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Performance Materials









Neo Performance Materials Inc.

Consolidated Financial Statements

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026









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NEO PERFORMANCE MATERIALS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited; In thousands of United States dollars	September 30, 2026	December 31, 2025
ASSETS		
Cash and cash equivalents	$ 78,035	$ 38,360
Accounts receivable	141,127	93,186
Inventories (Note 5)	303,484	205,405
Income taxes receivable	2,137	2,196
Other current assets (Note 6)	26,004	24,070
Total current assets	**550,787**	**363,217**
Property, plant and equipment (Note 3)	195,727	198,440
Intangible assets	28,414	30,857
Goodwill	67,738	65,857
Equity method investments (Note 4)	13,305	17,116
Other investments (Note 4)	9,891	3,496
Deferred tax assets	2,905	2,799
Other non-current assets	16,900	3,105
Total non-current assets	**334,880**	**321,670**
Total assets	**$ 885,667**	**$ 684,887**
LIABILITIES AND EQUITY		
Short-term debt (Note 8)	$ 34,807	$ 12,949
Accounts payable and other accrued charges	104,272	95,844
Income taxes payable	21,712	15,120
Provisions	3,365	3,470
Lease obligations	1,033	564
Derivative liability (Note 7)	106,017	60,596
Current portion of long-term debt (Note 8)	41,258	9,343
Other current liabilities (Note 7)	402	252
Total current liabilities	**312,866**	**198,138**
Long-term debt (Note 8)	67,528	79,512
Derivative liability (Note 7)	854	1,407
Provisions	3,130	2,392
Deferred tax liabilities	12,412	9,405
Lease obligations	4,094	3,170
Other non-current liabilities	353	395
Total non-current liabilities	**88,371**	**96,281**
Total liabilities	**401,237**	**294,419**
Non-controlling interest	459	464
Equity attributable to common shareholders	483,971	390,004
Total equity	**484,430**	**390,468**
Total liabilities and equity	**$ 885,667**	**$ 684,887**

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Unaudited; In thousands of United States dollars, except per share information	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenue	$ 193,569	$ 122,213	$ 554,279	$ 358,523
Cost of sales				
Cost excluding depreciation and amortization	137,859	86,807	368,971	254,458
Depreciation and amortization	2,397	2,002	6,462	5,942
Gross profit	**53,313**	**33,404**	**178,846**	**98,123**
Expenses				
Selling, general and administrative	15,609	14,985	52,641	46,619
Share-based compensation (Note 13)	2,993	4,081	13,657	8,530
Depreciation and amortization	2,157	1,793	5,743	5,299
Research and development	1,828	4,181	7,753	11,512
Total expenses	22,587	25,040	79,794	71,960
Operating income	**30,726**	**8,364**	**99,052**	**26,163**
Other income (expense)	12,229	205	12,662	(4,483)
Finance costs, net (Note 14)	(22,318)	(2,464)	(49,869)	(14,254)
Foreign exchange (loss) gain	(171)	(519)	(4,014)	7,966
Income from operations before income taxes and equity income of associates	20,466	5,586	57,831	15,392
Income tax expense (Note 15)	(10,859)	(4,573)	(31,840)	(10,528)
Income from operations before equity income of associates	9,607	1,013	25,991	4,864
Equity (loss) income of associates (net of tax) (Note 4)	(181)	345	(743)	795
Net income	**9,426**	**1,358**	**25,248**	**5,659**
Attributable to:				
Common shareholders	9,427	1,363	25,253	5,655
Non-controlling interest	(1)	(5)	(5)	4
	$ 9,426	**$ 1,358**	**$ 25,248**	**$ 5,659**
Income per share attributable to common shareholders:				
Basic (Note 12)	$ 0.20	$ 0.03	$ 0.58	$ 0.14
Diluted (Note 12)	$ 0.19	$ 0.03	$ 0.55	$ 0.13

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited; In thousands of United States dollars	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net income	$ 9,426	$ 1,358	$ 25,248	$ 5,659
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit pension plan actuarial gain (net of tax: 2026 — $nil; 2025 — $49)	—	—	—	136
Unrealized gain on investments at fair value through other comprehensive income ("**FVTOCI**") (Note 4)	478	—	478	—
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation adjustment	1,094	604	2,577	2,231
Other comprehensive income	**1,572**	**604**	**3,055**	**2,367**
Total comprehensive income	**$ 10,998**	**$ 1,962**	**$ 28,303**	**$ 8,026**
Attributable to:				
Common shareholders	10,999	1,967	28,308	8,022
Non-controlling interest	(1)	(5)	(5)	4
Total comprehensive income	**$ 10,998**	**$ 1,962**	**$ 28,303**	**$ 8,026**

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited; In thousands of United States dollars	Nine Months Ended September 30,	
	2026	**2025**
Operating activities		
Net income	**$ 25,248**	**$ 5,659**
Add (deduct) items not affecting cash:		
Depreciation and amortization	12,205	11,241
Share-based compensation (Note 13)	13,657	8,530
Provisions recognized (released)	863	(349)
Finance costs, net (Note 14)	49,869	14,254
Equity loss (income) of associates, net of income tax (Note 4)	743	(795)
Loss on sale of subsidiaries	—	5,927
Gain on sale of equity-method investment (Note 4)	(8,521)	—
Gain on remeasurement of investment to fair value (Note 4)	(3,452)	—
Income tax expense (Note 15)	31,840	10,528
Foreign exchange loss (gain)	3,029	(11,040)
Other	2,538	315
Net change in non-cash working capital balances related to operations (Note 10)	(133,556)	(40,809)
Payments made to settle legal provisions (Note 10)	(8,313)	(12,520)
Share-based compensation paid	(12,407)	(2,423)
Income taxes paid, net	(22,253)	(11,191)
Interest paid, net	(4,476)	(2,712)
Cash used in operating activities	**(52,986)**	**(25,385)**
Investing activities		
Cash spent on property, plant and equipment and intangible assets	(21,132)	(28,146)
Proceeds from sale of investment or subsidiaries, net	—	25,206
Proceeds from sale of equity-method investment (Note 4)	8,211	—
Dividends received from associates	659	—
Other investing activities	(2,868)	(241)
Cash used in investing activities	**(15,130)**	**(3,181)**
Financing activities		
Repayment of short-term debt	(45,211)	(2,768)
Proceeds from short-term debt	66,911	721
Dividends paid to common shareholders	(10,389)	(9,094)
Proceeds from long-term debt	24,607	25,000
Repayment of debt (Note 8)	(5,742)	(5,000)
Repurchase of common shares under NCIB	—	(3,889)
Funds received in exchange for common shares on share-based awards	1,842	832
Issuance of common shares net of transaction costs (Note 9)	78,495	—
Dividends paid to non-controlling interest (Note 14)	—	(7,343)
Lease payments	(818)	(1,140)
Cash provided by (used in) financing activities	**109,695**	**(2,681)**
Effect of exchange rate changes on cash and cash equivalents	(1,904)	2,162
Cash provided (used) during the period	**39,675**	**(29,085)**
Cash and cash equivalents, beginning of the year	38,360	90,566
Cash and cash equivalents, end of period	**$ 78,035**	**$ 61,481**

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited; In thousands of United States dollars, except share information	Share Capital				Other Comprehensive Income			Total		
	Common Share		Retained Deficit	Contributed Surplus	Currency Translation Adjustment	Other OCI items (net of tax)	Accumulated Other Comprehensive Loss	Equity Attributable to Common Shareholders	Non-Controlling Interest	Equity
	Number	Amount								
Balance - January 1, 2026	**41,598,853**	**$ 42**	**$ (76,085)**	**$ 473,690**	**$ (9,825)**	**$ 2,182**	**$ (7,643)**	**$ 390,004**	**$ 464**	**$ 390,468**
Net income	—	—	25,253	—	—	—	—	25,253	(5)	25,248
Other comprehensive income	—	—	—	—	2,577	478	3,055	3,055	—	3,055
Total comprehensive income	—	—	25,253	—	2,577	478	3,055	28,308	(5)	28,303
Share-based compensation	—	—	—	3,503	—	—	—	3,503	—	3,503
Dividends declared to common shareholders	—	—	(10,483)	—	—	—	—	(10,483)	—	(10,483)
Issuance of common shares from treasury (net of transaction costs) (Note 9)	4,002,000	4	—	78,491	—	—	—	78,495	—	78,495
Issuance of common shares on exercise of share-based awards	694,968	—	—	(5,856)	—	—	—	(5,856)	—	(5,856)
	4,696,968	4	(10,483)	76,138	—	—	—	65,659	—	65,659
Balance - September 30, 2026	**46,295,821**	**46**	**(61,315)**	**549,828**	**(7,248)**	**2,660**	**(4,588)**	**483,971**	**459**	**484,430**
Balance - January 1, 2025	**41,771,464**	**$ 42**	**$ (53,887)**	**$ 472,992**	**$ (18,837)**	**$ 1,858**	**$ (16,979)**	**$ 402,168**	**$ 2,714**	**$ 404,882**
Net income	—	—	5,655	—	—	—	—	5,655	4	5,659
Other comprehensive income	—	—	—	—	2,231	136	2,367	2,367	—	2,367
Total comprehensive income	—	—	5,655	—	2,231	136	2,367	8,022	4	8,026
Non-controlling interest of the subsidiary sold	—	—	—	—	4,802	—	4,802	4,802	(2,214)	2,588
Equity interest purchased from Non-controlling interest	—	—	—	—	—	—	—	—	(51)	(51)
Share-based compensation	—	—	—	1,921	—	—	—	1,921	—	1,921
Dividends declared to common shareholders	—	—	(9,310)	—	—	—	—	(9,310)	—	(9,310)
Shares repurchased and cancelled under Normal Course Issuer Bid (Note 9)	(386,068)	—	—	(3,889)	—	—	—	(3,889)	—	(3,889)
Issuance of common shares on exercise of share-based awards	213,457	—	—	(11)	—	—	—	(11)	—	(11)
	(172,611)	—	(9,310)	(1,979)	4,802	—	4,802	(6,487)	(2,265)	(8,752)
Balance - September 30, 2025	**41,598,853**	**42**	**(57,542)**	**471,013**	**(11,804)**	**1,994**	**(9,810)**	**403,703**	**453**	**404,156**

1. Nature Of Operations

Neo Performance Materials Inc. ("**Neo**", the "**Company**" or the "**Group**"), together with its direct and indirect subsidiaries, is a public company listed on the Toronto Stock Exchange ("**TSX**") under the ticker symbol 'NEO'. The Company was incorporated on September 12, 2017 under the *Business Corporations Act* (Ontario). Neo's registered and head office is located at 121 King Street West, Suite 1740, Toronto, Ontario, Canada, M5H 3T9.

Neo manufactures the building blocks of many modern technologies that enhance efficiency and sustainability. The Company produces advanced industrial materials, rare earth magnetic powders and magnets, specialty chemicals, metals, and alloys.

As at September 30, 2026, Neo has 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 and Rare Metals, as well as the Corporate segment.

Magnequench

Neo's Magnequench ("**MQ**") segment manufactures neodymium-iron-boron ("**NdFeB**") bonded powders, bonded permanent magnets, and sintered permanent magnets used in automotive, industrial, and electronic applications. Production facilities are located in Korat, Thailand; Chuzhou and Tianjin, China; and in the United Kingdom. The segment also includes a new sintered permanent magnet manufacturing facility in Narva, Estonia.

C&O

Neo's Chemicals & Oxides ("**C&O**") segment produces rare earth–based industrial materials, including mixed oxides used in emission catalysts, separated rare earth products, and rare earth–based materials used in water treatment applications. Operations include a manufacturing facility in China and facilities in Sillamäe, Estonia (the "**Silmet facility**"), which is shared with the Rare Metals segment. Two facilities in China were sold in March 2025 with Neo retaining minority interests in both entities.

Rare Metals

Neo's Rare Metals ("**RM**") segment sources, reclaims, produces, refines and markets specialty metals and related compounds, including tantalum, niobium, hafnium, rhenium, gallium and indium. These products are used in aerospace, electronics, industrial and energy applications. The segment operates facilities in Sillamäe, Estonia; Peterborough, Canada; and Sagard, Germany (Buss & Buss Spezialmetalle GmbH).

Corporate

Neo's global head office is in Toronto, Ontario, Canada, with additional corporate offices in Greenwood Village, Colorado, U.S.; Singapore; and Beijing, China. The functions of this group include administration, R&D, finance, accounting, information technology and legal.

2. Summary Of Material Accounting Policies

2.1. Basis Of Preparation And Statement Of Compliance

These interim condensed consolidated financial statements ("**Consolidated Financial Statements**") have been prepared in accordance with IAS 34, Interim Financial Reporting ("**IAS 34**"), as issued by the International Accounting Standards Board ("**IASB**") that are in effect at the end of the reporting period September 30, 2026 and are presented in thousands of United States dollars, unless otherwise indicated. These Consolidated Financial Statements do not include all the disclosures required by IFRS Accounting Standards as issued by the IASB for annual consolidated financial statements and should be read in conjunction with Neo's audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2025. The material accounting policies disclosed in Note 2 of Neo's audited annual consolidated financial statements for the year ended December 31, 2025 have been applied consistently in the preparation of these interim condensed consolidated financial statements. Certain prior period disclosures have been re-presented for consistency with the current presentation.

These consolidated financial statements were approved and authorized for issuance by Neo's Board of Directors (the "**Board**") on November 9, 2026.

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

2.2 Significant Management Judgments In Applying Accounting Policies, Estimates And Assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The significant management judgments in applying accounting policies, estimates and assumptions disclosed in Neo's audited annual consolidated financial statements for the year ended December 31, 2025 have been applied consistently in the preparation of these consolidated financial statements.

2.3 New Standards Or Amendments And Forthcoming Requirements

Neo adopted the following amendments to accounting standards effective January 1, 2026:

- **Classification and Measurement of Financial Instruments** – Amendments to IFRS 9 and IFRS 7 – These amendments include guidance on the classification of financial assets, particularly those with contingent features that are not related directly to a change in basic lending risks or costs, as well as require companies to provide additional disclosures on financial assets and financial liabilities with such contingent features. Other amendments address electronic payments by allowing companies to derecognize financial liabilities before the formal settlement date when using electronic systems. The amendments did not have a material impact on Neo's interim condensed consolidated financial statements.
- **Annual Improvements to IFRS Accounting Standards – Volume 11** – This volume amends IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. Other amendments state that when lease liabilities are derecognized under IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss. The amendments did not have a material impact on Neo's interim condensed consolidated financial statements.

The following accounting standard will be adopted by Neo effective January 1, 2027:

- **IFRS 18 Presentation and Disclosure in Financial Statements** – IFRS 18 replaces IAS 1 and introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies. Neo has developed an IFRS 18 implementation plan,

and implementation activities are underway and on track for adoption on January 1, 2027. These activities include assessing the classification of income and expenses within the new operating, investing and financing categories, identifying management-defined performance measures that will require disclosure in the notes to the financial statements, reviewing the aggregation and disaggregation of line items, and updating financial reporting systems and processes. IFRS 18 is applied retrospectively, and comparative information will be restated on adoption. Neo continues to assess the impact of IFRS 18 on its consolidated financial statements; it is expected to affect presentation and disclosure but not the recognition or measurement of items in the financial statements.

Neo has not early adopted any standard, interpretation or amendment issued but not yet effective as of September 30, 2026.

3. Property, Plant And Equipment ("PP&E")

	Land	Building & improvements	Machinery & Equipment	Right-of-use Assets	Office equipment	Construction in Progress (net of transfer)	Total
As at January 1, 2026							
Cost	$ 10,028	$ 49,728	$ 131,346	$ 14,670	$ 8,011	$ 75,957	$ 289,740
Accumulated depreciation	—	(15,365)	(64,634)	(6,597)	(4,704)	—	(91,300)
Opening net book value as at January 1, 2026	**$ 10,028**	**$ 34,363**	**$ 66,712**	**$ 8,073**	**$ 3,307**	**$ 75,957**	**$ 198,440**
Additions of PP&E [1][2]	—	29	1,729	—	304	3,589	5,651
Additions of right-of-use assets	—	—	—	2,459	—	—	2,459
Derecognitions and disposals, net of cost and accumulated depreciation	—	—	(149)	(178)	(149)	—	(476)
Transfers within PP&E [3]	—	32,313	33,998	—	(374)	(65,937)	—
Currency translation adjustments	(17)	(445)	146	13	22	(1,349)	(1,630)
Depreciation expense	—	(1,331)	(6,042)	(946)	(398)	—	(8,717)
Closing net book value as at September 30, 2026	**$ 10,011**	**$ 64,929**	**$ 96,394**	**$ 9,421**	**$ 2,712**	**$ 12,260**	**$ 195,727**
Comprised of:							
Cost	$ 10,011	$ 81,925	$ 165,802	$ 16,604	$ 7,711	$ 12,260	$ 294,313
Accumulated depreciation	—	(16,996)	(69,408)	(7,183)	(4,999)	—	(98,586)

(1) For the nine months ended September 30, 2026, $2.3 million (2025: $2.2 million) in interest expense related to the Export Development Canada ("**EDC**") loans used to fund the construction of NPM Narva OÜ ("**MQPM**")'s Permanent Magnet facility in Narva, Estonia ("**MQPM facility**") was capitalized in Construction in Progress ("**CIP**")(see Note 8). The capitalization of interest expense was ceased in August 2026 when the MQPM facility commenced operations.

(2) For the nine months ended September 30, 2026, Neo received $3.3 million from the Government of Estonia under the E.U.'s Just Transition Fund ("**JTF**") for eligible project costs in relation to the construction of the MQPM facility. Grant proceeds are deducted from the cost of the related PP&E. Neo was awarded a grant of up to $16.9 million, and as at September 30, 2026, Neo had recognized total JTF funding of $14.3 million in buildings, machinery and equipment, of which $2.6 million remained receivable.

(3) For the nine months ended September 30, 2026, MQPM reclassified the majority of its CIP to buildings, machinery and equipment as the new MQPM facility commenced operations in August 2026.

Prepayments for PP&E are included in "Other non-current assets" in the interim condensed consolidated statement of financial position. As at September 30, 2026, prepayments for PP&E were $15.6 million (December 31, 2025: $1.8 million).

	Land	Building & improvements	Machinery & Equipment	Right-of-use Assets	Office equipment	Construction in Progress (net of transfer)	Total
As at January 1, 2025							
Cost	$ 9,969	$ 48,175	$ 131,109	15,166	$ 7,245	$ 53,604	$ 265,268
Accumulated depreciation	—	(14,254)	(61,488)	(6,036)	(4,565)	—	(86,343)
Opening net book value as at January 1, 2025	**$ 9,969**	**$ 33,921**	**$ 69,621**	**$ 9,130**	**$ 2,680**	**$ 53,604**	**$ 178,925**
Additions of PP&E	—	221	925	—	700	20,907	22,753
Additions of right-of-use assets	—	—	—	510	—	—	510
Write-offs, net of cost and accumulated depreciation	—	—	(333)	(190)	(28)	(203)	(754)
Transfers	—	1,354	3,521	—	374	(5,249)	—
Currency translation adjustments	59	287	474	16	21	6,898	7,755
Depreciation expense	—	(1,420)	(7,496)	(1,393)	(440)	—	(10,749)
Closing net book value as at December 31, 2025	**$ 10,028**	**$ 34,363**	**$ 66,712**	**$ 8,073**	**$ 3,307**	**$ 75,957**	**$ 198,440**
Comprised of:							
Cost	$ 10,028	$ 49,728	$ 131,346	$ 14,670	$ 8,011	$ 75,957	$ 289,740
Accumulated depreciation	—	(15,365)	(64,634)	(6,597)	(4,704)	—	(91,300)

4. Investments

4.1 Investments In Associates

Neo holds a 33% investment in Toda Magnequench Magnetic Materials Co. Ltd. ("**TMT**"), located in China, which produces rare earth magnetic compounds with Magnequench Powders supplied by MQTJ in its normal course of business.

Neo holds a 25% ownership interest in Ganzhou Keli Rare Earth New Material Co., Ltd. ("**Keli**"), located in China, a company which converts rare earth oxides into metals for use in Magnequench Powders.

Neo holds a 20% ownership interest in GQD Special Materials (Thailand) Co., Ltd. ("**GQD**"), located in Thailand, a company which converts rare earth oxides into metals for use in Magnequench Powders.

4.2 Sale Of Investment

On September 1, 2026, Neo completed the sale of its 43.5% interest in NNSR Holdings Inc., the parent of Neo North Star Resources, Inc. ("**NNSR**"), a special-purpose entity originally established to fund an exploration project in southwest Greenland, to Greenland Mines Ltd. ("**Greenland Mines**"). Neo received total consideration of $10.9 million which comprised $8.2 million in cash and 578,171 shares of Greenland Mines (429,777 common shares and 148,394 Series R preferred shares, convertible one-for-one into common shares subject to Greenland Mines stockholder approval), measured at a fair value of $2.7 million on closing. The net book value of Neo's equity-method investment in NNSR was $2.4 million, and therefore a gain on disposal of $8.5 million was recognized in other income in connection with the sale.

The investment in Greenland Mines is included in Other Investments in the Statement of Financial Position and is measured at fair value through profit or loss at each period end with remeasurement gains and losses included in other income (expenses). For the three and nine months ended September 30, 2026, Neo recognized a gain of $3.5 million in other income relating to the remeasurement of the investment in Greenland Mines to fair value from the closing of the sale on September 1, 2026.

4.3 Summary Of Equity Method Investments

Aggregate financial information of these equity accounted associates for the periods ended and as at September 30, 2026 and December 31, 2025 is presented below.

	TMT	Keli	GQD	NNSR	Total
Carrying value at January 1, 2026	2,869	8,363	3,448	2,436	17,116
Share of results in associates	375	(1,546)	486	(58)	(743)
Unrealized profit from sales to associates	(23)	—	—	—	(23)
Dividends received from associates, net of tax	(593)	—	(74)	—	(667)
Sale of investment (Note 4.2)	—	—	—	(2,378)	(2,378)
Carrying value at September 30, 2026	**$ 2,628**	**$ 6,817**	**$ 3,860**	**$ —**	**$ 13,305**
Carrying value at January 1, 2025	$ 2,703	$ 7,741	$ 3,293	$ 2,593	$ 16,330
Share of results in associates	194	622	155	(157)	814
Unrealized profit from sales to associates	(28)	—	—	—	(28)
Carrying value at December 31, 2025	**$ 2,869**	**$ 8,363**	**$ 3,448**	**$ 2,436**	**$ 17,116**

4.4 Summary Of Other Investments

The following is a summary of Neo's other investments:

As at:	September 30, 2026	December 31, 2025
Measured at fair value through other comprehensive income:		
Equity investments in private companies	$ 3,518	$ 3,040
Measured at fair value through profit or loss:		
Equity securities [(1)]	6,373	456
Total	**$ 9,891**	**$ 3,496**

(1) As at September 30, 2026, $6.1 million represents the fair value of Greenland Mines shares. See note 4.2 for additional information.

5. Inventories

Inventories, stated at the lower of weighted-average cost or net realizable value, consist of the following:

As at:	September 30, 2026	December 31, 2025
Raw materials	$ 183,148	$ 104,950
Work-in-progress	28,735	17,749
Finished goods	82,193	76,330
Supplies	9,408	6,376
Total	**$ 303,484**	**$ 205,405**

The cost of finished goods manufactured includes appropriate materials, labour and production overhead expenditures.

For the nine months ended September 30, 2026, a total of $362.3 million of inventories was included in the cost of sales compared to $252.1 million for the nine months ended September 30, 2025. This includes $2.2 million of reversal of provisions for inventories in the nine months ended September 30, 2026 compared to a $1.7 million of reversal of provisions for inventories in the nine months ended September 30, 2025.

6. Other Current Assets

Other current assets consist of the following:

As at:	September 30, 2026	December 31, 2025
Prepayments for inventory	$ 5,029	$ 9,350
Prepaid services	2,747	2,671
Value-added tax receivable	10,991	8,634
Notes receivable	1,545	1,203
Recoverable tariffs	1,837	758
Government grant receivable	2,564	45
Others	1,291	1,409
Total	**$ 26,004**	**$ 24,070**

7. Financial Instruments

The carrying values presented in the interim condensed consolidated statements of financial position relate to the following categories of financial assets and liabilities:

Financial Assets as at:	September 30, 2026	December 31, 2025
Fair value through other comprehensive income ("FVTOCI")		
Equity investments in private companies [1]	$ 3,518	$ 3,040
Fair value through profit or loss ("FVTPL")		
Equity securities [2]	$ 6,373	$ 456
Measured at amortized cost [3]		
Cash and cash equivalents:	$ 78,035	$ 38,360
Accounts receivable	143,434	94,122
Expected credit loss provisions	$ (2,307)	$ (936)
Notes receivable and recoverable tariffs	$ 3,382	$ 1,961
Total measured at amortized cost	$ 222,544	$ 133,507
Total financial assets	**$ 232,435**	**$ 137,003**

Financial Liabilities as at:	September 30, 2026	December 31, 2025
Fair value through profit or loss		
Put option issued to non-controlling interest of Buss & Buss (derivative liability)	$ 106,017	$ 60,596
Put option issued to non-controlling interest of SGTec (derivative liability)	854	1,407
	$ 106,871	$ 62,003
Measured at amortized cost [3]		
Current:		
Short-term debt (Note 8)	$ 34,807	$ 12,949
Accounts payable and other accrued charges	104,272	95,844
Current portion of long-term debt [4]	41,258	9,343
Lease obligations	1,033	564
Other current liabilities	402	252
	$ 181,772	$ 118,952
Non-current:		
Long-term debt [5]	$ 67,528	$ 79,512
Lease obligations	4,094	3,170
Other non-current liabilities	353	395
	71,975	83,077
Total financial liabilities	**$ 360,618**	**$ 264,032**

(1) Equity investments in private companies represents Neo's retained interest in previously consolidated subsidiaries, and are re-measured each reporting period, with the change in fair value recorded in other comprehensive income.

(2) Equity securities are re-measured each reporting period, with the change in fair value recorded in other income (expense). For the nine months ended September 30, 2026, the increase in investment in equity securities was mainly due to $2.7 million of Greenland Mines common shares and Series R preferred shares received as part of the consideration on the sale of the investment in NNSR and $3.5 million gain on the remeasurement of these shares to fair value as at September 30, 2026. See Note 4.

(3) The carrying values of the financial instruments measured at amortized cost are a reasonable approximation of their fair values with the exception of the term loans, which have an amortized cost of $108.6 million and a fair value of $110.4 million as at September 30, 2026.

(4) Current portion of term loans. See Note 8.

(5) Non-current portion of term loans. See Note 8.

7.1 Derivative Liabilities

As at September 30, 2026, Neo's derivative liabilities are comprised of put options issued to the non-controlling shareholders of two consolidated subsidiaries, Buss & Buss and SG Technologies Group Limited ("**SGTec**"), which are re-measured at each reporting date. In the case of Buss & Buss, in accordance with the terms of the put option contract, liability is re-measured based on 90% of the fair value of the subsidiary. This Level 3 fair value of the derivative is based on the best market information available to management, including assumptions regarding the forecasted pricing of the advanced industrial materials Buss & Buss produces.

For the three and nine months ended September 30, 2026 the change in the fair value of the derivative liabilities was an increase of $20.2 million and $44.9 million, respectively (see Note 14). For the three and nine months ended September 30, 2025, the change in the fair value of the derivative liabilities was an increase of $1.7 million and $4.3 million, respectively.

7.2 Financial Assets And Liabilities Measured At Fair Value

The following table presents financial assets and liabilities measured at fair value in the interim condensed consolidated statements of financial position in accordance with the fair value hierarchy. The level in which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the interim condensed consolidated statements of financial position as at September 30, 2026, are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3
Financial Assets:			
Equity securities	$ 4,797	$ 1,576	$ —
Equity investments in private companies	—	—	3,518
Financial Liabilities:			
Put option issued to non-controlling interest of Buss & Buss (derivative liability)	$ —	$ —	$ 106,017
Put option issued to non-controlling interest of SGTec (derivative liability)	—	—	854

The equity investments in private companies are classified within Level 3 of the fair value hierarchy as no quoted market prices are available for these investments. The valuation of these investments requires management to make significant estimates and assumptions and, accordingly, these investments are classified as Level 3.

The two derivative liabilities, classified as Level 3, use the discounted cash flow method to determine the fair value based on significant inputs that are not based on observable market data, such as Neo's forward-looking financial forecasts.

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions may significantly change amounts recognized in profit or loss, total assets, total liabilities or total equity. The following is a sensitivity analysis for the key inputs used to estimate the fair value of the Buss & Buss derivative liability as at September 30, 2026 and December 31, 2025 and the resulting impact of those changes to the recorded amount for the derivative liability:

As at:	**September 30, 2026**	**December 31, 2025**
Terminal growth rate		
Effect of a 1% increase	$ 1,512	$ 1,989
Effect of a 1% decrease	(1,350)	(1,726)
Overall discount rate		
Effect of a 1% increase	(3,489)	(2,833)
Effect of a 1% decrease	3,854	3,215
Forecasted cash flows		
Effect of a 10% increase	11,154	6,215
Effect of a 10% decrease	(11,154)	(6,215)

There have been no transfers between levels for the period ended September 30, 2026.

For further discussion of financial liabilities measured at amortized cost specifically for bank advances and other debts, see Note 8.

8. Debts

Neo's short-term and long-term debts as at September 30, 2026 are summarized below in U.S. dollar equivalent as well as the comparative outstanding amount as at December 31, 2025:

	Facility Size	Outstanding Amount as at September 30, 2026	Repayments on Long-term Loans to Date [1]	Available Capacity	Maturity Date	Outstanding Amount as at December 31, 2025
Short-term debt						
HSBC China Overdraft facility	$ 9,000	$ 2,558	$ —	$ 6,442	N/A	$ —
HSBC China Revolving Loan facility	20,000	19,955	—	45	N/A	7,746
German Line of Credit	34,010	12,294	—	21,716	N/A	5,203
Term loans						
HSBC NAMCO Loan	$ 25,366	$ 24,620	$ 746	$ —	Feb 2031	$ —
EDC NAMCO Loan	50,000	35,000	15,000	—	Aug 2027	40,000
EDC PM Loan	50,000	50,000	—	—	Nov 2029	50,000
Total	**$ 188,376**	**$ 144,427**	**$ 15,746**	**$ 28,203**		**$ 102,949**
Deferred financing costs		**$ (834)**				**$ (1,145)**
Carrying value		**$ 143,593**				**$ 101,804**
Current portion		$ 76,065				$ 22,292
Non-current portion		67,528				79,512

(1) Principal repayments under the EDC term loans are not available for re-borrowing. Cumulative principal repayments as at September 30, 2026 was $15.0 million ($5 million for the nine months ended September 30, 2026).

8.1 Chinese Debt Facilities

Magnequench (Tianjin) Co. Ltd., Magnequench International Trading (Tianjin) Co. Ltd., Magnequench Magnetics (Chu Zhou) Co. Ltd., and Neo Jia Hua Advanced Materials (Zibo) Co., Ltd. ("**NAMCO**"), each referred to as a ("**Borrower**") or collectively as ("**Chinese Subsidiaries**"), have an Overdraft Facility and a multiple currency Revolving Loan Facility with HSBC Bank (China) (collectively, the "**HSBC Facilities**"). These facilities may be drawn down to finance the working capital needs of the Chinese Subsidiaries.

In February 2026, NAMCO entered into a credit facility with HSBC Bank (China) providing for a Renminbi-denominated term loan of RMB 170 million ($25.4 million equivalent) (the "**HSBC NAMCO Loan**") maturing in 2031 bearing an interest rate equal to the five year loan prime rate published by the PRC National Interbank Funding Centre plus an applicable margin.

8.2 German Line Of Credit

Buss & Buss has a €30.0 million ($34.0 million) revolving line of credit, which can be drawn in either Euros or U.S. dollars. The credit limit is in place until December 2026, after which the limit reverts to €12.5 million ($14.2 million).

8.3 Export Development Canada Term Loans

In 2022, Neo entered into a loan agreement with the EDC ("**EDC NAMCO Loan**") for a term loan of up to $75.0 million, to be advanced in tranches of $25.0 million, to finance Neo's NAMCO facility. Ultimately, Neo drew $50.0 million on the EDC NAMCO Loan, of which $15.0 million has been repaid as of September 30, 2026 ($5.0 million annually since 2024).

In 2024, Neo entered into a second loan agreement with the EDC ("**EDC PM Loan**") for a term loan of up to $50.0 million, to support the construction and commissioning of the European Permanent Magnet facility.

Under both agreements (collectively, the "**EDC term loans**"), the outstanding principal amount carries an interest rate equal to the SOFR, as administered by the Federal Reserve Bank of New York, plus an applicable margin. The interest is payable every three months, commencing on the borrowing date of the loan agreement.

As at September 30, 2026, the carrying amount of the EDC term loans, measured at amortized cost, is $84.0 million (December 31, 2025 — $88.9 million), of which $39.6 million was classified as current (December 31, 2025 — $9.3 million).

The two EDC term loans mature five years from the date of the respective loan agreement, being August 16, 2027 and November 1, 2029, respectively, with 10% of the drawn amount due on the second, third, and fourth anniversary date of each agreement, with the balance due on the maturity date.

The loan agreements contain customary financial covenants based on debt service coverage ratio, leverage ratio and dividend-paying capacity, measured by rolling four-quarter EBITDA and cash flow metrics. There were no defaults of principal or interest payments and no breaches of the loan agreements during the period ended September 30, 2026. Neo is in compliance with all covenants in the loan agreements as at September 30, 2026.

9. Share Capital

As at:	**September 30, 2026**	**December 31, 2025**
Number of common shares authorized for issue:	Unlimited	Unlimited
Number of preference shares authorized for issue:	Unlimited	Unlimited
Total common shares issued and fully paid	46,295,821	41,598,853
Total treasury shares	—	—

None of Neo's shares are held by any subsidiary or associate.

Equity Offering

On May 28, 2026, Neo completed a bought deal treasury offering during which Neo issued and sold from treasury an aggregate of 4,002,000 common shares, for gross proceeds of C$115.1 million or $83.3 million (net proceeds of $78.5 million, after transaction costs of $4.8 million) recorded in the consolidated statement of changes in equity.

Normal Course Issuer Bid

On June 6, 2025, Neo announced that the TSX had accepted its notice of intention to make a normal course issuer bid ("**NCIB**") for up to 3,297,296 of its issued and outstanding common shares. In connection with the NCIB, Neo entered into an automatic share purchase plan with its designated broker. The NCIB expired on June 10, 2026. During the term of the NCIB, Neo repurchased and cancelled 386,068 common shares for $4.0 million. No common shares were repurchased under the NCIB during 2026.

Quarterly Dividend

On November 5, 2026, the Board of Directors declared a quarterly dividend of CAD $0.10 per common share payable in cash on December 29, 2026, to common shareholders of record at the close of business on December 18, 2026.

10. Supplemental Cash Flow Information

The net change in non-cash working capital balances related to operations consists of the following:

	Nine Months Ended September 30,	
	2026	**2025**
(Increase) Decrease in assets:		
Accounts receivable	$ (47,960)	$ (33,770)
Inventories	(98,192)	(20,630)
Other assets	(12)	2,704
(Decrease) increase in liabilities:		
Accounts payable and other accrued charges	12,486	11,057
Other liabilities	122	(170)
Total net change	**$ (133,556)**	**$ (40,809)**

Payments made to settle provisions for the nine months ended September 30, 2026 relate to the €7.1 million ($8.3 million) final settlement to Rhodia Opérations S.A.S ("**Rhodia**") under the agreement entered into on December 31, 2025. The 2025 comparative includes a €11.6 million ($12.5 million) settlement paid to Rhodia in March 2025.

11. Operating Segments

The primary metric used to measure the financial performance of each operating segment is earnings before interest, taxes, depreciation and amortization ("**EBITDA**") before equity income (loss) in associates, other income (expense), foreign exchange (gain) loss, share-based compensation, impairment of assets, and other costs (recoveries) ("**Adjusted EBITDA**"). Adjusted EBITDA is used internally by the Chief Operating Decision Maker (CODM) when analyzing segment underlying performance. Both EBITDA and Adjusted EBITDA are non-IFRS financial measures which management believes provides a better indication of the base line performance of Neo's core business operations.

Start-up costs primarily represent personnel and other costs at the European Permanent Magnet facility incurred before commercial production and during the subsequent ramp-up to breakeven operations. Neo has removed these items to allow comparability with historical periods.

For the three and nine months ended September 30, 2026, other income and expense includes the $8.5 million gain on disposal of Neo's interest in the Sarfartoq project to Greenland Mines, as well as a $3.5 million unrealized fair value gain on the Greenland Mines shares received, which are measured at fair value through profit or loss.

A comparative breakdown of business segment information is presented below:

For the three months ended September 30, 2026:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total
External revenue	$ 77,885	$ 27,217	$ 88,467	$ —	$ 193,569	$ —	$ 193,569
Inter-segment revenue	—	51	—	—	51	(51)	—
Total revenue	**$ 77,885**	**$ 27,268**	**$ 88,467**	**$ —**	**$ 193,620**	**$ (51)**	**$ 193,569**
Net income (loss)	**$ (5,973)**	**$ 15,528**	**$ 5,422**	**$ (5,582)**	**$ 9,395**	**$ 31**	**$ 9,426**
Finance costs, net	1,098	230	21,769	(779)	22,318	—	22,318
Income tax expense	1,649	590	8,619	1	10,859	—	10,859
Depreciation and amortization included in cost of sales	1,228	821	348	—	2,397	—	2,397
Depreciation and amortization included in operating expenses	1,693	278	118	68	2,157	—	2,157
EBITDA	**$ (305)**	**$ 17,447**	**$ 36,276**	**$ (6,292)**	**$ 47,126**	**$ 31**	**$ 47,157**
Reconciliation to Adjusted EBITDA:							
EBITDA	$ (305)	$ 17,447	$ 36,276	$ (6,292)	$ 47,126	$ 31	$ 47,157
Other income (expense)	(115)	(12,120)	7	(1)	(12,229)	—	(12,229)
Foreign exchange loss (gain)	359	584	(1,298)	526	171	—	171
Equity loss of associates	181	—	—	—	181	—	181
Share based compensation	1,227	937	198	631	2,993	—	2,993
Project start-up & transition costs	8,775	—	—	—	8,775	—	8,775
Adjusted EBITDA	**$ 10,122**	**$ 6,848**	**$ 35,183**	**$ (5,136)**	**$ 47,017**	**$ 31**	**$ 47,048**

For the nine months ended September 30, 2026:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total
External revenue	$ 206,960	$ 95,409	$ 251,910	$ —	$ 554,279	$ —	$ 554,279
Inter-segment revenue	—	2,465	—	—	2,465	(2,465)	—
Total revenue	**$ 206,960**	**$ 97,874**	**$ 251,910**	**$ —**	**$ 556,744**	**$ (2,465)**	**$ 554,279**
Net income (loss)	**$ (3,116)**	**$ 24,601**	**$ 30,558**	**$ (27,037)**	**$ 25,006**	**$ 242**	**$ 25,248**
Finance costs, net	659	937	49,703	(1,430)	49,869	—	49,869
Income tax expense (recovery)	4,441	1,614	25,912	(127)	31,840	—	31,840
Depreciation and amortization included in cost of sales	3,080	2,337	1,045	—	6,462	—	6,462
Depreciation and amortization included in operating expenses	4,368	826	344	205	5,743	—	5,743
EBITDA	**9,432**	**30,315**	**107,562**	**(28,389)**	**118,920**	**242**	**119,162**
Reconciliation to Adjusted EBITDA:							
EBITDA	$ 9,432	$ 30,315	$ 107,562	$ (28,389)	$ 118,920	$ 242	$ 119,162
Other income	(452)	(12,185)	(24)	(1)	(12,662)	—	(12,662)
Foreign exchange loss (gain)	1,018	2,751	(5,151)	5,396	4,014	—	4,014
Equity loss of associates	686	57	—	—	743	—	743
Share based compensation	3,748	2,078	1,058	6,773	13,657	—	13,657
Project start-up & transition costs	15,398	—	—	—	15,398	—	15,398
Adjusted EBITDA	**$ 29,830**	**$ 23,016**	**$ 103,445**	**$ (16,221)**	**$ 140,070**	**$ 242**	**$ 140,312**

For the three months ended September 30, 2025:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total
External revenue	$ 54,859	$ 28,028	$ 39,326	$ —	$ 122,213	$ —	$ 122,213
Inter-segment revenue	—	806	—	—	806	(806)	—
Total revenue	**$ 54,859**	**$ 28,834**	**$ 39,326**	**$ —**	**$ 123,019**	**$ (806)**	**$ 122,213**
Net income (loss)	**$ 2,583**	**$ 1,168**	**$ 5,935**	**$ (8,369)**	**$ 1,317**	**$ 41**	**$ 1,358**
Finance cost, net	(456)	372	1,522	1,026	2,464	—	2,464
Income tax expense	1,569	147	2,848	9	4,573	—	4,573
Depreciation and amortization included in cost of sales	943	706	353	—	2,002	—	2,002
Depreciation and amortization included in operating expenses	1,313	296	96	88	1,793	—	1,793
EBITDA	**$ 5,952**	**$ 2,689**	**$ 10,754**	**$ (7,246)**	**$ 12,149**	**$ 41**	**$ 12,190**
Reconciliation to Adjusted EBITDA:							
EBITDA	$ 5,952	$ 2,689	$ 10,754	$ (7,246)	$ 12,149	$ 41	$ 12,190
Other income (expense)	(612)	160	247	—	(205)	—	(205)
Foreign exchange (gain) loss	(122)	511	276	(146)	519	—	519
Equity income (loss) of associates	(451)	106	—	—	(345)	—	(345)
Share based compensation	472	606	237	2,766	4,081	—	4,081
Project start-up & transition costs	2,901	—	—	35	2,936	—	2,936
Adjusted EBITDA	**$ 8,140**	**$ 4,072**	**$ 11,514**	**$ (4,591)**	**$ 19,135**	**$ 41**	**$ 19,176**

For the nine months ended September 30, 2025:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total
External revenue	$ 149,599	$ 100,945	$ 107,979	$ —	$ 358,523	$ —	$ 358,523
Inter-segment revenue	—	4,833	—	—	4,833	(4,833)	—
Total revenue	**$ 149,599**	**$ 105,778**	**$ 107,979**	**$ —**	**$ 363,356**	**$ (4,833)**	**$ 358,523**
Net income (loss)	**$ 9,424**	**$ (664)**	**$ 11,363**	**$ (13,820)**	**$ 6,303**	**$ (644)**	**$ 5,659**
Finance costs, net	(396)	1,232	11,308	2,110	14,254	—	14,254
Income tax expense	2,896	2,238	5,382	12	10,528	—	10,528
Depreciation and amortization included in cost of sales	2,779	2,125	1,038	—	5,942	—	5,942
Depreciation and amortization included in operating expenses	3,902	880	266	251	5,299	—	5,299
EBITDA	**$ 18,605**	**$ 5,811**	**$ 29,357**	**$ (11,447)**	**$ 42,326**	**$ (644)**	**$ 41,682**
Reconciliation to Adjusted EBITDA:							
EBITDA	$ 18,605	$ 5,811	$ 29,357	$ (11,447)	$ 42,326	$ (644)	$ 41,682
Other income (expense)	(1,250)	5,413	320	—	4,483	—	4,483
Foreign exchange (gain) loss	(3,728)	3,796	733	(8,767)	(7,966)	—	(7,966)
Equity income (loss) of associates	(930)	135	—	—	(795)	—	(795)
Share based compensation	1,505	1,196	502	5,327	8,530	—	8,530
Project start-up & transition costs	8,158	—	—	1,187	9,345	—	9,345
Adjusted EBITDA	**$ 22,360**	**$ 16,351**	**$ 30,912**	**$ (13,700)**	**$ 55,923**	**$ (644)**	**$ 55,279**

As at September 30, 2026:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total
Total assets	$ 431,072	$ 180,196	$ 245,280	$ 29,395	$ 885,943	$ (276)	$ 885,667
Investments	13,305	9,658	—	233	23,196	—	23,196
Total liabilities	$ (78,595)	$ (83,599)	$ (136,562)	$ (102,481)	$ (401,237)	$ —	$ (401,237)

As at December 31, 2025:

	Magnequench	Chemicals & Oxides	Rare Metals	Corporate	Sub-total	Eliminations	Total
Total assets	$ 364,200	$ 154,947	$ 160,805	$ 5,453	$ 685,405	$ (518)	$ 684,887
Investments	14,680	5,476	—	456	20,612	—	20,612
Total liabilities	$ (56,268)	$ (39,734)	$ (94,828)	$ (103,589)	$ (294,419)	$ —	$ (294,419)

The geographic distribution of Neo's revenue based on the location of its customers is summarized as follows:

Revenue	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Asia:				
China	$ 30,129	$ 22,325	$ 95,228	$ 83,318
Japan	32,769	19,718	77,015	52,893
Thailand	5,122	5,204	13,797	12,752
South Korea	1,546	3,114	8,380	7,418
North America	79,258	36,893	222,657	107,703
Europe	34,996	26,979	108,680	72,267
Other	9,749	7,980	28,522	22,172
Total	**$ 193,569**	**$ 122,213**	**$ 554,279**	**$ 358,523**

For the nine months ended September 30, 2026, revenue from two significant customers accounted for $156.1 million of Neo's total revenue. Neo defines significant customers as those that generate 10% or more of consolidated revenue in the period. Neo had one significant customer for the nine months ended September 30, 2025, who accounted for $37.1 million in revenue for the period.

12. Per Share Information

12.1 Weighted-average Number Of Common Shares - Basic

The weighted average number of shares - basic outstanding is calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Common shares outstanding at beginning of the period	46,081,263	41,655,085	41,598,853	41,771,464
Weighted average impact of:				
Issuance of common shares on exercise of share-based awards	133,943	53,566	345,082	84,159
Issuance of common shares from treasury	—	—	1,832,418	—
Repurchase and cancellation of common shares under the NCIB	—	(120,718)	—	(123,321)
Weighted average number of common shares for the period - basic	**46,215,206**	**41,587,933**	**43,776,353**	**41,732,302**

12.2 Weighted-average Number Of Common Shares - Diluted

The weighted average number of shares outstanding - diluted is calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Weighted average number of common shares - basic	46,215,206	41,587,933	43,776,353	41,732,302
Dilutive effect of share units	2,402,275	2,393,638	2,245,419	1,623,813
Weighted average number of common shares for the period - diluted	**48,617,481**	**43,981,571**	**46,021,772**	**43,356,115**

Stock options, equity-settled RSUs and equity-settled PSUs excluded from the calculation of diluted earnings per share, as their effect would have been anti-dilutive, are presented below for the respective period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Stock options	—	237,064	—	925,813
RSUs	—	—	—	228,340
PSUs	—	—	—	554,795

12.3 Income Per Share

The calculation of basic and diluted income per share is based on net income attributable to common shareholders for the respective periods below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Income attributable to common shareholders	$ 9,427	$ 1,363	$ 25,253	$ 5,655
Earnings per share - basic	$ 0.20	$ 0.03	$ 0.58	$ 0.14
Earnings per share - diluted	$ 0.19	$ 0.03	$ 0.55	$ 0.13

13. Share-based Compensation

During the nine months ended September 30, 2026, Neo granted awards under its omnibus long-term incentive plan (the "**LTIP**") as set out below:

Equity-settled share-based compensation	**Options**	**Weighted-average exercise price - Options**	**Restricted Share Units ("RSUs")**	**Performance Share Units ("PSUs")**
Outstanding, January 1, 2026	1,928,954	$ 7.99	358,597	804,137
Granted	117,795	$ 15.93	39,505	98,750
Exercised	(542,684)	$ 9.37	(157,888)	(249,342)
Expired/Forfeited	(27,665)	$ 10.37	—	—
Outstanding, September 30, 2026	1,476,400	8.07	240,214	653,545
Exercisable, September 30, 2026	1,139,830	$ 7.94		
Weighted average remaining contractual life at September 30, 2026	3.8 years		1.5 years	1.1 years

Cash-settled share-based compensation	RSUs	PSUs	DSUs
Outstanding, January 1, 2026	239,600	344,223	187,106
Granted	47,915	47,915	13,701
Exercised	(115,877)	(96,178)	(51,132)
Expired/Forfeited	(16,161)	(21,713)	—
Outstanding, September 30, 2026	155,477	274,247	149,675
Weighted average remaining contractual life at September 30, 2026	1.5 years	1.2 years	—

The following table summarizes inputs used in the calculation of the grant date fair values for each of the share units issued under the LTIP during 2026 and 2025:

	Options	RSUs	PSUs	DSUs
Key assumptions used for 2026 grants:				
Weighted average grant date fair value (per award)	$ 7.51	$ 15.93	$ 15.93	$ 25.20
Dividend yield	0.5 %	— %	— %	— %
Expected volatility	52.8 %	— %	— %	— %
Risk-free interest rate	3.9 %	— %	— %	— %
Exercise price	$ 15.93	$ —	$ —	$ —
Forfeiture rate	— %	— %	— %	— %
Fair value of share-based compensation at grant date	$ 885	$ 1,393	$ 2,336	$ 345

	RSUs	PSUs	DSUs
Key assumptions used for 2025 grants:			
Weighted average grant date fair value (per unit)	$ 6.41	$ 5.31	$ 10.27
Fair value of share-based compensation at grant date	$ 2,198	$ 4,364	$ 460

The following table shows the share-based compensation expense recorded in the interim condensed consolidated statements of profit or loss during the three and nine months ended September 30, 2026 and September 30, 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Options	$ 315	$ 99	$ 730	$ 463
RSUs	(157)	1,599	4,213	3,449
PSUs	3,000	908	6,585	1,882
DSUs	(165)	1,475	2,129	2,736
Total	**$ 2,993**	**$ 4,081**	**$ 13,657**	**$ 8,530**

14. Finance Costs

Neo's finance costs primarily consist of interest earned on bank deposits, interest paid on long-term debt, changes in the fair value of its financial liabilities, and dividends paid to non-controlling interests, net of any interest earned.

For the three and nine months ended September 30, 2026, Buss & Buss did not declare any dividends to its shareholders. For the nine months ended September 30, 2025, Buss & Buss declared and paid $14.7 million (€13.6 million) of dividends, of which $7.3 million have been recorded as finance costs for the nine months ended September 30, 2025.

The following table shows the breakdown of net finance costs as presented in the interim condensed consolidated statements of profit or loss:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Dividends paid to non-controlling interest (Note 7)	$ —	$ —	$ —	$ 7,343
Change in fair value of derivative liabilities (Note 7)	20,222	1,665	44,883	4,260
Interest expense on debts	2,383	1,906	7,289	4,823
Borrowing costs capitalized as PP&E	(287)	(1,107)	(2,303)	(2,172)
Total	**$ 22,318**	**$ 2,464**	**$ 49,869**	**$ 14,254**

15. Income Tax

The effective income tax rate can vary significantly from quarter-to-quarter for various reasons, including the mix and volume of business in different tax jurisdictions, in jurisdictions with tax holidays and tax incentives, and in jurisdictions for which no deferred tax assets have been recognized because management believes it is not probable that future taxable profit will be available against which tax losses and deductible temporary differences could be utilized. Neo's effective income tax rate can also vary due to the impact of foreign exchange fluctuations, operating losses, changes in provisions related to tax uncertainties and changes in management's assessment as to whether temporary differences arising from investments in subsidiaries will reverse in the foreseeable future.

For the three and nine months ended September 30, 2026, Neo recorded an income tax expense of $10.9 million and $31.8 million, respectively. For the three months ended September 30, 2026, Neo’s income tax expense was unfavourably impacted by $4.3 million due to losses and temporary differences for which there are no recognized tax benefits, $5.5 million due to the re-measurement of the put option derivative liabilities and $1.1 million due to non-deductible items. Neo’s income tax expense was favourably impacted by $4.4 million due to income that is not taxable or that will be offset by the utilization of previously unrecognized tax losses.

For the nine months ended September 30, 2026, Neo’s income tax expense was unfavourably impacted by $11.4 million due to losses and temporary differences for which there are no recognized tax benefits, $12.2 million due to the re-measurement of the put option derivative liabilities and $1.6 million due to non-deductible items. Neo’s income tax expense was favourably impacted by $6.1 million due to income that is not taxable or that will be offset by the utilization of previously unrecognized tax losses.

For the three months ended September 30, 2025, Neo’s income tax expense was unfavourably impacted by $3.2 million due to losses and temporary differences for which there are no recognized tax benefits, $0.5 million due to the re-measurement of the Buss & Buss derivative liability and $0.3 million due to foreign exchange rate fluctuations on certain non-monetary assets.

For the nine months ended September 30, 2025, Neo’s income tax expense was unfavourably impacted by $7.3 million due to losses and temporary differences for which there are no recognized tax benefits, $3.1 million due to non-deductible finance costs and favourably impacted by $2.4 million due to foreign exchange rate fluctuations on certain non-monetary assets. Non deductible finance costs primarily comprise the dividends paid to Buss & Buss’ minority shareholder and the re-measurement of derivative liabilities.

16. Directors And Key Management Compensation

Neo's key management personnel consist of persons having authority and responsibility for planning, directing and controlling the activities of Neo, directly or indirectly. Key management personnel include Neo's executive officers, vice-presidents and members of its board of directors. Neo's key management compensation expenses include short-term compensation and share-based compensation expenses.

Neo's short-term compensation expenses are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Directors	$ 138	$ 780	$ 737	$ 1,285
Key Executive Management	4,958	2,097	8,434	4,536
Total	**$ 5,096**	**$ 2,877**	**$ 9,171**	**$ 5,821**

Neo's share-based compensation expenses are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Directors	$ (1,002)	$ 324	$ 1,220	$ 1,585
Key Executive Management	1,233	971	3,503	1,690
Total	**$ 231**	**$ 1,295**	**$ 4,723**	**$ 3,275**

For the three and nine months ended September 30, 2026, post-retirement benefits paid to key management personnel totaled $nil and $0.9 million, respectively, (2025 — $nil) primarily related to the settlement of DSUs.

17. Related Party Transactions

Neo's related parties include its associates, directors, and key management personnel.

Neo's related party transactions were made on terms equivalent to those that prevail in arm's length transactions. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

On occasion, MQTJ will supply Magnequench Powders to TMT to produce rare earth magnetic compounds. MQTJ will then purchase these compounds back from TMT in its normal course of business. MQTJ purchases rare earth metals from Keli and GQD processes rare earth oxides into metals for MQTJ for inclusion in Magnequench Powders.

Transactions between Neo and its associates are summarized in the table below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Purchase of goods and services from associates:				
TMT	$ 745	$ 435	$ 1,952	$ 1,275
Keli	5,814	504	10,372	5,249
GQD	—	897	216	4,112
Sales of goods to associates:				
TMT	1,824	615	6,512	1,981

Transactions between Neo and its related parties are summarized in the table below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Sale of goods to related parties	$ 1,824	$ 615	$ 6,512	$ 1,981
Purchase of goods and services from related parties	6,558	1,836	12,539	10,635

As at:	September 30, 2026	December 31, 2025
Trade balances:		
From related parties	$ 416	$ 525
Due to related parties	(2,364)	(421)
Total	**$ (1,948)**	**$ 104**