Neo Performance Materials Reports Fourth Quarter and Year-End 2022 Results

written by Raj Shah | March 29, 2023

Highlights

(unless otherwise noted, all financial amounts in this news release are expressed in U.S. dollars)

- Q4 2022 revenue of $159.2 million, higher by 3.8% YoY. For the year ended December 31, 2022, Neo's revenue was $640.3 million, an increase of 18.7% YoY, and set another record for annual revenue since Neo's re-emergence as a public company in 2017.
- Operating income of $6.7 million in the quarter, lower by 47.1% YoY. For the year ended December 31, 2022, operating income was $58.6 million, a decline of 2.1% YoY.
- Adjusted Net Loss[(1)] of $5.7 million in the quarter, or $(0.13) per share. For the year ended December 31, 2022, Neo's Adjusted Net Income[(1)] was $31.8 million, or $0.75 per share.
- Adjusted EBITDA[(1)] of $12.4 million in the quarter, lower by 36.8% YoY. For the year ended December 31, 2022, Adjusted EBITDA[(1)] was $79.0 million, lower by 3.5% YoY.
- Cash balance of $147.5 million after distributing $13.4 million for the year ended December 31, 2022 in dividends to shareholders.
- A quarterly dividend of Cdn$0.10 per common share was declared on March 3, 2023 for shareholders of record at March 20, 2023, with a payment date of March 29, 2023.

March 29, 2023 (Source) – Neo Performance Materials Inc. ("**Neo**", the "**Company**") (TSX: NEO) released its 2022 year-end financial results. The financial statements and management's discussion and analysis ("**MD&A**") of these results can be viewed on Neo's web site at www.neomaterials.com/investors/ and on SEDAR at www.sedar.com.

"Neo had another record-setting year in 2022, although the second half of 2022 clearly marked a transition to a slowing economic cycle," said Constantine Karayannopoulos, Neo's CEO. "In spite of relatively volatile markets, Neo made demonstrable progress in 2022 in key areas of critical supplier expansion and improved sustainability at our operations. Most important, we are laying the groundwork for future growth related to high-performance materials used in automobile electrification, improved emission standards, smaller and smarter electronics, cleaner water, and light-weighting of aerospace vehicles. I am appreciative of our customers trust in Neo and for our employees' dedication as we continue this momentum across our strategic growth initiatives in 2023."

STRATEGIC INITIATIVES IN 2022

Throughout 2022, Neo launched or completed the following strategic initiatives:

- On August 16, 2022, Neo entered into a loan agreement with Export Development Canada ("**EDC**") for a term loan of up to $75.0 million, to finance the relocation, expansion, and sustainability upgrades to its environmental emissions catalyst manufacturing facility (the "**NAMCO Project**"). Of the $75.0 million facility, $25.0 million was drawn in the fourth quarter of 2022.
- On August 22, 2022, Neo announced its intent to acquire an exploration license from Hudson Resources Inc. to pursue

development of the Sarfartoq Carbonatite Complex in southwest Greenland, which hosts a mineral deposit enriched in neodymium and praseodymium.

- To supplement Neo's existing cash position, support working capital levels, and plan for future growth, Neo completed a bought deal treasury offering on September 16, 2022 at Cdn. $15.00 per share, for net proceeds of approximately $47.7 million.
- On October 13, 2022, Hastings Technology Metals Ltd. ("**Hastings**") completed its binding Share Purchase Agreement with an affiliate of Oaktree Capital L.P. ("**Oaktree**") to acquire 8,974,127 common shares of Neo at Cdn. $15.00 per share, for an aggregate purchase price of Cdn. $134.6 million.
- On October 14, 2022, Neo entered into a non-binding Memorandum of Understanding with Australian Rare Earths Limited ("**AR3**") to accelerate development of AR3's Koppamurra Rare Earth in western Australia, which is enriched in neodymium, praseodymium, dysprosium and terbium.
- On November 9, 2022, Neo announced it has been awarded a grant of up to $19.9 million (€18.7 million) from the Government of Estonia under Europe's Just Transition Fund ("**JTF**") for eligible project costs of up to $104.5 million (€98 million). The terms of the award are guided by the Government of Estonia's regulations on general conditions for granting and using funds from the operational program of the EU cohesion and internal security policy funds for the period 2021-2027 and related regulations, and includes factors such as total eligible costs incurred, and employment created. The grant to Neo is the first such award to any critical materials company in the EU under the JTF program.

HIGHLIGHTS OF Q4 2022 AND YEAR-END CONSOLIDATED PERFORMANCE

Neo's consolidated revenue for the year ended December 31, 2022, was $640.3 million, compared to $539.3 million for the year ended December 31, 2021, an increase of $101.0 million or 18.7%. This marked another record for annual revenue for Neo since re-emerging as a public company in 2017.

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(1) *Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this new release and in the MD&A, available on Neo's website at www.neomaterials.com and on SEDAR at www.sedar.com.*

SELECTED FINANCIAL RESULTS

TABLE 1: Selected Consolidated Results				
	Year-over-Year Comparison	***Quarter-over-Quarter Comparison***		
($000s)	**2022**	**2021**	**Q4 2022**	**Q4 2021**
Revenue	640,298	539,251	159,168	153,414
Operating income	58,614	59,887	6,727	12,726
EBITDA[(1)]	76,189	65,431	10,121	12,380
Adjusted EBITDA[(1)]	79,027	81,915	12,420	19,652

Adjusted EBITDA %[(1)]	12.3 %	15.2 %	7.8 %	12.8 %

[(1)]Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this news release and in the MD&A.

MAGNEQUENCH SEGMENT RESULTS

TABLE 2: Selected Magnequench Results				
	Year-over-Year Comparison	***Quarter-over-Quarter Comparison***		
	2022	**2021**	**Q4 2022**	**Q4 2021**
Volume (tonnes)	4,808	6,090	1,188	1,482
($000s)				
Revenue	277,412	263,753	57,584	70,897
Operating income	30,538	38,413	2,543	6,608
EBITDA[(1)]	42,178	49,703	6,364	10,463
Adjusted EBITDA[(1)]	40,172	48,009	4,788	9,137

[(1)] Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this news release and in the MD&A.

Volumes in the Magnequench segment saw a decline with respect to the prior-year period as well as sequentially, driven largely by the spike in COVID-19, which affected the free flow of people and production supplies across many parts of Asia, the occurrence of several natural disasters earlier in 2022 which impacted customer production facilities in Asia, and the on-going semiconductor chip shortage in the automotive and other industries.

Margins per ton in the Magnequench segment were lower in the fourth quarter of 2022 compared to higher margins achieved earlier in 2022. Magnequench has pass-through pricing agreements on the vast majority of its sales contracts, and with rare earth magnetic prices having declined from March 2022, Magnequench is beginning to see the reversal of the lead-lag benefit in the latter half of 2022. The long-term growth outlook for Magnequench's magnetic materials remains strong, and the division's long-term focus remains on the value-add spread margin between the input commodity cost and the value of the functionalized materials that are manufactured.

CHEMICALS & OXIDES ("C&O") SEGMENT RESULTS

TABLE 3: Selected C&O Results				
	Year-over-Year Comparison	***Quarter-over-Quarter Comparison***		

($000s)	**2022**	**2021**	**Q4 2022**	**Q4 2021**
Revenue	248,011	212,711	58,767	60,389
Operating income	22,176	37,391	852	10,207
EBITDA[(1)]	27,952	29,747	1,462	7,656
Adjusted EBITDA[(1)]	28,324	41,512	2,614	11,800

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[(1)]Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this news release and in the MD&A.

Despite the recent decline in rare earth prices, they remain more than 100% higher than prices from the recent past (the two to three years prior to the third quarter of 2020). The outlook (both in demand and pricing) remains strong for rare earths which is expected to lead to higher dollar value margins for C&O in the long term. However, the current period was adversely impacted by the immediate and rapid decline of prices while processing higher cost inventory (lead-lag impact). For the year, C&O recorded a net $3.1 million of provisions for inventories.

In C&O's environmental emissions catalyst business, volumes in 2022 were consistent compared to the prior year. Volumes in the fourth quarter of 2022 exceeded volumes in the fourth quarter of 2021, primarily related to lower than normal volumes in the fourth quarter of 2021 as customers were adjusting their supply chains. Volumes have seen less of an impact from the semiconductor chip shortage and are distributed more globally

than Magnequench volumes and thus, have not experienced the same negative pressures on volume trends as some Magnequench products. C&O's environmentally protective water treatment solutions business continues to grow year over year with higher volume and new customer adoption, in both the fourth quarter and full year of 2022.

RARE METALS SEGMENT RESULTS

TABLE 4: Selected Rare Metals Results				
	Year-over-Year Comparison	***Quarter-over-Quarter Comparison***		
($000s)	**2022**	**2021**	**Q4 2022**	**Q4 2021**
Revenue	130,386	83,604	43,865	27,296
Operating income	20,978	6,578	7,792	2,410
EBITDA[(1)]	22,119	9,415	5,662	3,401
Adjusted EBITDA[(1)]	24,307	9,154	8,995	3,074

[(1)] *Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this news release and in the MD&A.*

Rare Metals achieved record earnings in 2022, continuing the improvement that started in the fourth quarter of 2021. Rare Metals experienced strength in pricing for key products such as

hafnium and tantalum while also benefiting from lower-cost inventory on hand. Hafnium prices, in particular, have increased rapidly starting in the fourth quarter of 2021. The recycling purchases and activities of Rare Metals was particularly impactful to maintaining and growing margins as the scrap material purchased in the same quarter is not rising as fast as selling prices for finished goods. This was partially offset by Rare Metals not selling some of its niobium oxide products to customers resident in or with connections to Russia, resulting in lower margins and higher inventory on hand at period-end for its niobium oxide products.

The Rare Metals business continues to make progress in several key strategic initiatives, including selling more products outside of the aerospace industry, expanding its customer base, and diversifying its total end-market exposure. Sales prices in a number of end markets have recovered and gallium-based products are exhibiting improved market demand.

CONFERENCE CALL ON WEDNESDAY MARCH 29, 2023 AT 10 AM EASTERN

Management will host a teleconference call on Wednesday March 29, 2023 at 10:00 a.m. (Eastern Time) to discuss the fourth quarter 2022 results. Interested parties may access the teleconference by calling (647) 794-4605 (local) or (888) 394-8218 (toll free long distance) or by visiting http://cnw.en.mediaroom.com/events. A recording of the teleconference may be accessed by calling (647) 436-0148 (local) or (888) 203-1112 (toll free long distance), and entering pass code 5211088# until April 29, 2023, or by visiting http://cnw.en.mediaroom.com/events.

NON-IFRS MEASURES

This news release refers to certain non-IFRS financial measures and ratios such as “Adjusted Net Income”, “EBITDA”, “Adjusted

EBITDA", and "Adjusted EBITDA Margin". These measures and ratios 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 measures and ratios 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 news release may not be the same as the definitions for such measures used by other companies in their reporting. 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 non-IFRS financial measures and ratios 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 non-IFRS financial measures and ratios in the evaluation of issuers. Neo's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period. For definitions of how Neo defines such financial measures and ratios, please see the "Non-IFRS Financial Measures" section of Neo's management's discussion and analysis filing for the year ended December 31, 2022 available on Neo's web site at www.neomaterials.com and on SEDAR at www.sedar.com.

TABLE 5: CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

($000s)		**December 31, 2022**		**December 31, 2021**
ASSETS				

Current		
Cash and cash equivalents	$ 147,491	$ 89,037
Restricted cash	1,179	1,283
Accounts receivable	81,409	65,209
Inventories	212,702	200,954
Income taxes receivable	355	1,667
Other current assets	23,279	19,211
Total current assets	**466,415**	**377,361**
Property, plant and equipment	75,767	73,378
Intangible assets	42,984	49,961
Goodwill	66,042	70,082
Investments	16,363	13,759
Deferred tax assets	6,956	6,638
Other non-current assets	1,933	2,903
Total non-current assets	**210,045**	**216,721**
Total assets	**$ 676,460**	**$ 594,082**
LIABILITIES AND EQUITY		

Current		
Bank advances and other short-term debt	$ 17,288	$ 6,502
Accounts payable and other accrued charges	69,093	94,201
Income taxes payable	10,033	7,059
Provisions	1,369	5,560
Lease obligations	1,264	1,589
Derivative liability	28,570	14,704
Current portion of long-term debt	747	—
Other current liabilities	278	1,455
Total current liabilities	**128,642**	**131,070**
Long term debt	29,885	—
Employee benefits	489	1,210
Provisions	23,604	15,127
Deferred tax liabilities	13,942	13,366
Lease obligations	813	1,388

Other non-current liabilities	1,442	1,405
Total non-current liabilities	**70,175**	**32,496**
Total liabilities	**198,817**	**163,566**
Non-controlling interest	3,193	2,891
Equity attributable to equity holders of Neo Performance Materials Inc.	474,450	427,625
Total equity	**477,643**	**430,516**
Total liabilities and equity	**$ 676,460**	**$ 594,082**

See accompanying notes to this table in Neo's Consolidated Financial Statements for the year ended December 31, 2022, available on Neo's website at www.neomaterials.com and on SEDAR at www.sedar.com.

TABLE 6: CONSOLIDATED RESULTS OF OPERATIONS

Comparison of the year ended and three months ended December 31, 2022 to the year ended and three months ended December 31, 2021:

($000s)	**Year Ended December 31,**	**Three Months Ended December 31,**	

	2022	2021	2022	2021
Revenue	$ 640,298	$ 539,251	$ 159,168	$ 153,414
Costs of sales				
Costs excluding depreciation and amortization	481,524	380,548	125,275	111,718
Depreciation and amortization	9,406	8,176	2,361	2,405
Gross profit	**149,368**	**150,527**	**31,532**	**39,291**
Expenses				
Selling, general and administrative	58,915	58,445	16,619	17,421
Share-based compensation	2,483	4,526	610	1,765
Depreciation and amortization	7,313	7,689	1,784	1,891
Research and development	20,810	19,859	4,854	5,367
Impairment of assets	1,233	121	938	121
	90,754	90,640	24,805	26,565
Operating income	**58,614**	**59,887**	**6,727**	**12,726**
Other expense	(2,228)	(9,750)	(492)	(4,351)
Finance cost, net	(15,259)	(3,943)	(11,116)	(1,523)
Foreign exchange gain (loss)	301	(4,388)	476	(2,544)

Income (loss) from operations before income taxes and equity income of associates	**41,428**	**41,806**	**(4,405)**	**4,308**
Income tax (expense) benefit	(17,793)	(9,580)	(2,022)	702
Income (loss) from operations before equity income of associates	**23,635**	**32,226**	**(6,427)**	**5,010**
Equity income (loss) of associates (net of income tax)	2,783	3,817	(735)	2,253
Net income (loss)	**$ 26,418**	**$ 36,043**	**$ (7,162)**	**$ 7,263**
Attributable to:				
Equity holders of Neo	$ 25,947	$ 35,177	$ (7,291)	$ 6,735
Non-controlling interest	471	866	129	528
	$ 26,418	**$ 36,043**	**$ (7,162)**	**$ 7,263**
Earnings (loss) per share attributable to equity holders of Neo:				
Basic	$ 0.62	$ 0.92	$ (0.16)	$ 0.17

Diluted	$ 0.61	$ 0.91	$ (0.16)	$ 0.17

See Management's Discussion and Analysis for the year ended December 31, 2022, available on Neo's website at www.neomaterials.com and on SEDAR at www.sedar.com.

TABLE 7: RECONCILIATION OF NET INCOME (LOSS) TO EBITDA, ADJUSTED EBITDA AND FREE CASH FLOW

($000s)	**Year Ended December 31,**		**Three Months Ended December 31,**	
	2022	**2021**	**2022**	**2021**
Net income (loss)	**$ 26,418**	**$ 36,043**	**$ (7,162)**	**$ 7,263**
Add back (deduct):				
Finance cost, net	15,259	3,943	11,116	1,523
Income tax expense (benefit)	17,793	9,580	2,022	(702)
Depreciation and amortization included in costs of sales	9,406	8,176	2,361	2,405
Depreciation and amortization included in operating expenses	7,313	7,689	1,784	1,891
EBITDA	**76,189**	**65,431**	**10,121**	**12,380**
Adjustments to EBITDA:				

Other expense [1]	2,228	9,750	492	4,351
Foreign exchange (gain) loss [2]	(301)	4,388	(476)	2,544
Equity (income) loss of associates	(2,783)	(3,817)	735	(2,253)
Share-based compensation [3]	2,483	4,526	610	1,765
Impairment of assets [4]	1,233	121	938	121
Other (recoveries) costs [5]	(22)	1,516	—	744
Adjusted EBITDA [6]	**$ 79,027**	**$ 81,915**	**$ 12,420**	**$ 19,652**
Adjusted EBITDA Margins [6]	*12.3* %	*15.2* %	*7.8* %	*12.8* %
Less:				
Capital expenditures	$ 17,470	$ 9,464	6,372	2,833
Free Cash Flow [6]	**$ 61,557**	**$ 72,451**	**6,048**	**16,819**
Free Cash Flow Conversion [6]	77.9 %	88.4 %	48.7 %	85.6 %

Notes:	
(1)	Represents other expenses resulting from non-operational related activities, including provisions for damages for outstanding legal claims related to historic volumes. These costs and recoveries are not indicative of Neo’s ongoing activities.

(2)	Represents unrealized and realized foreign exchange losses (gains) that include non-cash adjustments in translating foreign denominated monetary assets and liabilities.
(3)	Represents share-based compensation expense in respect of the Plan and the LTIP.
(4)	Represents impairment in property, plant and equipment, long-term asset and prepayment.
(5)	These represent primarily legal, professional advisory fees and other transaction costs incurred with respect to non-operating capital structure related transactions and restructuring costs related to management team changes. Neo has removed these charges to provide comparability with historic periods.
(6)	Neo reports non-IFRS measures such as “Adjusted Net Income”, “Adjusted Earnings per Share”, “Adjusted EBITDA”, “Adjusted EBITDA Margin”, “Free Cash Flow” and “Free Cash Flow Conversion”. Please see information on this and other non-IFRS measures in the “Non-IFRS Measures” section of this new release and in the MD&A, available on Neo’s website www.neomaterials.com and on SEDAR at www.sedar.com.

TABLE 8: RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED NET INCOME (LOSS)

($000s)	**Year Ended December 31,**	**Three Months Ended December 31,**		
	2022	**2021**	**2022**	**2021**
Net income (loss)	**$ 26,418**	**$ 36,043**	**$ (7,162)**	**$ 7,263**

Adjustments to net income (loss):				
Foreign exchange (gain) loss [1]	(301)	4,388	(476)	2,544
Impairment of assets [2]	1,233	121	938	121
Share-based compensation [3]	2,483	4,526	610	1,765
Other (recoveries) costs [4]	(22)	1,516	–	744
Other items included in other expense [5]	2,560	10,681	546	4,519
Tax impact of the above items	(615)	(2,235)	(142)	(894)
Adjusted net income (loss) [6]	**$ 31,756**	**$ 55,040**	**$ (5,686)**	**$ 16,062**
Attributable to:				
Equity holders of Neo	$ 31,285	$ 54,174	$ (5,815)	$ 15,534
Non-controlling interest	$ 471	$ 866	$ 129	$ 528
Weighted average number of common shares outstanding:				
Basic	41,992,938	38,140,110	45,196,921	39,332,282
Diluted	42,327,548	38,543,348	45,196,921	39,841,690
Adjusted earnings (loss) per share [6] attributable to equity holders of Neo:				
Basic	$ 0.75	$ 1.42	$ (0.13)	$ 0.39
Diluted	$ 0.74	$ 1.41	$ (0.13)	$ 0.39

Notes:

(1)	Represents unrealized and realized foreign exchange losses (gains) that include non-cash adjustments in translating foreign denominated monetary assets and liabilities.
(2)	Represents impairment in property, plant and equipment, long-term asset and prepayment.
(3)	Represents share-based compensation expense in respect of the Plan and the LTIP.
(4)	These represent primarily legal, professional advisory fees and other transaction costs incurred with respect to non-operating capital structure related transactions and restructuring costs related to management team changes. Neo has removed these charges to provide comparability with historic periods.
(5)	Represents other expenses resulting from non-operational related activities, including provisions for damages for outstanding legal claims related to historic volumes. These costs and recoveries are not indicative of Neo's ongoing activities.
(6)	Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin", "Free Cash Flow" and "Free Cash Flow Conversion". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this new release and in the MD&A, available on Neo's website www.neomaterials.com and on SEDAR at www.sedar.com.

About Neo Performance Materials

Neo manufactures the building blocks of many modern technologies that enhance efficiency and sustainability. Neo's advanced

industrial materials – magnetic powders and magnets, specialty chemicals, metals, and alloys – are critical to the performance of many everyday products and emerging technologies. Neo's products help to deliver the technologies of tomorrow to consumers today. The business of Neo is organized along three segments: Magnequench, Chemicals & Oxides and Rare Metals. Neo is headquartered in Toronto, Ontario, Canada; with corporate offices in Greenwood Village, Colorado, United States; Singapore; and Beijing, China. Neo has a global platform that includes 9 manufacturing facilities located in China, the United States, Germany, Canada, Estonia, and Thailand, 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 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), geopolitical risk 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.

SOURCE Neo Performance Materials, Inc.

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