



Performance Materials

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>Unaudited; In thousands of United States dollars</i>	September 30, 2025	December 31, 2024
ASSETS		
Current		
Cash and cash equivalents	\$ 61,481	\$ 85,489
Accounts receivable	90,662	61,232
Inventories (Note 6)	160,710	139,321
Income taxes receivable	6,518	4,108
Assets held for sale (Note 4)	—	40,949
Other current assets (Note 7)	21,405	22,389
Total current assets	340,776	353,488
Property, plant and equipment (Note 3)	196,042	178,925
Intangible assets	31,010	33,580
Goodwill	65,077	64,029
Equity method investments (Note 5)	17,096	16,330
Other investments (Note 5)	3,281	217
Deferred tax assets	3,114	4,045
Other non-current assets	6,088	2,640
Total non-current assets	321,708	299,766
Total assets	\$ 662,484	\$ 653,254
LIABILITIES AND EQUITY		
Current		
Short-term debt (Note 9)	\$ 693	\$ 2,740
Accounts payable and other accrued charges	79,368	69,546
Income taxes payable	14,011	10,463
Provisions (Note 10)	587	12,512
Lease obligations	770	1,229
Derivative liability (Note 8)	51,676	47,416
Current portion of long-term debt (Note 9)	4,923	4,610
Liabilities directly associated with the assets held for sale (Note 4)	—	10,254
Other current liabilities	385	647
Total current liabilities	152,413	159,417
Long-term debt (Note 9)	84,316	64,186
Derivative liability (Note 8)	1,406	1,311
Provisions (Note 10)	6,639	6,726
Deferred tax liabilities	10,216	12,646
Lease obligations	3,053	3,244
Other non-current liabilities	285	842
Total non-current liabilities	105,915	88,955
Total liabilities	258,328	248,372
Non-controlling interest	453	2,714
Equity attributable to common shareholders	403,703	402,168
Total equity	404,156	404,882
Total liabilities and equity	\$ 662,484	\$ 653,254

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

<i>Unaudited; In thousands of United States dollars, except per share information</i>	Three Months Ended September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Revenue	\$ 122,213	\$ 111,281	\$ 358,523	\$ 340,925
Cost of sales				
Cost excluding depreciation and amortization	86,807	75,851	254,458	248,849
Depreciation and amortization	2,002	2,107	5,942	6,041
Gross profit	33,404	33,323	98,123	86,035
Expenses				
Selling, general and administrative	14,985	15,707	46,619	44,954
Share-based compensation (Note 17)	4,081	909	8,530	2,289
Depreciation and amortization	1,793	1,791	5,299	5,395
Research and development	4,181	3,474	11,512	9,976
Impairment of assets	—	266	—	473
Total expenses	25,040	22,147	71,960	63,087
Operating income	8,364	11,176	26,163	22,948
Other income (expense)	205	(696)	(4,483)	2,897
Finance costs, net (Note 16)	(2,464)	(10,695)	(14,254)	(13,607)
Foreign exchange (loss) gain	(519)	1,235	7,966	(31)
Income from operations before income taxes and equity income of associates	5,586	1,020	15,392	12,207
Income tax expense (Note 15)	(4,573)	(2,991)	(10,528)	(10,374)
Income (loss) from operations before equity income (loss) of associates	1,013	(1,971)	4,864	1,833
Equity income (loss) of associates (net of tax) (Note 5)	345	(740)	795	(2,812)
Net income (loss)	1,358	(2,711)	5,659	(979)
Attributable to:				
Common shareholders	1,363	(2,627)	5,655	(895)
Non-controlling interest	(5)	(84)	4	(84)
	\$ 1,358	\$ (2,711)	\$ 5,659	\$ (979)
Earnings (loss) per share attributable to common shareholders:				
Basic (Note 12)	\$ 0.03	\$ (0.06)	\$ 0.14	\$ (0.02)
Diluted (Note 12)	\$ 0.03	\$ (0.06)	\$ 0.13	\$ (0.02)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>Unaudited; In thousands of United States dollars</i>	Three Months Ended September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Net income (loss)	\$ 1,358	\$ (2,711)	\$ 5,659	\$ (979)
Other comprehensive income (loss):				
Item that will not be reclassified subsequently to profit or loss:				
Defined benefit pension plan actuarial gain (loss)	—	—	136	(117)
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation adjustment	555	4,670	1,969	1,740
Currency translation adjustment reclassified to profit or loss on sale of subsidiaries	—	937	—	394
Other comprehensive income	555	5,607	2,105	2,017
Total comprehensive income	\$ 1,913	\$ 2,896	\$ 7,764	\$ 1,038
Attributable to:				
Common shareholders	1,967	2,980	8,022	964
Non-controlling interest	(54)	(84)	(258)	74
Total comprehensive income	\$ 1,913	\$ 2,896	\$ 7,764	\$ 1,038

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited; In thousands of United States dollars

Nine months ended September

	2025	2024
Operating activities		
Net income (loss)	\$ 5,659	\$ (979)
Add (deduct) items not affecting cash:		
Depreciation and amortization	11,241	11,436
Share-based compensation (Note 17)	8,530	2,289
Provisions (released) made (Note 10)	(349)	1,602
Finance costs, net (Note 16)	14,254	13,607
Equity (income) loss of associates, net of income tax (Note 5)	(795)	2,812
Loss on sale of subsidiaries (Note 4)	5,927	178
Income tax expense (Note 15)	10,528	10,374
Foreign exchange gain	(11,040)	(733)
Impairment of assets, net of reversals	—	473
Other	315	107
Net change in non-cash working capital balances related to operations (Note 13)	(40,809)	9,005
Payments made to settle provisions (Note 10)	(12,520)	(838)
Share-based compensation paid	(2,423)	(746)
Income taxes paid, net of income taxes recovered	(11,191)	(18,832)
Interest (paid) received, net	(2,712)	488
Cash (used in) provided by operating activities	(25,385)	30,243
Investing activities		
Cash spent on property, plant and equipment and intangible assets	(28,146)	(52,183)
Proceeds (net of cash sold) from sale of subsidiaries	25,206	—
Decrease in restricted cash	—	3,329
Investment by non-controlling interest	—	181
Other investment activities	(241)	(250)
Cash used in investing activities	(3,181)	(48,923)
Financing activities		
Repayment of short-term debt and bank advances	(2,768)	—
Proceeds from bank advances	721	—
Dividends paid to common shareholders	(9,094)	(9,268)
Proceeds from long-term debt (Note 9)	25,000	25,000
Repayment of long-term debt (Note 9)	(5,000)	(6,533)
Repurchase of common shares under NCIB (Note 11)	(3,889)	(2,250)
Funds received in exchange for common shares on share-based awards	832	—
Dividends paid to non-controlling interest (Note 16)	(7,343)	(7,967)
Other financing activities	(1,140)	(1,594)
Cash used in financing activities	(2,681)	(2,612)
Effect of exchange rate changes on cash and cash equivalents	2,162	716
Cash used during the period	(29,085)	(20,576)
Cash and cash equivalents, beginning of period	90,566	86,895
Cash reclassified to assets held for sale (Note 4)	—	(1,375)
Cash and cash equivalents, end of period	\$ 61,481	\$ 64,944

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited; In thousands of United States dollars, except share information

	Share Capital		Other Comprehensive Income					Total		
	Common Share		Retained Deficit	Contributed Surplus	Currency Translation Adjustment	Pension Plan Actuarial Gains, net of tax	Accumulated Other Comprehensive Loss	Equity Attributable to Common Shareholders	Non-Controlling Interest	Equity
	Number	Amount								
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 income	—	—	5,655	—	—	—	—	5,655	4	5,659
Other comprehensive income (loss)	—	—	—	—	2,231	136	2,367	2,367	(262)	2,105
Total comprehensive income (loss)	—	—	5,655	—	2,231	136	2,367	8,022	(258)	7,764
Derecognition on sale of subsidiaries (Note 4)	—	—	—	—	4,802	—	4,802	4,802	(2,003)	2,799
Share-based compensation	—	—	—	1,845	—	—	—	1,845	—	1,845
Dividends declared to common shareholders (CAD \$0.10 per common share)	—	—	(9,234)	—	—	—	—	(9,234)	—	(9,234)
Shares repurchased and cancelled under Normal Course Issuer Bid (Note 11)	(386,068)	—	—	(3,889)	—	—	—	(3,889)	—	(3,889)
Issuance of common shares on share-based awards	213,457	—	—	(11)	—	—	—	(11)	—	(11)
	(172,611)	—	(9,234)	(2,055)	4,802	—	4,802	(6,487)	(2,003)	(8,490)
Balance - September 30, 2025	41,598,853	42	(57,466)	470,937	(11,804)	1,994	(9,810)	403,703	453	404,156
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 loss	—	—	(895)	—	—	—	—	(895)	(84)	(979)
Other comprehensive income (loss)	—	—	—	—	1,976	(117)	1,859	1,859	158	2,017
Total comprehensive (loss) income	—	—	(895)	—	1,976	(117)	1,859	964	74	1,038
Share-based compensation	—	—	—	1,522	—	—	—	1,522	—	1,522
Dividends declared to common shareholders (CAD \$0.10 per common share)	—	—	(9,333)	—	—	—	—	(9,333)	—	(9,333)
Shares repurchased and canceled under Normal Course Issuer Bid (Note 11)	(398,871)	—	—	(2,250)	—	—	—	(2,250)	—	(2,250)
Issuance of common shares on share-based awards	123,039	—	—	(531)	—	—	—	(531)	—	(531)
	(275,832)	—	(9,333)	(1,259)	—	—	—	(10,592)	—	(10,592)
Balance - September 30, 2024	41,751,560	42	(38,773)	472,534	(12,841)	1,557	(11,284)	422,519	3,238	425,757

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - tabular figures in thousands of United States dollars, unless otherwise stated)

1. Nature of Operations

Neo Performance Materials Inc. (“**Neo**”, the “**Company**” or the “**Group**”), together with its direct and indirect subsidiaries, is a public company listed on the Toronto Stock Exchange (“**TSX**”) under the ticker symbol ‘NEO’. The Company 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 September 30, 2025, Neo has 1,489 employees and a global platform that includes manufacturing facilities located in Canada, China, Estonia, Germany, Thailand, and the United Kingdom (“**UK**”) 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 neodymium-iron-boron (“**NdFeB**”) bonded powders, bonded permanent magnets, and sintered 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. 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's bonded magnet facilities include Korat in Thailand, Chuzhou and Tianjin in China, and SGTec in the UK. Magnequench has expanded into the sintered magnet market with a new European Permanent Magnet facility in Narva, Estonia. This facility is designed to produce high-performance sintered NdFeB magnets for strategic markets including electric vehicles, wind turbines, and industrial automation. It will leverage advanced manufacturing processes to meet demanding specifications for magnetic strength and thermal stability. With vertically integrated capabilities, the facility positions Neo as a key supplier to original equipment manufacturers (“**OEMs**”) seeking secure and sustainable magnet sourcing.

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 is generally comprised of three businesses, the production of mixed oxides for emission catalysts, the separation and processing of rare earth minerals into advanced industrial materials, and Neo's WaterFX[®] solution which is a rare earth based product (primarily cerium and lanthanum) used in municipal and industrial wastewater treatment systems. Neo's world-class midstream separation process and advanced materials manufacturing capabilities enable the Company to

meet increasingly demanding specifications from manufacturers requiring custom engineered materials. Neo's C&O segment operates one facility in China, having sold two facilities in March 2025, and a multi-building manufacturing campus in Sillamäe, Estonia (the "**Silmet facility**"), shared with Rare Metals. By integrating separation with application-specific engineering and shifting from commodity-based rare earths to value-added functional materials, the C&O segment is well-positioned and differentiated by its rare earth separation capabilities and proprietary product portfolio.

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. Rare Metal's facilities include the Silmet facility, as well as facilities in Peterborough, Canada and Sagard, Germany (Buss & Buss Spezialmetalle GmbH ("**Buss & Buss**")).

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 September 30, 2025 and are presented in thousands of United States dollars, unless otherwise indicated. These interim condensed consolidated financial statements do not include all the disclosures required by IFRS Accounting Standards as issued by the IASB for annual financial statements and should be read in conjunction with Neo's audited annual financial statements and accompanying notes for the year ended December 31, 2024. The material accounting policies disclosed in Note 2 of Neo's audited annual financial statements for the year ended December 31, 2024 have been applied consistently in the preparation of these interim condensed consolidated financial statements, other than for the additional policies noted below.

Equity Investments in private companies measured at fair value through other comprehensive income

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

These consolidated financial statements were approved and authorized for issuance by Neo's Board of Directors (the "**Board**") on November 13, 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 nine months ended September 30, 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 September 30, 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). IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies:
 - improved comparability in the statements of profit or loss by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
 - enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the income statement; and
 - enhanced guidance on how to group information in the financial statements, including guidance on whether information is included in the primary financial statements or further disaggregated in the notes.

Neo has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective as of September 30, 2025. Neo remains in the process of reviewing the potential impact of the above-mentioned amendments on the 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 ⁽¹⁾	—	181	1,216	—	153	16,560	18,110
Additions of right-of-use assets	—	—	—	161	—	—	161
Derecognitions and disposals, net of cost and accumulated depreciation	—	(19)	(265)	(20)	(20)	(203)	(527)
Transfers within property, plant and equipment	—	348	1,755	—	178	(2,281)	—
Currency translation adjustments	59	171	293	69	17	6,812	7,421
Depreciation expense	—	(1,058)	(5,578)	(1,079)	(333)	—	(8,048)
Closing net book value as at September 30, 2025	\$ 10,028	\$ 33,544	\$ 67,042	\$ 8,261	\$ 2,675	\$ 74,492	\$ 196,042
Comprised of:							
Cost	\$ 10,028	\$ 48,900	\$ 131,967	\$ 15,252	\$ 7,378	\$ 74,492	\$ 288,017
Accumulated depreciation	—	(15,356)	(64,925)	(6,991)	(4,703)	—	(91,975)

(1) For the nine months ended September 30, 2025, \$2.2 million (2024: \$2.7 million) in interest expense relating to the Export Development Canada ("EDC") facility was capitalized in Construction in Progress in accordance with IAS 23 Borrowing Costs.

	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 income (expense)” in the condensed consolidated statement of profit or loss for the nine months ended September 30, 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.

There were no changes in ownership interest in any of the associates for the nine months ended September 30, 2025.

5.2 Summary of Equity Method Investments

Aggregate financial information of these equity accounted associates for the periods ended and as at September 30, 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	117	689	124	(135)	795
Unrealized profit from sales to associates	(29)	—	—	—	(29)
Carrying value at September 30, 2025	\$ 2,788	\$ 8,430	\$ 3,420	\$ 2,458	\$ 17,096
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:

	September 30, 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	241	217
Total	\$ 3,281	\$ 217

6. Inventories

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

	September 30, 2025	December 31, 2024
Raw materials	\$ 67,061	\$ 66,579
Work-in-progress	20,362	17,656
Finished goods	67,014	49,092
Supplies	6,273	5,994
Total	\$ 160,710	\$ 139,321

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

For the three months ended September 30, 2025, a total of \$85.7 million of inventories was included in the cost of sales compared to \$74.7 million for the three months ended September 30, 2024. These include \$1.1 million increase in provisions for inventories, including slow moving inventory in the three months ended September 30, 2025 compared to a \$0.6 million increase in provisions for inventories in the three months ended September 30, 2024.

For the nine months ended September 30, 2025, a total of \$252.1 million of inventories was included in the cost of sales compared to \$245.2 million for the nine months ended September 30, 2024. These include \$1.7 million of reversal in provisions for inventories in the nine months ended September 30, 2025 compared to a \$1.2 million of increase of provisions for inventories in the nine months ended September 30, 2024.

7. Other Current Assets

Other current assets consist of the following:

	September 30, 2025	December 31, 2024
Prepayments for inventory	\$ 4,050	\$ 6,485
Other prepaid expenses	5,460	3,460
Value-added tax receivable	8,509	9,323
Notes receivable	1,886	1,342
Others	1,500	1,779
Total	\$ 21,405	\$ 22,389

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	September 30, 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⁾	\$ 241	\$ 217
Measured at amortized cost ⁽³⁾		
Cash and cash equivalents:		
Cash	\$ 61,481	\$ 85,489
Accounts receivable	90,662	61,232
Total measured at amortized cost	152,143	146,721
Total financial assets	\$ 155,424	\$ 146,938

Financial Liabilities	September 30, 2025	December 31, 2024
Fair value through profit or loss		
Put option issued to non-controlling interest of Buss & Buss (derivative liability)	\$ 51,676	\$ 47,416
Put option issued to non-controlling interest of SGTec (derivative liability)	1,406	1,311
Contingent consideration liability of SGTec	152	667
	\$ 53,234	\$ 49,394
Measured at amortized cost ⁽³⁾		
Current:		
Short-term debt	\$ 693	\$ 2,740
Accounts payable and other accrued charges	79,368	69,546
Current portion of long-term debt ⁽⁴⁾	4,923	4,610
Lease obligations	770	1,229
Liabilities directly associated with the assets held for sale	—	10,254
Other current liabilities	385	647
	\$ 86,139	\$ 89,026
Non-current:		
Long-term debt ⁽⁵⁾	\$ 84,316	\$ 64,186
Lease obligations	3,053	3,244
Other non-current liabilities	285	842
	87,654	68,272
Total financial liabilities	\$ 227,027	\$ 206,692

- (1) Equity investments in private companies represents Neo's retained interest in previously consolidated subsidiaries. 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 nine months ended September 30, 2025, the fair value of these equity securities increased by less than \$0.1 million (decreased by \$0.1 million for the nine months ended September 30, 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 \$89.2 million and a fair value of \$91.1 million as at September 30, 2025.
- (4) Current portion of the EDC credit facility term loan due for repayment in August 2026.
- (5) Non-current portion of the EDC credit facility term loan due for repayment from November 2026 to November 2029.

8.1 Derivative liabilities

8.1.1 Buss & Buss

As at September 30, 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 date based on 90% of the fair value of the subsidiary and the remeasurement recorded in the interim condensed consolidated statements of profit or loss.

For the nine months ended September 30, 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 nine months ended September 30, 2025 (see [Note 16](#)). For the nine months ended September 30, 2024, Buss & Buss declared and paid \$15.0 million (€13.6 million) of dividends to its shareholders. Neo has recorded the dividends paid to Buss & Buss' non-controlling interest of \$7.5 million (€6.8 million) as finance costs for the nine months ended September 30, 2024.

For the three and nine months ended September 30, 2025 the change in the fair value of the derivative liability was an increase of \$1.7 million and \$4.3 million, respectively (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 and nine months ended September 30, 2024, the change in the fair value of the derivative liability was an increase of \$2.7 and \$5.6 million, respectively.

8.1.2 SGTec

As at September 30, 2025, Neo's derivative liability is also comprised of a put option issued to the non-controlling interest of another consolidated subsidiary, SGTec. The put option liability is subsequently re-measured at each reporting date based on the fair value of the subsidiary and the remeasurement recorded in the interim condensed consolidated statements of profit or loss.

For the three and nine months ended September 30, 2025 the change in the fair value of the derivative liability was nominal and an increase of \$0.1 million, respectively. The fair value of the derivative is based on the best market information available to management. For the three and nine months ended September 30, 2024, the change in the fair value of the derivative liability was an increase of \$0.1 million and \$0.3 million, respectively.

Secondly, as part of the SGTec acquisition in 2023, 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 a maximum of £5.4 million and payable in 2026. As at September 30, 2025, this contingent consideration was estimated to be £0.1 million (\$0.2 million), with a decrease in the fair value of the contingent consideration of \$0.6 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 September 30, 2025, are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3
Financial Assets:			
Equity securities	\$ 241	\$ —	\$ —
Equity investments in private companies	—	—	3,040
Financial Liabilities:			
Put option issued to non-controlling interest of Buss & Buss	\$ —	\$ —	\$ 51,676
Put option issued to non-controlling interest of SGTec	—	—	1,406
Contingent consideration liability	—	—	152

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, such as Neo's forward-looking financial forecasts.

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 September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Terminal growth rate		
Effect of 1% increase	\$ 1,341	\$ 774
Effect of 1% decrease	(1,181)	(868)
Overall discount rate		
Effect of 1% increase	(2,305)	(1,906)
Effect of 1% decrease	2,608	2,123

(1) Assuming all other inputs are unchanged.

There have been no transfers between levels for the period ended September 30, 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 September 30, 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	693	19,307	N/A
German line of credit	14,665	—	14,665	N/A
EDC NAMCO facility	50,000	50,000	—	August 2027
EDC PM facility	50,000	50,000	—	November 2029
Total	\$ 144,665	\$ 100,693	\$ 43,972	

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 \$14.7 million (€12.5 million) revolving line of credit which can be drawn either in Euros or U.S. dollars.

9.3 Export Development Canada ("**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**"). Ultimately,

Neo drew \$50.0 million on the EDC NAMCO facility, and \$10.0 million has been repaid as of September 30, 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 Permanent Magnet 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 September 30, 2025, the carrying amount of the EDC facilities, measured at amortized cost, was \$89.2 million (December 31, 2024 — \$68.8 million), of which \$4.9 million was classified as current (December 31, 2024 — \$4.6 million)

Both credit facilities with the EDC mature five years from the date of the respective agreement, August 16, 2027 and November 1, 2029, with 10% of the drawn amount due on the second, third, and fourth anniversary date of each agreement, with the balance due on the maturity date. There were no defaults of principal or interest payments and no breaches of the loan agreements during the period ended September 30, 2025. Neo is in compliance with all covenants in the Credit Facility agreements as at September 30, 2025.

10. Provisions

Neo’s provisions as at September 30, 2025 are summarized below:

	September 30, 2025	December 31, 2024
Balance as at January 1, 2025 and 2024, respectively	\$ 19,238	\$ 27,020
Changes to provisions made	(349)	1,636
Provisions sold due to sale of subsidiaries	(205)	—
Payments made	(12,520)	(975)
Provision for the disposal of existing naturally occurring radioactive materials (“ NORM ”) at JAMR that was reclassified to liabilities directly associated with assets held for sale (see Note 4)	—	(8,191)
Foreign exchange adjustments	1,062	(252)
Balance, at the end of period	\$ 7,226	\$ 19,238
Current portion	587	12,512
Non-current portion	6,639	6,726

As at September 30, 2025, provisions are primarily comprised of estimated amounts for potential damages for ongoing patent litigation for historical sales. Patent litigation outcomes are inherently unpredictable, and the recorded 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).

11. Share Capital

	September 30, 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	41,598,853	41,771,464
Total treasury shares	—	—

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

Normal Course Issuer Bid

On June 6, 2025, Neo announced that the TSX had accepted a notice filed by Neo of its intention to make a NCIB for up to 3,297,296 of its issued and outstanding common shares. In connection with the NCIB, Neo has entered into an automatic share purchase plan (the “ASPP”) with its designated broker. Under the NCIB, purchases may not exceed 24,039 shares on any trading day during the NCIB, including during self-imposed trading blackout periods. The price that Neo will pay for any shares purchased under the NCIB will be the prevailing market price at the time of purchase. Any shares purchased by Neo are canceled. The NCIB terminates on June 10, 2026 and can be canceled at Neo’s discretion prior to the termination date.

Since the announcement of the program in June 2025 and through to September 30, 2025, Neo repurchased and canceled 386,068 shares for \$3.9 million. For the nine months ended September 30, 2024, Neo repurchased 398,871 shares for \$2.3 million.

Neo did not repurchase any shares between October 1 and November 13, 2025.

Quarterly Dividend

On November 11, 2025, the Board of Directors declared a quarterly dividend of CAD \$0.10 per common share payable in cash on December 29, 2025, to common shareholders of record at the close of business on December 19, 2025.

12. 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 September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Common shares issued at beginning of the year	41,655,085	41,751,560	41,771,464	42,027,392
Weighted average impact of:				
Issuance of common shares	53,566	—	84,159	83,523
Repurchase and cancellation of common shares under the NCIB	(120,718)	—	(123,321)	(332,741)
Weighted average number of common shares for the period - basic	41,587,933	41,751,560	41,732,302	41,778,174

12.2 Weighted-average number of common shares - diluted

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

	Three Months Ended September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Weighted average number of common shares - basic	41,587,933	41,751,560	41,732,302	41,778,174
Dilutive effect of share units	2,393,638	—	1,623,813	—
Weighted average number of common shares for the period - diluted	43,981,571	41,751,560	43,356,115	41,778,174

For the three months ended September 30, 2025, 237,064 stock options were excluded because their effect would have been anti-dilutive (three months ended September 30, 2024 — all stock options, equity-settled RSUs and equity-settled PSUs were excluded).

For the nine months ended September 30, 2025, 925,813 stock options, 228,340 equity-settled RSUs and 554,795 equity-settled PSUs were excluded because their effect would have been anti-dilutive (nine months ended September 30, 2024 — all stock options, equity-settled RSUs and equity-settled PSUs were excluded).

12.3 Earnings per share

The calculation of basic and diluted earnings per share was based on net income attributable to common shareholders for the three and nine months ended September 30, 2025, and September 30, 2024.

	Three Months Ended September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Net income (loss) attributable to common shareholders. - basic and diluted	\$ 1,363	\$ (2,627)	\$ 5,655	\$ (895)

	Three Months Ended September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Earnings (loss) per share - basic	\$ 0.03	\$ (0.06)	\$ 0.14	\$ (0.02)
Earnings (loss) per share - diluted	\$ 0.03	\$ (0.06)	\$ 0.13	\$ (0.02)

13. Supplemental Cash Flow Information

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

	Nine Months Ended September 30	
	2025	2024
(Increase) decrease in assets:		
Accounts receivable	\$ (33,770)	\$ (985)
Inventories	(20,630)	22,702
Other assets	2,704	1,481
Increase (decrease) in liabilities:		
Accounts payable and other accrued charges	11,057	(14,420)
Other liabilities	(170)	227
Total net change	\$ (40,809)	\$ 9,005

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 September 30, 2025:

	Chemicals &							
	Magnequench	Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total	
External revenue	\$ 54,859	\$ 28,028	\$ 39,326	\$ —	\$ 122,213	\$ —	\$ 122,213	
Inter-segment revenue	—	806	—	—	806	(806)	—	
Total revenue	\$ 54,859	\$ 28,834	\$ 39,326	\$ —	\$ 123,019	\$ (806)	\$ 122,213	
Net income (loss)	\$ 2,583	\$ 1,168	\$ 5,935	\$ (8,369)	\$ 1,317	\$ 41	\$ 1,358	
Finance costs, net	(456)	372	1,522	1,026	2,464	—	2,464	
Income tax expense	1,569	147	2,848	9	4,573	—	4,573	
Depreciation and amortization included in cost of sales	943	706	353	—	2,002	—	2,002	
Depreciation and amortization included in operating expenses	1,313	296	96	88	1,793	—	1,793	
EBITDA	\$ 5,952	\$ 2,689	\$ 10,754	\$ (7,246)	\$ 12,149	\$ 41	\$ 12,190	

Reconciliation to Adjusted EBITDA:

EBITDA	\$ 5,952	\$ 2,689	\$ 10,754	\$ (7,246)	\$ 12,149	\$ 41	\$ 12,190
Other (income) expense ⁽¹⁾	(612)	160	247	—	(205)	—	(205)
Foreign exchange (gain) loss	(122)	511	276	(146)	519	—	519
Equity (income) loss of associates	(451)	106	—	—	(345)	—	(345)
Share based compensation ⁽²⁾	472	606	237	2,766	4,081	—	4,081
Project start-up & transition costs ⁽³⁾	2,901	—	—	35	2,936	—	2,936
Adjusted EBITDA ⁽⁴⁾	\$ 8,140	\$ 4,072	\$ 11,514	\$ (4,591)	\$ 19,135	\$ 41	\$ 19,176

- (1) Represents other (income) expense resulting from non-operational related activities, including provisions for damages for outstanding legal claims related to historical volumes. 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 in 2024 ([Note 17](#)).
- (3) Primarily represents pre-operational personnel costs at the European Permanent Magnet facility, as well as strategic review advisor costs. Neo has removed these charges to provide comparability with historical periods.
- (4) Certain items are excluded from net income (loss) to determine Adjusted EBITDA. Adjusted EBITDA is used internally by the CODM when analyzing segment underlying performance.

For the nine months ended September 30, 2025:

	Chemicals &							
	Magnequench	Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total	
External revenue	\$ 149,599	\$ 100,945	\$ 107,979	\$ —	\$ 358,523	\$ —	\$ 358,523	
Inter-segment revenue	—	4,833	—	—	4,833	(4,833)	—	
Total revenue	\$ 149,599	\$ 105,778	\$ 107,979	\$ —	\$ 363,356	\$ (4,833)	\$ 358,523	
Net income (loss)	\$ 9,424	\$ (664)	\$ 11,363	\$ (13,820)	\$ 6,303	\$ (644)	\$ 5,659	
Finance costs, net	(396)	1,232	11,308	2,110	14,254	—	14,254	
Income tax expense	2,896	2,238	5,382	12	10,528	—	10,528	
Depreciation and amortization included in cost of sales	2,779	2,125	1,038	—	5,942	—	5,942	
Depreciation and amortization included in operating expenses	3,902	880	266	251	5,299	—	5,299	
EBITDA	18,605	5,811	29,357	(11,447)	42,326	(644)	41,682	
Reconciliation to Adjusted EBITDA:								
EBITDA	\$ 18,605	\$ 5,811	\$ 29,357	\$ (11,447)	\$ 42,326	\$ (644)	\$ 41,682	
Other (income) expense ⁽¹⁾	(1,250)	5,413	320	—	4,483	—	4,483	
Foreign exchange (gain) loss	(3,728)	3,796	733	(8,767)	(7,966)	—	(7,966)	
Equity (income) loss of associates	(930)	135	—	—	(795)	—	(795)	
Share based compensation ⁽²⁾	1,505	1,196	502	5,327	8,530	—	8,530	
Project start-up & transition costs ⁽³⁾	8,158	—	—	1,187	9,345	—	9,345	
Adjusted EBITDA ⁽⁴⁾	\$ 22,360	\$ 16,351	\$ 30,912	\$ (13,700)	\$ 55,923	\$ (644)	\$ 55,279	

- (1) Represents other (income) expense resulting from non-operational related activities, including provisions for damages for outstanding legal claims related to historical volumes. Other (income) expense for the nine months ended September 30, 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 LTIP, most recently amended and approved by Neo shareholders in 2024 ([Note 17](#)).
- (3) These represent primarily pre-operational personnel costs at the European Permanent Magnet facility, as well as strategic review advisor costs. Neo has removed these charges to provide comparability with historical periods.
- (4) Certain items are excluded from net income (loss) to determine Adjusted EBITDA. Adjusted EBITDA is used internally by the CODM when analyzing segment underlying performance.

For the three months ended September 30, 2024:

	Chemicals &							
	Magnequench	Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total	
External revenue	\$ 45,573	\$ 27,130	\$ 38,578	\$ —	\$ 111,281	\$ —	\$ 111,281	
Inter-segment revenue	—	790	—	—	790	(790)	—	
Total revenue	\$ 45,573	\$ 27,920	\$ 38,578	\$ —	\$ 112,071	\$ (790)	\$ 111,281	
Net income (loss)	\$ 2,997	\$ (3,972)	\$ 1,369	\$ (2,901)	\$ (2,507)	\$ (204)	\$ (2,711)	
Finance (income) cost, net	(55)	396	10,130	224	10,695	—	10,695	
Income tax expense (benefit)	35	(439)	3,396	(1)	2,991	—	2,991	
Depreciation and amortization included in cost of sales	940	827	340	—	2,107	—	2,107	
Depreciation and amortization included in operating expenses	1,374	276	76	65	1,791	—	1,791	
EBITDA	\$ 5,291	\$ (2,912)	\$ 15,311	\$ (2,613)	\$ 15,077	\$ (204)	\$ 14,873	

Reconciliation to Adjusted EBITDA:

EBITDA	\$ 5,291	\$ (2,912)	\$ 15,311	\$ (2,613)	\$ 15,077	\$ (204)	\$ 14,873	
Other (income) expense ⁽¹⁾	520	201	(25)	—	696	—	696	
Foreign exchange (gain) loss	(1,462)	2,531	982	(3,286)	(1,235)	—	(1,235)	
Equity income of associates	432	308	—	—	740	—	740	
Share based compensation ⁽²⁾	170	152	87	500	909	—	909	
Impairment of assets (reversal of impairment) ⁽³⁾	—	266	—	—	266	—	266	
Project start-up & transition costs ⁽⁴⁾	1,473	755	—	1,078	3,306	—	3,306	
Adjusted EBITDA ⁽⁴⁾	\$ 6,424	\$ 1,301	\$ 16,355	\$ (4,321)	\$ 19,759	\$ (204)	\$ 19,555	

- (1) Represents other (income) expenses resulting from non-operational related activities, including provisions for damages for outstanding legal claims related to historical volumes. These items are not indicative of Neo's ongoing activities.
- (2) Represents share-based compensation expense in respect of the LTIP ([Note 17](#)).
- (3) Represents an impairment charge of \$0.3 million as a result of the classification of the JAMR and ZAMR disposal group as held for sale.
- (4) Represents start-up costs (primarily pre-operational personnel costs) at the European Permanent Magnet facility, as well as transition cost during qualification and start-up of the NAMCO facility and winding down of the ZAMR facility. Neo has removed these charges to provide comparability with historical periods.

For the nine months ended September 30, 2024:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Total for reportable segments	Eliminations	Total
External revenue	\$ 133,149	\$ 100,011	\$ 107,765	\$ —	\$ 340,925	\$ —	\$ 340,925
Inter-segment revenue	—	2,900	—	—	2,900	(2,900)	—
Total revenue	\$ 133,149	\$ 102,911	\$ 107,765	\$ —	\$ 343,825	\$ (2,900)	\$ 340,925
Net income (loss)	\$ 4,296	\$ (2,582)	\$ 11,863	\$ (15,095)	\$ (1,518)	\$ 539	\$ (979)
Finance cost (income), net	3	(187)	13,141	650	13,607	—	13,607
Income tax expense (benefit)	1,439	716	8,234	(15)	10,374	—	10,374
Depreciation and amortization included in cost of sales	2,781	2,231	1,029	—	6,041	—	6,041
Depreciation and amortization included in operating expenses	4,022	834	322	217	5,395	—	5,395
EBITDA	\$ 12,541	\$ 1,012	\$ 34,589	\$ (14,243)	\$ 33,899	\$ 539	\$ 34,438

Reconciliation to Adjusted EBITDA:

EBITDA	\$ 12,541	\$ 1,012	\$ 34,589	\$ (14,243)	\$ 33,899	\$ 539	\$ 34,438
Other (income) expense ⁽¹⁾	4	(2,780)	(175)	54	(2,897)	—	(2,897)
Foreign exchange loss (gain)	281	1,225	162	(1,637)	31	—	31
Equity loss of associates	2,083	729	—	—	2,812	—	2,812
Share based compensation ⁽²⁾	409	406	213	1,261	2,289	—	2,289
(Recovery) impairment of assets ⁽³⁾	—	883	(410)	—	473	—	473
Project start-up & transition costs ⁽⁴⁾	3,386	2,097	—	1,078	6,561	—	6,561
Adjusted EBITDA ⁽⁴⁾	\$ 18,704	\$ 3,572	\$ 34,379	\$ (13,487)	\$ 43,168	\$ 539	\$ 43,707

- (1) Represents other (income) expenses resulting from non-operational related activities, including provisions for damages for outstanding legal claims related to historical volumes. Other income for the nine months ended September 30, 2024 includes reversal of a special reserve at the legacy ZAMR facility. These items are not indicative of Neo's ongoing activities.
- (2) Represents share-based compensation expense in respect of the LTIP ([Note 17](#)).
- (3) Represents an impairment charge of \$0.6 million as a result of shutdown of the light rare earth separation business in ZAMR in April 2024; an impairment charge of \$0.3 million as a result of the classification of the JAMR and ZAMR disposal group as held for sale; and a reversal of an asset impairment of \$0.4 million previously recorded at Buss & Buss.
- (4) Represents start-up costs (primarily pre-operational personnel costs) at the European Permanent Magnet facility, as well as transition cost during qualification and start-up of the NAMCO facility and winding down of the ZAMR facility. Neo has removed these charges to provide comparability with historical periods.

As at September 30, 2025:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Total for reportable segments	Eliminations	Total
Total assets	\$ 355,937	\$ 156,816	\$ 141,927	\$ 7,782	\$ 662,462	\$ 22	\$ 662,484
Investments	14,638	5,498	—	241	20,377	—	20,377
Total liabilities	\$ (51,050)	\$ (29,157)	\$ (73,562)	\$ (104,559)	\$ (258,328)	\$ —	\$ (258,328)

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	—	—	16,330	—	16,330
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 and nine months ended September 30, 2025 and 2024 are summarized as follows:

Revenue	Three Months Ended September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Asia:				
China	\$ 22,325	\$ 26,511	\$ 83,318	\$ 81,518
Japan	19,718	15,679	52,893	54,723
Thailand	5,204	3,189	12,752	10,242
South Korea	3,114	1,558	7,418	6,266
North America	36,893	38,578	107,703	108,049
Europe	26,979	17,583	72,267	60,019
Other	7,980	8,183	22,172	20,108
Total	\$ 122,213	\$ 111,281	\$ 358,523	\$ 340,925

Revenue from one significant customer accounted for \$13.4 million and \$37.1 million of Neo's total revenue for the three and nine months ended September 30, 2025, respectively (2024 — \$17.4 million and \$48.2 million, respectively). 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 and nine months ended September 30, 2025, Neo recorded an income tax expense of \$4.6 million and \$10.5 million, respectively. For the three months ended September 30, 2025, Neo's income tax expense was unfavourably impacted by \$3.2 million due to losses and temporary differences for which there are no recognized tax benefits, \$0.5 million due to the re-measurement of the Buss & Buss derivative liability and \$0.3 million due to foreign exchange rate fluctuations on certain non-monetary assets. For the nine months ended September 30, 2025, Neo's income tax expense was unfavourably impacted by \$7.3 million due to losses and temporary differences for which there are no recognized tax benefits, \$3.1 million due to non-deductible finance costs and favourably impacted by \$2.4 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 and nine months ended September 30, 2024, Neo recorded an income tax expense of \$3.0 million and \$10.4 million, respectively. For the three months ended September 30, 2024, Neo's income tax expense was favourably impacted by \$1.9 million due to foreign exchange fluctuations on certain non-monetary assets and unfavourably impacted by \$2.7 million due to non-deductible finance costs and \$1.5 million due to losses and temporary differences for which there are no recognized tax benefits. For the nine months ended September 30, 2024, Neo's income tax expense was unfavourably impacted by \$5.1 million due to losses and temporary differences for which there are no recognized tax benefits and \$3.5 million due to non-deductible finance costs.

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 September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Dividends paid to non-controlling interest (Note 8)	\$ —	\$ 7,483	\$ 7,343	\$ 7,483
Change in fair value of derivative liabilities (Note 8)	1,665	2,663	4,260	5,861
Interest expense on credit facilities, net	1,009	820	2,568	877
Interest earned on bank deposits net of interest paid on bank advances and other	(210)	(271)	83	(614)
Total	\$ 2,464	\$ 10,695	\$ 14,254	\$ 13,607

17. Share-Based Compensation

The following tables summarize the activity in equity-settled and cash-settled awards under the LTIP for the nine months ended September 30, 2025.

Equity-settled share-based compensation	Options	Weighted- average exercise price	RSUs	PSUs
		- Options		
Outstanding, January 1, 2025	2,076,960	\$ 8.21	225,342	327,933
Granted	—	\$ —	228,340	554,795
Exercised	(88,002)	9.37	(95,085)	(78,591)
Expired/Forfeited	(60,004)	\$ 13.71	—	—
Outstanding, September 30, 2025	1,928,954	7.99	358,597	804,137
Exercisable, September 30, 2025	1,376,186	\$ 9.21		
Weighted average remaining contractual life, as at September 30, 2025	3.6 years		2.0 years	1.5 years

Cash-settled share-based compensation	RSUs	PSUs	DSUs
Outstanding, January 1, 2025	267,989	150,919	194,989
Granted	114,615	266,965	44,791
Exercised	(113,817)	(51,159)	(52,674)
Expired/Forfeited	(22,869)	(18,647)	—
Outstanding, September 30, 2025	245,918	348,078	187,106
Weighted average remaining contractual life, as at September 30, 2025	1.8 years	1.5 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 2025 and 2024:

	Options	RSUs	PSUs	DSUs
Key assumptions used for 2025 grants:				
Weighted average grant date fair value (per unit)	\$ —	\$ 6.41	\$ 5.31	\$ 10.27
Fair value of share-based compensation at grant date	\$ —	\$ 2,199	\$ 4,363	\$ 460
	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	\$ —	\$ —	\$ —
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 and nine months ended September 30, 2025 and September 30, 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Options	\$ 99	\$ 256	\$ 463	\$ 808
RSUs	1,599	409	3,449	1,169
PSUs	908	235	1,882	254
DSUs	1,475	9	2,736	58
Total	\$ 4,081	\$ 909	\$ 8,530	\$ 2,289

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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Directors	\$ 780	\$ 233	\$ 1,285	\$ 598
Key Executive Management	2,097	1,224	4,536	3,111
Total	\$ 2,877	\$ 1,457	\$ 5,821	\$ 3,709

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

	Three Months Ended September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Directors	\$ 324	\$ 9	1,585	58
Key Executive Management	971	548	1,690	1,517
Total	\$ 1,295	\$ 557	\$ 3,275	\$ 1,575

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. MQTJ purchases rare earth metals from Keli and GQD processes rare earth oxides into metals for MQTJ for inclusion in Magnequench Powders.

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

	Three Months Ended September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Purchase of goods and services from associates:				
TMT	\$ 224	\$ 198	\$ 870	\$ 715
Keli	504	9,125	5,249	18,892
GQD	897	826	4,112	2,072
Sales of goods to associates:				
TMT	614	1,155	1,954	2,955

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 September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Sale of goods to Toda	\$ 179	\$ 387	\$ 977	\$ 556
Sale of goods to GQD	—	515	348	515

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 and nine months ended September 30, 2025, sales to Atatsu were \$0.2 million and \$0.3 million, respectively. For the three and nine months ended September 30, 2024, sales to Atatsu were \$0.1 million and \$0.2 million, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30	
	2025	2024	2025	2024
Sale of goods to related parties	\$ 1,003	\$ 2,135	\$ 3,615	\$ 4,195
Purchase of goods and services from related parties	1,624	10,148	10,231	21,679
			September 30,	December 31,
			2025	2024
Trade balances:				
From related parties		\$ 738	\$ 355	
Due to related parties		(328)	(1,767)	
Total		\$ 410	\$ (1,412)	