

Neo Performance Materials Reports Fourth Quarter 2025 Results

written by Raj Shah | March 19, 2026

Neo Exceeds 2025 Guidance and Advances Strategic Growth Initiatives

March 19, 2026 ([Source](#)) – Neo Performance Materials Inc. (“Neo” or the “Company”) (TSX: [NEO](#)) (OTCQX: NOPMF) today announced its financial results for the fourth quarter and full year 2025. Neo’s financial statements and management’s discussion and analysis (“MD&A”) for the year ended December 31, 2025, 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.

“2025 was a year of meaningful execution and strategic progress for Neo. We delivered full-year Adjusted EBITDA of \$75.6 million, exceeding our previously issued guidance, while advancing key initiatives that strengthen our long-term growth platform,” said Rahim Suleman, President and Chief Executive Officer of Neo.

“Across our businesses we saw strong demand from structural growth drivers including electrification, automation, AI infrastructure, and aerospace. During the year we also achieved several important strategic milestones, most notably the continued execution of our European platform, including the grand opening of our European Permanent Magnet facility, more program awards, ongoing progress toward commercializing magnet production and advancing our heavy rare earth separation

capability in Europe. In addition, we delivered double-digit growth in our Emission Catalyst platform and completed the divestiture of our legacy China separation assets, further simplifying the portfolio and sharpening our focus on higher-value, strategically differentiated businesses.”

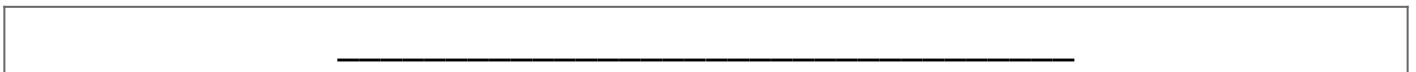
“As global supply chains increasingly prioritize security and localization for critical materials, Neo’s integrated platform positions us well to serve our customers across magnets, specialty materials, and rare metals. With strong operational momentum and a simplified portfolio focused on higher-value businesses, we are entering 2026 well positioned to continue delivering disciplined growth and long-term value for shareholders.”

Strategic and Operational Highlights

- **Full year Adjusted EBITDA⁽¹⁾ of \$75.6 million increased 17% over prior year and exceeded 2025 guidance** reflecting strong execution and meaningful earnings growth in Magnequench and Chemicals & Oxides, with performance partially offset by expected moderation in Rare Metals following record prior year levels.
- **Magnequench (“MQ”)** generated Adjusted EBITDA of \$6.0 million for the quarter and \$28.4 million for the year, supported by strong volume growth and continued operational discipline.
- **Chemicals & Oxides (“C&O”)** delivered significant earnings improvement, with Adjusted EBITDA of \$7.1 million for the quarter and \$23.4 million for the year reflecting portfolio optimization and operational efficiencies.
- **Rare Metals (“RM”)** delivered solid results with \$12.3 million in quarterly Adjusted EBITDA and \$43.2 million for the year, despite normalization of

hafnium pricing following record levels in 2024.

- **Neo's European Permanent Magnet facility reaches key milestones.** Following its grand opening in September 2025, Neo's European Permanent Magnet facility advanced through qualification and early operational milestones, including production of its one-millionth magnet and support of multiple customer qualification programs ahead of the expected commercial ramp-up in 2026. During the year, Neo entered into a multi-year memorandum of understanding with Bosch, reserving annual production capacity from the European facility and reinforcing customer demand visibility. The facility also received high-profile recognition when a Made-in-Europe Neo permanent magnet was showcased at the 2025 G7 Summit, underscoring the strategic importance of localized and secure supply chains for critical materials.
- **Neo continued advancing its heavy rare earth separation** demonstration line at its Silmet facility in Estonia, which is expected to produce dysprosium and terbium beginning in 2026 to support magnet manufacturing and other critical applications.
- **Neo reached a settlement during the year related to legacy intellectual property litigation** in its Emission Catalyst business, resolving a long-standing matter and reducing ongoing legal cost exposure and uncertainty.
- **Neo successfully completed the sale of its Chinese rare earth separation assets in March 2025**, simplifying the portfolio, reducing exposure to price volatility, and reallocating capital toward higher-value downstream growth initiatives.



(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.

Outlook

Neo enters 2026 with strong operational momentum and continued progress across its strategic growth initiatives.

The Company expects continued demand across key end markets supported by structural trends including electrification, automation, artificial intelligence infrastructure and aerospace applications. Governments and customers are increasingly focused on developing secure and localized supply chains for critical materials.

Neo’s European Permanent Magnet facility continues to advance through qualification milestones, with commercial production expected to ramp during 2026. The Company expects to progress multiple customer magnet programs toward start of production, scale volumes as the year advances, and announce additional magnet awards in Europe. Neo is also advancing planning activities for a potential Phase 1b expansion, which would increase annual capacity from approximately 2,000 metric tonnes to 5,000 metric tonnes. In parallel, the Company is advancing its heavy rare earth separation capability at Silmet to further strengthen its integrated critical materials platform.

Based on current market conditions and operational performance, Neo has established 2026 Adjusted EBITDA guidance of \$75 million to \$80 million.

Consolidated Financial Highlights

- *Revenue* for Q4 2025 was \$120.3 million, compared to \$134.9 million for Q4 2024. For the year ended December 31, 2025, revenue was \$478.8 million compared to \$475.8 million in 2024.
- *Operating income* for Q4 2025 was \$5.6 million, compared to \$12.4 million for Q4 2024. For the year ended December 31, 2025, operating income was \$31.8 million, compared to \$35.3 million in 2024.
- *Adjusted EBITDA* for Q4 2025 was \$20.4 million compared to \$20.7 million for Q4 2024. For the year ended December 31, 2025, Adjusted EBITDA was \$75.6 million compared to \$64.4 million in 2024. This resulted in Adjusted EBITDA margin of 16.9% for the quarter and 15.8% for the full year, representing an improvement of 160 basis points for the quarter and 230 basis points over 2024.
- *Adjusted Net Income*⁽¹⁾ for Q4 2025 was \$0.6 million, or \$0.01 earnings per share, compared to Adjusted Net Loss of \$4.9 million or \$0.12 loss per share for Q4 2024. For the year ended December 31, 2025, Adjusted Net Income was \$20.5 million, or \$0.49 earnings per share, compared to Adjusted Net Income of \$1.9 million, or \$0.05 earnings per share in 2024.
- *Operating Cash Flow* for the year ended December 31, 2025, was an outflow of \$54.0 million in cash from operating activities, driven by higher strategic inventory held due to geopolitical risks, higher receivables due to timing of sales, as well as the settlement of a European patent claim for \$12.5 million in March of 2025. As of December 31, 2025, Neo had \$38.4 million in cash and \$101.8 million in gross debt on its balance sheet.
- *Capital investment* for the year ended December 31, 2025 was \$23.3 million, with funds used primarily to advance

the European Permanent Magnet facility and heavy rare earth demonstration pilot line in Europe.

- *Shareholder return of capital* for the year ended December 31, 2025 consisted of \$12.1 million in dividends to shareholders and \$4.0 million of common shares repurchased for cancellation under the normal course issuer bid (“NCIB”).
- A quarterly dividend of CAD\$0.10 per common share was declared on March 12, 2026, for shareholders of record on March 19, 2026, with a payment date of March 26, 2026.

Segment Highlights

Magnequench Delivers Strong Volume Growth and Strategic Progress:

- **Financial Performance:** Magnequench generated Adjusted EBITDA of \$6.0 million in the fourth quarter and \$28.4 million for the year, representing a decrease of \$0.8 million for the quarter and an increase of \$2.8 million or 11% for the full year compared to the same periods in 2024. Full year performance reflects strong volume growth and continued operational discipline during 2025.
- **Record Bonded Magnet Volumes:** Bonded magnet shipments reached record quarterly levels, increasing 34.9% year-over-year, supported by accelerating demand in applications including electrification, industrial automation, and advanced computing infrastructure.
- **Strong Powder Sales:** Bonded powder volumes increased 17.3% year-over-year, reflecting continued market share gains, strong underlying demand from global customers, and select customers building additional safety stock 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-up in 2026.

Chemicals & Oxides Delivers Significant Earnings Growth and Portfolio Transformation:

- **Strong Profitability Growth:** Full year Adjusted EBITDA increased approximately 376% year-over-year reaching \$23.4 million, with \$7.1 million generated in the fourth quarter, reflecting improved pricing, strong operational execution, and the benefits of portfolio optimization.
- **Portfolio Simplification:** Following the divestiture of legacy Chinese separation assets earlier in the year, the Chemicals & Oxides segment is increasingly focused on higher-value specialty materials businesses including emission catalysts and wastewater treatment solutions.
- **Strong End-Market Demand:** Emission catalyst volumes exceeded the Company's previously communicated full-year growth target of 10%, reflecting strong global automotive demand.
- **Wastewater Treatment Growth:** Wastewater treatment delivered strong growth, with quarterly volumes increasing 13.9% year-over-year, and 32.2% for the full year, driven by updated customer value proposition, and supported by rising environmental compliance standards and global sustainability initiatives.
- **Strategic European Separation Capabilities:** Neo continues to operate one of the few non-captive rare earth separation facilities in Europe. The heavy rare earth separation demonstration line at Silmet remains on track and on budget as the Company advances commissioning

activities and prepares for initial production milestones in 2026.

Rare Metals Maintains Solid Performance Amid Hafnium Price Normalization:

- **Resilient Financial Results:** Adjusted EBITDA totaled \$12.3 million for the quarter and \$43.2 million year-to-date, down 29.3% and 16.5%, respectively, from the prior-year periods, reflecting the expected normalization of hafnium prices following record highs in 2024, with renewed upside emerging in 2026.
- **Healthy End-Market Demand:** Rare Metals continues to benefit from robust demand in aerospace, industrial gas turbine, and semiconductor markets, supported by ongoing global investment in advanced manufacturing and clean energy technologies.
- **Hafnium Price Moderation:** Hafnium quarterly gross margins declined year-over-year as prices stabilized, moderating profitability compared to last year's exceptional levels. Subsequently, prices increased significantly in the fourth quarter of 2025 reaching new record levels early in 2026 amid tight supply conditions.
- **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 fourth quarter 2025 financial results webcast and conference call details are provided below.

Webcast and Conference Call Details:

Date: Thursday, March 19, 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 65901# until April 14, 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 year ended December 31, 2025, 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 December 31, 2025, Neo has 1,524 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 the price of rare earth elements; 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, forecasted budget, commissioning and costs associated with the facility; Neo's requalified product portfolio, including the NAMCO product portfolio; 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; expectations concerning any remediation efforts to 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 FOURTH QUARTER 2025 CONSOLIDATED PERFORMANCE

<i>(\$000s, except per share information)</i>	Three Months Ended December 31, 2025	Year ended December 31,
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	2025	2024	2025	2024
Revenue				
Magnequench	\$ 54,956	\$ 43,500	\$ 204,555	\$ 176,649
C&O	29,252	43,606	135,030	146,516
Rare Metals	39,686	48,441	147,665	156,206
Corporate / Eliminations	(3,624)	(644)	(8,457)	(3,543)
Consolidated Revenue	\$ 120,270	\$ 134,903	\$ 478,793	\$ 475,828
Operating Income (Loss)				
Magnequench	\$ (4,530)	\$ 2,018	\$ 1,486	\$ 10,123
C&O	5,330	27	17,480	(2,854)
Rare Metals	11,622	16,910	40,727	50,134
Corporate / Eliminations	(6,831)	(6,600)	(27,939)	(22,102)
Consolidated Operating Income	\$ 5,591	\$ 12,355	\$ 31,754	\$ 35,301
Adjusted EBITDA				
Magnequench	\$ 6,017	\$ 6,824	\$ 28,377	\$ 25,528
C&O	7,093	1,350	23,444	4,924
Rare Metals	12,288	17,383	43,200	51,762
Corporate / Eliminations	(5,031)	(4,866)	(19,375)	(17,816)
Consolidated Adjusted EBITDA	\$ 20,367	\$ 20,691	\$ 75,646	\$ 64,398
Net Loss	\$ (15,628)	\$ (12,037)	\$ (9,969)	\$ (13,016)

Loss per share attributable to common shareholders				
Basic and diluted	\$ (0.38)	\$ (0.29)	\$ (0.24)	\$ (0.31)
Cash spent on property, plant and equipment and intangible assets	\$ 3,518	\$ 12,019	\$ 31,664	\$ 64,202
Cash taxes (refunded) paid	\$ (863)	\$ 3,579	\$ 10,328	\$ 22,411
Dividends paid to shareholders	\$ 2,959	\$ 3,062	\$ 12,053	\$ 12,330
Dividend paid to Buss & Buss minority shareholder	\$ —	\$ 7,967	\$ 7,343	\$ 15,183
Repurchase of common shares under the NCIB	\$ 106	\$ —	\$ 3,995	\$ 2,250
<i>As at:</i>			December 31, 2025	December 31, 2024
Cash and cash equivalents			\$ 38,360	\$ 85,489
Short-term debt, bank advances & other			\$ 12,949	\$ 2,740

Total debt			\$ 101,804	\$ 71,536
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(\$000s)	December 31, 2025	December 31, 2024
ASSETS		
Cash and cash equivalents	\$ 38,360	\$ 85,489
Accounts receivable	93,186	61,232
Inventories	205,405	139,321
Income taxes receivable	2,196	4,108
Assets held for sale	–	40,949
Other current assets	24,070	24,264
Total current assets	363,217	355,363
Property, plant and equipment	198,440	178,925
Intangible assets	30,857	33,580
Goodwill	65,857	64,029
Equity method investments	17,116	16,330
Other investments	3,496	217
Deferred tax assets	2,799	4,045
Other non-current assets	3,105	765
Total non-current assets	321,670	297,891
Total assets	\$ 684,887	\$ 653,254
LIABILITIES AND EQUITY		
Short-term debt	\$ 12,949	\$ 2,740
Accounts payable and other accrued charges	95,844	69,546
Income taxes payable	15,120	10,463
Provisions	3,470	12,512

Lease obligations	564	1,229
Derivative liability	60,596	47,416
Current portion of long-term debt	9,343	4,610
Liabilities directly associated with the assets held for sale	–	10,254
Other current liabilities	252	647
Total current liabilities	198,138	159,417
Long-term debt	79,512	64,186
Derivative liability	1,407	1,311
Provisions	2,392	6,726
Deferred tax liabilities	9,405	12,646
Lease obligations	3,170	3,244
Other non-current liabilities	395	842
Total non-current liabilities	96,281	88,955
Total liabilities	294,419	248,372
Non-controlling interest	464	2,714
Equity attributable to common shareholders	390,004	402,168
Total equity	390,468	404,882
Total liabilities and equity	\$ 684,887	\$ 653,254

See accompanying notes to this table in Neo's audited consolidated financial statements as at December 31, 2025 and for the year then ended.

CONSOLIDATED RESULTS OF OPERATIONS

(\$000s)	Three Months EndedDecember 31,		Year endedDecember 31,	
	2025	2024	2025	2024
Revenue	\$ 120,270	\$ 134,903	\$ 478,793	\$ 475,828
Cost of sales				
Cost excluding depreciation and amortization	82,548	94,466	337,006	343,315
Depreciation and amortization	2,021	2,512	7,963	8,553
Gross profit	35,701	37,925	133,824	123,960
Expenses				
Selling, general and administrative	17,763	16,446	64,382	61,400
Share-based compensation	3,428	770	11,958	3,060
Depreciation and amortization	1,744	1,796	7,043	7,192
Research and development	7,175	6,894	18,687	16,869
(Reversal of impairment) / impairment of assets	–	(336)	–	138
Total expenses	30,110	25,570	102,070	88,659
Operating income	5,591	12,355	31,754	35,301
Other (expense) income	(7,270)	507	(11,753)	3,405
Finance cost, net	(9,535)	(13,882)	(23,789)	(27,488)
Foreign exchange gain (loss)	(559)	(4,236)	7,407	(4,268)

Income from operations before income taxes and equity income of associates	(11,773)	(5,256)	3,619	6,950
Income tax expense	(3,874)	(7,571)	(14,402)	(17,945)
Loss from operations before equity income (loss) of associates	(15,647)	(12,827)	(10,783)	(10,995)
Equity income (loss) of associates (net of income tax)	19	790	814	(2,021)
Net loss	\$ (15,628)	\$ (12,037)	\$ (9,969)	\$ (13,016)
Attributable to:				
Common shareholders	\$ (15,639)	\$ (12,050)	\$ (9,984)	\$ (12,946)
Non-controlling interest	11	13	15	(70)
Loss per share attributable to common shareholders:				
Basic	\$ (0.38)	\$ (0.29)	\$ (0.24)	\$ (0.31)
Diluted	\$ (0.38)	\$ (0.29)	\$ (0.24)	\$ (0.31)

For additional information, refer to Neo's MD&A for the year ended December 31, 2025.

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

(\$000s, except volume)	Three Months Ended December 31,	Year ended December 31,
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	2025	2024	2025	2024
Sales volume (tonnes)	2,988	3,157	13,216	12,413
Revenue	\$ 120,270	\$ 134,903	\$ 478,793	\$ 475,828
Net Loss	\$ (15,628)	\$ (12,037)	\$ (9,969)	\$ (13,016)
Add back:				
Finance costs, net	9,535	13,882	23,789	27,488
Income tax expense	3,874	7,571	14,402	17,945
Depreciation and amortization included in cost of sales	2,021	2,512	7,963	8,553
Depreciation and amortization included in operating expenses	1,744	1,796	7,043	7,192
EBITDA	1,546	13,724	43,228	48,162
Adjustments to EBITDA:				
Other expense (income)	7,270	(507)	11,753	(3,405)
Foreign exchange loss (gain)	559	4,236	(7,407)	4,268

Equity (income) loss of associates	(19)	(790)	(814)	2,021
Share-based compensation	3,428	770	11,958	3,060
Project start-up and transition costs	7,583	3,594	16,928	10,154
Impairment of assets	–	(336)	–	138
Adjusted EBITDA	\$ 20,367	\$ 20,691	\$ 75,646	\$ 64,398
Adjusted EBITDA Margin	16.9 %	15.3 %	15.8 %	13.5 %
<i>Less:</i>				
Capital expenditures	\$ 4,822	\$ 22,818	\$ 23,269	\$ 80,205
Free Cash Flow	\$ 15,545	\$ (2,127)	\$ 52,377	\$ (15,807)

For additional information, refer to Neo's MD&A for the year ended December 31, 2025.

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED NET INCOME

(\$000s)	Three Months Ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Net Loss	\$ (15,628)	\$ (12,037)	\$ (9,969)	\$ (13,016)
Adjustments to net loss:				
Foreign exchange loss (gain)	559	4,236	(7,407)	4,268

(Reversal of) Impairment of assets	–	(336)	–	138
Share-based compensation	3,428	770	11,958	3,060
Project start-up & transition costs	7,583	3,594	16,928	10,154
Other items included in other expense (income)	5,094	(1,245)	9,722	(3,244)
Tax impact of the above items	(470)	138	(770)	545
Adjusted net (loss) income	\$ 566	\$ (4,880)	\$ 20,462	\$ 1,905
Attributable to:				
Common shareholders	\$ 555	\$ (4,893)	\$ 20,447	\$ 1,975
Non-controlling interest	11	13	15	(70)
Weighted average number of common shares outstanding:				
Basic and diluted (000s)	41,599	41,759	41,699	41,773
Adjusted earnings per share attributable to common shareholders:				
Basic and diluted	\$ 0.01	\$ (0.12)	\$ 0.49	\$ 0.05

For additional information, refer to Neo's MD&A for the year ended December 31, 2025.

SOURCE Neo Performance Materials, Inc.

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