

# Neo Wins New Award with Leading European Tier 1 Manufacturer of EV Traction Motors

written by Raj Shah | August 6, 2024

- Commercial award peak year volume equivalent to 35% of completed Phase I capacity
- Sintered magnets to be supplied by Neo's Magnequench new manufacturing facility in Europe

August 6, 2024 ([Source](#)) – Neo Performance Materials Inc. (“Neo” or the “**Company**”) (TSX: [NEO](#)) announced today that its wholly-owned subsidiary in Estonia, NPM Narva OÜ (“**Magnequench Sintered Magnets**”), has been awarded the supply of sintered rare earth magnets to a leading European Tier 1 supplier of electric vehicle (“EV”) traction motors. The award volumes represent approximately 35% of the finished magnet capacity of the new European facility being built by Magnequench Sintered Magnets. Production revenues are projected for the second half of 2026 through 2033, with peak supply to the customer expected in 2029.

This commercial win reflects Neo's proven competency to deliver competitive, integrated and resilient supply chain solutions to serve the growing need of automotive OEMs for geographic diversity, local-to-local component and critical raw materials sourcing. This award follows customer detailed design and technology specifications, cost quotations, deeply integrated supply chain, and a proven track record of producer-customer collaboration for the specific application these magnets serve.

The award is subject to finalizing certain project contracts that are customary in these circumstances.

*“We welcome this significant commercial validation from a Tier 1 EV motor manufacturer. Neo is focused on becoming the first manufacturer and supplier of made-in-EU rare earth magnets for EV traction motors. This is one more endorsement that the need for parallel, local-for-local supply chains is defining the future of the EV manufacturing transition in Europe and North America – an inflection point that is at the core of Neo’s strategy,”* said Rahim Suleman, Neo’s President and Chief Executive Officer.

Magnequench Sintered Magnet’s new manufacturing facility in Europe is set to produce 2,000 metric tons per year of magnet block in Phase 1, enough to supply approximately 1 to 1.5 million electric and hybrid vehicle traction motors. This is expected to be the first sintered magnet plant to come online outside Asia, with an explicit focus on supplying EV motor manufacturers in Europe and North America, where local production is expected to reach 40 million EV traction motors by 2035 <sup>i</sup>. The major building construction works for the new facility are on track to be completed in 2025, remaining on time and on budget. Aligned with Neo’s integrated supply chain strategy, the new magnet facility is located in proximity to Neo’s existing operating rare earth separation facility. This European magnet manufacturing facility began construction in 2023, was awarded the first Just Transition Fund grant in the European Union and gained the recognition and support of the President of the EU Commission, Ursula von der Leyen, among other European government and industry leaders.

Neo is actively positioning to be a lead beneficiary of the secular changes driven by new government regulations and the EV industry’s transition towards local-for-local supply chain

participants with global manufacturing, sourcing optionality, and proven automotive qualification experience. Data from *Adamas Intelligence*, the *US Geological Survey*, and customer discussions estimate that approximately 90% of sintered magnet production is concentrated in China today. The *EU Critical Raw Materials Act* has set targets such as: 40% of rare earths material consumed annually to have been processed in the EU, 25% of rare earths magnetic material to be sourced from recycling in the EU, and no more than 65% of rare earth magnets to be sourced from a single jurisdiction outside the EU. Similarly, the US recently announced a new 25% tariff on rare earth magnets from China in effect from 2026 onward.

Historically, Neo's Magnequench division has supplied the automotive industry for more than two decades with rare earth magnetic materials – more than half of its sales attributed to the automotive industry. Since its founding more than three decades ago, Neo's Magnequench has developed, manufactured, and supplied rare earth magnetic products to customers with high qualification standards in vehicle traction motor, water circulation, residential appliances, and industrial automation applications globally. Neo's Magnequench proven competency in manufacturing and commercializing magnets for EV traction motors includes the co-development of the first rare earth magnet without the use of heavy rare earths in a presently ongoing platform of a Japanese OEM.

<sup>i</sup> 2023 BMO Research & Neo's Management Estimates

### **Cautionary Statements Regarding Forward Looking Statements**

This news release may contain “forward-looking information” within the meaning of applicable Canadian securities legislation. Generally, but not always, forward-looking information and statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”,

“scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof. Specific forward-looking statements in this news release include, but are not limited to, the timing, production capacity, estimated revenues and other details relating to the commercial award and commercial market for sintered magnets and hybrid and electric vehicles. In making the forward-looking information in this news release, the Company has applied certain factors and assumptions that are based on its current beliefs as well as assumptions made by and information currently available to the Company. Although the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking information in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking information.

Readers are cautioned not to place undue reliance on forward-looking information. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by law. For more information on Neo, investors should review Neo’s continuous disclosure filings that are available under Neo’s profile at [www.sedarplus.ca](http://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 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 10 manufacturing facilities located in China, the United States, 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](http://www.neomaterials.com).

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