Neo Performance Materials Reports First Quarter 2026 Results

written by Raj Shah | May 12, 2026

Neo Delivers Record Performance and Raises Full-Year Guidance on Healthy Demand and Favourable Pricing Environment

May 12, 2026 (Source) – Neo Performance Materials Inc. ("**Neo**" or the "**Company**") (TSX: NEO) (OTCQX: NOPMF) today announced its financial results for the first quarter of 2026. Neo's financial statements and management's discussion and analysis ("**MD&A**") for the three months ended March 31, 2026, are available at neomaterials.com and on SEDAR+ at sedarplus.ca. All financial amounts in this news release and the Company's financial disclosures are in United States dollars, unless otherwise stated.

Consolidated Financial Highlights

($000s, except per share information)	**Three Months Ended March 31**			
	2026		**2025**	
Consolidated Revenue	$	154,962	$	121,610
Consolidated Operating Income	$	26,557	$	9,589
Consolidated Adjusted EBITDA [(1)]	$	36,231	$	17,134
Adjusted Net Income [(1)]	$	14,865	$	6,511
Adjusted earnings per share attributable to common shareholders:				

Basic	$	0.36	$	0.15
Diluted	$	0.34	$	0.15
Net Loss	$	(1,640)	$	(1,387)
Loss per share attributable to common shareholders				
Basic	$	(0.04)	$	(0.04)
Diluted	$	(0.04)	$	(0.04)

“Neo delivered exceptional first-quarter results, with Adjusted EBITDA of $36 million more than doubling year-over-year, driven by disciplined execution and favourable pricing across our entire critical materials portfolio,” said Rahim Suleman, President and Chief Executive Officer of Neo. “We saw both strong demand and strong pricing across all three business units and all business units improved year over year. Our Rare Metals business, which focusses on critical materials such as hafnium and gallium contributed meaningfully to earnings growth. We advanced key strategic milestones, including the production of our one-millionth magnet at our European Permanent Magnet facility, and the commissioning of our new small-scale heavy rare earth separation production line in Silmet, a critical step in our strategy to build the most vertically integrated rare earth magnetics value chain in Europe.”

“Given our strong first-quarter performance, healthy demand outlook and continued favourable pricing environment, we are raising our full-year Adjusted EBITDA guidance to a range of $100 million to $110 million. As global supply chains increasingly prioritize security and localization of critical materials, and structural growth drivers including AI infrastructure, electrification, automation and aerospace continue to underpin a supportive demand environment, Neo is well positioned for the future. Looking ahead, we remain

focused on delivering disciplined growth, strong execution and long-term value for our stakeholders."

Strategic and Operational Highlights

- **Neo Delivers Record Adjusted EBITDA:** Neo delivered a record $36.2 million in Adjusted EBITDA[(1)] for the three months ended March 31, 2026 compared to $17.1 million in the same quarter last year, an increase of 111% year-over-year, driven by strong performance across all business segments, as well as favourable pricing across the portfolio, primarily in Rare Metals.
- **Neo Raises Full Year 2026 Adjusted EBITDA Guidance:** Neo has increased its 2026 Adjusted EBITDA outlook to $100 million to $110 million (up from $75 to $80 million) based on strong first quarter performance, supportive pricing conditions across the critical materials portfolio, improved demand visibility driven by customer contracting activity, and disciplined operational execution.
- **Magnequench ("MQ")** generated Adjusted EBITDA of $9.2 million for the first quarter, compared to $6.7 million the prior year, a 38% improvement, reflecting higher volumes, favourable product mix, and a supportive pricing environment.
- **Chemicals & Oxides** ("**C&O**") delivered Adjusted EBITDA of $7.7 million for the first quarter, compared to $6.8 million the prior year, a 12% improvement, reflecting higher Nd and Pr prices, portfolio optimization and operational efficiencies.
- **Rare Metals** ("**RM**") generated a record Adjusted EBITDA of $23.9 million in the first quarter, up from $8.6 million in the same period last year, a 176% improvement, as hafnium, gallium and tantalum prices rise.
- **European Permanent Magnet facility advances toward**

commercial launch: The state-of-the-art magnet facility continues to advance through its planned ramp-up and achieved key operational milestones, including the production of its one-millionth magnet in February 2026. The facility is producing and shipping qualification magnets in support of multiple awarded automotive platforms, with several customer programs expected to commence commercial production in 2026. In parallel, the Company is progressing in advanced planning activities for a Phase 1b expansion, including detailed engineering, long-lead equipment assessments, and supply chain planning, intended to support future volumes associated with additional awarded and prospective customer programs. Phase 1b is planned to increase the facility's nameplate capacity from approximately 2,000 metric tonnes ("**mt**") to approximately 5,000 mt per annum.

- **Successful commissioning of heavy rare earth production line in Europe:** In April 2026, Neo successfully commissioned a small-scale heavy rare earth element solvent extraction production line at its Silmet facility in Estonia. The production line is operating at nameplate capacity, with initial focus on achieving stable product purity, and has produced separated terbium and dysprosium process solutions from mixed rare earth carbonate feedstock, with all processing completed in Europe. This milestone validates the technical and operational performance of the heavy rare earth separation process under continuous operation and represents an important step toward establishing localized heavy rare earth processing capability in Europe.
- **Partnership with Tallinn University of Technology to Accelerate Advanced AI Initiatives:** Neo announced a multi-year research partnership with Tallinn University of Technology (TalTech) to further advance its initiative to

embed artificial intelligence and machine learning across its product development and manufacturing operations. Backed by 30 years of leadership in magnetics and advanced industrial materials, a deep proprietary operations dataset, and an established in-house data science team, Neo's AI implementation is translating process expertise into measurable improvements in end products and manufacturing processes. Neo's core success factors for AI include (a) a defined opportunity to deploy AI, (b) deep historical production and quality data, (c) industry-leading domain expertise in rare earth chemistry, physics and magnetics, (d) in-house data scientists and (e) integrated infrastructure that enables AI systems to learn and create live feedback loops to fully operationalize AI within the manufacturing process.

(1)	Neo reports non-IFRS financial measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Information on non-IFRS financial measures is included in the "Non-IFRS Financial Measures" section of this news release and in the most recent MD&A, available at neomaterials.com and on SEDAR+ at sedarplus.ca.

Consolidated Financial Highlights

- *Revenue* for Q1 2026 was $155.0 million, compared to $121.6 million for Q1 2025.
- *Operating income* for Q1 2026 was $26.6 million, compared to $9.6 million for Q1 2025.
- *Adjusted EBITDA* for Q1 2026 was $36.2 million compared to $17.1 million for Q1 2025. This resulted in Adjusted EBITDA margin of 23.4% for the quarter, representing an improvement of 930 basis points over 2025.

- *Adjusted Net Income*[(1)] for Q1 2026 was $14.9 million, or $0.36 earnings per share, compared to Adjusted Net Income of $6.5 million or $0.15 earnings per share for Q1 2025. Commencing this quarter, Neo is revising the calculation of Adjusted Net Income to better reflect underlying operating performance attributable to Neo shareholders and improve comparability across periods. Refer to the first quarter 2026 MD&A for more information.
- *Operating Cash Flow* for the three months ended March 31, 2026, was an outflow of $38.3 million in cash from operating activities, driven by higher strategic inventory held, higher costs in inventory due to material pricing, higher receivables due to timing of sales, as well as the settlement of the European patent litigation in January 2026. As of March 31, 2026, Neo had $41.7 million in cash and $154.3 million in gross debt on its balance sheet.
- *Capital investment* for the three months ended March 31, 2026 was $5.2 million, with funds used primarily to advance the European Permanent Magnet facility and heavy rare earth production line in Europe.
- *Shareholder return of capital* for the three months ended March 31, 2026 consisted of $3.3 million in dividends to shareholders.
- A quarterly dividend of CAD$0.10 per common share was declared on May 7, 2026, for shareholders of record on June 19, 2026, with a payment date of June 29, 2026.

Segment Highlights

Magnequench Delivers Volume Growth and Strongest Quarterly Adjusted EBITDA since Q2 2022:

- **Financial Performance**: Magnequench generated Adjusted EBITDA of $9.2 million in the first quarter, representing

an increase of $2.6 million or 39% year-over-year.

- **Strong Bonded Magnet Volumes**: Bonded magnet shipments increased 17.2% year-over-year, supported by accelerating demand in applications including electrification, industrial automation, and advanced computing infrastructure.
- **Strong Powder Sales**: Bonded powder volumes increased 18.6% year-over-year, reflecting continued market share gains, strong underlying demand from global customers, and customers continuing to manage their pipelines amid heightened geopolitical and supply chain risk.
- **Strategic Platform Expansion:** During the year, Neo continued advancing its European Permanent Magnet facility, which is progressing through qualification and early operational milestones ahead of expected commercial production ramp later in 2026. Neo remains on track to meet its targets of launching two-to-three commercial programs in the second half of 2026.

Chemicals & Oxides Delivers Significant Earnings Growth:

- **Financial Performance**: C&O generated Adjusted EBITDA of $7.7 million in the first quarter representing an increase of $0.8 million or 12%, reflecting improved pricing, strong operational execution, and the benefits of portfolio optimization.
- **Emission Catalyst first quarter volumes were up 6.9% year-over-year:** Building on a strong prior-year performance and reflecting continued solid commercial execution supported by improved cost performance at the new catalyst manufacturing facility.
- **Rare Earth Separation Performance Reflects Improved Pricing and Reduced Volatility:** European rare earth separation business benefited from improved pricing, while

the divestiture of Chinese separation assets significantly reduced exposure to rare earth price volatility and strengthened earnings predictability.

- **Wastewater treatment continues to expand its commercial footprint:** The wastewater treatment business continues to have strong customer growth in the U.S., while regulatory approvals progress in new jurisdictions.

Rare Metals Achieves Record Gross Profits:

- **Financial Performance**: Rare Metals generated Adjusted EBITDA of $23.9 million in the first quarter representing an increase of $15.2 million or 176% over prior year, reflecting record hafnium and gallium pricing and stable demand.
- **Healthy End-Market Demand:** Rare Metals continues to benefit from the increased global focus on critical materials, many of which are supported by programs and targets aimed at reducing concentration risk for items considered Critical Materials on most government critical materials lists.
- **Gallium Business Strength:** Neo’s gallium business continued to perform well, benefiting from strong pricing and increasing regulatory focus on supply security. Neo remains one of the few gallium recyclers in North America, reinforcing the segment’s strategic importance and long-term growth potential.
- **Strategic Supply Initiatives:** The segment continues to focus on securing scrap and input materials through strategic sourcing partnerships and recovery initiatives, ensuring a stable, diversified supply base to support future growth.

Conference Call

Neo's first quarter 2026 financial results webcast and conference call details are provided below.

Webcast and Conference Call Details:

Date: Tuesday, May 12, 2026

Time: 10:00 AM ET | 7:00 AM PT

Listen Only Webcast: Webcast Link

Conference call: +1 (416) 945-7677 (local) or 1 (888) 699-1199 (toll-free long distance) or by visiting Dial-in Link.

A replay of the webcast will be available by clicking on this LINK and will be archived on the Company's website for a limited period. A teleconference recording may be accessed by calling 1(289) 819-1450 (local) or 1 (888) 660-6345 (toll-free long distance) and entering passcode 89889# until June 12, 2026.

Non-IFRS Financial Measures

This new release refers to certain specified financial measures and ratios, including non-IFRS financial measures and ratios such as "**EBITDA**", "**Adjusted EBITDA**", "**Adjusted EBITDA Margin**", "**Adjusted Net Income**", "**Adjusted Earnings per Share**", "**Free Cash Flow**" and "**Gross Margin**". These specified financial measures are not recognized measures under International Financial Reporting Standards ("**IFRS**") accounting standards as issued by the International Accounting Standards Board, 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 ("**non-IFRS 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 financial measures used in this news release 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 financial 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, 2026, which is hereby incorporated by reference into this news release, and at neomaterials.com and on SEDAR+ at 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, 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 March 31, 2026, Neo has 1,547 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. Neo has three operating segments: Magnequench, Chemicals & Oxides ("**C&O**") and Rare Metals, as well as the Corporate segment.

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 news 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 information in this news release include, but are not limited to: expectations regarding certain of Neo's future results and information, including, among other things; revenue; expenses; growth prospects; capital expenditures; and operations; risk factors relating to national or international economies, geopolitical risk and other risks present in the jurisdictions in which Neo, its customers, its suppliers, and/or its logistics partners operate; statements

with respect to current and future market trends that may directly or indirectly impact sales and revenue of Neo, including but not limited to rare earth and critical materials prices; 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 and changes in rare earth prices; impact of recently adopted accounting pronouncements; risk factors relating to intellectual property protection and intellectual property litigation; expectations regarding demand for products and applications; expectations regarding the growth of superalloy and superconductor materials; anticipated commercial launch of Neo's new Permanent Magnet facility in Europe and related commercial production estimates, commissioning and costs associated with the facility; expectations regarding tariffs and export restrictions; securing new automotive customer agreements for permanent magnet and emission catalyst facilities; expectations concerning the continued growth of the Magnequench project and improvements in operations; Neo's design of its internal controls over financial reporting and disclosure controls and procedures; and Neo's 2026 guidance and the assumptions relating thereto.

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 risks,

uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

Additionally, Neo's 2026 guidance reflects Neo's expectations as to financial performance in 2026 based on assumptions which Neo believes to be reasonable as of the date of this news release including but not limited to continued Magnequench growth, operational improvements in C&O, relative stability in rare earth pricing, continued strong hafnium demand alongside elevated pricing and tight raw material supply conditions, reduction in operating expenses, expectations regarding tariffs and export controls, and securing new customer agreements for permanent magnet and emission catalyst facilities. 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 filings available under Neo's profile at sedarplus.ca.

Information contained in forward-looking statements in this news release is provided as of the date hereof and Neo disclaims any obligation to update any forward-looking information, whether as a result of new information or future events or results, except to the extent required by applicable securities laws.

HIGHLIGHTS OF FIRST QUARTER 2026 CONSOLIDATED PERFORMANCE

($000s, except per share information)	**Three months ended March 31,**			
	2026		**2025**	
Revenue				

Magnequench	$	64,732	$	44,273
C&O		33,182		47,500
Rare Metals		57,094		32,705
Corporate / Eliminations		(46)		(2,868)
Consolidated Revenue	**$**	**154,962**	**$**	**121,610**
Operating Income				
Magnequench	$	3,681	$	1,894
C&O		6,322		5,728
Rare Metals		23,135		8,151
Corporate / Eliminations		(6,581)		(6,184)
Consolidated Operating Income	**$**	**26,557**	**$**	**9,589**
Adjusted EBITDA				
Magnequench	$	9,241	$	6,657
C&O		7,662		6,842
Rare Metals		23,857		8,640
Corporate / Eliminations		(4,529)		(5,005)
Consolidated Adjusted EBITDA	**$**	**36,231**	**$**	**17,134**
Net Loss	**$**	**(1,640)**	**$**	**(1,387)**
Loss per share attributable to common shareholders				
Basic and diluted	$	(0.04)	$	(0.04)
Cash spent on property, plant and equipment and intangible assets	$	7,433	$	11,428
Cash taxes paid	$	14,576	$	5,206
Dividends paid to shareholders	$	3,261	$	2,921

Dividend paid to Buss & Buss minority shareholder	$	—	$	7,343

As at:	**March 31, 2026**	**December 31, 2025**
Cash and cash equivalents	$ 41,714	$ 38,360
Short-term debt, bank advances & other	$ 40,959	$ 12,949
Total debt	$ 154,250	$ 101,804

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

($000s)	**March 31, 2026**	**December 31, 2025**
ASSETS		
Cash and cash equivalents	$ 41,714	$ 38,360
Accounts receivable	113,962	93,186
Inventories	234,594	205,405
Income taxes receivable	2,085	2,196
Other current assets	21,881	24,070
Total current assets	**414,236**	**363,217**
Property, plant and equipment	199,284	198,440
Intangible assets	30,273	30,857
Goodwill	66,459	65,857
Equity method investments	16,872	17,116
Other investments	3,361	3,496
Deferred tax assets	2,382	2,799
Other non-current assets	5,428	3,105
Total non-current assets	**324,059**	**321,670**
Total assets	**$ 738,295**	**$ 684,887**

LIABILITIES AND EQUITY				
Short-term debt	$	40,959	$	12,949
Accounts payable and other accrued charges		86,928		95,844
Income taxes payable		7,795		15,120
Provisions		3,461		3,470
Lease obligations		954		564
Derivative liability		78,180		60,596
Current portion of long-term debt		10,811		9,343
Other current liabilities		6,849		252
Total current liabilities		**235,937**		**198,138**
Long-term debt		102,480		79,512
Derivative liability		1,177		1,407
Provisions		2,350		2,392
Deferred tax liabilities		9,979		9,405
Lease obligations		4,050		3,170
Other non-current liabilities		403		395
Total non-current liabilities		**120,439**		**96,281**
Total liabilities		**356,376**		**294,419**
Non-controlling interest		472		464
Equity attributable to common shareholders		381,447		390,004
Total equity		**381,919**		**390,468**
Total liabilities and equity	**$**	**738,295**	**$**	**684,887**

See accompanying notes to this table in Neo’s interim condensed consolidated financial statements as at March 31, 2026 and for the period then ended.

CONSOLIDATED RESULTS OF OPERATIONS

($000s)	**Three Months Ended March 31,**			
	2026		**2025**	
Revenue	$	154,962	$	121,610
Cost of sales				
Cost excluding depreciation and amortization		102,545		88,881
Depreciation and amortization		1,991		1,921
Gross profit		**50,426**		**30,808**
Expenses				
Selling, general and administrative		15,606		15,308
Share-based compensation		3,321		936
Depreciation and amortization		1,807		1,781
Research and development		3,135		3,194
Total expenses		23,869		21,219
Operating income		**26,557**		**9,589**
Other income (expense)		308		(4,712)
Finance cost, net		(18,590)		(6,073)
Foreign exchange (loss) gain		(1,615)		3,785
Income from operations before income taxes and equity income of associates		**6,660**		**2,589**
Income tax expense		(8,241)		(4,356)
Loss from operations before equity (loss) income of associates		**(1,581)**		**(1,767)**
Equity (loss) income of associates (net of income tax)		(59)		380
Net loss	**$**	**(1,640)**	**$**	**(1,387)**

Attributable to:				
Common shareholders	$	(1,648)	$	(1,480)
Non-controlling interest		8		93
Loss per share attributable to common shareholders:				
Basic	$	(0.04)	$	(0.04)
Diluted	$	(0.04)	$	(0.04)

For additional information, refer to Neo's MD&A for the three months ended March 31, 2026.

RECONCILIATION OF NET LOSS TO EBITDA, ADJUSTED EBITDA AND FREE CASH FLOW

($000s, except volume)	**Three Months Ended March 31,**			
	2026		**2025**	
Sales volume (tonnes)		3,194		3,325
Revenue	$	154,962	$	121,610
Net Loss	**$**	**(1,640)**	**$**	**(1,387)**
Add back:				
Finance costs, net		18,590		6,073
Income tax expense		8,241		4,356
Depreciation and amortization included in cost of sales		1,991		1,921
Depreciation and amortization included in operating expenses		1,807		1,781
EBITDA		**28,989**		**12,744**
Adjustments to EBITDA:				
Other (income) expense		(308)		4,712

Foreign exchange loss (gain)		1,615		(3,785)
Equity loss (income) of associates		59		(380)
Share-based compensation		3,321		936
Project start-up and transition costs		2,555		2,907
Adjusted EBITDA	**$**	**36,231**	**$**	**17,134**
Adjusted EBITDA Margin		*23.4* %		*14.1* %
Less:				
Capital expenditures	$	5,166	$	6,830
Free Cash Flow	**$**	**31,065**	**$**	**10,304**

For additional information, refer to Neo's MD&A for the three months ended March 31, 2026.

RECONCILIATION OF NET LOSS TO ADJUSTED NET INCOME

($000s)	**Three Months Ended March 31,**			
	2026		**2025**	
Net loss	**$**	**(1,640)**	**$**	**(1,387)**
Adjustments:				
Foreign exchange loss (gain)		1,615		(3,785)
Share-based compensation		3,321		936
Buss & Buss non-controlling interest and related items		6,637		1,857
Project start-up & transition costs		2,555		2,907
Other items included in other (income) expense		(98)		4,808
Tax impact of the above items		2,475		1,175
Adjusted Net Income	**$**	**14,865**	**$**	**6,511**

Attributable to:				
Common shareholders	$	14,857	$	6,418
Non-controlling interest		8		93
Weighted average number of common shares outstanding:				
Basic (000s)		41,606		41,773
Diluted (000s)		43,761		42,427
Adjusted earnings per share attributable to common shareholders:				
Basic	$	0.36	$	0.15
Diluted	$	0.34	$	0.15

For additional information, refer to Neo’s MD&A for the three months ended March 31, 2026.

SOURCE Neo Performance Materials, Inc.

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