Neo Performance Materials Reports Fourth Quarter and Full Year 2024 Results

written by Raj Shah | March 18, 2025

Neo Grows Adjusted EBITDA[(1)] by 70% Year-Over-Year, Exceeding Guidance by 20%

March 18, 2025 (Source) — Neo Performance Materials Inc. ("**Neo**") (TSX: NEO) reported today its fourth quarter and full year 2024 financial results. The financial statements and management's discussion and analysis ("**MD&A**") are available at www.neomaterials.com/investors/ and on SEDAR+ at www.sedarplus.ca. All financial amounts in this news release and the Company's financial disclosures are in United States dollars, unless otherwise stated.

"Neo delivered outstanding financial and operational results in 2024, exceeding guidance with Adjusted EBITDA growth of over 70%, driven by strong performance in Rare Metals and Magnequench. We successfully executed major capital projects, including completing our Emissions Control Catalyst facility on time and under budget. Our European Permanent Magnet facility remains on track for a grand opening in 2025, marking a significant step forward in strengthening our global supply chain for Permanent Magnets.

We maintained a strong balance sheet with a net cash position, supported by healthy cash flow generation and working capital improvements. At the same time, we took decisive action to streamline our portfolio, divesting our rare earth separation assets in China, subject to closing conditions. This aligns with our strategy to reduce earnings volatility and focus on high-

value-add growth business.

With a reinforced foundation, Neo is positioned for long-term growth as we expand our Permanent Magnet capabilities to meet accelerating demand, creating lasting value for our shareholders," said Rahim Suleman, Neo's President and Chief Executive Officer.

(1)	Neo reports certain non-IFRS financial measures including "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income or Loss", "Adjusted Earnings per Share" and others, which are not measures recognized under IFRS and do not have any standardized meaning prescribed by IFRS. Please refer to the "Non-IFRS Financial Measures" section of this news release and the fourth quarter MD&A for more information.

Key Takeaways

1.	**Neo Delivers Strong Adjusted EBITDA Growth, Exceeding Guidance and Increasing Outlook:** Neo delivered $64 million in Adjusted EBITDA for 2024, a 73% increase year-over-year, and 20% above guidance. 2024 Adjusted EBITDA at Magnequench increased 21% year-over-year, and more than doubled in Rare Metals. Despite divesting three non-core facilities and the normalization of hafnium prices, Neo increases its Adjusted EBITDA 2025 guidance range from $53 – $58 million to $55 – $60 million.

2..	**Successful Execution on Major Capital Projects:** Neo's European Permanent Magnet facility remains on schedule and on budget, with commercial production set to begin in 2026. Notably, Neo secured a major Tier 1 automotive supplier award ahead of the facility's completion, reinforcing strong demand for its Permanent Magnets and validating its strategic expansion into this critical market.The Emissions Control Catalyst facility has successfully requalified most of its product portfolio, with the remaining qualifications expected in the first half of 2025. The project's final cost is expected to be approximately 10% under budget. With a world-class manufacturing footprint and a leading cost position, Neo is well-positioned to grow volumes by double digits in the coming years, leveraging additional capacity at the new facility.
3.	**Simplifying the Business to Drive Focused Growth:** Neo continues to simplify its portfolio and enhance its focus on value-add businesses. The planned sale of its Chinese separation facilities, JAMR and ZAMR, is expected to close in the first half of 2025, pending customary approvals.On December 31, 2024, Neo completed the sale of its 80% ownership interest in the Gallium Trichloride facility in Oklahoma.

4.	**Strong Liquidity and Balance Sheet Position:** As of December 31, 2024, Neo maintains a solid liquidity position with $85 million in cash and a net cash balance of $14 million. The Company expects $7-10 million in EU grant reimbursements and approximately $30 million from the announced sale of its Chinese separation facilities in 2025. Further working capital improvements are expected to enhance cash flow, reinforcing Neo's strong balance sheet and financial flexibility.
5.	**Strategic Review Progressing:** Neo's financial advisors are continuing to advance the Special Committee-led strategic review process, and Neo remains committed to taking steps to optimize its business, including the divestment of non-core assets and the improvement of operational performance.

Financial Highlights

- Revenue for Q4 2024 was $134.9 million, compared to Q4 2023 revenue of $128.7 million. On a year-over-year basis, 2024 revenue was $475.8 million compared to $571.5 million in 2023.
- Operating income for Q4 2024 was $12.4 million, compared to Q4 2023 operating loss of $5.5 million. On a year-over-year basis, 2024 operating income was $35.3 million, compared to $11.2 million in 2023.
- Adjusted Net Loss(1) for Q4 2024 was $4.9 million, or $0.12 loss per share, compared to Q4 2023 Adjusted Net Income(1) of $0.9 million or $0.02 per share. On a year-over-year basis, 2024 Adjusted Net Income was $1.9 million, or $0.05 per share, compared to Adjusted Net Loss of $1.0 million, or $0.02 loss per share in 2023.
- Adjusted EBITDA for Q4 2024 was $20.7 million, compared to

Q4 2023 of $3.1 million. On a year-over-year basis, 2024 Adjusted EBITDA was $64.4 million, compared to $37.2 million in 2023.

- Adjusted EBITDA margin as a percentage of revenue for Q4 2024 increased to 15.3% from 2.4% an improvement of 1300 basis points from the prior year quarter. 2024 Adjusted EBITDA increased to 13.5% from 6.5%, an improvement of 700 basis points from prior year.
- For the year ended December 31, 2024, Neo generated $51.5 million in cash from operating activities, driven by strong income from operations and continued working capital improvements.
- Neo had $85.5 million in cash and $68.8 million in gross debt and $2.7 million in bank advances on its balance sheet as of December 31, 2024. Neo invested $80.2 million in capital expenditures for the year ended December 31, 2024 mainly comprised of $26.8 million for the construction of the Emissions Control Catalyst facility and $42.5 million for the construction of the new permanent magnet manufacturing facility in Europe.
- Neo distributed $12.3 million in dividends to Neo's shareholders, and repurchased $2.3 million of common shares for cancellation in 2024.
- A quarterly dividend of CAD$0.10 per common share was declared on March 11, 2025, for shareholders of record on March 18, 2025, with a payment date of March 27, 2025.

Solid Business Performance

- **Magnequench**: Delivered robust growth in 2024, with sales volumes increasing by 7.9% for the full year, driven by strong demand in bonded permanent magnets and bonded powders in traction motor applications. The segment continues to capitalize on key growth areas while optimizing cost efficiencies, leading to improved profitability.

- Significant developments and key performance drivers include:
    - Bonded magnet sales delivered record volumes up 23% for the full year.
    - Bonded powders in traction motors delivered growth and won next generation product platform.
    - Reduced conversion costs by 20% for the full year at its largest facility.
    - Adjusted EBITDA for 2024 increased by $4.4 million, or 21% compared to the prior year.

- **C&O**: While C&O faced challenges in rare earth separation, impacting earnings, the segment is taking tactical steps to drive growth and profitability. Automotive catalyst volumes were impacted by relocation of NAMCO and market conditions. The new emissions control catalyst facility is ramping up, positioning Neo for long-term success. The planned sale of the Chinese separation facilities remains on track, reinforcing the Company's shift to high-value-add downstream businesses. At the same time, the wastewater treatment business continues to gain momentum, supporting future growth.
- Significant developments and key performance drivers include:
    - Wastewater treatment business delivered record volumes up 46% for the full year.
    - C&O rare earth separation business delivered negative $1.6 million gross margin in 2024.
    - Adjusted EBITDA for 2024 declined by $4.4 million, or 47%, compared to the prior year.

- **Rare Metals**: Delivered another record year, with strong performance across all facilities. The primary factor influencing financial performance was its hafnium business. The whole segment delivered improved financial and operational performance through notable changes to its manufacturing strategy.
- Significant developments and key performance drivers include:
  - Hafnium gross margins increased 76% for the full year.
  - Closure of hydrometallurgical processing in Silmet, Estonia delivered measurable improvements.
  - Gallium business strengthened its position in the supply chain, benefiting from regulatory tailwinds.
  - Adjusted EBITDA for 2024 increased by $27.6 million, or 114%, versus the prior year.

European Permanent Magnet Facility Nearing Completion

- Neo's European Permanent Magnet Facility remains on schedule and on budget. The core manufacturing building is complete, and all key equipment has been received. Customer qualification sample production is set to begin in first half of 2025, with large-scale commercial production expected in 2026.
- Neo has invested $57.1 million (before EU grant reimbursement received of $5.6 million) since project inception, with an expected Phase 1 capital cost of $75.0 million before the anticipated EU grant reimbursement of 23% of eligible project costs.
- In November 2024, Neo secured a $50.0 million credit facility from Export Development Canada ("**EDC**") to support

facility construction and commissioning, with $25.0 million drawn as of December 31, 2024.

Emissions Control Catalyst Plant Completed Under Budget

- Neo successfully completed its new Emissions Control Catalyst Facility under budget, with total project spending expected to be $68.0 million, approximately $7.0 million below initial estimates.
- Neo has invested $49.8 million since project inception; with construction and commissioning complete, the remaining spend relates primarily to outstanding post-commissioning vendor payments.
- Construction was partly funded through an EDC credit facility, with $45.0 million drawn as of December 31, 2024.

Asset Portfolio Rebalancing to Improve Quality of Earnings

- Neo’s 2024 portfolio rebalancing focused on divesting non-core separation assets in China to improve earnings quality, streamline operations, and optimize capital allocation.
- Neo has entered into agreements to sell (i) 86% equity interest in JAMR; and (ii) 88% of the equity interest in ZAMR, amended from the original agreement to sell 98% of the equity interest of ZAMR. The two transactions are expected to generate approximately RMB 209.1 million ($28.9 million) in aggregate cash proceeds. The sales are expected to close in the first half of 2025 after the completion of customary closing conditions, including local jurisdictional, administrative filings, registrations and approvals.

Non-core Divestment – Sale of Gallium Trichloride Facility

- On December 31, 2024, Neo completed the sale of its 80% ownership interest in its Gallium Trichloride facility in Oklahoma, which includes a seven-year agreement for the facility to purchase gallium from, and transfer gallium scrap to, Neo's Peterborough facility.

Strategic Review

- Neo continues to progress its previously announced Special Committee-led strategic review process, which includes the consideration of strategic alternatives and opportunities to maximize shareholder value. The Special Committee remains committed to advancing the strategic review process with Neo's financial advisors.
- There can be no assurance that the strategic review process will result in any transaction or other alternative, nor any assurance as to its outcome or timing.

Conference Call on Tuesday, March 18, 2025, at 10 a.m. Eastern Time

Management will host a teleconference call on Tuesday, March 18, 2025, at 10:00 a.m. ET to discuss the fourth quarter 2024 results.

Interested parties may access the teleconference by visiting https://emportal.ink/4hxnlVi or calling 1-416-945-7677 (local) or 1-888-699-1199 (toll-free long distance). For the webcast, visit https://app.webinar.net/6J8VyVkDqPa.

A teleconference recording may be accessed by calling

1-289-819-1450 (local) or 1-888-660-6345 (toll-free) and entering passcode 47143# until April 18, 2025.

Non-IFRS Financial Measures

This new release refers to certain specified financial measures, including non-IFRS financial measures and ratios such as "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income", "Adjusted Earnings per Share", "Debt to Adjusted EBITDA", "Free Cash Flow" and "Free Cash Flow conversion". These specified financial measures are not recognized measures under IFRS, 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 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 measures used in this presentation 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 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 and year ended December 31, 2024, which is hereby incorporated by reference into this news release, and at www.neomaterials.com and on SEDAR+ 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, rare earth magnets, magnetic assemblies, specialty chemicals, metals, and alloys – are critical to the performance of many everyday products and emerging technologies. Neo's products fast-forward technologies for the net-zero transition. 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 manufacturing facilities located in China, 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.

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 presentation 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, and; 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 fan motors and superalloys; expectations regarding the growth of superconductor materials; the closing and the anticipated timing thereof for the sale of the JAMR and ZAMR separation facilities together with the targeted return; anticipated completion and launch of Neo’s new permanent magnet facility in Europe and related commercial production estimates, forecasted budget, commissioning and costs associated with the facility; targeted reductions in SG&A; Neo's requalified product portfolio, including the NAMCO product portfolio, and continued product qualification expected in 2025; anticipated final costs associated with the NAMCO project; expectations regarding tariffs; securing new automotive customer agreements for permanent magnet and emissions control facilities; expectations concerning the continued growth of the Magnequench project and improvements in C&O; expectations concerning any remediation efforts to Neo's design of its internal controls over financial reporting and disclosure controls and procedures; and Neo's 2025 guidance, including Neo's 2025 Adjusted EBITDA 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 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. Additionally, Neo's 2025 guidance reflects Neo's expectations as to financial performance in 2025 based on assumptions which Neo believes to be reasonable as of the date of this presentation, including but not limited to continued Magnequench growth, significant improvements in C&O, exiting lower-margin separation assets, strong hafnium demand despite pricing moderation, continued reduction in SG&A expenses, expectations regarding tariffs;

securing new automotive customer agreements for permanent magnet and emissions control facilities; expectations concerning the continued growth of the Magnequench project and improvements in C&O. 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 available under its profile at www.sedarplus.ca. Information contained in forward-looking statements in this presentation 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 2024 CONSOLIDATED PERFORMANCE

($000s, except per share information)	**Three Months Ended December 31,**				**Year EndedDecember 31**			
	2024		**2023**		**2024**		**2023**	
Revenue								
Magnequench	$	43,500	$	54,827	$	176,649	$	213,735
C&O		43,606		55,552		146,516		235,929
Rare Metals		48,441		19,724		156,206		124,601
Corporate / Eliminations		(644)		(1,435)		(3,543)		(2,720)
Consolidated Revenue	**$**	**134,903**	**$**	**128,668**	**$**	**475,828**	**$**	**571,545**
Operating Income (Loss)								

Magnequench	$	2,018	$	2,675	$	10,123	$	7,618
C&O		27		2,622		(2,854)		4,088
Rare Metals		16,910		(5,597)		50,134		19,670
Corporate / Eliminations		(6,600)		(5,170)		(22,102)		(20,209)
Consolidated Operating Income (Loss)	**$**	**12,355**	**$**	**(5,470)**	**$**	**35,301**	**$**	**11,167**
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")								
Magnequench	$	6,824	$	5,950	$	25,528	$	21,149
C&O		1,350		3,218		4,924		9,306
Rare Metals		17,383		(2,200)		51,762		24,207
Corporate / Eliminations		(4,866)		(3,871)		(17,816)		(17,443)
Consolidated Adjusted EBITDA	**$**	**20,691**	**$**	**3,097**	**$**	**64,398**	**$**	**37,219**
Net Loss	**$**	**(12,037)**	**$**	**(1,129)**	**$**	**(13,016)**	**$**	**(8,391)**
Loss per share attributable to equity holders of Neo								
Basic	$	(0.29)	$	(0.03)	$	(0.31)	$	(0.19)
Diluted	$	(0.29)	$	(0.03)	$	(0.31)	$	(0.19)
Cash spent on property, plant and equipment and intangible assets	$	12,077	$	24,332	$	64,202	$	41,743
Cash taxes paid	$	3,579	$	2,089	$	22,411	$	13,410
Dividends paid to shareholders	$	3,062	$	3,335	$	12,330	$	13,396

Special dividend	$	7,967	$	—	$	15,183	$	—
Repurchase of common shares under Normal Course Issuer Bid	$	—	$	3,209	$	2,250	$	19,893
As at:								
Cash and cash equivalents					$	85,489	$	86,895
Short-term debt, bank advances & other					$	2,740	$	—
Current & long-term debt					$	68,796	$	25,331

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

($000s)	**December 31, 2024**	**December 31, 2023**
ASSETS		
Current		
Cash and cash equivalents	$ 85,489	$ 86,895
Restricted cash	—	3,357
Accounts receivable	61,232	67,643
Inventories	139,321	197,453
Income taxes receivable	4,108	744
Assets held for sale	40,949	—
Other current assets	24,264	22,542
Total current assets	**355,363**	**378,634**

Property, plant and equipment	178,925	118,918
Intangible assets	33,580	38,511
Goodwill	64,029	65,160
Investments	16,330	17,955
Deferred tax assets	4,045	6,760
Other non-current assets	982	1,066
Total non-current assets	**297,891**	**248,370**
Total assets	**$ 653,254**	**$ 627,004**
LIABILITIES AND EQUITY		
Current		
Short-term debt	$ 2,740	$ —
Accounts payable and other accrued charges	69,546	71,984
Income taxes payable	10,463	9,207
Provisions	12,512	823
Lease obligations	1,229	1,664
Derivative liability	47,416	36,294
Current portion of long-term debt	4,610	2,230
Liabilities directly associated with the assets held for sale	10,254	—

Other current liabilities	647	692
Total current liabilities	**159,417**	**122,894**
Long-term debt	64,186	23,101
Derivative liability	1,311	1,082
Provisions	6,726	26,197
Deferred tax liabilities	12,646	14,294
Lease obligations	3,244	2,425
Other non-current liabilities	842	1,700
Total non-current liabilities	**88,955**	**68,799**
Total liabilities	**248,372**	**191,693**
Non-controlling interest	2,714	3,164
Equity attributable to equity holders of Neo Performance Materials Inc.	402,168	432,147
Total equity	**404,882**	**435,311**
Total liabilities and equity	**$ 653,254**	**$ 627,004**
See accompanying notes to this table in Neo's audited consolidated financial statements as at December 31, 2024 and for the year then ended, available at www.neomaterials.com and on SEDAR+ at www.sedarplus.ca.		

CONSOLIDATED RESULTS OF OPERATIONS

($000s)	**Three Months Ended December 31,**		**Year EndedDecember 31**	
	2024	**2023**	**2024**	**2023**
Revenue	$ 134,903	$ 128,668	$ 475,828	$ 571,545
Cost of sales				
Cost excluding depreciation and amortization	94,466	107,350	343,315	462,815
Depreciation and amortization	2,512	2,416	8,553	9,626
Gross profit	**37,925**	**18,902**	**123,960**	**99,104**
Expenses				
Selling, general and administrative	16,446	14,485	61,400	59,155
Share-based compensation	770	1,946	3,060	3,738
Depreciation and amortization	1,796	1,813	7,192	7,187
Research and development	6,894	4,415	16,869	16,144
(Reversal of impairment) / impairment of assets	(336)	1,713	138	1,713
Total expenses	25,570	24,372	88,659	87,937
Operating income (loss)	**12,355**	**(5,470)**	**35,301**	**11,167**
Other income	507	2,776	3,405	3,138
Finance (costs) income, net	(13,882)	742	(27,488)	(6,707)

Foreign exchange loss	(4,236)	4	(4,268)	(1,428)
Income from operations before income taxes and equity loss of associates	**(5,256)**	**(1,948)**	**6,950**	**6,170**
Income tax (expense) benefit	(7,571)	39	(17,945)	(11,683)
Loss from operations before equity loss of associates	**(12,827)**	**(1,909)**	**(10,995)**	**(5,513)**
Equity loss of associates (net of income tax)	790	780	(2,021)	(2,878)
Net loss	**$ (12,037)**	**$ (1,129)**	**$ (13,016)**	**$ (8,391)**
Attributable to:				
Equity holders of Neo Performance Materials Inc.	$ (12,050)	$ (1,367)	$ (12,946)	$ (8,442)
Non-controlling interest	13	238	(70)	51
	$ (12,037)	**$ (1,129)**	**$ (13,016)**	**$ (8,391)**
Loss per share attributable to equity holders of Neo:				
Basic	$ (0.29)	$ (0.03)	$ (0.31)	$ (0.19)
Diluted	$ (0.29)	$ (0.03)	$ (0.31)	$ (0.19)

For additional information, refer Neo's MD&A for the three months and year ended December 31, 2024, available at www.neomaterials.com and on SEDAR+ at www.sedarplus.ca

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

($000s, except volume)	**Three Months Ended December 31,**				**Year EndedDecember 31**			
	2024		**2023**		**2024**		**2023**	
Sales volume (tonnes)		3,157		3,144		12,413		12,970
Revenue	$	134,903	$	128,668	$	475,828	$	571,545
Net loss	**$**	**(12,037)**	**$**	**(1,129)**	**$**	**(13,016)**	**$**	**(8,391)**
Add back (deduct):								
Finance costs (income), net		13,882		(742)		27,488		6,707
Income tax expense (benefit)		7,571		(39)		17,945		11,683
Depreciation and amortization included in cost of sales		2,512		2,416		8,553		9,626
Depreciation and amortization included in operating expenses		1,796		1,813		7,192		7,187
EBITDA		**13,724**		**2,319**		**48,162**		**26,812**
Adjustments to EBITDA:								

Other income		(507)		(2,776)		(3,405)		(3,138)
Foreign exchange loss (gain)		4,236		(4)		4,268		1,428
Equity (income) loss of associates		(790)		(780)		2,021		2,878
Share-based compensation		770		1,946		3,060		3,738
Fair value adjustments to inventory acquired		—		222		—		1,217
Project start-up and transition costs		2,345		457		7,827		1,370
Transaction and other costs		1,249		—		2,327		1,201
(Recovery) impairment of assets		(336)		1,713		138		1,713
Adjusted EBITDA	**$**	**20,691**	**$**	**3,097**	**$**	**64,398**	**$**	**37,219**
Adjusted EBITDA Margin		15.3 %		2.4 %		13.5 %		6.5 %
Less:								
Capital expenditures	$	22,818	$	24,332	$	80,205	$	43,961
Free Cash Flow	**$**	**(2,127)**	**$**	**(21,235)**	**$**	**(15,807)**	**$**	**(6,742)**

For additional information, refer Neo’s MD&A for the three months and year ended December 31, 2024, available at www.neomaterials.com and on SEDAR+ at www.sedarplus.ca

RECONCILIATIONS OF NET LOSS TO ADJUSTED NET (LOSS) INCOME

($000s)	**Three Months Ended December 31,**				**Year EndedDecember 31**			
	2024		**2023**		**2024**		**2023**	
Net loss	**$**	**(12,037)**	**$**	**(1,129)**	**$**	**(13,016)**	**$**	**(8,391)**
Adjustments to net loss:								
Foreign exchange loss (gain)		4,236		(4)		4,268		1,428
(Recovery) impairment of assets		(336)		1,713		138		1,713
Share-based compensation		770		1,946		3,060		3,738
Project start-up & transition costs		2,345		457		7,827		1,370
Other items included in other income		(1,245)		(2,251)		(3,244)		(2,529)
Fair value adjustments to inventory acquired		–		222		–		1,217
Transaction and other costs		1,249		–		2,327		1,201
Tax impact of the above items		138		(53)		545		(722)
Adjusted net (loss) income	**$**	**(4,880)**	**$**	**901**	**$**	**1,905**	**$**	**(975)**
Attributable to:								
Equity holders of Neo	$	(4,893)	$	663	$	1,975	$	(1,026)

Non-controlling interest		13		238	$	(70)	$	51
Weighted average number of common shares outstanding:								
Basic (000s)		41,759		42,418		41,773		44,325
Diluted (000s)		41,759		42,418		41,773		44,325
Adjusted income (loss) per share attributable to equity holders of Neo:								
Basic	$	(0.12)	$	0.02	$	0.05	$	(0.02)
Diluted	$	(0.12)	$	0.02	$	0.05	$	(0.02)
For additional information, refer Neo's MD&A for the three months and year ended December 31, 2024, available at www.neomaterials.com and on SEDAR+ at www.sedarplus.ca								

SOURCE Neo Performance Materials, Inc.

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