Neo Performance Materials Opens Europe's Largest Magnet Facility, Europe's Landmark Critical Minerals Project

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October 6, 2025 – The opening of a magnet plant in Estonia may seem like a technical milestone, but for **Neo Performance Materials Inc. (TSX: NEO | OTCQX: NOPMF)** it represents nothing less than a new chapter in Europe's industrial future. "I think the plant is quite a showpiece, but it's more than a showpiece. It is operational. It is running. We got it up and built in less than 500 days," said Rahim Suleman, President, CEO, and Director of Neo Performance Materials. "I think it's a critical piece of infrastructure, probably the most important critical materials project that is happening in Europe at present."

The Narva facility, formally inaugurated last week, has already drawn praise from customers, analysts, and policymakers across Europe. Ursula von der Leyen, President of the European Commission, declared: "Operational since May and formally inaugurated yesterday, this magnet manufacturing facility is a milestone truly worth celebrating. The future will be made in Europe. Neo Performance Materials and Narva are proof of this." Suleman credited years of planning and two years of effort to bring the project to life. "It's still a long journey ahead of us for us really to make a significant dent in this issue," he noted.

What impressed industry veterans like Critical Minerals Institute (CMI) Co-Chair Jack Lifton was not only the speed of construction but the scale of ambition. With initial capacity of

2,000 metric tons a year, co-funded by the European Union's Just Transition Fund, the facility is expected to expand to more than 5,000 metric tons annually. It is already producing and shipping qualification samples to meet contract obligations for European automotive platforms, including traction motor magnets—considered the most technically demanding category in the sector.

Suleman emphasized Neo's tight capital structure and disciplined growth. "We have what we would call a 'say-do ratio.' I think we have a very high S/D ratio. We're profitable. We're cash flow generative. We have a healthy balance sheet. So I think we have all the right fundamentals from an investment perspective. And then we have an enormous growth opportunity," he said. With fewer than 42 million shares outstanding and a market cap still below $1 billion, he believes investor interest will only grow as the company continues to deliver.

That confidence was reinforced by Neo's second-quarter results, which showed revenue up 42% year-over-year. "There was a perception in the past that our share price or our earnings moved with commodity prices. We've continued to say that we are a value-add company," Suleman said. "People have seen the strength of Neo—the earnings growth—and what 'normal' looks like today. And of course, tomorrow just gets better."

A new multi-year memorandum of understanding with Robert Bosch GmbH ("Bosch") exemplifies the company's long-standing partnerships. "Bosch has been a longtime partner with Neo, a longtime customer. We've been in bonded rare earth magnetics for 30 years," Suleman explained. **"Our agreement with Bosch and our relationship with them just speaks to the kind of partnership that we have with frankly the largest motor makers and motor manufacturers in the world."**

The backdrop to all of this is a volatile but strengthening rare earth market. Prices, which hovered in the $50–$60 range for 18 months, have surged 50% in recent months. “I think we see strong demand. I think we see strong fundamentals in the industry. I think we continue to see a rapid growth rate for the need for rare earths and rare earth magnets as we go forward,” Suleman said. While wary of predicting short-term pricing, he pointed to structural shifts such as **MP Materials Corp. (NYSE: MP)** halting concentrate sales to China as drivers of the current move.

Feedstock remains a critical focus. “Neo operates one of the most vertically integrated supply chains in the rare earth space—we can separate rare earths, make metals and alloys, and we make magnets,” Suleman said. The Estonian facility will purchase most of its feedstock from Lynas, the world’s largest separator of light rare earths, while also drawing from Southeast Asian metal makers and other sources, including MP Materials. “We have, I would argue, the most diverse supply chain in the industry. That is by design,” he stressed. Demand, if anything, is running ahead of supply. “The floodgates have opened. The spotlight on needing a more diverse—not completely independent, but more diverse—supply chain has become increasingly important across all industries,” Suleman said. “The phones have been ringing off the hook. We have more customer demand than we can possibly supply. But our commitment is: we will deliver, and we will ramp responsibly.”

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