Neo Announces Agreement to Sell its Quapaw, Oklahoma Rare Metals Facility

written by Raj Shah | August 6, 2024
Sale to further simplify and streamline Neo's operations and infrastructure

August 6, 2024 (Source) – Neo Performance Materials Inc. ("**Neo**" or the "**Company**") (TSX: NEO) announced today it has entered an agreement to sell its equity ownership interest (the "**Transaction**") in Neo Rare Metals (Oklahoma), LLC ("**Quapaw**") to Kevin Reading, the current General Manager and co-founder of the facility (the "**Purchaser**"). This Transaction continues Neo's drive to simplify its business globally by focusing on portfolio assets that reflect the Company's scale and growth ambitions in a competitive global business environment.

Key Highlights:

- The Purchaser has agreed to purchase Neo's 80% equity interest in Quapaw in consideration for an aggregate cash purchase price equal to US$1.4 million plus cash on closing, subject to normal closing adjustments, which represents a 9.0x multiple of trailing twelve months of the EBITDA[i] of the facility.
- The Transaction is part of Neo's operational transformation and production optimization commitment to simplify global operations.
- The Transaction includes a five-year agreement for the purchase by Quapaw of gallium and indium from the Company's in recycling facility Peterborough, Ontario as

well as for the processing and transfer of gallium scrap to the Company's Peterborough recycling facility.

"We continue Neo's global transformation and optimization of our asset base. The sale of the Quapaw facility back to its founder is an exciting opportunity for both of us to benefit in the long term. I look forward to our continued partnership with the entrepreneurial owner-operator team at Quapaw. Mr. Reading has always been a valued partner and great business leader. We are excited for Kevin, the team at Quapaw and for the continued growth opportunities for this facility as a focused entity," said Rahim Suleman, President and Chief Executive Officer of Neo.

"We are thrilled to purchase back the business we founded as we look to grow operations in Quapaw, Oklahoma. Our relationship with Neo over the years has led this facility to improvements in health and safety initiatives that has truly made us a better facility. Our strong management team will continue to work closely with our Neo partners to ensure that together, we can meet the needs of both facilities and our customers' needs," said Kevin Reading, General Manager of Quapaw.

The Transaction is subject to customary conditions to closing and is expected to close in the third quarter of 2024.

The Quapaw facility is a leading producer in North America of gallium trichloride used in applications such as LED lighting (white LED), lithium batteries, integrated circuit chips and capacitors.

Cautionary Statements Regarding Forward Looking Statements

This news release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Generally, but not always, forward-looking

information and statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof. Specific forward-looking statements in this news release include, but are not limited to, the timing of completion of the Transaction and matters relating thereto. In making the forward-looking information in this news release, the Company has applied certain factors and assumptions that are based on its current beliefs as well as assumptions made by and information currently available to the Company. Although the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking information in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking information. There are many risk factors associated with the completion of the Transaction. A number of factors could cause actual results to differ materially from those anticipated by the Company, including but not limited to the risks and uncertainties inherent in the nature of the Transaction including the failure to obtain necessary regulatory approvals, or to otherwise satisfy the conditions of the Transaction, in a timely manner by the outside date or at all, risks of a material adverse change the Company’s assets or revenues, or risks of unknown liabilities that may arise.

Readers are cautioned not to place undue reliance on forward looking information. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any

forward-looking information whether as a result of new information, future events or otherwise, except as required by law. For more information on Neo, investors should review Neo's continuous disclosure filings that are available under Neo's profile at www.sedarplus.ca.

About Neo Performance Materials

Neo manufactures the building blocks of many modern technologies that enhance efficiency and sustainability. Neo's advanced industrial materials – magnetic powders and magnets, specialty chemicals, metals, and alloys – are critical to the performance of many everyday products and emerging technologies. Neo's products help to deliver the technologies of tomorrow to consumers today. The business of Neo is organized along three segments: Magnequench, Chemicals & Oxides and Rare Metals. Neo is headquartered in Toronto, Ontario, Canada; with corporate offices in Greenwood Village, Colorado, United States; Singapore; and Beijing, China. Neo has a global platform that includes 10 manufacturing facilities located in China, the United States, Germany, Canada, Estonia, Thailand and the United Kingdom, as well as one dedicated research and development centre in Singapore. For more information, please visit www.neomaterials.com.

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[i] EBITDA does not reflect the internal costs by Neo to consolidate and manage the Quapaw facility.

SOURCE Neo Performance Materials, Inc.

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