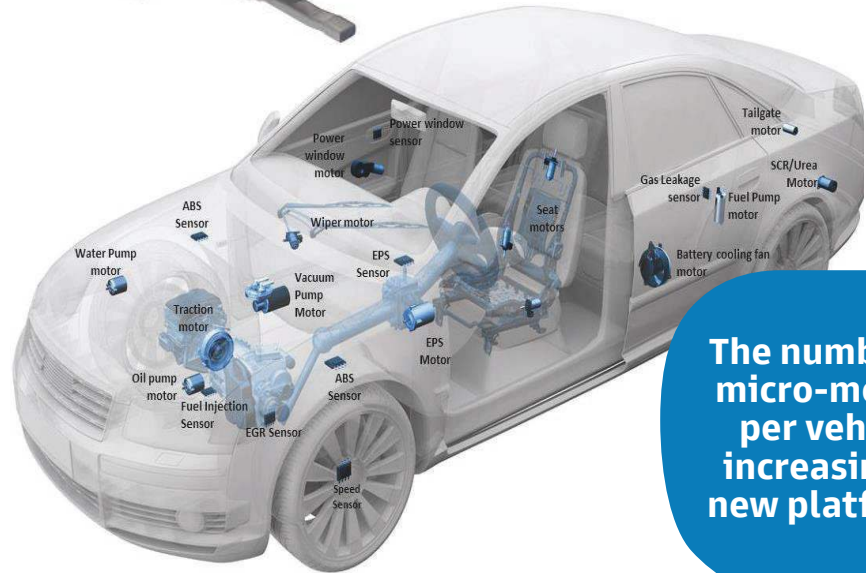
### Brushless DC (BLDC) Motors

- Autonomous Vehicles add demand for BLDC motors with rare earths magnets
- BLDC motors with rare earth magnets are growing as they become the design choice for lower cost electronics

### Other Motors

Continued growth in bonded magnet applications:

- Pumps
- Sensors
- Seat/window motors
- Cooling fans for microelectronic and battery assemblies

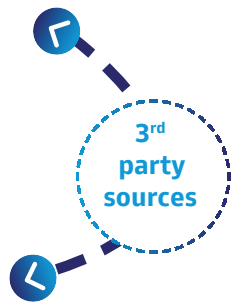
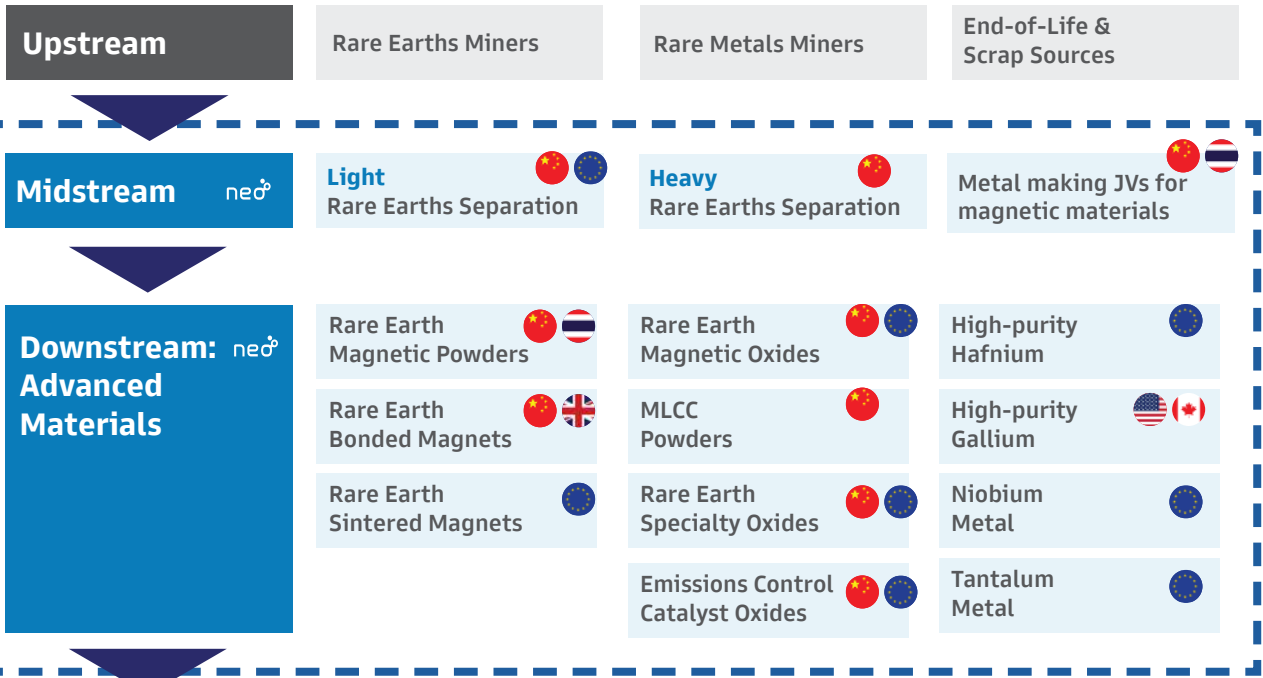


The number of micro-motors per vehicle increasing in new platforms

**Rare Earth Magnets are to EV Traction Motors, what Lithium & Cobalt are to Batteries.**

# Neo's Position in Parallel and Integrated Supply Chain

Non-captive midstream & downstream assets offer supply chain resiliency and optionality to our customers.



Global engineering centers at talent hubs: Singapore, UK, Estonia, Canada. Global sales offices that speak language of our customers – literally & technically.

Neo is focused on advanced, value-add processing of Critical Materials. Global manufacturing in low-cost jurisdictions.

China  
Thailand  
Estonia

Customers

GRUNDFOS, brose, PCC, Allegany Technologies, BASF, Freiberg, SAMSUNG ELECTRONICS, LG, dyson, BOSCH, PLANSEE, SUMITOMO ELECTRIC, DAIKO, SIEMENS, umicore, LUMILEDS, win SEMICONDUCTORS, Panasonic, ShirEtsu

## Focus on Rare Earth EV Magnetics Growth outside of China



# Neo's New Positioning in the EV Magnet Growth Curve

An example of Neo's growth opportunities in rare earth magnetics: EV traction motors in Europe and North America

## EV Magnet Europe & North America Market Opportunity in 2035

**40M EV** x **1.5KG/EV** x **\$80+/KG**

EV motors produced in North America and Europe by 2035

Average motor content of Sintered NdFeB Magnet

Average Selling Price of Magnet

Source: BMO Research and Management Estimates

**\$120/EV**

Indicative rare earth magnet value per vehicle

**\$ 5-6 billion**

Market Size by 2035, Europe & North America:  
(Conservative base case)

Source: Adamas Intelligence, BAML Securities, and Management Estimates



"Just last year, I was in Narva announcing the first award decision by the European Union's Just Transition Fund to Neo. And today, we already celebrate the ground-breaking of this project. Neo Performance Materials, a Canadian company, is constructing a rare earth magnet plant right here."

[Click here for full speech](#) June 28, 2023

Ursula von der Leyen, President of the EU Commission

## First ex-China Sintered Magnet Plant for EVs

Construction is on budget, and on schedule

Currently building an industrial-scale sintered NdFeB magnet manufacturing in Estonia that benefits from:

- Co-location** with current separations facility (15 mins away)
- In-house **Metal-making**
- Expedited EV platform qualification** program based on Magnequench's three decades experience in magnet production and automotive sales



Phase 1: 2,000 t/year

Anticipated Phase 2: 5,000 t/year total



Co-funded by  
the European Union



**EDC**

Export  
Development  
Canada



Future North America Facility in early planning and consideration stage

**Neo's Goal: to capture at least 15% market share in the geographies it aims to supply.**

# Why now? Inflection Point in Industry

Paradigm shifts creating major opportunity for Neo Performance Materials



## Energy Transition and Electric Vehicles

- EVs to grow from **11 million to 63 million by 2030\***
- 85% of EV motors today use RE magnets
- Net Neutral 2050 targets require energy-efficient motors

## Customers Requiring Supply Chain Diversification

- ~90% of rare earth magnets presently from China
- OEMs cannot depend on a single jurisdiction for their magnets for EV

## Public Policy Tailwinds

- EU's Critical Raw Materials Act set targets for OEMs to source:
  - < 60% of magnets from one country outside the EU,
  - 40% of processed material to originate in EU, and
  - 15% from recycled sources
- United States' Inflation Reduction Act incentivizes near-shoring of electric vehicle, renewable energy & clean tech manufacturing at large

*\* Bank of America, Nov 2023*

**Neo's geographical presence and asset mix help capture value from these macro megatrends.**

# How the ex-China EV motor magnet market unfolds

What does it take to win business in this market space?

Neo wins with:

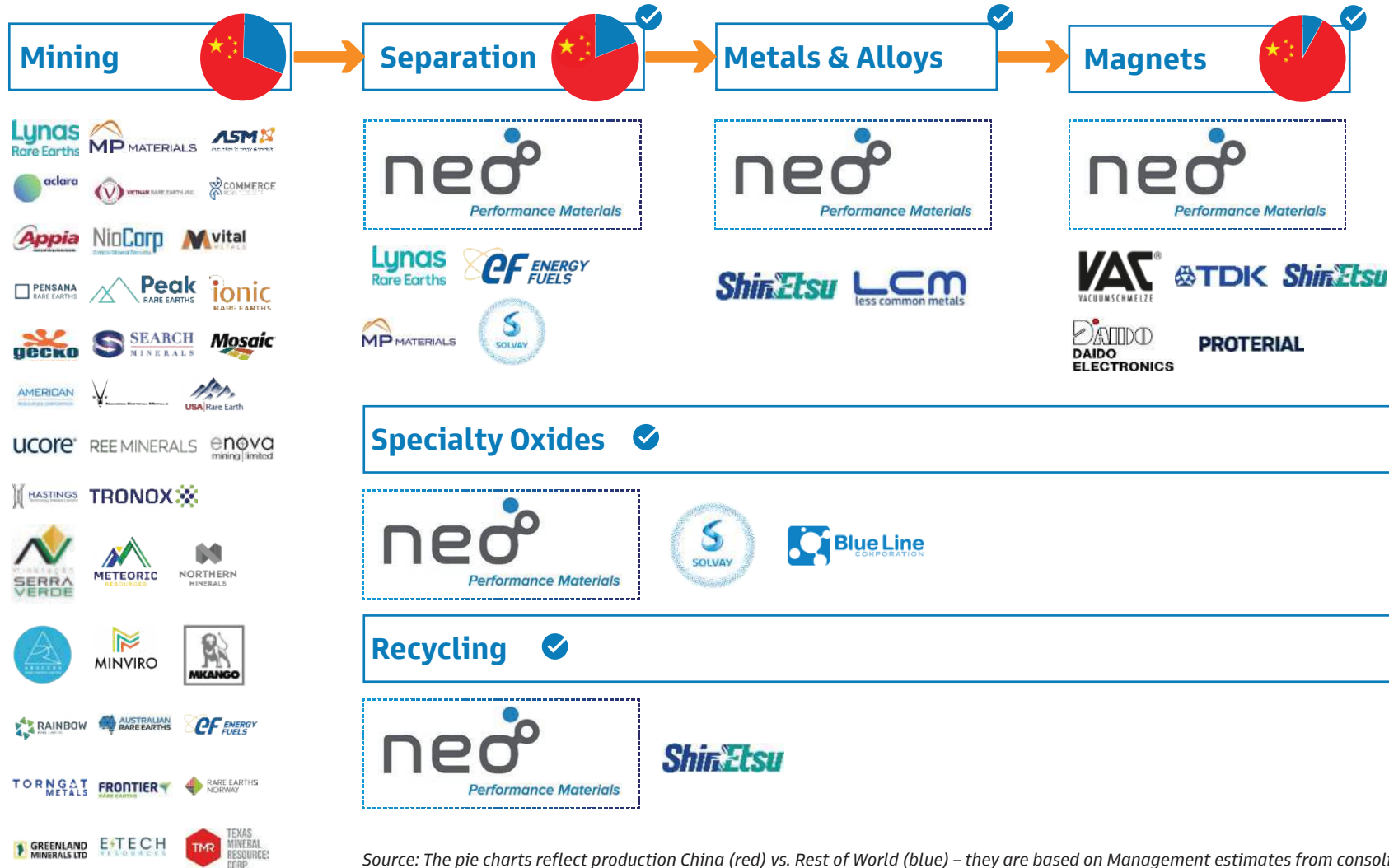
- ✓ **operating dual supply chains** - inside and outside of China - along the value chain
- ✓ its **25 years of RE magnet R&D**, commercialization and manufacturing
- ✓ **its three decades of automotive** qualification and supply experience



2035 Competitor Landscape for EV Magnets Sold ex-China.

# Current commercialized rare earth value chain, ex-China

Neo is **already** the company with the most intergrated presence in the value chain, with non-captive assets. Most intergrated and only dual supply chain to serve customers:



Source: The pie charts reflect production China (red) vs. Rest of World (blue) – they are based on Management estimates from consolidated data from Adamas, the US Geological Survey, and supplier/customer discussions.

# Neo's Proven Magnetism Competency

Neo has more rare earth advanced degrees and technical experts across RE magnetism than any other company outside of China or Japan.

## First-of-its-kind EV Motor-Magnet Customer Case:

*Traction Motor Magnets Without Heavy Rare Earths*



Neo was recently awarded a next-generation of a heavy-rare-earth traction motor platform with a new manufacturing process



## Complex Motor-Magnet Design Customer Case:

*Ultra-High-Speed Motor, major cost savings innovation*

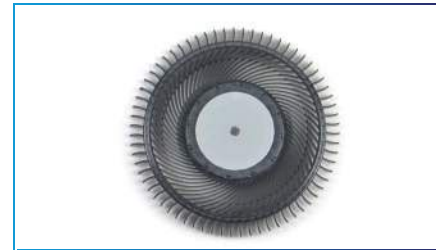
### Confidential Customer (\$8 Billion Motor OEM)

#### Motor Magnet Design Challenge:

Customer's magnet portfolio was not able to withstand the centrifugal force for their new ultra-high-speed motor design, while manufacturing cost was not meeting target threshold.

#### Neo Magnequench's Unique Solution:

Customer turned to Neo to develop an unprecedented magnet design for this complex engineering challenge. Neo's chemical process engineering and applied magnetism R&D teams were able to develop a product that withstands the centrifugal forces. Neo's custom developed magnet saved the use of carbon fiber sleeve on exterior of magnet, ultimately saving significant costs from overall motor design and improving performance.



Neo has a long history of technical and engineering experience in RE magnetism.



# Business Units in Focus



## Business Unit Focus: Magnequench

Neo's Magnequench is currently the #1 market leader for rare earth magnetic powders for bonded and hot deformed NdFeB magnets

- ✓ **Original founder of the NdFeB magnet, 37 years ago:** Founded within General Motors in 1986, it was spun-out in the mid-90s as an independent company. Magnequench joined the Neo family in 2005.
- ✓ **Manufacturing and R&D operations** both **inside and outside of China**
- ✓ Track record of successful **acquire-and-grow** strategy in niche markets where it has the potential of becoming a market leader
- ✓ Neo's magnetics team includes 500+ **production line staff**, 75+ **R&D scientists** and **process engineers**.
- ✓ Engineering solution for development and manufacturing heavy-free rare earth magnets



### Applications of Products



**High Efficiency  
Water Circulation  
Pumps & Motors**



**Residential  
Appliances**



**Vehicle Pumps,  
Sensors & Motors**



**Industrial  
Automation**

Neo's Magnequench has the most strategic assets, globally versatile supply agreements, technical expertise and sales experience than any magnet company outside of China and Japan.

# Business Unit Focus: Magnequench

Strategic M&A in growth areas with thoughtful post-merger integration

## Acquisition of AsiaMag in 2019

(Chuzhou, China)

- The acquisition of AsiaMag (Chuzhou, China) in Q3 2019 marked Neo's beginning in making bonded magnets.
- Increased the volume 5-fold to establish ourselves as one of the top 5 largest bonded magnet makers in China



## Acquisition of SGTec in 2023

(Essex, United Kingdom)

- The acquisition of SGTec advances Neo's knowledge in rare earth magnets for soft magnetic composites, ultra-high-density magnetics, proprietary technical specs for bonded magnets, and automated solenoid magnetic assemblies.
- Successful integration of development, manufacturing and sales opportunities - adding assembly capabilities.



## Customers

**YASA**



**gm** general motors

**dyson**

**CATERPILLAR®**

**Sensata**  
Technologies

**BorgWarner**



Neo knows how to scale differentiated assets in the rare earth magnet value chain.

# Business Unit Focus: Chemicals & Oxides

Parallel supply chain, with focus on rare earth separation and rare-earth-based advanced products.

- **Three decades** of experience in rare earth production
- Only company to have rare earth separation capabilities **both inside and outside of China**
- **Heavy** rare earth separation capabilities
- Largest **non-captive** separation facility outside China
- Track record in rare earth **supply chain development**:
  - Currently most globally diversified rare earth sourcing
  - Offtakes and MOUs with numerous up-and-coming projects
- Commercialized Water Treatment product from non-magnetic rare earths
- Most advanced **R&D** lab and largest **technical salesforce outside of China**
- **Top 3 producer** of Environmental Emissions Control Catalysts



Neo's has the most strategic collection of rare earth separation assets and know-how.

# Business Unit Focus: Chemicals & Oxides

Critical midstream assets and know-how that supplies our magnet business with oxides and commercialized specialty chemicals for environmental and microelectronic applications.

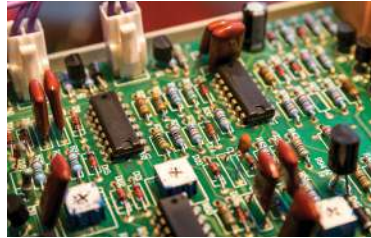
## Environmental Catalysts



### Environmental Emissions Control Specialty Catalysts

- Capitalizes on the Hybrid-EV balance of emissions control catalytic material needs
- State of the Art Manufacturing Facility

## Advanced Rare Earth Products



### Multi-Layer Ceramic Capacitors

- Enable smaller semiconductor node designs
- More efficient and high temperature capacitance

## New Product Development



### Municipal Water Treatment Plants



### Fire Retardant Applications



### Anti-viral/-microbial Application

Neo's has the most strategic technical and product development know-how in rare earths.

# Business Unit Focus: Rare Metals

Recycling and high-purity refining value-add steps of critical minerals for growth industries

- ✓ High barriers to entry due to significant capital investment requirements and technical requirements.
- ✓ Diversified salesforce, R&D and engineering **outside of China**.
- ✓ Hafnium and Gallium recycling and refining operations and productions of critical materials **for microelectronics and aerospace industry**.
- ✓ Over 30 years of experience in **extractive metallurgy**, and in **development and manufacturing** of customized engineered materials.

## Industries Depending on our RM Products



Aerospace



5G



Medical Imaging



Space Exploration



Neo's Rare Metals products offer revenue diversification to the rare earth business.

# Business Unit Focus: Rare Metals

The only LED and semiconductor-grade gallium producer in North America

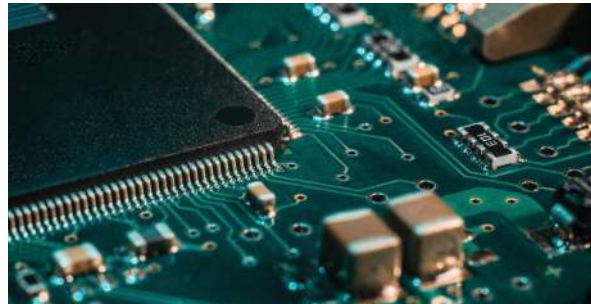
## Operating Facility

- Location:** Ontario (Canada)
- Feedstock:** all recycled sources of GaAs crystal wafers and sludge, and GaN crystal scrap
- Products:** Ga metal at 6-8N purities, Ga<sub>2</sub>O<sub>3</sub>

## Proprietary Recycling Technology

- Electro-winning of metallic liquid gallium in customized cells, from sodium gallate or sodium hydroxide electrolyte. Solid state anodes and cathodes.
- Hydrometallurgy:** Patented, highly flexible leaching and solvent extraction process.
- Unique feature:** Process operates above mp of Ga, so liquid gallium recovered by opening a valve at bottom of cell = "tapping". Spent electrolyte recycled to SX strip or used in pH modification.

**Neo's commercially-operating production of gallium in Canada is increasingly relevant post the latest export restrictions of gallium from China.**



**Neo contributes 5% of global gallium supply and recycles 25+% of global gallium-containing scrap.**

# Quarterly Progress & Financial Results



# Consolidated Financial Statements

Healthy EBITDA, strong cash flow generation, and financial capacity to grow.

## Income Statement Selected Data

	Q-over-Q Comparison		Year-over-Year Comparison	
	Q4 2023	Q4 2022	YTD 2023	YTD 2022
<i>US\$ 000s (excl. Volume &amp; EPS)</i>				
Revenue	\$128,668	\$159,168	\$571,545	\$640,298
Adjusted EBITDA	\$3,097	\$12,420	\$37,219	\$79,027
Adjusted net income (loss)	\$901	(\$5,686)	(\$975)	\$31,756
Adjusted EPS	\$0.02	(\$0.13)	(\$0.02)	\$0.75

## Cash Flow Statement Selected Data

	Q-over-Q Comparison		Year-over-Year Comparison	
	Q4 2023	Q4 2022	YTD 2023	YTD 2022
<i>US\$ 000s (excl. Volume &amp; EPS)</i>				
Cash Tax Paid	\$2,089	\$3,505	\$13,410	\$12,352
Sustaining CapEx	\$1,635	\$2,495	\$7,486	\$7,444
Special Cash Outflows for Investing Activities	\$22,234	\$3,798	\$47,873	\$9,213

\* Special Cash Outflows for Investing includes capital expenditures for NAMCO relocation and Sintered Magnet plant in Narva (Estonia, EU), acquisition of SGTec, and investment in Neo North Star Resources

## Balance Sheet Selected Data


	Q-over-Q Comparison		Year-over-Year Comparison	
	Q4 2023	Q4 2022	YTD 2023	YTD 2022
<i>US\$ 000s (excl. Volume &amp; EPS)</i>				
Cash (including restricted)	n/a	n/a	\$90,252	\$148,670
Inventory	n/a	n/a	\$197,453	\$212,702
Debt & Bank Advances	n/a	n/a	(\$25,331)	(\$47,920)

## Shareholder Related Selected Data

	Q-over-Q Comparison		Year-over-Year Comparison	
	Q4 2023	Q4 2022	YTD 2023	YTD 2022
<i>US\$ 000s (excl. Volume &amp; EPS)</i>				
Dividends Paid to Shareholders	\$3,335	\$3,540	\$13,396	\$13,401
Dividend per Common Share	\$0.1	\$0.1	\$0.4	\$0.4
Repurchase of common shares under NCIB	\$3,209	\$0	\$19,893	\$0


While short-term results are impacted by lead-lag, the long-term value-add margins are strong.

# Financial Performance by Business Unit

 <i>US\$ 000s (excl. Volume &amp; EPS)</i>	Q-over-Q Comparison		Year-over-Year Comparison	
	Q4 2023	Q4 2022	YTD 2023	YTD 2022
Volume (tonnes)	1,281	1,188	4,694	4,808
Revenue	\$54,827	\$57,584	\$213,735	\$277,412
Operating income (loss)	\$2,675	\$2,543	\$7,618	\$30,538
Adjusted EBITDA	\$5,950	\$4,788	\$21,149	\$40,172


## Quarter Highlights:

- Volumes were up driven by growth of sales in China and finished magnets (including acquisition of SGTec); as well as recovery in traction motor volumes.
- Economic slowdown, particularly in China, continues to drive demand softness and declining legacy magnetic powder business.
- Magnet plant construction project in Narva, Estonia remains on schedule and on budget.

 <i>US\$ 000s (excl. Volume &amp; EPS)</i>	Q-over-Q Comparison		Year-over-Year Comparison	
	Q4 2023	Q4 2022	YTD 2023	YTD 2022
Revenue	\$55,552	\$58,767	\$235,929	\$248,011
Operating income (loss)	\$2,622	\$852	\$4,088	\$22,176
Adjusted EBITDA	\$3,218	\$2,614	\$9,306	\$28,324

## Quarter Highlights:

- Declining rare earth prices continue to create headwinds for the business with sharp declines late in the quarter.
- Emissions catalyst business saw marginal volume declines in Q4 with comparable volumes on a full-year basis.
- NAMCO relocation nearing completion with site commissioning in 1H 2024 and expected to reach full production in 2H 2024 (subject to customer qualifications and approvals).

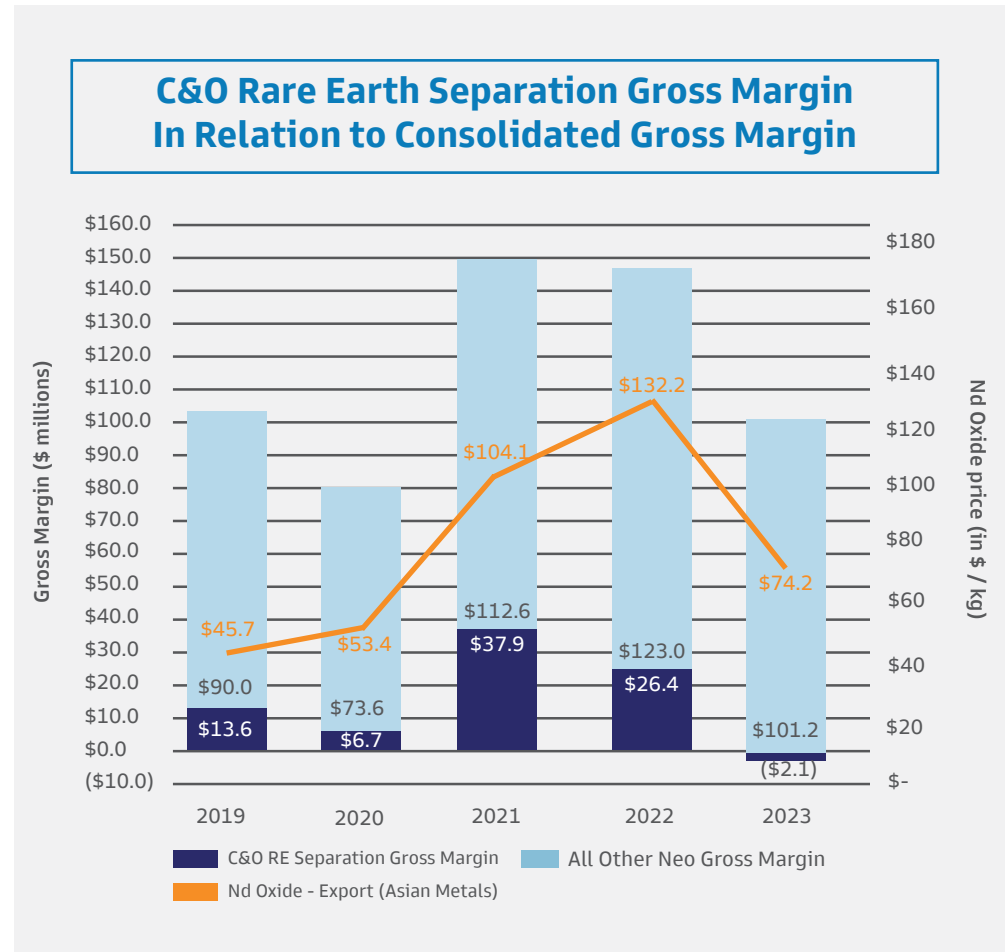
 <i>US\$ 000s (excl. Volume &amp; EPS)</i>	Q-over-Q Comparison		Year-over-Year Comparison	
	Q4 2023	Q4 2022	YTD 2023	YTD 2022
Revenue	\$19,724	\$43,865	\$124,601	\$130,386
Operating income (loss)	(\$5,597)	\$7,792	\$19,670	\$20,978
Adjusted EBITDA	(\$2,200)	\$8,995	\$24,207	\$24,307

## Quarter Highlights:

- Hafnium volumes weak in Q4 due to low spot sales volume; margins impacted as the business satisfied the remaining portion of legacy priced contracts with inventory at current costs. Near record year in annual EBITDA.
- One-time charges related to closure of hydrometallurgical processing in Silmet, Estonia negatively impact operating margins in the quarter.

# Impact of Rare Earth Pricing on Gross Margins

- Volatility in rare earth prices can negatively or positively impact gross margins due lead-lag (the selling of higher or lower cost inventory purchased months earlier)
- Lead-lag impact is primarily concentrated in C&O's separation business which operates in the midstream sourcing and processing rare earth carbonate
- The remaining Neo businesses are less exposed to pricing volatility due to several factors:
  - Higher value-add products
  - Pass-through pricing agreements
  - Higher inventory turns
- Excess margins were earned in FY2021 and 1H2022, while RE prices were rising. Abnormal negative impact on margins in 2H2022 and FY2023, while RE prices were falling.



Source: Asian Metals Index Nd Oxide prices are reported on monthly average. Year end prices for 2023 were closer to \$50/kg.

# Strategic Capital Projects Funding Plan

## Capital Spend Requirements

### NAMCO Relocation

Facility nearing completion; site commissioning in 1H'24



### Rare Earth Magnet Plant in Europe

Early stages of construction; site commissioning in 2025



\* Spend as of December 31, 2023

\*\* 70%-80% equipment installed. Cash spend is related to payment terms.

## Source of Cash

### Debt Funded

**\$60-90M**

Existing loan capacity (\$75M for NAMCO), plus additional project financing (anticipated) for Europe magnets

### Just Transition Fund ("JTF") Grant

**\$12-15M**

Secured funding from EU Commission for eligible project costs of Narva magnet plant

### Cash from Operation

**Balance**

Continued strength in CFOA through strong working capital management

# Update on Short-term Accountabilities by May 2024

## Commitments

### 1-2 MOUs for Magnetic and Critical Materials

### 1-3 Sourcing Agreements to Diversify Supply and Support Growth

### 2-3 Changes in Manufacturing Strategy and Operational Footprint

## Progress

- ✓ Awarded next generation of heavy-rare-earth-free traction motors, including for a new HEV platform, while also qualifying for a BEV platform with a new manufacturing process.
- ✓ Portion of gallium business converted to tolling arrangement with strategic customers.
- ✓ Executed sourcing agreement for outside of China supply for traction motor business.
- ✓ Added 4 oxide suppliers as part of Silmet's RM hydromet closure, ceasing historical dependency on single ore supplier.
- ✓ Part of tolling agreement is to maintain control of gallium scrap within Neo ecosystem.
- ✓ Closed midstream portion (hydromet) of Silmet RM division. Benefits include lower inventory, lower volatility, reduced headcount, focus on highest value sales, and focused factory operations.
- ✓ Tolling agreement greatly reduces volatility in earnings.



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# Governance & Management

# Sustainability in our Products

Neo’s products truly fast-forward our world’s transition to green technologies, by supporting the management of energy reduction/generation and water/air quality.



## CO2-e Abatement via EVs

Empower the annual abatement of half Gigaton CO2-e with EV Magnet.



## Protection of Freshwater

Neo’s WaterFX specialty chemicals product helps municipal water treatment plants in reducing algae development in freshwater resources.



## Aviation Emissions Reduction

Tantalum in superalloys reduce aircraft weight and equivalently fuel consumption.



## ICE Emissions Reduction

Innovative formulation for next-generation emissions control catalysts with higher environmental requirements



## Circular Economy

Recycling gallium waste from semiconductor wafer manufacturing and refining it into high-purity commercialized products in the same value chain



## Water Circulation Pumps

Our magnetic powders used in water circulation pumps are energy saving. In the EU alone, the energy-saving impact was equivalent of the power generated by two average nuclear plants.

Neo continuously studies and publishes the environmental impact of its products in applications.

# Annual, Transparent ESG Reporting at our Customer Standards

Neo's quantitative and qualitative performance of its environmental, social, and governance impact and practices undergoes an annual review & publication process.



- **Occupational Health & Safety:** Over past 10 years, the frequency of lost-time incidents has been reduced by more than 80%
- **GHG Reduction Strategy:** Currently undergoing total operational review from an energy consumption and GHG emissions perspective



Neo published its second Annual Sustainability Report on November 8th, 2023.

# Executive Management

Neo's Executive team is comprised by experienced executives in general management, finance, operations, sales & marketing, law, and engineering.



**Rahim Suleman**  
CEO & President

- Former CFO of Neo for 6 years
- Former CFO at Tier 1 automotive suppliers



**Jonathan Baksh\***  
CFO & EVP

- Former Divisional CFO at Celestica
- Alumnus of General Electric's Internal Audit Leadership Program



**Kevin Morris**  
CSO & EVP

- 12 years of executive management at Neo
- Former managing partner of US law firm



**Jeff Hogan**  
EVP for C&O

- 23 years of manufacturing, sales & general management at Neo's rare earth separations and specialty chemicals division



**Greg Kroll**  
EVP for MQ

- 22 years of sales and general management experience at Neo's magnetics division



**Mohamad El-Mahmoud\***  
EVP for RM

- 25+ years career in P&L and product development management at global Tier 1 automotive suppliers



**Ali Mahdavi**  
SVP Capital Markets & IR

- 30 years of capital markets experience
- 20+ years leading investor relations for Neo

\* Joined Neo recently

**The Executive team is responsible for growing the business, investing capital, and contributing to the communities Neo operates in.**

## Board of Directors: Non-Executive Directors

Neo's Board is comprised by current & former senior executives, with backgrounds in law, government, accounting, finance, material science, and rare earth industry management.



**Claire Kennedy**  
Chair of Board

- Former senior partner at major Canadian law firm
- Chair and director at major private & publicly-listed companies, government bodies, and non-profit boards
- Education in Chemical Engineering



**Gail Edwards**  
Audit Committee Chair

- Former CFO of large-cap publicly listed companies
- 20+ years experience in corporate government and audit committees



**Yadin Rozov**  
Director

- 20+ years in corporate finance & governance
- Former CEO of financial services companies
- Education in Materials Engineering



**Eric Noyrez**  
Lead Director  
HESS & Compensation  
Committees Chair

- Former CEO of Lynas Rare Earths & Serra Verde
- Former Tier 1 automotive executive



**Edgar Lee**  
Corporate Governance &  
Nominating Committee Chair

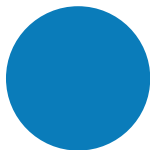
- 20+ years in M&A and capital markets
- Former PM of \$6B fund at Oaktree Capital Management
- Former CEO of Oaktree's 3 Business Development Companies



**Hua Du\***  
Director

\* Joined Neo recently

- Current CEO of Asia's leading aquaculture food supplier
- Former President of Global Business Units and Executive of global \$15+ Billion turnover chemicals and materials company, with manufacturing value-add rare earth products



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## **Building Trust by Addressing Concerns**

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## Addressing Investor Concerns

### Concern 1: Commercial Activities in China

Neo has too much concentration of business in China and that is too risky.

#### Response

- Neo has presence in China, where the vast majority of the rare earth industry's resources, processing and experts are located. It is the biggest supply and demand market.
- Neo operates unique parallel supply chains both inside and outside of China for RE Magnetics and RE Solvent Extraction (SX). Neo's Rare Metals business is entirely outside of China.
- Neo's dependency on China is over-scrutinized because of Neo's RE SX asset concentration origins three decades ago in China.
- Neo has been growing rare earth assets outside of China (UK, Estonia, Thailand).

### Concern 2: RE Price Volatility & Impact on Neo's Earnings

Quarterly results are too volatile, unpredictable and highly correlated with RE price movements. Sounds like Neo is really a Rare Earth Commodity player.

#### Response

- Neo is almost entirely a value-add player in the RE Magnetics business. MQ has pass-through provisions for RE commodity price changes on >80% of its business. MQ's volatility is due to timing of cost/price changes - not due to value.
- Most of the volatility exists in the RE-SX business – a smaller piece of Neo's business. However, due to price fluctuations, Neo's earnings have been very volatile: e.g. large earnings in RE-SX in 2021 and losses in RE SX in 2022/2023. These swings overshadow the general strength in Neo's earnings.
- Rare earth pricing has been unusually volatile in last two years. Nonetheless, Neo is taking steps to reduce the impact of this volatility on earnings.

## Addressing Investor Concerns

### Concern 3: Upstream Strategy

Neo's growth prospects seem limited by access to Rare Earth carbonate feedstock. Neo is not a mining company. How can Neo get comfort on sourcing of material?

#### Response

- For our midstream separation, sourcing of feedstock is a valid issue. Neo has the most globally diversified sourcing, while actively engaged with promising new mining sources coming online to supply our European midstream asset. But RE SX is a smaller portion of Neo's overall business today.
- MQ currently sources only 5%-15% of its magnetic rare earths from Neo's midstream business. The rest is sourced from others (inside and outside of China), as is common practice in the magnetics industry in general.
- Having the most integrated supply chain is an advantage to Neo, but is not a limiting factor for Magnequench growth.

### Concern 4: MQ Volumes have not been growing

The story around RE Magnetism is clearly compelling and indeed generational. But why hasn't that translated in MQ growing volumes in recent history?

#### Response

- In 2022-2023, all RE magnetism suppliers had lower volumes due to short-term economic growth. No change in longer-term forecast for industry.
- MQ has historically focused on Bonded Powders which represent about 5% of total RE Magnetism. Thus, MQ has expanded to Hot Deformed Powders, Bonded Magnets, Magnet Assemblies and now Sintered Magnets.
- In Bonded Powders, MQ's growth has been masked by larger reductions in Legacy Businesses (eg. Hard Disk Drives). This historical decline (from 2,196 mt in 2016 to 648 mt in 2022) has offset growth in magnets for Traction and BLDC motors.

## Addressing Investor Concerns

### Concern 5: North American Magnet Strategy

Others have announced their RE Magnets for North America strategies (and received funding awards) – acknowledging the massive growth prospects in this space. Why has Neo been slow in this regard?

#### Response

- Neo has not announced a North America Magnet Strategy (and accompanying funding) as yet, but is conducting the market assessment currently. The market is big and Neo could be a meaningful participant.
- Neo was the first to announce its European Magnet Strategy (ahead of most North America announcements). Neo received Just-Transition-Fund funding in Europe.
- Neo believes the pull from European OEMs for Outside-of-China supply was much stronger than North America OEMs and Neo followed the customer's requirements.

### Concern 6: Shareholder and Public Awareness of Neo's Story

Neo's story sounds great and the opportunity is immense. Yet, the story hasn't taken hold with the broader market. What is missing in the adoption of Neo's story?

#### Response

- Neo has a generational opportunity in front of it with the right technology, expertise, experience and capacity, yet the market cap is less than Cash + Working Capital and is merely a fractional of the book value of tangible assets – there is something missing.
- Neo will be making more investments in time, energy, money and accountability to increase public awareness, media coverage and shareholder engagement.



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