INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

***Unaudited**; In thousands of United States dollars*	March 31, 2025	December 31, 2024
ASSETS		
Current		
Cash and cash equivalents	$ 77,329	$ 85,489
Accounts receivable	66,393	61,232
Inventories (Note 6)	143,618	139,321
Income taxes receivable	6,133	4,108
Assets held for sale (Note 4)	—	40,949
Other current assets (Note 7)	20,813	24,264
Total current assets	**314,286**	**355,363**
Property, plant and equipment (Note 3)	185,191	178,925
Intangible assets	32,690	33,580
Goodwill	64,277	64,029
Equity method investments (Note 5)	16,618	16,330
Other investments (Note 5)	3,208	217
Deferred tax assets	4,085	4,045
Other non-current assets	774	765
Total non-current assets	**306,843**	**297,891**
Total assets	**$ 621,129**	**$ 653,254**
LIABILITIES AND EQUITY		
Current		
Short-term debt (Note 9)	$ 2,756	$ 2,740
Accounts payable and other accrued charges	62,672	69,546
Income taxes payable	12,198	10,463
Provisions (Note 10)	540	12,512
Lease obligations	1,118	1,229
Derivative liability (Note 8)	45,551	47,416
Current portion of long-term debt (Note 9)	4,476	4,610
Liabilities directly associated with the assets held for sale (Note 4)	—	10,254
Other current liabilities	894	647
Total current liabilities	**130,205**	**159,417**
Long-term debt (Note 9)	63,913	64,186
Derivative liability (Note 8)	1,352	1,311
Provisions (Note 10)	5,924	6,726
Deferred tax liabilities	11,655	12,646
Lease obligations	3,109	3,244
Other non-current liabilities	716	842
Total non-current liabilities	**86,669**	**88,955**
Total liabilities	**216,874**	**248,372**
Non-controlling interest	592	2,714
Equity attributable to equity holders of Neo Performance Materials Inc.	403,663	402,168
Total equity	**404,255**	**404,882**
Total liabilities and equity	**$ 621,129**	**$ 653,254**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Unaudited*; In thousands of United States dollars, except per share information*	**Three Months Ended March 31**	
	2025	**2024**
Revenue	$ 121,610	$ 122,095
Cost of sales		
Cost excluding depreciation and amortization	88,881	94,748
Depreciation and amortization	1,921	1,930
Gross profit	30,808	25,417
Expenses		
Selling, general and administrative	15,308	14,642
Share-based compensation (Note 17)	936	(96)
Depreciation and amortization	1,781	1,728
Research and development	3,194	3,195
Total expenses	21,219	19,469
Operating income	**9,589**	**5,948**
Other (expense) income	(4,712)	3,679
Finance costs, net (Note 16)	(6,073)	(1,340)
Foreign exchange gain (loss)	3,785	(722)
Income from operations before income taxes and equity income (loss) of associates	2,589	7,565
Income tax expense (Note 15)	(4,356)	(4,341)
(Loss) income from operations before equity income (loss) of associates	(1,767)	3,224
Equity income (loss) of associates (net of income tax) (Note 5)	380	(2,375)
Net (loss) income	**(1,387)**	**849**
Attributable to:		
Equity holders of Neo Performance Materials Inc.	(1,480)	873
Non-controlling interest	93	(24)
	$ (1,387)	**$ 849**
(Loss) earnings per share attributable to equity holders of Neo:		
Basic and diluted (Note 12)	$ (0.04)	$ 0.02

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Unaudited*; In thousands of United States dollars*	**Three Months Ended March 31**	
	2025	**2024**
Net (loss) income	$ (1,387)	$ 849
Other comprehensive income (loss):		
Item that will not be reclassified subsequently to profit or loss:		
Defined benefit pension plan actuarial gain	136	—
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation adjustment	561	(2,756)
Other comprehensive income (loss)	**697**	**(2,756)**
Total comprehensive loss	**$ (690)**	**$ (1,907)**
Attributable to:		
Equity holders of Neo Performance Materials Inc.	(571)	(1,860)
Non-controlling interest	(119)	(47)
Total comprehensive loss	**$ (690)**	**$ (1,907)**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited*; In thousands of United States dollars*	**Three Months Ended March 31**	
	2025	**2024**
Operating activities		
Net (loss) income	$ (1,387)	$ 849
Add (deduct) items not affecting cash:		
Depreciation and amortization	3,702	3,658
Share-based compensation (Note 17)	936	(96)
Provisions (released) made (Note 10)	(725)	452
Finance costs, net (Note 16)	6,073	1,340
Equity (income) loss of associates, net of income tax (Note 5)	(380)	2,375
Loss on sale of subsidiaries (Note 4)	5,927	—
Income tax expense (Note 15)	4,356	4,341
Foreign exchange (gain) loss	(3,373)	1,005
Other	404	67
Net change in non-cash working capital balances related to operations (Note 13)	(14,533)	4,691
Payments made to settle provisions (Note 10)	(12,522)	(34)
Income taxes paid, net of income taxes recovered	(5,206)	(7,513)
Interest (paid) received, net	(948)	195
Cash (used in) provided by operating activities	**(17,676)**	**11,330**
Investing activities		
Cash spent on property, plant and equipment and intangible assets	(11,428)	(15,979)
Proceeds (net of cash sold) from sale of subsidiaries	25,655	—
Decrease in restricted cash	—	3,277
Cash paid to non-controlling interest on dissolution of subsidiary	(212)	—
Cash provided by (used in) investing activities	**14,015**	**(12,702)**
Financing activities		
Dividends paid to equity holders of Neo Performance Materials Inc.	(2,921)	(3,084)
Proceeds from long-term debt (Note 9)	—	25,000
Repayment of long-term debt (Note 9)	—	(1,498)
Repurchase of common shares under NCIB (Note 11)	—	(2,250)
Dividends paid to non-controlling interest (Note 16)	(7,343)	(318)
Other financing activities	(286)	(359)
Cash (used in) provided by financing activities	**(10,550)**	**17,491**
Effect of exchange rate changes on cash and cash equivalents	974	(1,325)
Cash (used) provided during the period	**(13,237)**	**14,794**
Cash and cash equivalents, beginning of period	90,566	86,895
Cash and cash equivalents, end of period	**$ 77,329**	**$ 101,689**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited*; In thousands of United States dollars, except share information*	Share Capital				Other Comprehensive Income			Total		
	Common Stock									
	Number	Amount	Retained Deficit	Contributed Surplus	Currency Translation Adjustment	Pension Plan Actuarial Gains, net of tax	Accumulated Other Comprehensive Loss	Equity Attributable to Equity Holders of NPM Inc.	Non-Controlling Interest	Equity
Balance - January 1, 2025	**41,771,464**	**$ 42**	**$ (53,887)**	**$ 472,992**	**$ (18,837)**	**$ 1,858**	**$ (16,979)**	**$ 402,168**	**$ 2,714**	**$ 404,882**
Net loss	—	—	(1,480)	—	—	—	—	(1,480)	93	(1,387)
Other comprehensive income (loss)	—	—	—	—	773	136	909	909	(212)	697
Total comprehensive income (loss)	—	—	(1,480)	—	773	136	909	(571)	(119)	(690)
Derecognition on sale of subsidiaries (Note 4)	—	—	—	—	4,802	—	4,802	4,802	(2,003)	2,799
Share-based compensation	—	—	—	520	—	—	—	520	—	520
Dividends paid to equity holders of Neo Performance Materials Inc. (CAD $0.10 per common share)	—	—	(2,948)	—	—	—	—	(2,948)	—	(2,948)
Issuance of common shares on stock-based awards	52,851	—	—	(308)	—	—	—	(308)	—	(308)
	52,851	—	(2,948)	212	4,802	—	4,802	2,066	(2,003)	63
Balance - March 31, 2025	**41,824,315**	**$ 42**	**$ (58,315)**	**$ 473,204**	**$ (13,262)**	**$ 1,994**	**$ (11,268)**	**$ 403,663**	**$ 592**	**$ 404,255**
Balance - January 1, 2024	**42,027,392**	**$ 42**	**$ (28,545)**	**$ 473,793**	**$ (14,817)**	**$ 1,674**	**$ (13,143)**	**$ 432,147**	**$ 3,164**	**$ 435,311**
Net income	—	—	873	—	—	—	—	873	(24)	849
Other comprehensive loss	—	—	—	—	(2,733)	—	(2,733)	(2,733)	(23)	(2,756)
Total comprehensive income (loss)	—	—	873	—	(2,733)	—	(2,733)	(1,860)	(47)	(1,907)
Share-based compensation	—	—	—	232	—	—	—	232	—	232
Dividends paid to equity holders of Neo Performance Materials Inc. (CAD $0.10 per common share)	—	—	(3,079)	—	—	—	—	(3,079)	—	(3,079)
Shares repurchased and canceled under Normal Course Issuer Bid (Note 11)	(398,871)	—	—	(2,250)	—	—	—	(2,250)	—	(2,250)
Issuance of common shares on stock-based awards	123,039	—	—	(531)	—	—	—	(531)	—	(531)
	(275,832)	—	(3,079)	(2,549)	—	—	—	(5,628)	—	(5,628)
Balance - March 31, 2024	**41,751,560**	**$ 42**	**$ (30,751)**	**$ 471,244**	**$ (17,550)**	**$ 1,674**	**$ (15,876)**	**$ 424,659**	**$ 3,117**	**$ 427,776**

1. Nature of Operations

Neo Performance Materials Inc. and its subsidiaries (collectively refer to as "**Neo**" the "**Company**"or the "**Group**") is a Canadian public company traded on the Toronto Stock Exchange ("**TSX**") and was incorporated on September 12, 2017 under the *Business Corporations Act* (Ontario). Neo's registered and head office is located at 121 King Street West, Suite 1740, Toronto, Ontario, Canada, M5H 3T9.

Neo manufactures the building blocks of many modern technologies that enhance efficiency and sustainability. Neo's advanced industrial materials, rare earth magnetic powders and magnets, specialty chemicals, metals, and alloys are critical to the performance of many everyday products and emerging technologies across industries. Neo's products help to deliver the technologies of tomorrow to consumers today.

As at March 31, 2025, Neo has 1,466 employees and a global platform that includes 8 manufacturing facilities located in China, Germany, Canada, Estonia, the United Kingdom ("**UK**") and Thailand as well as one dedicated research and development ("**R&D**") centre in Singapore. Since its formation in 1994, Neo has leveraged its processing expertise to innovate and grow into a leading manufacturer of advanced industrial materials for specialty end markets. Neo is a leading commercial partner to some of the world's largest customers in the automotive, manufacturing, semiconductor, advanced electronic and specialty chemical industries. As a result, Neo is well positioned in markets that are forecast to see robust, long-term growth driven by multiple global macro trends, such as vehicle electrification, industrial automation, consumer electronics, energy efficient lighting, air and water pollution control and super-alloys. Neo identifies growth markets driven by global macro trends and produces highly engineered industrial materials that are critical to the performance of applications in those markets. In addition to Toronto, Canada, Neo has offices in Greenwood Village, Colorado, United States; Singapore; and Beijing, China.

Neo has three operating segments: Magnequench, Chemicals & Oxides ("**C&O**") and Rare Metals, as well as the Corporate segment.

Magnequench

Neo's Magnequench segment manufactures bonded neodymium-iron-boron ("**NdFeB**") powders and bonded permanent magnets. With over thirty years of manufacturing experience, Magnequench is the world leader in the production of magnetic powders used in bonded and hot-deformed fully dense NdFeB magnets. These powders are formed through Magnequench's market-leading technology related to the development, processing, and manufacturing of magnetic powders. Magnequench uses a proprietary process to manufacture Magnequench Powder using a blend of various inputs. These powders are used in the production of bonded permanent magnets that are components in automotive motors, pumps, micro motors, traction motors, sensors and other applications requiring high levels of magnetic strength, improved performance and reduced size and weight. Magnequench produces bonded magnets made from various proprietary powder grades, which are used in applications substantially similar to those listed above.

Magnequench is building a new facility in Europe, expected to be commissioned in 2025, to manufacture and distribute sintered magnets which are critical in clean energy technologies, such as traction motors for electric vehicles and generators for wind turbines for renewable power.

C&O

Neo’s C&O segment manufactures and distributes a broad range of advanced industrial materials that have become an indispensable part of modern life. The C&O segment has historically been comprised of two businesses, the production of mixed oxides for emission control catalysts, and the separation and processing of rare earth minerals into advanced industrial materials. Neo's world-class midstream processing and advanced materials manufacturing capabilities enable the Company to meet increasingly demanding specifications from manufacturers requiring custom engineered materials. Applications from these products include emissions catalysts, permanent magnetics, consumer electronics, petroleum refining catalysts, medical devices and wastewater treatment.

Rare Metals

Neo’s Rare Metals (“**RM**”) segment sources, reclaims, produces, refines and markets high-value specialty metals and their compounds. These products include both high-temperature metals (tantalum, niobium, hafnium and rhenium) and electronic metals (gallium and indium). Applications from products made in this segment primarily include superalloys for jet engines, medical imaging, wireless technologies and LED lighting. Other applications include flat panel displays, solar, steel additives, batteries and electronics applications.

Corporate

Neo's global head office is in Toronto, Ontario, Canada, with additional corporate offices in Greenwood Village, Colorado, U.S.; Singapore; and Beijing, China. The functions of this group include finance, administration, information technology, accounting, and legal.

2. Summary of Accounting Policies

2.1 Basis of preparation and statement of compliance

These interim condensed consolidated financial statements (“**Consolidated Financial Statements**”) have been prepared in accordance with IAS 34, Interim Financial Reporting ("**IAS 34**"), as issued by the International Accounting Standards Board ("**IASB**") that are in effect at the end of the reporting period March 31, 2025 and are presented in thousands of United States dollars, unless otherwise indicated.

These consolidated financial statements were approved and authorized for issuance by Neo's Board of Directors (the “**Board**”) on May 8, 2025.

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. Certain prior period amounts may have been reclassified to conform to the current period presentation. Such reclassifications did not affect results of operations.

2.2 Significant management judgments in applying accounting policies, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The significant management judgments in applying accounting policies, estimates and assumptions disclosed in Neo's audited annual financial statements for the year ended December 31, 2024 have been applied consistently in the preparation of these consolidated financial statements.

2.3 *New standards or amendments and forthcoming requirements*

Neo adopted the following accounting standards and amendments to accounting standards during the period ended March 31, 2025:

- **Lack of Exchangeability (Amendments to IAS 21)** - These amendments provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments did not have a material impact on Neo's interim condensed consolidated financial statements

The following are new accounting pronouncements or amendments that have been issued by the IASB but have not yet been adopted by Neo as at March 31, 2025:

- **Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7** *(effective on or after January 1, 2026)* – These amendments include guidance on the classification of financial assets, particularly those with contingent features that are not related directly to a change in basic lending risks or costs, as well as require companies to provide additional disclosures on financial assets and financial liabilities with such contingent features.
- **Annual Improvements to IFRS Accounting Standards – Volume 11** *(effective on or after January 1, 2026)* – This volume would amend IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. Additional amendments in this volume state that when lease liabilities are derecognized under IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss. The amendment relating to the derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.
- **IFRS 18 Presentation and Disclosure in Financial Statements** *(effective on or after January 1, 2027)* – IFRS 18 will replace IAS 1 (many of the other existing principles in IAS 1 will be retained), with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 focuses on updates to the statement of profit or loss with key new concepts introduced relating to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside of an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Neo has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective as of March 31, 2025. Neo remains in the process of reviewing the potential impact of the above-mentioned amendments on the interim condensed consolidated financial statements.

3. Property, Plant and Equipment

	Land		Building & improvements		Machinery & Equipment		Right-of-use Assets		Office equipment		Construction in Progress (net of transfer)		Total
As at January 1, 2025													
Cost	$	9,969	$	48,175	$	131,109	$	15,166	$	7,245	$	53,604	$ 265,268
Accumulated depreciation		—		(14,254)		(61,488)		(6,036)		(4,565)		—	(86,343)
Opening net book value as at January 1, 2025	**$**	**9,969**	**$**	**33,921**	**$**	**69,621**	**$**	**9,130**	**$**	**2,680**	**$**	**53,604**	**$ 178,925**
Additions of property, plant, and equipment		—		35		197		—		13		6,545	6,790
Derecognitions and disposals, net of cost and accumulated depreciation		—		(7)		(97)		(4)		(6)		(45)	(159)
Transfers within property, plant and equipment		—		—		613		—		33		(646)	—
Currency translation adjustments		19		48		76		6		6		2,127	2,282
Depreciation expense		—		(355)		(1,819)		(365)		(108)		—	(2,647)
Closing net book value as at March 31, 2025	**$**	**9,988**	**$**	**33,642**	**$**	**68,591**	**$**	**8,767**	**$**	**2,618**	**$**	**61,585**	**$ 185,191**
Comprised of:													
Cost	$	9,988	$	48,208	$	130,702	$	15,069	$	7,265	$	61,585	$ 272,817
Accumulated depreciation		—		(14,566)		(62,111)		(6,302)		(4,647)		—	(87,626)

	Land		Building & improvements		Machinery & Equipment		Right-of-use Assets		Office equipment		Construction in Progress (net of transfer)		Total
As at January 1, 2024													
Cost	$	10,000	$	37,557	$	96,141		14,562	$	7,837	$	47,715	$ 213,812
Accumulated depreciation		—		(19,281)		(64,639)		(6,023)		(4,951)		—	(94,894)
Opening net book value as at January 1, 2024	**$**	**10,000**	**$**	**18,276**	**$**	**31,502**	**$**	**8,539**	**$**	**2,886**	**$**	**47,715**	**$ 118,918**
Additions of property, plant, and equipment		—		199		940		—		569		74,597	76,305
Additions of right-of-use assets		—		—		—		3,837		—		—	3,837
Write-offs, net of cost and accumulated depreciation		—		(281)		—		(642)		(36)		(431)	(1,390)
Transfers		—		18,739		47,180		—		332		(66,251)	—
Currency translation adjustments		(31)		(223)		(347)		(37)		(20)		(1,940)	(2,598)
Transfer to held for sale		—		(1,336)		(1,466)		(822)		(539)		(86)	(4,249)
Impairments (Reversal of impairments)		—		—		(548)		—		—		—	(548)
Depreciation expense		—		(1,453)		(7,640)		(1,745)		(512)		—	(11,350)
Closing net book value as at December 31, 2024	**$**	**9,969**	**$**	**33,921**	**$**	**69,621**	**$**	**9,130**	**$**	**2,680**	**$**	**53,604**	**$ 178,925**
Comprised of:													
Cost	$	9,969	$	48,175	$	131,109	$	15,166	$	7,245	$	53,604	$ 265,268
Accumulated depreciation		—		(14,254)		(61,488)		(6,036)		(4,565)		—	(86,343)

4. Sale of subsidiaries

On March 31, 2025, Neo completed the sale, to an affiliate of Shenghe Resources Holding Co., Ltd. of (i) 86% of the equity interest in Jiangyin Jia Hua Advanced Material Resources Co., Ltd. ("**JAMR**") for cash proceeds of RMB 182.7 million ($25.0 million); and (ii) 88% of the equity interest in Zibo Jia Hua Advanced Material Resources Co., Ltd. ("**ZAMR**") for cash proceeds of RMB 26.4 million ($3.6 million). The operating results of JAMR and ZAMR were presented in the C&O business segment and the entities were classified as held for sale as at December 31, 2024.

With the sale completed, Neo now holds a 9% equity interest in JAMR and 10% equity interest in ZAMR. The investments in JAMR and ZAMR are measured at fair value through other comprehensive income.

The summary of the assets and liabilities derecognized and the resulting loss upon deconsolidation is as follows:

Cash and cash equivalents	$	(3,118)
Current assets		(33,023)
Property, plant and equipment		(4,315)
Intercompany receivables		(1,508)
Deferred tax assets		(3,760)
Current liabilities		3,336
Provisions		8,396
Non-controlling interest		2,003
Cumulative translation adjustments		(4,802)
Net assets derecognized	**$**	**(36,791)**
Sales proceeds		28,324
Transaction costs		(500)
Fair value of equity interest retained		3,040
Loss on sale of JAMR and ZAMR	**$**	**(5,927)**

The loss on sale of JAMR and ZAMR is included in "Other expenses" in the condensed consolidated statement of profit or loss for the three months ended March 31, 2025.

5. Investments

5.1 Investments in Associates

Neo holds a 33% investment in Toda Magnequench Magnetic Materials Co. Ltd. ("**TMT**"), located in China, which produces rare earth magnetic compounds with Magnequench Powders supplied by MQTJ in its normal course of business.

Neo holds a 25% ownership interest in Ganzhou Keli Rare Earth New Material Co., Ltd. ("**Keli**"), located in China, a company which converts rare earth oxides into metals for use in Magnequench Powders.

Neo holds a 20% ownership interest in GQD Special Materials (Thailand) Co., Ltd. ("**GQD**"), located in Thailand, a company which converts rare earth oxides into metals for use in Magnequench Powders.

Neo holds a 43.7% ownership interest in Neo North Star Resources Inc. ("**NNSR**"), located in the United States, a special-purpose entity ("**SPE**") established to fund an exploration project in southwest Greenland.

5.2 Summary of Equity Method Investments

Aggregate financial information of these equity accounted associates for the periods ended and as at March 31, 2025 and December 31, 2024 is presented below.

	TMT	Keli	GQD	NNSR	Total
Carrying value at January 1, 2025	$ 2,700	$ 7,741	$ 3,296	$ 2,593	$ 16,330
Share of results in associates	20	277	74	9	380
Unrealized profit from sales to associates	(92)	—	—	—	(92)
Carrying value at March 31, 2025	**$ 2,628**	**$ 8,018**	**$ 3,370**	**$ 2,602**	**$ 16,618**
Carrying value at January 1, 2024	$ 2,495	$ 9,475	$ 2,826	$ 3,159	$ 17,955
Share of results in associates	59	(1,734)	470	(816)	(2,021)
Unrealized profit from sales to associates	146	—	—	—	146
Investment in associates	—	—	—	250	250
Carrying value at December 31, 2024	**$ 2,700**	**$ 7,741**	**$ 3,296**	**$ 2,593**	**$ 16,330**

5.3 Summary of Other Investments

The following is a summary of Neo's other investments:

	March 31, 2025	December 31, 2024
Measured at fair value through other comprehensive income:		
Equity investments in private companies (Note 4)	$ 3,040	$ —
Measured at fair value through profit or loss:		
Equity securities	168	217
Total	**$ 3,208**	**$ 217**

6. Inventories

Inventories, stated at the lower of weighted-average cost or net realizable value, consist of the following:

	March 31, 2025	December 31, 2024
Raw materials	$ 75,130	$ 66,579
Work-in-progress	14,989	17,656
Finished goods	47,554	49,092
Supplies	5,945	5,994
Total	**$ 143,618**	**$ 139,321**

The cost of finished goods manufactured includes appropriate materials, labour and production overhead expenditures.

For the three months ended March 31, 2025, a total of $88.3 million of inventories was included in the cost of sales compared to $93.2 million for the three months ended March 31, 2024. These include $1.0 million of change in provisions for inventories in the three months ended March 31, 2025 compared to a nominal change in provisions for inventories in the three months ended March 31, 2024.

7. Other Current Assets

Other current assets consist of the following:

	March 31, 2025	December 31, 2024
Prepayments for inventory	$ 1,327	$ 6,485
Prepayments for property, plant and equipment	2,652	1,875
Other prepaid expenses	2,408	3,460
Value-added tax receivable	10,009	9,323
Notes receivable	892	1,342
Others	3,525	1,779
Total	**$ 20,813**	**$ 24,264**

8. Financial Instruments

The carrying amounts presented in the interim condensed consolidated statements of financial position relate to the following categories of financial assets and liabilities:

Financial Assets	March 31, 2025	December 31, 2024
Fair value through other comprehensive income (“FVTOCI”)		
Equity investments in private companies [1]	$ 3,040	$ —
Fair value through profit or loss (“FVTPL”)		
Equity securities [2]	$ 168	$ 217
Measured at amortized cost [3]		
Cash and cash equivalents:		
Cash	$ 77,329	$ 85,489
Accounts receivable	66,393	61,232
Total measured at amortized cost	143,722	146,721
Total financial assets	**$ 146,930**	**$ 146,938**

Financial Liabilities		March 31, 2025		December 31, 2024
Fair value through profit or loss				
Put option issued to non-controlling interest of Buss & Buss (derivative liability)	$	45,551	$	47,416
Put option issued to non-controlling interest of SGTec (derivative liability)		1,352		1,311
Contingent consideration liability of SGTec		528		667
	$	47,431	$	49,394
Measured at amortized cost (3)				
Current:				
Short-term debt	$	2,756	$	2,740
Accounts payable and other accrued charges		62,672		69,546
Current portion of long-term debt (4)		4,476		4,610
Lease obligations		1,118		1,229
Liabilities directly associated with the assets held for sale		—		10,254
Other current liabilities		894		647
	$	71,916	$	89,026
Non-current:				
Long-term debt (5)	$	63,913	$	64,186
Lease obligations		3,109		3,244
Other non-current liabilities		716		842
		67,738		68,272
Total financial liabilities	**$**	**187,085**	**$**	**206,692**

(1) Equity investments in private companies are re-measured each reporting period with the change in fair value recorded in other comprehensive income.

(2) Equity securities are re-measured each reporting period with the change in fair value recorded in finance cost or income. For the three months ended March 31, 2025, the fair value of these equity securities decreased by less than $0.1 million (decreased by $0.1 million for the three months ended March 31, 2024).

(3) The carrying values of the financial instruments, current and non-current, measured at amortized cost are a reasonable approximation of their fair value with the exception of the EDC credit facility which has an amortized cost of $68.4 million and a fair value of $70.7 million as at March 31, 2025.

(4) Current portion of the EDC credit facility term loan due for repayment in August 2025.

(5) Non-current portion of the EDC credit facility term loan due for repayment from August 2026 to November 2029.

8.1 Derivative liabilities

8.1.1 Buss & Buss

As at March 31, 2025, Neo's derivative liability is comprised of a put option issued to the non-controlling interest of a consolidated subsidiary, Buss & Buss. The put option liability is subsequently re-measured at each reporting period end date based on 90% of the fair value and the change in the put option liability is recorded in the interim condensed consolidated statements of profit or loss.

For the three months ended March 31, 2025, Buss & Buss declared and paid $14.7 million (€13.6 million) of dividends to its shareholders (a subsidiary of Neo and a non-controlling interest). Neo has recorded the dividends paid to Buss & Buss' non-controlling interest of $7.3 million (€6.8 million) as finance costs for the three months ended March 31, 2025 (see Note 16).

For the three months ended March 31, 2025 the change in the fair value of the derivative liability was an decrease of $1.9 million (see Note 16). The fair value of the derivative is based on the best market information available to management, including assumptions regarding the forecasted pricing of the advanced industrial materials Buss & Buss produces. For the three months ended March 31, 2024, the change in the fair value of the derivative liability was an increase of $1.2 million.

8.1.2 SGTec

The put option on the remaining 10% of SGTec was initially measured at the acquisition date in 2023 at $1.6 million and recorded as a derivative liability. The put option is remeasured at each reporting period and is $1.4 million as at March 31, 2025 compared to $1.3 million as at December 31, 2024. For the three months ended March 31, 2025, the change in the fair value of the derivative liability of increase of less than $0.1 million was recorded in interim condensed consolidated statements of profit or loss.

As part of the SGTec acquisition, Neo has a contingent requirement to make a future cash payment based on SGTec's financial performance during its fiscal years ending March 31, 2024, March 31, 2025 and March 31, 2026. The amount of the payment will be between a minimum of £nil and a maximum of £5.4 million and payable in 2026. This contingent consideration was estimated to be £0.4 million ($0.5 million) as at March 31, 2025, with a decrease in the fair value of the contingent consideration of $0.2 million compared to December 31, 2024.

8.2 Financial assets and liabilities measured at fair value

The following table presents financial assets and liabilities measured at fair value in the interim condensed consolidated statements of financial position in accordance with the fair value hierarchy. It does not include financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The level in which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the interim condensed consolidated statements of financial position as at March 31, 2025, are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3
Financial Assets:			
Equity securities	$ 168	$ —	$ —
Equity investments in private companies	—	—	3,040
Financial Liabilities:			
Put option issued to non-controlling interest of Buss & Buss	$ —	$ —	$ 45,551
Put option issued to non-controlling interest of SGTec	—	—	1,352
Contingent consideration liability	—	—	528

Neo's derivative liability, classified in Level 3, uses the discounted cash flow method to determine the fair value based on significant inputs that are not based on observable market data.

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions may significantly change amounts recognized in net income, total assets, total liabilities or total equity. The following is a sensitivity analysis of the inputs to the valuation model of the Buss & Buss derivative liability as at March 31, 2025:

	Effect of 1% increase [(1)]	Effect of 1% decrease [(1)]
Terminal growth rate	$ 999	$ (887)
Overall discount rate	$ (2,000)	$ 2,240

(1) Assuming all other inputs are unchanged

There have been no transfers between levels for the period ended March 31, 2025.

For further discussion of financial liabilities measured at amortized cost specifically for bank advances and other short and long-term debt, see Note 9.

9. Short-term Debt and Long-term Debt

Neo's short-term and long-term debt facilities are summarized in the table below:

As at March 31, 2025	Facility Size	Amount Drawn	Available Capacity	Maturity Date
HSBC China Overdraft facility	$ 10,000	$ —	$ 10,000	N/A
HSBC China Revolving Loan facility	20,000	2,756	17,244	N/A
German line of credit	13,512	—	13,512	N/A
EDC NAMCO facility	50,000	50,000	—	August 2027
EDC PM facility	50,000	25,000	25,000	November 2029
Total	**$ 143,512**	**$ 77,756**	**$ 65,756**	

9.1 Chinese debt facilities

Magnequench (Tianjin) Co. Ltd., Magnequench International Trading (Tianjin) Co. Ltd., Magnequench Magnetics (Chu Zhou) Co. Ltd., and Neo Jia Hua Advanced Materials (Zibo) Co., Ltd. ("**NAMCO**"), each referred to as a ("**Borrower**") or collectively as ("**Chinese Subsidiaries**"), have an Overdraft Facility and a Multiple Currency Revolving Loan Facility with HSBC Bank (China) (collectively, the "**HSBC Facilities**"). These facilities may be drawn down to finance the working capital requirement of the Chinese Subsidiaries.

9.2 German line of credit

Buss & Buss has a $13.5 million (€12.5 million) revolving line of credit which can be drawn either in Euros or U.S. dollars.

9.3 EDC credit facilities

In 2022, Neo entered into a loan agreement with the EDC ("**EDC NAMCO facility**") for a term loan of up to $75.0 million, to be advanced in tranches of $25.0 million, to finance the relocation, expansion and sustainability upgrades to its automotive catalyst manufacturing facility (the "**NAMCO facility**"). The availability period for the three tranches to be drawn was 18 months from the date of the agreement. As such, the final tranche of $25.0 million is no longer available to Neo. Of the $50.0 million drawn on this facility, $5.0 million has been repaid as at March 31, 2025.

In 2024, Neo entered into a second loan agreement with the EDC ("**EDC PM facility**") for a term loan of up to $50.0 million, to support the construction and commissioning of the European PM facility.

In both agreements, the outstanding principal amount carries an interest rate equal to the secured overnight financing rate ("**SOFR**"), as administered by the Federal Reserve Bank of New York, plus an applicable margin. The interest is payable every three months, commencing on the borrowing date of the loan agreement.

As at March 31, 2025, the carrying amount of the EDC facilities, measured at amortized cost, was $68.4 million (December 31, 2024 — $68.8 million), of which $4.5 million was classified as current (December 31, 2024 — $4.6 million)

There were no defaults of principal or interest payments and no breaches of the loan agreements during the period ended March 31, 2025. Neo is in compliance with all covenants in the Credit Facility agreements as at March 31, 2025.

10. Provisions

Neo’s provisions as at March 31, 2025 are summarized below:

Balance as at January 1, 2025	**$**	**19,238**
Provisions released in the period		(725)
Provisions sold due to sale of subsidiaries		(205)
Payments made, in the period		(12,522)
Foreign exchange adjustments		678
Balance, at the end of period	**$**	**6,464**
Current portion		540
Non-current portion		5,924

As at March 31, 2025, provisions are primarily comprised of estimated amounts for potential damages for ongoing patent litigation for historical sales. Patent litigation outcomes are inherently unpredictable, present obligation is based on Neo’s interpretation of the claims, the facts available and independent legal advice since damages are uncertain and subject to judicial determination. In March 2025, Neo settled, in cash, the legal dispute with respect to European patent #1435338 for €10.3 million, plus procedural interest of €1.3 million totaling €11.6 million ($12.5 million). Provisions also include estimated costs for the disposal of naturally occuring radioactive materials (“NORM”) at Neo’s rare earth separation facility. Such disposal costs are often unpredictable due to the need for specialized handling, regulatory and environmental requirements.

11. Share Capital

	March 31, 2025	December 31, 2024
Number of common shares authorized for issue:	Unlimited	Unlimited
Number of preference shares authorized for issue:	Unlimited	Unlimited
Total common shares issued and fully paid	41,824,315	41,771,464
Total treasury shares	—	—

None of Neo's shares are held by any subsidiary or associate.

On May 7, 2025, the Board of Directors declared a quarterly dividend of CAD $0.10 per common share payable in cash on June 27, 2025, to common shareholders of record at the close of business on June 17, 2025.

12. (Loss) Earnings Per Share

12.1 Weighted-average number of common shares - basic

The weighted average number of shares outstanding is calculated as follows:

	Three Months Ended March 31	
	2025	**2024**
Common shares issued at beginning of the year	41,771,464	42,027,392
Weighted average impact of:		
Issuance of common shares	1,762	4,056
Repurchase and cancellation of common shares under the NCIB	—	(199,753)
Weighted average number of common shares for the period - basic	**41,773,226**	**41,831,695**

12.2 Weighted-average number of common shares - diluted

The weighted average number of shares outstanding is calculated as follows:

	Three Months Ended March 31	
	2025	2024
Weighted average number of common shares - basic	41,773,226	41,831,695
Dilutive effect of stock units	—	662,430
Weighted average number of common shares for the period - diluted	**41,773,226**	**42,494,125**

For the three months ended March 31, 2025, all stock options, equity-settled RSUs and equity-settled PSUs were excluded because their effect would have been anti-dilutive (three months ended March 31, 2024: 2,076,960 stock options and 145,455 equity-settled RSUs were excluded).

12.3 (Loss) earnings per share

The calculation of basic and diluted (loss) earnings per share was based on net (loss) income attributable to equity holders of Neo for the three months ended March 31, 2025, and March 31, 2024.

	Three Months Ended March 31	
	2025	2024
Net (loss) income attributable to equity holders of Neo Performance Materials Inc. - basic and diluted	$ (1,480)	$ 873

	Three Months Ended March 31	
	2025	2024
(Loss) earnings per share - basic and diluted	$ (0.04)	$ 0.02

13. Supplemental Cash Flow Information

The net change in non-cash working capital balances related to operations consists of the following:

	Three Months Ended March 31	
	2025	2024
(Increase) decrease in assets:		
Accounts receivable	$ (9,981)	$ 2,458
Inventories	(4,189)	25,870
Other assets	5,013	(8,781)
(Decrease) increase in liabilities:		
Accounts payable and other accrued charges	(5,689)	(15,077)
Other liabilities	313	221
Total net change	**$ (14,533)**	**$ 4,691**

14. Operating Segments

The primary metric used to measure the financial performance of each operating segment is earnings before interest, taxes, depreciation and amortization ("**EBITDA**") before equity income (loss) in associates, other income (expense), foreign exchange (gain) loss, share-based compensation, impairment of assets, and other costs (recoveries) ("**Adjusted EBITDA**"). Both EBITDA and Adjusted EBITDA are non-IFRS financial measures which management believes provides it a better indication of the base-line performance of Neo's core business operations. A comparative breakdown of business segment information is as follows:

For the three months ended March 31, 2025:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total
External revenue	$ 44,273	$ 44,632	$ 32,705	$ —	$ 121,610	$ —	$ 121,610
Inter-segment revenue	—	2,868	—	—	2,868	(2,868)	—
Total revenue	**$ 44,273**	**$ 47,500**	**$ 32,705**	**$ —**	**$ 124,478**	**$ (2,868)**	**$ 121,610**
Net income (loss)	**$ 2,704**	**$ (2,377)**	**$ 1,744**	**$ (2,769)**	**$ (698)**	**$ (689)**	**$ (1,387)**
Finance (income) cost, net	(91)	476	5,396	292	6,073	—	6,073
Income tax expense (benefit)	1,311	1,611	1,432	2	4,356	—	4,356
Depreciation and amortization included in cost of sales	888	693	340	—	1,921	—	1,921
Depreciation and amortization included in operating expenses	1,333	289	79	80	1,781	—	1,781
EBITDA	**6,145**	**692**	**8,991**	**(2,395)**	**13,433**	**(689)**	**12,744**
Reconciliation to Adjusted EBITDA:							
EBITDA	6,145	692	8,991	(2,395)	13,433	(689)	12,744
Other (income) expense [1]	(247)	4,997	(38)	—	4,712	—	4,712
Foreign exchange (gain) loss	(1,413)	1,030	(384)	(3,018)	(3,785)	—	(3,785)
Equity income of associates	(371)	(9)	—	—	(380)	—	(380)
Share based compensation [2]	248	132	71	485	936	—	936
Project start-up & transition costs [3]	2,295	—	—	612	2,907	—	2,907
Adjusted EBITDA [4]	**$ 6,657**	**$ 6,842**	**$ 8,640**	**$ (4,316)**	**$ 17,823**	**$ (689)**	**$ 17,134**

(1) Represents other (income) expense resulting from non-operational related activities, including provisions for damages for outstanding legal claims related to historic volumes. Other (income) expense for the three months ended March 31, 2025 includes $5.9 million for the loss on sale of JAMR and ZAMR. These items are not indicative of Neo's ongoing activities.

(2) Represents share-based compensation expense in respect of the Long-term Incentive Plan ("LTIP"), most recently amended and approved by Neo shareholders on June 19, 2024 (Note 17).

(3) These represent primarily pre-operational staffing costs at the PM facility, as well as strategic review advisor costs. Neo has removed these charges to provide comparability with historic periods.

(4) Certain items are excluded from net (loss) income to determine Adjusted EBITDA. Adjusted EBITDA is used internally by the CODM when analyzing segment underlying performance.

For the three months ended March 31, 2024:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Total for reportable segments	Eliminations	Total
External revenue	$ 45,480	$ 39,337	$ 37,278	$ —	$ 122,095	$ —	$ 122,095
Inter-segment revenue	—	1,176	—	—	1,176	(1,176)	—
Total revenue	**$ 45,480**	**$ 40,513**	**$ 37,278**	**$ —**	**$ 123,271**	**$ (1,176)**	**$ 122,095**
Net (loss) income	**$ (313)**	**$ 975**	**$ 5,670**	**$ (5,746)**	**$ 586**	**$ 263**	**$ 849**
Finance cost (income), net	202	(264)	1,218	184	1,340	—	1,340
Income tax expense (benefit)	579	1,133	2,633	(4)	4,341	—	4,341
Depreciation and amortization included in cost of sales	906	689	335	—	1,930	—	1,930
Depreciation and amortization included in operating expenses	1,324	243	83	78	1,728	—	1,728
EBITDA	**2,698**	**2,776**	**9,939**	**(5,488)**	**9,925**	**263**	**10,188**
Reconciliation to Adjusted EBITDA:							
EBITDA	2,698	2,776	9,939	(5,488)	9,925	263	10,188
Other (income) expense (1)	(492)	(3,176)	(11)	—	(3,679)	—	(3,679)
Foreign exchange loss (gain)	1,300	(1,039)	(710)	1,171	722	—	722
Equity loss of associates	2,108	267	—	—	2,375	—	2,375
Share based compensation (2)	18	22	20	(156)	(96)	—	(96)
Project start-up & transition costs (3)	480	770	—	—	1,250	—	1,250
Adjusted EBITDA (4)	**$ 6,112**	**$ (380)**	**$ 9,238**	**$ (4,473)**	**$ 10,497**	**$ 263**	**$ 10,760**

(1) Represents other (income) expenses resulting from non-operational related activities, including provisions for damages for outstanding legal claims related to historic volumes. Other income for the three months ended March 31, 2024 includes a reversal of special reserve to cover potential liabilities related to employee safety incidents or workplace accidents at C&O's ZAMR facility in China. This reserve was set up since inception of the light rare earth separation business and has been released as Neo has wound down operations. These items are not indicative of Neo's ongoing activities.

(2) Represents share-based compensation expense in respect of the LTIP (Note 17).

(3) These represent primarily legal, professional advisory fees and other transaction costs related to sintered magnet start-up cost, as well as transition cost during qualification start-up of NAMCO facility and the winding down of ZAMR. Neo has removed these charges to provide comparability with historic periods.

(4) Certain items are excluded from net (loss) income to determine Adjusted EBITDA. Adjusted EBITDA is used internally by the CODM when analyzing segment underlying performance.

As at March 31, 2025:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Total for reportable segments	Eliminations	Total
Total assets	$ 326,547	$ 176,362	$ 113,256	$ 5,088	$ 621,253	$ (124)	$ 621,129
Investments	14,043	5,615	—	168	19,826	—	19,826
Total liabilities	$ (40,007)	$ (29,971)	$ (64,524)	$ (82,372)	$ (216,874)	$ —	$ (216,874)

As at December 31, 2024:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Total for reportable segments	Eliminations	Total
Total assets	$ 324,122	$ 198,699	$ 122,701	$ 7,168	$ 652,690	$ 564	$ 653,254
Investments	13,737	2,593	—	217	16,547	—	16,547
Total liabilities	$ (42,129)	$ (56,715)	$ (66,879)	$ (82,649)	$ (248,372)	$ —	$ (248,372)

The geographic distribution of Neo's revenue based on the location of its customers for the three months ended March 31, 2025 and 2024 are summarized as follows:

Revenue	**Three Months Ended March 31**	
	2025	**2024**
Asia:		
China	$ 40,725	$ 28,676
Japan	16,078	21,725
Thailand	2,679	3,766
South Korea	1,399	1,243
North America	33,581	37,142
Europe	20,624	23,843
Other	6,524	5,700
Total	**$ 121,610**	**$ 122,095**

Revenue from one significant customer accounted for $18.7 million of Neo's total revenue for the three months ended March 31, 2024. Neo did not have a significant customer for the three months ended March 31, 2025. Neo defines significant customers as those that generate 10% or more of consolidated revenue.

15. Income Tax

The effective income tax rate can vary significantly from quarter-to-quarter for various reasons, including the mix and volume of business in different tax jurisdictions, in jurisdictions with tax holidays and tax incentives, and in jurisdictions for which no deferred tax assets have been recognized because management believes it is not probable that future taxable profit will be available against which tax losses and deductible temporary differences could be utilized. Neo's effective income tax rate can also vary due to the impact of foreign exchange fluctuations, operating losses, changes in provisions related to tax uncertainties and changes in management's assessment as to whether temporary differences arising from investments in subsidiaries will reverse in the foreseeable future.

For the three months ended March 31, 2025, Neo recorded an income tax expense of $4.4 million that was unfavourably impacted by $3.0 million due to losses and temporary differences for which there are no recognized tax benefits, $1.5 million due to non-deductible finance costs and favourably impacted by $1.0 million due to foreign exchange rate fluctuations on certain non-monetary assets. Non-deductible finance costs primarily comprise of the dividends paid to Buss & Buss' minority shareholder and the re-measurement of derivative liabilities.

For the three months ended March 31, 2024, Neo recorded an income tax expense of $4.3 million that was unfavourably impacted by $1.0 million due to foreign exchange rate fluctuations on certain non-monetary assets, and $1.4 million due to losses and temporary differences for which there are no recognized tax benefits.

16. Finance Costs

Neo's net finance costs generally consist of interest earned on bank deposits, interest paid on leases, interest paid on long-term debt, changes in the fair value of its financial assets and liabilities, and dividends paid to non-controlling interests. The following table shows the breakdown of net finance costs as presented in the interim condensed consolidated statements of profit or loss:

	Three Months Ended March 31	
	2025	**2024**
Dividends paid to non-controlling interest (Note 8)	$ 7,343	$ —
Change in fair value of derivative liabilities (Note 8)	(1,865)	1,436
Interest expense on credit facilities, net	491	42
Interest earned on bank deposits net of interest paid on bank advances and other	104	(138)
Total	**$ 6,073**	**$ 1,340**

17. Share-Based Compensation

During the three months ended March 31, 2025, there were no issuances of Options, RSUs, or PSUs under the LTIP.

Equity-settled share-based compensation	**Options**	**Weighted-average exercise price - Options**	**RSUs**	**PSUs**
Outstanding, January 1, 2025	2,076,960	$ 8.21	225,342	327,933
Exercised	—	n/a	(96,396)	—
Outstanding, March 31, 2025	2,076,960	8.21	128,946	327,933
Exercisable, March 31, 2025	1,408,973	$ 9.64	$ —	$ —
Weighted average remaining contractual life, as at March 31, 2025	3.9 years		1.7 years	1 years

Cash-settled share-based compensation	**RSUs**	**PSUs**	**DSUs**
Outstanding, January 1, 2025	267,989	150,919	194,989
Exercised	(113,817)	—	—
Outstanding, March 31, 2025	154,172	150,919	194,989
Weighted average remaining contractual life, as at March 31, 2025	1.8 years	1 years	—

The following table summarizes the inputs used in the calculation of the grant date fair values for the awards issued under the LTIP during 2024:

	Options	**RSUs**	**PSUs**	**DSUs**
Key assumptions used for 2024 grants:				
Weighted average grant date fair value (per unit)	$ 1.69	$ 4.52	$ —	$ —
Dividend yield	6.4 %	— %	— %	— %
Expected volatility	51.0 %	— %	— %	— %
Risk-free interest rate	4.3 %	— %	— %	— %
Exercise price	$ 4.52	$ —	$ —	$ —
Forfeiture rate	— %	— %	— %	— %
Fair value of share-based compensation at grant date	$ 1,036	$ 1,487	$ —	$ —

The following table shows the share-based compensation expense recorded in the interim condensed consolidated statements of profit or loss during the three months ended March 31, 2025 and March 31, 2024:

	Three Months Ended March 31	
	2025	**2024**
Options	$ 246	$ 227
RSUs	443	162
PSUs	161	(266)
DSUs	86	(219)
Total	**$ 936**	**$ (96)**

18. Directors and Key Management Compensation

Neo's key management personnel consists of persons having authority and responsibility for planning, directing and controlling the activities of Neo, directly or indirectly. Key management personnel includes Neo's executive officers, vice-presidents and members of its board of directors. Neo's key management compensation expenses include short-term compensation and share-based compensation expenses.

Neo's short-term compensation expenses are as follows:

	Three Months Ended March 31,	
	2025	**2024**
Directors	$ 205	$ 166
Key Executive Management	1,167	1,220
Total	**$ 1,372**	**$ 1,386**

Neo's share-based compensation expenses (recoveries) are as follows:

	Three Months Ended March 31,	
	2025	**2024**
Directors	86	(219)
Key Executive Management	499	310
Total	**$ 585**	**$ 91**

19. Related Party Transactions

Neo's related parties are its joint venture partners, associates, directors and executive officers.

Neo's related party transactions were made on terms equivalent to those that prevail in arm's length transactions. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

19.1 Transactions with associates

On occasion, MQTJ will supply Magnequench Powders to TMT to produce rare earth magnetic compounds. MQTJ will then purchase these compounds back from TMT in its normal course of business. Keli and GQD process rare earth oxides into metals for inclusion in Magnequench Powders.

Transactions between Neo and its associates are summarized in the table below:

	Three Months Ended March 31,	
	2025	**2024**
Purchase of goods and services from associates:		
TMT	$ 1,310	$ 1,446
Keli	3,388	5,773
GQD	2,126	1,047
Sales of goods and services to associates:		
TMT	588	1,177

19.2 Transactions with joint venture partners

Neo also has occasionally purchased and sold products from and to Ganzhou Qian Dong Rare Earth Group Co. Ltd. ("**Qian Dong**") and Toda Kogyo Corp. ("**Toda**"). Transactions between Neo and its joint venture partners are summarized in the table below:

	Three Months Ended March 31,	
	2025	**2024**
Sale of goods to Toda	$ 531	$ 89

19.3 Transactions with other related parties

Neo, through one of its subsidiaries in China, MQCZ, has occasionally sold products to Atatsu Co., Ltd. ("**Atatsu**") for resale to third party customers. Atatsu is controlled by members of MQCZ's key management personnel. For the three months ended March 31, 2025, sales to Atatsu were $0.1 million. For the three months ended March 31, 2024, sales to Atatsu were $0.1 million.

Transactions between Neo and its related parties are summarized in the table below:

	Three Months Ended March 31,	
	2025	**2024**
Sale of goods and services to related parties	$ 1,196	$ 1,331
Purchase of goods and services from related parties	6,824	8,266

	March 31, 2025	**December 31, 2024**
Trade balances:		
From related parties	$ 1,182	$ 1,142
Due to related parties	(941)	(2,042)
Total	**$ 241**	**$ (900)**