Neo Performance Materials Announces $79 Million Bought Deal Secondary Offering of Common Shares

written by Raj Shah | April 7, 2021

April 6, 2021 (Source) – Neo Performance Materials Inc. ("**Neo**", the "**Company**") (TSX: NEO) is pleased to announce that it and a fund managed by Oaktree Capital Management, L.P. (the "**Selling Shareholder**") has entered into an agreement with Paradigm Capital Inc. (the "**Lead Underwriter**"), on behalf of a syndicate of underwriters (together with the Lead Underwriter, the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, from the Selling Shareholder 4,000,000 common shares of the Company (the "**Common Shares**") at a price of $19.75 per Common Share (the "**Offering Price**") for total gross proceeds to the Selling Shareholder of $79 million (the "**Offering**"). The Company will not be receiving any of the proceeds of the Offering.

In addition, the Selling Shareholder has granted the Underwriters an option to purchase that number of additional Common Shares at the Offering Price equal to 15% of the base Offering, exercisable up to 30 days following the closing of the Offering.

The Selling Shareholder currently holds 17,109,155 common shares of the Company, representing approximately 45.4% of the issued and outstanding common shares. Following the closing of the Offering, the Selling Shareholder will hold 13,109,155 common shares, representing approximately 34.8% of the issued and outstanding common shares. In addition, the Selling

Shareholder, its affiliates and other entities managed by Oaktree Capital Management, L.P. have agreed with the Underwriters that their remaining common shares of the Company will be subject to a 120 day lock-up period, subject to customary exceptions.

The Common Shares will be offered by way of a short form prospectus to be filed in all of the provinces of Canada other than Quebec. Private placement offerings in the United States will be made to "qualified institutional buyers" pursuant to Rule 144A of the United States Securities Act of 1933. The Offering is expected to close on or about April 27, 2021 and is subject to certain conditions including, but not limited to, the receipt of all necessary corporate and regulatory approvals, including the approval of the Toronto Stock Exchange and the applicable securities regulatory authorities. No securities regulatory authority has either approved or disapproved of the contents of this news release.

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

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 the Company is organized along three segments: Magnequench, Chemicals & Oxides and Rare Metals. The Company is headquartered in Toronto, Ontario, Canada; with corporate offices in Greenwood Village, Colorado, US; Singapore; and Beijing, China. The Company operates globally with sales and production across 10 countries, being Japan, China, Thailand, Estonia, Singapore, Germany, United Kingdom, Canada, United States, and South Korea. For more information, please visit http://www.neomaterials.com/.

About Oaktree Capital Management L.P.

Oaktree is a leader among global investment managers specializing in alternative investments, with $148 billion in assets under management as of December 31, 2020. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities. The firm has over 1,000 employees and offices in 19 cities worldwide. For additional information, please visit Oaktree's website at http://www.oaktreecapital.com/.

Cautionary Statements Regarding Forward Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to future events or future performance of Neo. All statements in this release, other than statements of historical facts, with respect to Neo's objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates, and intentions, are forward-looking information. Specific forward-looking statements in this discussion include, but are not

limited to, the following: expectations regarding certain of Neo’s future results and information, including, among other things, revenue, expenses, sales growth, capital expenditures, and operations; statements with respect to current and future market trends that may directly or indirectly impact sales and revenue of Neo; expected use of cash balances; continuation of prudent management of working capital; source of funds for ongoing business requirements and capital investments; expectations regarding sufficiency of the allowance for uncollectible accounts and inventory provisions; analysis regarding sensitivity of the business to changes in exchange rates; impact of recently adopted accounting pronouncements; risk factors relating to intellectual property protection and intellectual property litigation; risk factors relating to national or international economies (including the impact of COVID-19), and other risks present in the jurisdictions in which Neo, its customers, its suppliers, and/or its logistics partners operate, and; expectations concerning any remediation efforts to Neo’s design of its internal controls over financial reporting and disclosure controls and procedures. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Neo believes the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in

this discussion and analysis should not be unduly relied upon. For more information on Neo, investors should review Neo’s continuous disclosure filings that are available under Neo’s profile at www.sedar.com.