



Performance Materials



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EVP & CFO

First Quarter 2025 Results

TSX: NEO.TO | Earnings call | May 9, 2025



Forward-Looking Information

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Non-IFRS Financial Measures

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

Specified financial measures such as non-IFRS measures and ratios have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of Neo’s financial information reported under IFRS. Neo uses specified financial measures to provide investors with supplemental measures of its base-line operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Neo believes that securities analysts, investors and other interested parties frequently use specified financial measures such as non-IFRS financial measures and ratios in the evaluation of issuers. Neo’s management also uses non-IFRS financial measures and ratios to facilitate operating performance comparisons from period to period. Readers are cautioned that these measures should not be construed as an alternative to their nearest or directly comparable financial measures determined in accordance with IFRS as an indication of Neo’s financial performance. For further information on how Neo defines such specified financial measures, including non-IFRS financial measures and ratios and, where applicable, their reconciliations to the nearest comparable IFRS measures, please see the “Non-IFRS Financial Measures” section of Neo’s MD&A for the three months ended March 31, 2025, which is hereby incorporated by reference into this presentation, and at www.neomaterials.com and on SEDAR+ at www.sedarplus.ca.



Introduction

Rahim Suleman

Q1 2025 Key Themes

Financial Results
Ahead Of
Expectations

Meaningful
Progress On Our
Growth Projects

Winning Amid
Geopolitical
Turbulence

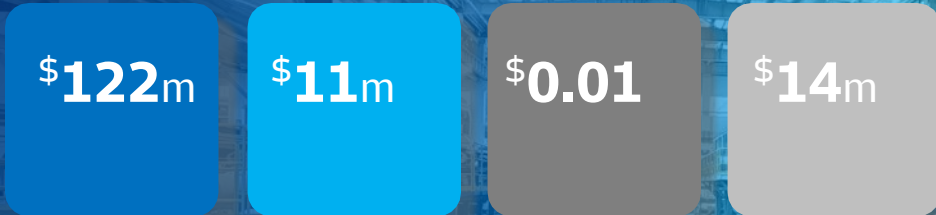
Q1 2025 Financial Results

Strong Performance Supported By Resilient Demand And Cost Discipline

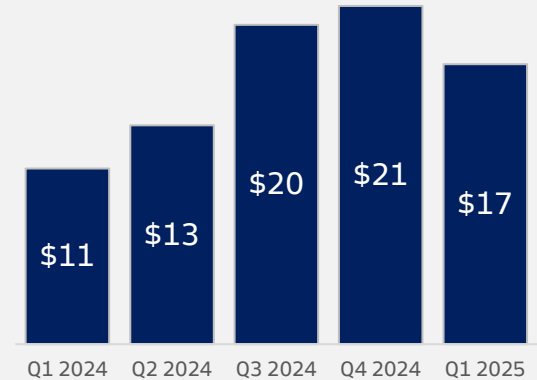
Q1'25



Q1'24



Trending EBITDA (\$m)



CASH⁽²⁾: **\$77m**

NET WORKING CAPITAL⁽¹⁾⁽²⁾⁽³⁾: **\$166m**

GROSS DEBT⁽²⁾: **\$71m**

1. Non-IFRS Financial Measure. See "Non-IFRS Financial Measures" in the disclaimer section for further information. Note: All financial values are in US dollars, except when stated otherwise.
 2. As at March 31, 2025.
 3. Net Working Capital is estimated as: (Accounts receivable + Inventories + Other current assets) - (Accounts payable + Lease Obligations + Other current liabilities)

Emission Control Catalyst Facility

- ✓ Fully commissioned
- ✓ Achieved run-rate capacity for requalified products

- ✓ Production volumes up over 21% sequentially
- ✓ On track for double-digit annual growth

The facility effectively drives:

- ✓ High cash flow conversion
- ✓ Strong customer momentum



European Permanent Magnet Facility

- One of the most important critical materials projects in Europe and among a select few globally

- Strategically positioned to meet growing demand for localized supply chains in EVs, robotics, and other critical technologies

- Remains firmly on track, both on time and on budget



Magnet Delivery to Tier 1 Customer in April 2025

- ✓ Produced and shipped over 18,000 sintered magnet pieces as initial samples
- ✓ The magnets are EV traction motor grade and represent an important technical milestone
- ✓ Production part approval process is scheduled for the first half of 2026, with mass production to start later that year



Positioned to Win With Diversified, Parallel supply Chains Amid Shifting Geopolitics

U.S. Tariffs

Assessment⁽¹⁾

- ✓ Relative tariffs
- ✓ US supply capacity

1. Note: the assessment doesn't speak to indirect exposure, which is related to our customer's customer or the economy in general

Potential Exposure

- ✓ **Hafnium** (EU)
- ✓ **Emissions Catalyst** (EU; China)
- ✓ **Gallium** (CAN)

Minimal Exposure

- ✓ **Magnetics** (Thailand, UK, China)
- ✓ **RE Oxides** (EU; China)

- ✓ **Strategic Advantage Shifting Geopolitics:** Neo is a net beneficiary of shifting geopolitics due to our regionally diversified, vertically integrated model.
- ✓ **Clear Differentiation in Key Materials:** tariff-advantaged hafnium and gallium, refined in Europe and Canada, respectively, critical for U.S. aerospace and semiconductor supply chains and a lack of domestic capacity in the U.S.
- ✓ **Resilient Supply Chain:** ability to shift production across geographies allows for managing customer costs and ensuring reliable delivery to key markets.
- ✓ **Forward-Looking Magnet Strategy:** with almost no magnet shipments from China to the U.S. today, our European facility offers a tariff advantage and is well-positioned to meet the growing demand for EV traction motors outside of China, including in North America.

Direct Exposure to US Tariffs is Minimal

Positioned to Win With Diversified, Parallel supply Chains Amid Shifting Geopolitics (Cont'd)

Export Controls

Historical Export Controls

- ✔ Separation Technology
- ✔ Metal Making Technology

More Recent Export Controls

- ✔ Gallium and other materials
- ✔ Magnet Making Technology
- ✔ HRE, incl. Dy and Tb
- ✔ Permanent Magnets

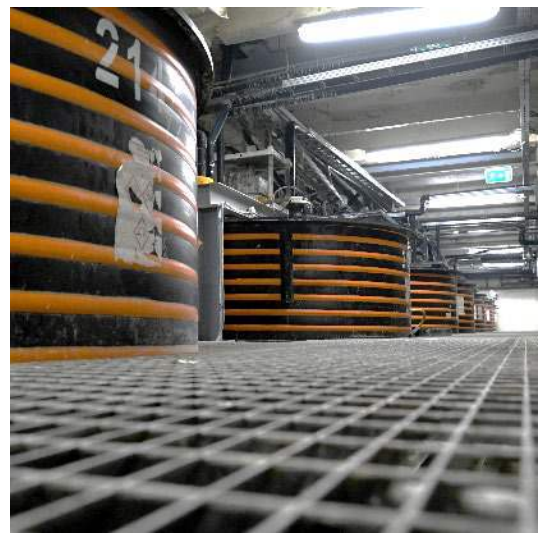
- ✔ **Unique Magnet Advantage:** Neo is the only company globally with a heavy-rare-earth-free magnet already in use for EV traction motors with Honda and Daido.
- ✔ **Proven Resilience to Export Controls:** over 99% of Neo's bonded magnet portfolio is HRE-free, with minimal exposure to Chinese shipments and a strong track record navigating export license processes, including under recent gallium restrictions.
- ✔ **Forerunner in Heavy Rare Earth Separation Outside China:** Neo's pilot-scale line in Estonia is a strategic first step toward filling the global gap in heavy rare earth separation capacity, leveraging decades of technical expertise.
- ✔ **Trusted Partner to Global Miners:** Neo is already supporting multiple heavy rare earth mining projects with in-house lab and engineering services, positioning us as a preferred downstream partner.

Highlights the strategic value of our European separation assets and heavy rare earth expertise

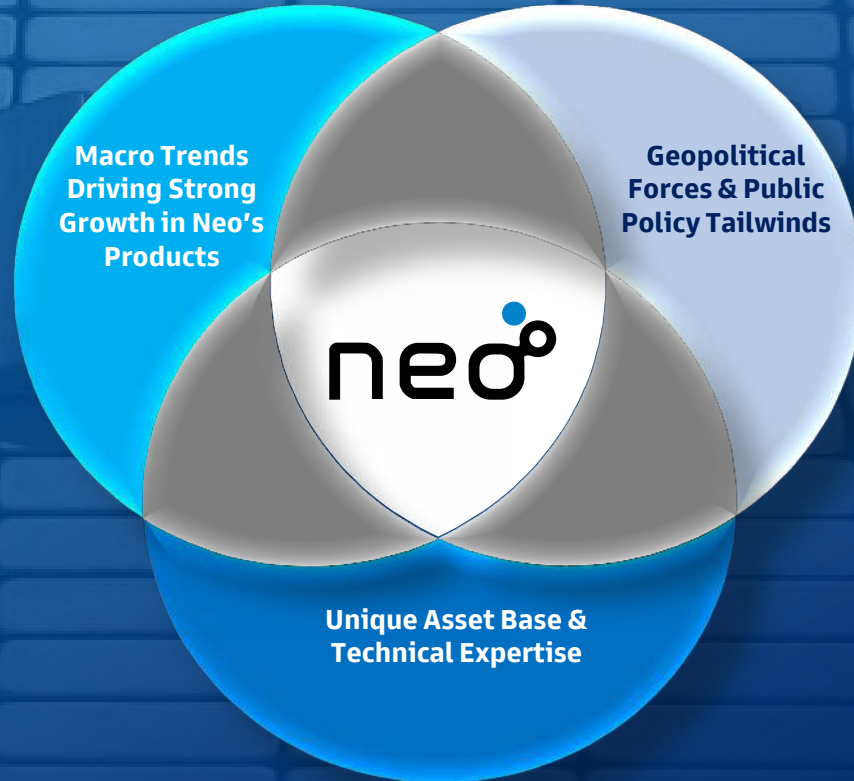
Heavy Rare Earth Separation Project in Europe Commenced

- ✓ Leveraging 30+ years of experience to develop a pilot-scale heavy rare earth separation line at its European facility
- ✓ Addressing a key global supply chain gap by ensuring availability of critical elements for high-tech applications
- ✓ Critical step toward commercial-scale production

- ✓ Engineering and procurement started
- ✓ Equipment delivery expected in Q3
- ✓ Initial commissioning targeted by year-end



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





Financials

Jonathan Baksh

REVENUE

\$122m in Q1 2025

VS

~0% YoY

\$122m in Q1 2024

- Revenue drivers: lower pricing in the Rare Metals and Magnequench segments, largely offset by improved realized prices in the C&O segment
- Adj. EBITDA drivers: more favourable product mix and improved operational execution

ADJ. EBITDA⁽¹⁾ MARGIN

14% in Q1 2025

VS

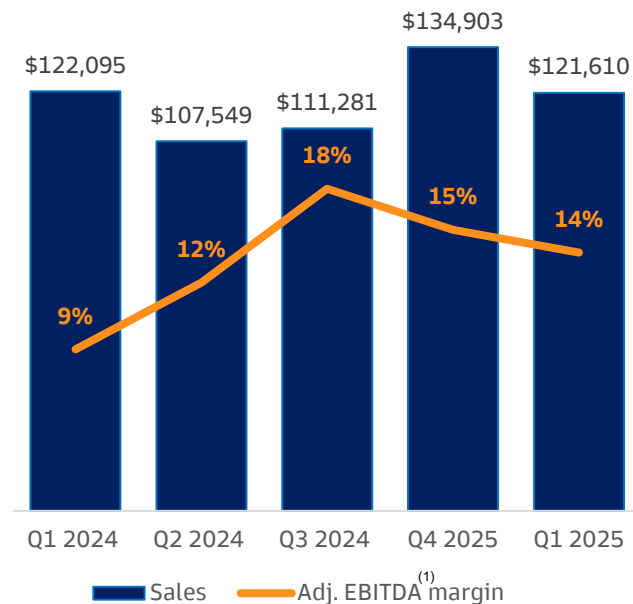
~500 basis points

9% in Q1 2024



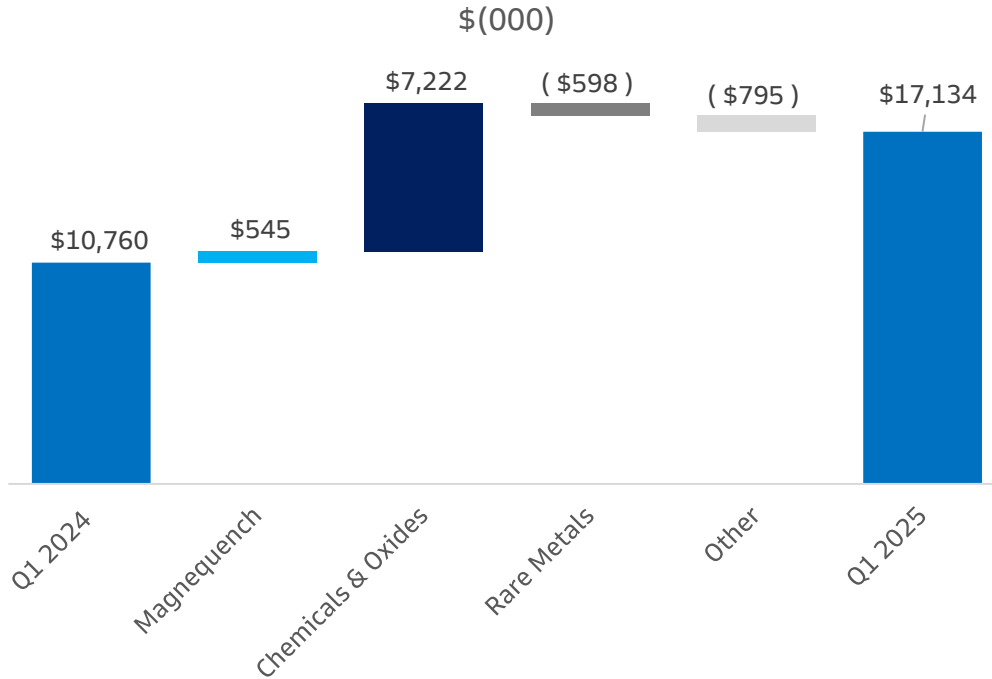
Revenue and Adj. EBITDA⁽¹⁾ Margin

\$(000)



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

Q1 2024/25 Adj. EBITDA⁽¹⁾ Bridge



ADJ. EBITDA⁽¹⁾



VS

\$17m in Q1 2025

~60% YoY

\$11m in Q1 2024

Magnequench

continued growth in bonded magnets and traction motor powder applications

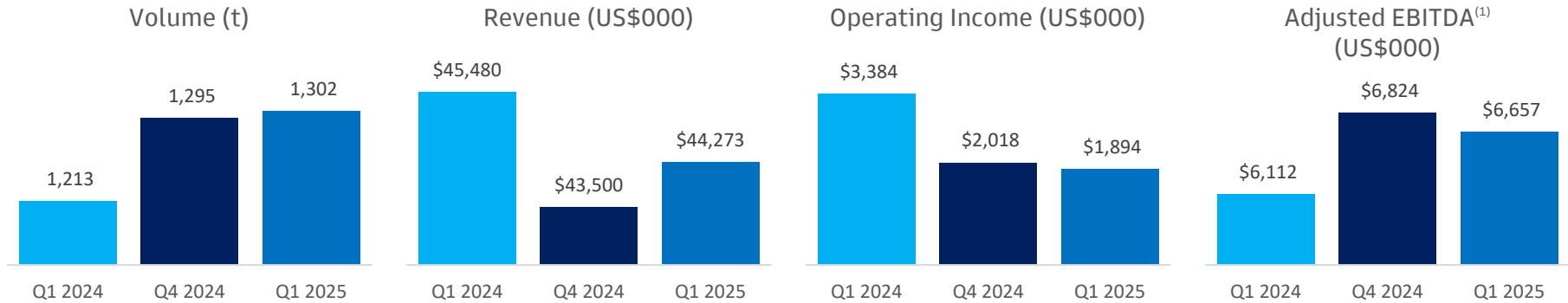
Chemicals & Oxides

strong recovery in auto catalyst business

Rare Metals

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

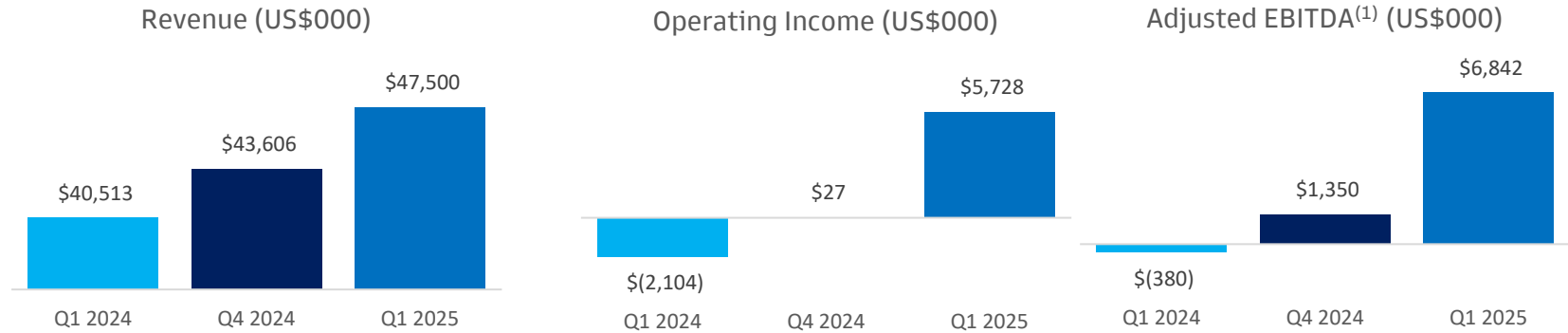
Magnequench



Q1 2025 Highlights

- For the quarter, sales volumes increased by 7.3% year-over-year, largely due to significant growth in products like bonded magnets and powders in traction motor applications.
- Bonded magnet volumes reached a new quarterly record, increasing 53% compared to Q1 2024 and up 17% sequentially.
- Adjusted EBITDA⁽¹⁾ for Q1 2025 rose by \$0.5 million, a 9% increase compared to the previous year, corresponding to an expansion of 160 basis points in margin.

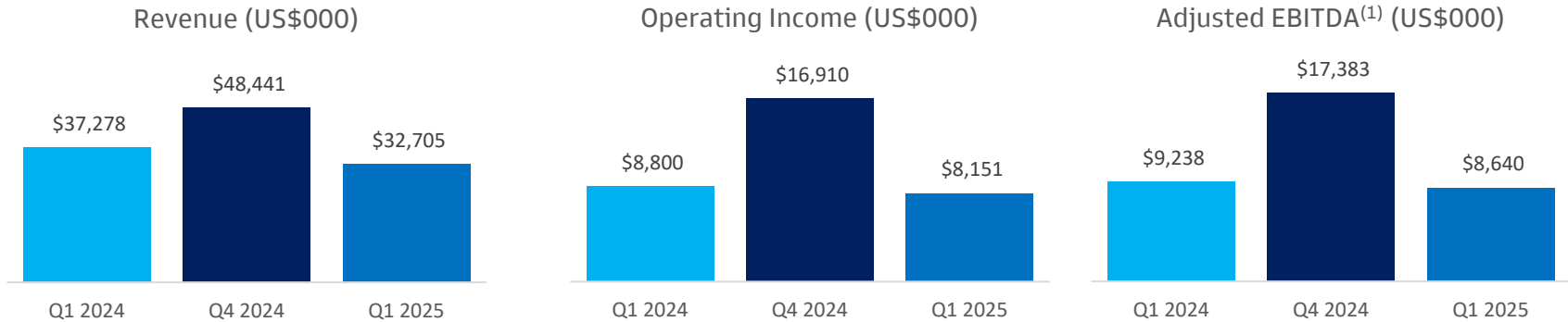
Chemical & Oxides



Q1 2025 Highlights

- Adjusted EBITDA⁽¹⁾ increased by \$7 million compared to Q1 2024, our strongest quarterly result for C&O since Q3 2023.
- Results were supported by a recovery in our auto catalyst business, with volumes up 4% from the prior year and 21% sequentially, increased volumes in water treatment, up 25% from the prior year, and a more stabilized rare earth pricing environment.
- The announced sale of JAMR and ZAMR was completed in Q1 2025.

Rare Metals



Q1 2025 Highlights

- Hafnium pricing has now normalized, as anticipated, resulting in lower year-over-year margins relative to the elevated levels seen in the second half of 2024.
- Gallium business saw continued strength, with robust demand and favourable pricing dynamics, driven in part by regulatory constraints on Chinese exports.
- Adjusted EBITDA⁽¹⁾ for the quarter was \$9 million, slightly lower than the prior year period due to the expected normalization of hafnium pricing. Gross margin expanded by 190 basis points.

Cash Flows and Capital Allocation



CASH

\$77m in Q1 2025

vs

~(\$8m)

\$85m in Q4 2024

Dividends

LTM \$12m

Q1 2025 \$3m

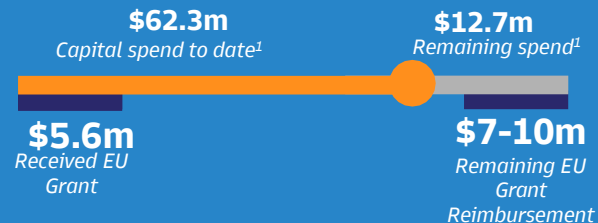
Strategic Projects

Grand opening Sept 2024



Permanent Magnet Plant in Europe

Site commissioning in 2025



Inflows

\$9m

Cash from Operations²

\$26m

Net cash from China separation Assets' sale

Outflows

Net Change In Working Capital **\$15m**

Settlement for the European patent litigation **\$13m**

CAPEX

Growth **\$10m**

Sustaining **\$1m**

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

2. Cash from Operations, before net change in working capital, and settlement for the European patent litigation

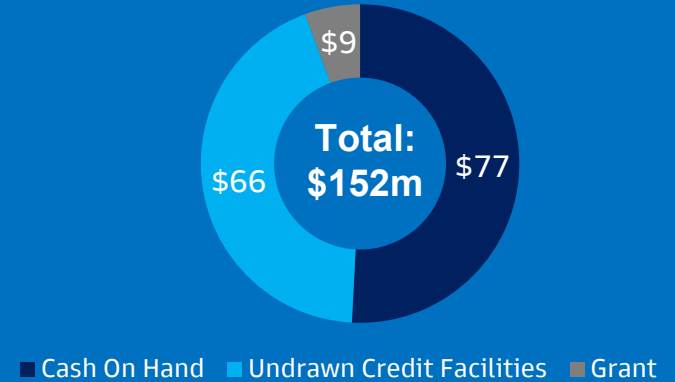
Strong Balance Sheet

Q4 2024

Q1 2025

\$85m	Cash	→	\$77m
\$72m	Gross debt	→	\$71m
\$14m	Net cash	→	\$6m
\$139m	Inventory	→	\$144m
\$179m	Property, Plant & Equipment	→	\$185m

Liquidity⁽¹⁾ (\$m)



Cash On Hand	\$77m
EDC Credit Facility	\$25m
Revolving and Other Loan Capacity	\$41m
Government Grant	\$7m-\$10m

Outlook unchanged

Expectations for 2025

Adjusted EBITDA⁽¹⁾ of \$55 - \$60m



Closing Remarks

Rahim Suleman

Delivering Growth & Capital Returns to Shareholders

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

1. Financial Strength & Resilience

Value-added business model designed to withstand market cycles

2. Strong Growth Prospects

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

3. Execution

A track record of delivering on commitments and outperforming expectations



Q&A



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