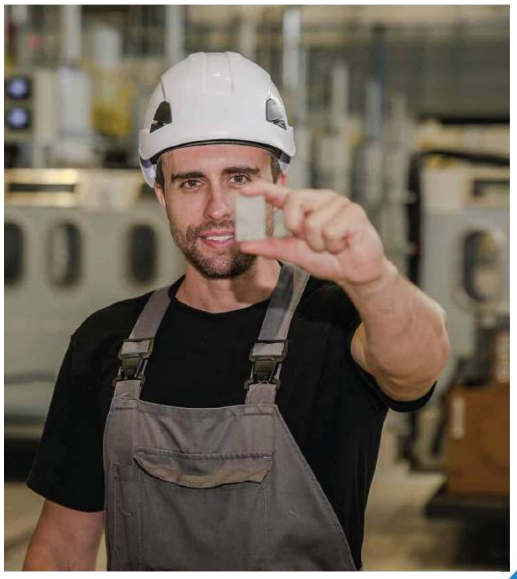
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Performance Materials











Neo Performance Materials Inc.

Management's Discussion and Analysis

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026







neomaterials.com

NEO PERFORMANCE MATERIALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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1. INTRODUCTION

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.

This management's discussion and analysis ("**MD&A**"), prepared as of November 9, 2026, relates to the financial condition and results of operations of Neo together with its subsidiaries, as at September 30, 2026 and for the period then ended, and is intended to supplement and complement Neo's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2026 and the notes thereto (collectively, the "**consolidated financial statements**"). Readers are cautioned that the MD&A contains forward-looking statements about expected future events and financial and operating performance of the Company, and that actual events may vary from management's expectations. Readers are encouraged to read the Cautionary Statement on Forward-Looking Information below and to consult Neo's consolidated financial statements and corresponding notes as well as Neo's most recent Annual Information Form for the year ended December 31, 2025, dated March 19, 2026 (the "**AIF**"), which are available on neomaterials.com and sedarplus.ca.

Certain prior period disclosures have been restated for consistency with the current presentation. This MD&A has been prepared based upon information available to management as of November 9, 2026. This MD&A should not be considered all-inclusive, as it does not include changes that may occur as a result of economic, political, environmental and other events that may occur (or not occur) in the future and affect the operations and financial results of Neo.

Unless otherwise noted, all amounts in this MD&A are expressed in thousands of United States dollars.

2. CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A 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 MD&A, other than statements of historical facts, with respect to Neo's objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates, and intentions are forward-looking information.

Specific forward-looking information in this MD&A include, but are not limited to: expectations regarding certain of Neo's future results and information, including, among other things; revenue; expenses; growth prospects; capital expenditures; and operations; risk factors relating to national or international economies, geopolitical risk and other risks present in the jurisdictions in which Neo, its customers, its suppliers, and/or its logistics partners operate; statements with respect to current and future market trends that may directly or indirectly impact sales and revenue of Neo, including but not limited to rare earth and critical materials prices; expected use of cash balances; continuation of prudent management of working capital; source of funds for ongoing business requirements and capital investments; expectations regarding sufficiency of the allowance for uncollectible accounts and inventory provisions; analysis regarding sensitivity of the business to changes in exchange rates and changes in rare earth prices; impact of recently adopted accounting pronouncements; risk factors relating to intellectual property protection and intellectual property litigation; expectations regarding demand for products and applications; expectations regarding the growth of superalloy and superconductor materials; continued production ramp-up at Neo's newly completed Permanent Magnet facility in Europe and related commercial production estimates, commissioning and costs associated with the facility; the planned modernization and expansion of the rare earth separation operations at the Silmet facility, and associated impacts including: the expected increase in separation capacity, the development of commercial-scale heavy rare earth separation, the transition of the facility to new feedstock sources, the expected benefits of its designation as a Strategic Project under the EU Critical Raw Materials Act, the timing of a final investment decision, and expected temporary reductions in light rare earth separation output during the modernization; the negotiation and execution of definitive supply agreements, expectations regarding tariffs and export

restrictions; securing new automotive customer agreements for permanent magnet and emission catalyst facilities; expectations concerning Neo's magnet growth strategy; Neo's design of its internal controls over financial reporting and disclosure controls and procedures; and Neo's 2026 guidance and the assumptions relating thereto.

Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. This information involves risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

Additionally, Neo's 2026 guidance reflects management's expectations regarding the Company's financial performance in fiscal 2026 based on assumptions which Neo believes to be reasonable as of the date of this MD&A, including but not limited to continued Magnequench growth, operational improvements, relative stability in rare earth pricing, continued strong hafnium demand alongside elevated pricing and tight raw material supply conditions, expectations regarding tariffs and export controls, and securing new customer agreements for permanent magnet and emission catalyst facilities. Neo believes the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this discussion and analysis should not be unduly relied upon. For more information on Neo, investors should review filings available under Neo's profile at sedarplus.ca.

Information contained in forward-looking statements in this MD&A is provided as of the date hereof and Neo disclaims any obligation to update any forward-looking information, whether as a result of new information or future events or results, except to the extent required by applicable securities laws.

3. NON-IFRS FINANCIAL MEASURES

This MD&A refers to certain specified financial measures and ratios, including non-IFRS financial measures and ratios such as "**EBITDA**", "**Adjusted EBITDA**", "**Adjusted EBITDA Margin**", "**Adjusted Net Income**", "**Adjusted Earnings per Share**", and "**Free Cash Flow**". These specified financial measures are not recognized measures under International Financial Reporting Standards ("**IFRS**") Accounting Standards as issued by the International Accounting Standards Board, do not have a standardized meaning prescribed by IFRS, and may not be comparable to similar measures presented by other companies. Rather, these specified financial measures ("**non-IFRS financial measures**") are provided as additional information to complement IFRS financial measures by providing further understanding of Neo's results of operations from management's perspective. Neo's definitions of non-IFRS financial measures used in this MD&A may not be the same as the definitions for such measures used by other companies in their reporting.

Specified financial measures such as non-IFRS financial measures and ratios have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of Neo's financial information reported under IFRS. Neo uses specified financial measures to provide investors with supplemental measures of its base-line operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Neo believes that securities analysts, investors and other interested parties frequently use specified financial measures such as non-IFRS financial measures and ratios in the evaluation of issuers. Neo's management also uses non-IFRS financial measures and ratios to facilitate operating performance comparisons from period to period. Readers are cautioned that these measures should not be construed as an alternative to their nearest or directly comparable financial measures determined in accordance with IFRS as an indication of Neo's financial performance.

Neo defines non-IFRS financial measures and ratios as follows:

"**EBITDA**" is defined as net income before finance costs (net), income tax expense, depreciation and amortization included in cost of sales, and depreciation and amortization included in operating expenses.

EBITDA represents core operating performance of Neo's business excluding income tax and leverage related items. Management believes EBITDA is a meaningful measure of Neo's operating performance as it provides insight into performance independent of tax and capital structures.

"**Adjusted EBITDA**" is defined as EBITDA before equity income (loss) from associates, other income (expense), foreign exchange rate (gain) loss, share and value-based compensation, impairment of long-lived assets, and other costs (recoveries). Adjusted EBITDA represents core operating performance of Neo's business excluding leverage, income tax and non-core accounting items. Management believes Adjusted EBITDA is a meaningful measure of Neo's operating performance because it excludes certain items included in the calculation of net income that may not be appropriate determinants of long-term operating performance.

"**Adjusted EBITDA Margin**" is defined as Adjusted EBITDA divided by revenue. Management believes Adjusted EBITDA Margin is a meaningful measure of Neo's ability to generate Adjusted EBITDA from revenue earned.

"**Adjusted net income**" is defined as net income or loss before foreign exchange loss (gain), share and value-based compensation, non-cash fair value adjustments, items related to non-controlling interests, impairment of assets, other costs (recoveries), and other items included in other expense (income), net of the related tax effects. Management believes this is a meaningful measure as it adjusts for non-cash and certain non-recurring items to help communicate earnings on a sustainable basis.

"**Adjusted Earnings per Share**" is defined as Adjusted net income attributable to shareholders of Neo on a per share basis using the weighted average number of common shares outstanding (basic and diluted) for the respective period.

"**Free Cash Flow**" is defined as Adjusted EBITDA less capital expenditures. Management believes Free Cash Flow is a meaningful measure of Neo's ability to generate cash flow, after on-going obligations, to reinvest in growth and to fund dividends to shareholders of Neo.

For reconciliations of these non-IFRS financial measures to their nearest IFRS measure, refer to *Section 9.1 Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Free Cash Flow:* for a reconciliation of consolidated Net (Loss) Income under IFRS to reported EBITDA, Adjusted EBITDA and Free Cash Flow, and *Section 9.2 Reconciliation of Net Income to Adjusted Net Income* for a reconciliation of net income to Adjusted net income and respective per share amounts.

4. BUSINESS OVERVIEW

Neo manufactures the building blocks of many modern technologies that enhance efficiency and sustainability. Neo's advanced industrial materials, rare earth magnetic powders and magnets, specialty chemicals, metals, and alloys are critical to the performance of many everyday products and emerging technologies across industries. Neo's products help to deliver the technologies of tomorrow to consumers today.

Since its formation in 1994, Neo has leveraged its processing expertise to innovate and grow into a leading manufacturer of advanced industrial materials for specialty end markets. Neo is a leading commercial partner to some of the world's largest customers in the automotive, manufacturing, semiconductor, advanced electronic and specialty chemical industries. As a result, Neo is well positioned in markets that are forecasting robust, long-term growth driven by multiple global macro trends including vehicle electrification, industrial automation, consumer electronics, energy efficient lighting, air and water pollution control, and superalloys. Neo identifies growth markets driven by global macro trends and produces highly engineered industrial materials that are critical to the performance of applications in those markets.

Neo has three operating segments: Magnequench, Chemicals & Oxides and Rare Metals, as well as the Corporate segment. As at September 30, 2026, Neo had 1,624 employees and a global platform that includes manufacturing facilities located in Canada, China, Estonia, Germany, Thailand, and the United Kingdom ("**UK**") as well as one dedicated research and development ("**R&D**") centre in Singapore.

Magnequench

Neo's Magnequench segment manufactures neodymium-iron-boron ("NdFeB") bonded powders, bonded permanent magnets, and sintered permanent magnets. With over thirty years of manufacturing experience, Magnequench is the world leader in the production of magnetic powders used in bonded and hot-deformed fully dense NdFeB magnets. These powders are produced through Magnequench's market-leading technology related to the development, processing, and manufacturing of magnetic powders. These powders are used in the production of bonded permanent magnets that are components in automotive motors, pumps, micro motors, traction motors, sensors and other applications requiring high levels of magnetic strength, improved performance and reduced size and weight. Magnequench's bonded magnet facilities include Korat in Thailand, Chuzhou and Tianjin in China, and SG Technologies Group Limited ("**SGTec**") in the UK. Magnequench has expanded into the sintered magnet market with the new European Permanent Magnet facility in Narva, Estonia. This facility is designed to produce high-performance sintered NdFeB magnets for strategic markets including electric vehicles, wind turbines, and industrial automation. The new facility uses advanced manufacturing processes to meet demanding specifications for magnetic strength and thermal stability. With vertically integrated capabilities, the facility positions Neo as a key supplier to original equipment manufacturers ("**OEMs**") seeking secure and sustainable magnet sourcing.

Chemicals & Oxides

Neo's C&O segment manufactures and distributes a broad range of advanced industrial materials that have become an indispensable part of modern life. The C&O segment is generally comprised of three businesses, the production of mixed oxides for emission catalysts, the separation and processing of rare earth minerals into advanced industrial materials, and Neo's WaterFX® solution which is a rare earth based product (primarily cerium and lanthanum) used in municipal and industrial wastewater treatment systems. Neo's world-class midstream separation process and advanced materials manufacturing capabilities enable the Company to meet increasingly demanding specifications from manufacturers requiring custom engineered materials. Neo's C&O segment operates one facility in China, having sold two facilities in March 2025, and a multi-building manufacturing campus in Sillamäe, Estonia (the "**Silmet facility**"), shared with Rare Metals. By integrating separation with application-specific engineering and shifting from commodity-based rare earths to value-added functional materials, the C&O segment is well-positioned and differentiated by its rare earth separation capabilities and proprietary product portfolio.

Rare Metals

Neo's Rare Metals segment sources, reclaims, produces, refines and markets high-value specialty metals and their compounds. These products include both high-temperature metals (tantalum, niobium, hafnium and rhenium) and electronic metals (gallium and indium). Applications from products made in this segment primarily include superalloys for jet engines, medical imaging, wireless technologies and LED lighting. Other applications include flat panel displays, solar, steel additives, batteries and electronics applications. Rare Metals facilities include the Silmet facility, as well as facilities in Peterborough, Canada and Sagard, Germany (Buss & Buss Spezialmetalle GmbH ("**Buss & Buss**")).

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.

5. SELECT FINANCIAL HIGHLIGHTS

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Revenue						
Magnequench	$ 77,885	$ 54,859	$ 45,573	$ 206,960	$ 149,599	$ 133,149
C&O	27,268	28,834	27,920	97,874	105,778	102,911
Rare Metals	88,467	39,326	38,578	251,910	107,979	107,765
Corporate / Eliminations	(51)	(806)	(790)	(2,465)	(4,833)	(2,900)
Consolidated Revenue	**$ 193,569**	**$ 122,213**	**$ 111,281**	**$ 554,279**	**$ 358,523**	**$ 340,925**
Operating Income						
Magnequench	$ (2,802)	$ 2,512	$ 2,465	$ 3,235	$ 6,016	$ 8,106
C&O	4,811	2,463	(975)	17,774	12,150	(2,881)
Rare Metals	34,519	10,828	15,852	100,999	29,105	33,225
Corporate / Eliminations	(5,802)	(7,439)	(6,166)	(22,956)	(21,108)	(15,502)
Consolidated Operating Income	**$ 30,726**	**$ 8,364**	**$ 11,176**	**$ 99,052**	**$ 26,163**	**$ 22,948**
Adjusted EBITDA [1]						
Magnequench	$ 10,122	$ 8,140	$ 6,424	$ 29,830	$ 22,360	$ 18,704
C&O	6,848	4,072	1,301	23,016	16,351	3,572
Rare Metals	35,183	11,514	16,355	103,445	30,912	34,379
Corporate / Eliminations	(5,105)	(4,550)	(4,525)	(15,979)	(14,344)	(12,948)
Consolidated Adjusted EBITDA [1]	**$ 47,048**	**$ 19,176**	**$ 19,555**	**$ 140,312**	**$ 55,279**	**$ 43,707**
Net income (loss)	**$ 9,426**	**$ 1,358**	**$ (2,711)**	**$ 25,248**	**$ 5,659**	**$ (979)**
Attributable to:						
Common shareholders	9,427	1,363	(2,627)	25,253	5,655	(895)
Non-controlling interest	(1)	(5)	(84)	(5)	4	(84)
Income (loss) per share attributable to common shareholders						
Basic	$ 0.20	$ 0.03	$ (0.06)	$ 0.58	$ 0.14	$ (0.02)
Diluted	$ 0.19	$ 0.03	$ (0.06)	$ 0.55	$ 0.13	$ (0.02)
Adjusted Net Income [1] [2]	**$ 18,411**	**$ 5,977**	**$ 5,825**	**$ 56,969**	**$ 21,144**	**$ 9,141**
Attributable to [2]:						
Common shareholders	18,412	5,982	5,909	56,974	21,140	9,225
Non-controlling interest	(1)	(5)	(84)	(5)	4	(84)
Adjusted earnings per share attributable to common shareholders [1][2]:						
Basic	$ 0.40	$ 0.14	$ 0.14	$ 1.30	$ 0.51	$ 0.22
Diluted	$ 0.38	$ 0.14	$ 0.14	$ 1.24	$ 0.49	$ 0.22
Cash spent on property, plant and equipment and intangible assets	$ 4,573	$ 7,829	$ 25,527	$ 21,132	$ 28,146	$ 52,183
Cash taxes paid	$ 3,478	$ 3,025	$ 5,529	$ 22,253	$ 11,191	$ 18,832
Dividends paid to shareholders	$ 3,315	$ 3,014	$ 3,057	$ 10,389	$ 9,094	$ 9,268
Dividend paid to Buss & Buss minority shareholder	$ —	$ —	$ 7,483	$ —	$ 7,343	$ 7,483
Repurchase of common shares under Normal Course Issuer Bid	$ —	$ 1,547	$ —	$ —	$ 3,889	$ 2,250

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As at:	September 30, 2026	December 31, 2025	2024
Cash and cash equivalents	$ 78,035	$ 38,360	$ 90,566
Short-term debt, bank advances & other	$ 34,807	$ 12,949	$ 2,740
Short-term and long-term debt	$ 143,593	$ 101,804	$ 71,536

(1) These financial measures have no standardized meaning under IFRS and therefore, may not be comparable to measures presented by other issuers. Refer to Section 3 for the definition of these non-IFRS financial measures and to Section 9 for their reconciliation.

(2) Prior period amounts have been restated; refer to *Section 9.2 Reconciliation of Net Income to Adjusted Net Income* for further information.

6. BUSINESS UPDATES

Significant developments and events in the first nine months of 2026 and through the date of this MD&A are summarized below. Additional information on select matters is provided in Neo's most recent AIF.

- ***Q3 Adjusted EBITDA of $47 million Driven by Strong Pricing and Sustained Demand***: Neo's solid performance through 2026 continued in the third quarter, with Adjusted EBITDA up 145% from the third quarter of 2025. Rare Metals was again the largest contributor, as the hafnium business benefited from continued favourable pricing with stable spot volumes, and the gallium business delivered its highest-ever quarterly gross profit. Magnequench delivered solid results, with several of its targeted growth product lines achieving record volumes in the quarter. Demand remained robust across Neo's portfolio, supported by powerful secular trends that continue to drive structural demand for critical materials. At the same time, the strategic importance of these materials has been reinforced by heightened focus on supply chain security, with many of Neo's products designated as critical materials by multiple governments and, in certain cases, subject to export controls, underscoring the value of Neo's geographically diversified production platform.
- ***Neo Raises Full Year 2026 Adjusted EBITDA Guidance to a range of $180 to $185 million***: The Company has increased its full-year 2026 Adjusted EBITDA guidance to a range of $180 million to $185 million, up from its prior guidance update range of $140 million to $150 million. The increase reflects strong operating performance through the first nine months of the year, supported by sustained customer demand, firm pricing and continued operating efficiencies. At the midpoint, the revised range represents an increase of over 2.4 times full-year 2025 Adjusted EBITDA of $76 million and represents an increase of 26% over the prior guidance. The increase reflects strong performance year to date, and higher contracted hafnium volumes for the fourth quarter of 2026. Customers have also continued to book hafnium contracts for 2027 at a strong pace, further improving visibility into next year.
- ***European Integrated Magnet Project Selected for €126 Million EU Innovation Fund Grant***: In October 2026, Neo's European Integrated Magnet project was awarded a grant of up to €126 million ($140 million) under the EU Innovation Fund and Neo has advanced to the government agreement preparation phase of the process with the European Climate, Infrastructure and Environment Executive Agency ("**CINEA**"). The project covers an expanded rare earth value chain in Europe across separation, metallization of separated light and heavy rare earth oxides, the Phase 1B expansion of the European Permanent Magnet facility, and digital and AI-based process control across all three workstreams. The project would add up to 3,000 metric tonnes ("**mt**") per year of permanent magnet capacity, with one third allocated to EU offshore wind. Neo currently estimates the project cost at approximately €400 million ($450 million) and will update the capital cost estimate as engineering progresses. The project remains subject to final investment decisions and a final grant agreement, including legal entity validation, a financial capacity assessment and other EU reviews.
- ***Neo's European Separation Facility Named a Strategic Project Under the EU Critical Raw Materials Act:*** In October 2026, the European Commission designated the planned modernization of Neo's rare earth separation facility ("**Silmet 2.0**") in Sillamäe, Estonia as a Strategic Project under the EU Critical Raw

Materials Act. It was one of 46 projects selected across 16 Member States and the only rare earth processing project among them. The designation gives the project priority administrative treatment, faster permitting and easier access to EU funding and financing programs.

- ***European Permanent Magnet Facility Commences Commercial Production***: In September 2026, Neo announced its state-of-the-art permanent magnet facility in Europe had entered commercial production, delivering first commercial volumes of rare earth sintered magnets to a Tier 1 electric vehicle ("**EV**") traction motor customer. This marks the facility's transition from development and sampling, through full automotive qualification, and into commercial production for its initial magnet programs. Neo has been awarded multiple magnet programs from three Tier 1 motor manufacturers, including traction motor applications, the most technically demanding category of permanent magnets, and expects one to two additional customer programs to enter commercial production before the end of 2026.
- ***Strategic Partnership with Carester to Strengthen European Supply Chain*:** In August 2026, Neo entered into a binding term sheet with Carester SAS ("**Carester**"), a French rare earth technology company that is building a recycling and heavy rare earth separation facility in France. Under the partnership, Neo is expected to receive separated dysprosium and terbium oxides. Neo will also send its magnet manufacturing swarf to Carester for recycling and receive the recovered neodymium-praseodymium, dysprosium and terbium oxides in return, keeping valuable rare earths within its supply chain. In addition, under a tolling arrangement, Neo will process Carester's mixed rare earth carbonate at its European separation facility.
- ***Neo Signs MOU with Rainbow Rare Earths Limited for Offtake from the Phalaborwa Project***: In September 2026, Neo signed a memorandum of understanding ("**MOU**") with Rainbow Rare Earths Limited ("**Rainbow**") covering technical support for, and offtake from, Rainbow's Phalaborwa rare earth project in South Africa. The project plans to recover rare earths from stockpiled phosphogypsum, a by-product of fertilizer production, and requires no new mining. Under the MOU, Neo would receive offtake rights to 40% of the project's annual separated neodymium-praseodymium oxide production and 65% of its mixed heavy rare earth carbonate (SEG+), which contains dysprosium and terbium. In return, Neo would provide design input and technical support for the project's final solvent extraction separation circuit. The parties have also agreed to consider tolling the remaining SEG+ at Neo's facilities. If completed, the arrangement would be an additional source of feedstock for Neo's Silmet facility. Binding long-form agreements are under discussion, and the MOU terms remain subject to negotiation and execution.
- ***Neo Completes Sale of Sarfartoq Interest to Greenland Mines***: In September 2026, Neo completed the previously announced sale of its ownership interest in the Sarfartoq rare earth project in Southwest Greenland to Greenland Mines Ltd. ("**Greenland Mines**"), which will take the lead in advancing the project. The transaction closed following approval from the Government of Greenland under the Greenland Mineral Activities Act. Neo held a 43.5% interest in NNSR Holdings Inc., the parent of Neo North Star Resources, Inc. ("**NNSR**"), the entity that held the project's exploration license. Neo's share of the consideration received was $8.2 million in cash and 578,171 Greenland Mines shares. Neo also retains its MOU regarding the negotiation of a definitive offtake agreement for up to 60% of the ore or mineral concentrate produced from the Sarfartoq Project. The transaction allows Neo to remain focused on its core midstream and downstream business while the Sarfartoq project progresses under dedicated ownership.
- ***Neo Completes C$115 Million Equity Offering to Accelerate Growth:*** In May 2026, Neo completed a bought deal treasury offering of common shares for total gross proceeds of C$115.1 million ($83.3 million), including the full exercise of the underwriters' over-allotment option. The offering positions the Company to accelerate its growth opportunities with a meaningful portion of the proceeds directed towards capacity expansion in magnetics, including advanced purchasing of long-lead sintered magnet equipment for the proposed Phase 1B expansion of its European permanent magnet plant and investment to expand the bonded magnetics business.

7. OPERATING SEGMENT HIGHLIGHTS

Magnequench

Magnequench delivered another strong quarter, with record bonded magnet volumes and record volumes of bonded powders for traction motor applications, where its powders enable heavy rare earth-free traction motor magnets. Adjusted EBITDA was $10.1 million in the third quarter of 2026, up 24.3% from the same period last year. Year-to-date Adjusted EBITDA totaled $29.8 million, an increase of 33.4% compared to the prior-year period. Customers are increasingly prioritizing localized, secure and geographically diversified supply, which continues to drive demand across Magnequench's portfolio. To meet that demand, Magnequench continues to expand capacity. Phase 1A at its European sintered magnet facility is ramping following the start of commercial production, while proceeds from the Company's equity offering completed in May 2026 are funding long-lead equipment procurement for Phase 1B and planned additional bonded magnet capacity. Key news and highlights for the quarter include:

- ***Bonded Magnets Deliver a Record Quarter with Volumes up 17.1% Year Over Year:*** Growth continues to be led by demand from server cooling fan applications in AI data centres, alongside growth in automotive applications. This builds on strong momentum in the business, as Bonded Magnet volumes grew more than 20% from 2024 to 2025, and the business is on track for a similar rate of growth in 2026. Building on decades of technical expertise, Magnequench continues to move along the value chain from bonded powders to bonded magnets, expanding its portfolio of higher value-added solutions across a broader range of end markets.
- ***Record Volumes for Heavy Rare Earth-Free Traction Motor Powders:*** Bonded powders for traction motors achieved record quarterly volumes as Magnequench supported the ramp of a new model year. Magnequench's powders enable traction motor magnets that contain no heavy rare earths, which is increasingly valuable to automakers looking to reduce exposure to constrained supply of materials such as dysprosium and terbium. Magnequench has been selected for successive generations of a leading global automaker's hybrid traction motor programs, reflecting its established position as a qualified supplier. With new programs ramping, the outlook for this business remains strong.
- ***Disciplined Execution Sustains High-Quality Earnings:*** Magnequench's results reflected sustained operating cost discipline across its manufacturing network, including gains in labour productivity, energy efficiency and process optimization. Results also benefited from the timing of favourably priced input materials flowing through to cost of sales during the quarter. Magnequench continues to deliver strong earnings quarter after quarter, reflecting the high-quality, value-added nature of the business.

Chemicals & Oxides

Chemicals & Oxides continued its earnings growth in the third quarter of 2026, with Adjusted EBITDA of $6.8 million, up 68% from the same period last year. Year-to-date Adjusted EBITDA was $23.0 million, up 40.8% compared to the prior-year period. The segment is well positioned with a simplified footprint, strengthened cost structure, and multiple catalysts for growth. C&O also operates a highly strategic European rare earth separation facility, one of the few non-captive separation sites globally, supported by a world-class laboratory, differentiated technical capabilities, and a newly commissioned heavy rare earth separation line. The strategic importance of the site was recognized when the European Commission designated Silmet 2.0, Neo's planned next-generation separation facility, as a Strategic Project under the EU Critical Raw Materials Act. Key news and highlights for the quarter include:

- ***Emission Catalyst Volumes Hold Steady Against a Strong Prior Year:*** third quarter volumes were in line with the same period last year, building on strong prior-year performance. The business continues to broaden its global customer base through new product development and long-term customer agreements. C&O's highly automated emission catalyst facility, with upgraded environmental systems, continues to deliver improved efficiency and yields, providing a competitive, scalable platform with available capacity for future growth. Tightening emissions standards provide a supportive tailwind over time.

- ***Wastewater Treatment Continues to Advance New Technologies While Expanding into New Jurisdictions:*** The business continued to advance its new process enhancement technology, now deployed with customers and building toward broader commercial adoption. Beyond this platform, innovation remains central to the business, with the team continuing to develop new applications for its water treatment products, supported by a patent filing earlier this year. Geographic expansion also continued, with new markets in South America and Australia, while opportunities in Europe progressed. These developments position the business for longer-term growth as new products scale and regulatory processes advance.
- ***Rare Earth Separation Continues to Benefit from Improved Pricing as Silmet Begins Its Transition:*** C&O's European separation operations contributed to segment results through favourable pricing and improved margins. During the quarter, Silmet began a planned transition away from its legacy feed sources toward a more diversified and secure supply base. As part of this transition, certain portions of the facility will be temporarily idled while existing lines are reconfigured and prepared for new feed sources. These new feed sources are expected to fundamentally improve the economics of the facility, supporting higher utilization, a stronger product mix and greater stability of supply for customers. The transition also lays the groundwork for Silmet's longer-term development, positioning the site as a cornerstone of Neo's integrated European rare earth supply chain.

Rare Metals

Rare Metals generated Adjusted EBITDA of $35.2 million in the third quarter of 2026, up 206% from the same period last year, as the themes that have shaped the segment's performance this year remained firmly in place. Global supply of the segment's critical materials remains tight, driven by geopolitical risk, trade restrictions and export controls. Customers across aerospace, industrial gas turbines and semiconductors continue to place a premium on secure, reliable access to these materials. These conditions supported elevated pricing and sustained demand during the quarter. Against this backdrop, the business continued to prioritize securing scrap and other input materials through strategic sourcing and recycling initiatives, supporting long-term supply security and margins. Key news and highlights for the quarter include:

- ***Sustained Spot Volumes and Elevated Pricing Drive Another Strong Quarter for Hafnium:*** The hafnium business continued to benefit from strong underlying fundamentals during the third quarter, as spot demand held firm and supply remained tight. Market prices have eased from their recent all-time highs, but current pricing remains well above the business's year-to-date average realized price, which reflects contract volumes priced in earlier periods. Customers continued to book contracts into 2027, improving forward visibility. Demand remains strong across core end markets, including aerospace and industrial gas turbines, while global supply remains constrained by ongoing export controls and feedstock limitations. Rare Metals continued to increase their purchases of hafnium scrap during the year, building inventory at favourable cost and positioning the business well entering 2027.
- ***Gallium Delivers Another Quarter of Record Profitability Under Constrained Supply Conditions:*** The gallium business achieved the strongest gross profit performance in its history during the quarter, benefiting from strong demand and elevated pricing supported by regulatory restrictions, with further tightening of global supply contributing to higher prices. Rare Metals maintains its strategic advantage as one of the only gallium recyclers and refiners in North America. The business continues to take actions to increase supply through new sourcing arrangements and strategic projects to recover gallium from alternative sources.
- ***Rhenium Delivers a Record Quarter as the Broader Critical Materials Portfolio Contributes:*** Rhenium achieved its strongest quarterly performance on record, driven by favourable pricing and strong demand from superalloy applications, the same end markets that support hafnium. Tantalum also contributed, supported by demand from both superalloy and electronics applications. Across these materials, results reflect the same themes driving hafnium and gallium, a heightened focus on supply chain security and sustained demand from high-performance end markets. As a recycler and refiner of these materials, Rare Metals remains well positioned to benefit from tight supply conditions and customers' growing focus on securing critical materials.

8. IMPACT OF GEOPOLITICAL AND TRADE DEVELOPMENTS

Significant geopolitical and trade developments in the first nine months of 2026 and through the date of this MD&A are summarized below.

8.1. Potential Impact of China Export Restrictions

As Neo navigates through a complex geopolitical landscape, the Company remains vigilant in monitoring and adapting to evolving global trade regulations. The Government of China has announced a series of export restrictions on critical materials, which present both opportunities and challenges for Neo's operations, as well as increasing export restrictions on products shipped to certain jurisdictions. Neo is well-positioned to manage these changes, leveraging its globally diversified supply chain to capture opportunities and mitigate adverse impacts. Notable Chinese export restrictions impacting Neo include:

- **Gallium Products** — Since 2023, the Government of China has introduced a series of escalating export controls impacting critical materials, including gallium, a key product for the semiconductor industry and rare earth magnets. These measures include export control restrictions and, for a period, an export ban on gallium to the United States, which was subsequently lifted in October 2025. Neo's Peterborough facility is well positioned to benefit from this dynamic as one of the only North American recyclers of gallium.
- **Rare Earth Magnet Technologies** — In late 2023, China adopted revisions to the Catalogue of Technologies Prohibited or Restricted from Exporting, to add rare earth magnet technology, expanding the previous restrictions on extraction and separation technologies. These export restrictions are anticipated to create incremental barriers for new companies attempting to enter the rare earth magnet industry outside of China. On October 9, 2025, China broadened rare-earth magnet related export controls to include consumable materials, equipment, technology, and extra-territorial licensing for products containing China-originating rare earths content or made with Chinese rare earth technology. In order to stem the flow of dual-use applications of rare earth magnetics, the government of China requires robust evidence from end users to ensure that the application is strictly civilian. In October 2025, a bilateral meeting between U.S. and Chinese leaders resulted in a one-year postponement of the export control measures announced on October 9, 2025; however, previously implemented restrictions remain in effect. In September 2026, China and the United States agreed to extend their trade arrangements until January 2027, providing temporary relief from further rare earth export restrictions, while the April 2025 licensing requirements remain in effect and continue to create supply chain uncertainty for Neo and its customers. In October 2026, the EU and China reached an understanding to continue facilitating export licences for rare earths and permanent magnets through an expedited approval mechanism, potentially improving supply predictability for European manufacturers, although the underlying export controls remain in place.
- **Heavy Rare Earth Products** — In connection with escalating trade tensions with the U.S., in April 2025, the Government of China announced an export control on specific heavy rare earth elements and related downstream material, including heavy-rare-earth-bearing permanent magnets. Neo's C&O business exports heavy rare-earth-containing specialty oxides to customers primarily in Japan and Europe from its minority-owned venture in China. These exports contain gadolinium, terbium, dysprosium and yttrium, all of which are subject to export controls. The Government of China requires strict end-user certification for all dual-use heavy rare earth exports and, in some cases, the exports to certain jurisdictions may be precluded. Neo has implemented a compliance method to meet these additional documentation requirements. The Company continues to comply with all applicable regulations and has filed the necessary applications for exports of its products. Neo's Magnequench division is largely unaffected by restrictions on heavy rare earths, as its bonded magnetic products typically do not contain these heavy rare earth elements. There is a moderate long-term risk regarding access to heavy rare earths outside of China to support the European Permanent Magnet facility; however, the Company has been executing strategies to mitigate this risk well ahead of export restrictions, including developing relationships with upstream mines that have heavy rare earths in their feed and through development of Neo's own heavy rare earth separation line. In addition, these restrictions present an opportunity for the Magnequench business,

which currently offers one of the only heavy rare earth-free bonded powder for traction motor applications. At present, certain mixed oxide products for emission catalysts contain small amounts of heavy rare earths and have not faced any export disruption from China, as these products are not considered dual-use products.

8.2.Potential Impact from Global Tariffs

In recent years, the U.S. has implemented a range of global tariffs impacting supply chains, and several countries have responded with retaliatory measures, increasing uncertainty in global trade flows. Management assesses tariff developments through two key lenses: (i) Neo's comparative advantage under relative tariff regimes, and (ii) its existing and potential production capabilities in regions implementing elevated trade barriers. Subsequently, the U.S. enacted additional country-based tariffs under Section 301 of the Trade Act of 1974, and Section 338 of the Tariff Act of 1930 on specified Canadian-origin goods, effective September 1, 2026. In July 2026, the United States introduced additional tariffs of 10% to 12.5% on imports from 60 trading partners, including China and the European Union, potentially affecting Neo's relative competitiveness across its manufacturing locations and the costs and purchasing decisions of downstream customers, subject to applicable product exemptions. These measures did not materially affect the Company's results for the three and nine months ended September 30, 2026. Management's preliminary assessment by product group is as follows:

- **Rare Metals Hafnium and Gallium Products** — Most of Rare Metals' hafnium products supplied to the U.S. are produced in Europe, and hafnium represented approximately half of Neo's U.S. imports in 2025. The tariff differential between China-origin and Europe-origin hafnium has historically provided Neo with a competitive advantage. Certain hafnium products may face additional duties depending on classification and origin. Published exemptions include tariff classifications covering gallium, while critical minerals are excluded from the announced Section 338 measures applicable to Canada.
- **C&O Emission Catalyst Products** — A portion of C&O's emission catalyst products are produced in China and sold into the U.S. and have been subject to tariffs since 2018. Non-exempt products may face additional Section 301 duties depending on classification and origin. Neo remains well-positioned because its products are globally qualified, key competition is primarily in China, and selected products can be supplied from Europe.
- **Magnequench Powder and Magnet Products** — Magnequench does not have material sales from China to the U.S.; U.S.-based customers are supplied by its Korat facility in Thailand. Certain Thailand-origin products may face additional Section 301 duties depending on classification. Published exemptions include tariff classifications covering sintered neodymium-iron-boron magnets; bonded powders, bonded magnets and other products require separate classification analysis. Magnequench's European Permanent Magnet facility may continue to offer a relative advantage over Chinese imports.
- **Rare Earth Separated Products (Including Export Controlled Heavy Rare Earths)** — C&O exports minimal rare earth separated products from China to the U.S. Published Section 301 exemptions include tariff classifications covering certain rare earth metals and compounds. Based on currently available information, the new measures are not expected to have a material direct impact on this product group, subject to confirmation of classification and origin.

Based on published tariff schedules and currently available information, management has not identified a material direct impact on Neo's near-term outlook. Certain U.S.-bound products from Thailand, Europe or China may nevertheless face additional duties depending on classification, origin and exemptions. The Company is assessing duty pass-through provisions, customer sourcing and mitigation through pricing, alternative production and supply routes, and its geographically diversified manufacturing footprint. Management expects that a significant portion of any incremental duties would be passed through to customers, where permitted under contractual arrangements and market conditions, with only any unrecovered portion potentially affecting margins. The ultimate impact remains uncertain and will depend on

the measures' duration and scope, future amendments or retaliatory actions, and indirect effects on customer demand and global economic conditions.

8.3.Global Legislative and Trade Policy Tailwinds

With global operations and sales, Neo closely monitors the evolving landscape of industrial policy, which directly impacts its operational, commercial, and strategic decisions across multiple end markets. Policy changes announced or implemented since 2024, including sourcing requirements in the U.S., Europe, and China, present both challenges and opportunities, including European regulations aimed at reducing dependency on a single foreign supplier for key materials. Notable policy announcements include:

- **Carbon-Border Adjustment Mechanism (Europe)** — In December 2025, the European Union introduced new environmental footprint reporting requirements for imported critical raw materials under the Carbon-Border Adjustment Mechanism. These requirements are expected to strengthen the competitive position of Neo's European production assets relative to magnets and other downstream products imported from non-European jurisdictions.
- **RESourceEU (Europe)** — In December 2025, the European Commission announced its intention to advance a legislative and regulatory package referred to as "**RESourceEU**", intended to support additional public funding for critical raw materials investments and establish mechanisms for strategic stockpiling and demand aggregation to promote feedstock diversification and supply security.
- **Industrial Accelerator Act (Europe)** — In March 2026, the European Commission published draft legislation for the Industrial Accelerator Act, which introduces non-price criteria in public procurement frameworks, such as offshore wind developments, and government electric vehicle fleets, favouring domestic supply chains.
- **The EU–India FTA** — The European Union and India reached a landmark free trade agreement, creating the world's largest free trade zone and expanding the addressable market for electric vehicle manufacturers and critical raw materials producers within it. The EU–India FTA was concluded in January 2026 but is not yet in force.
- **Project Vault (United States)** — Announced in February 2026, Project Vault is a U.S. public-private initiative aimed at establishing a strategic reserve of critical minerals for civilian and commercial industries. The program seeks to enhance supply security and industrial resilience through demand aggregation and OEM-led participation mechanisms.

In September 2026, the European Commission initiated the selection of an implementing entity for a critical raw materials stockpiling pilot, signaling further potential opportunities for Neo's European operations to participate in government-supported strategic inventory and supply security initiatives.

8.4. Potential Impact of Ongoing Conflict with Russia in Ukraine and the Conflict in Iran

The actions of Russian military forces in Ukraine have escalated tensions between Russia and Ukraine, the European Union, the North Atlantic Treaty Organization, the U.K., the U.S., Canada and other countries. Several countries have imposed a series of sanctions targeting Russia, two separatist pro-Russian regions in Ukraine, and certain individuals, banks and corporations that are seen as allies to the administration in Russia.

The Silmet facility was the only Neo facility that sourced its rare earth feedstock from a Russian supplier. In October 2026, following the designation of Silmet 2.0 as a Strategic Project under the EU Critical Raw Materials Act, Neo announced that it will end feedstock sourcing from this supplier. During this transition, certain portions of the Silmet facility will be temporarily idled while existing lines are reconfigured for new feed sources.

With the assistance of external advisors with expertise in global sanctions, Neo continues to monitor the impact of these sanctions on its business including purchases and sales to entities that may have connections to Russia.

Neo currently expects, but cannot be certain, that these sanctions will not have a material impact on Neo's consolidated financial performance. For further information, please refer to section entitled "Business of the Company - Impact of Geopolitical and Trade Developments" and the "Risk Factors" section of the Company's AIF.

The Company continues to monitor the military conflict involving Iran and related developments affecting regional shipping routes and global energy markets, including the Strait of Hormuz. Based on information currently available, management has not identified a material direct impact on Neo's operations, assets, supply arrangements or customer commitments through the date of this MD&A. The conflict has, however, contributed to increased volatility in energy, freight and logistics markets, which may indirectly affect the Company through higher costs, longer delivery lead times on certain lanes and broader macroeconomic uncertainty impacting customer demand. Neo's geographically diversified manufacturing footprint and the advancement of localized rare earth separation and permanent magnet capabilities in Europe are intended to mitigate elements of this exposure. Nevertheless, the duration and ultimate impact of the conflict remain uncertain and could become material if related disruptions persist or intensify.

9. CONSOLIDATED RESULTS OF OPERATIONS

($000s)	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	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	(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	(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 income tax	(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	$ 0.20	$ 0.03	$ 0.58	$ 0.14
Diluted	$ 0.19	$ 0.03	$ 0.55	$ 0.13

Revenue

Consolidated revenue of $193.6 million for the three months ended September 30, 2026 increased $71.4 million or 58.4% compared to the same quarter of 2025. The increase was primarily driven by higher hafnium prices realized in Rare Metals and higher rare earth prices. Consolidated revenue of $554.3 million for the nine months ended September 30, 2026 increased $195.8 million or 54.6% compared to the same period last year. The increase was primarily driven by the same factors above, partially offset by lower revenue in Chemicals & Oxides after the sale of two legacy Chinese separation facilities in March 2025.

Revenue often trends along with commodity prices due to pass-through pricing mechanisms in most contracts. These provisions are contractual mechanisms that adjust selling prices based on changes in input costs over defined timeframes (e.g., monthly, quarterly, semi-annually, or annually). These provisions help mitigate gross profit volatility resulting from timing differences between cost being recognized and sales being recorded.

($000s)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	**2025**	%	**2026**	**2025**	%
Magnequench	$ 77,885	$ 54,859	42.0%	$ 206,960	$ 149,599	38.3%
C&O	27,268	28,834	(5.4%)	97,874	105,778	(7.5%)
Rare Metals	88,467	39,326	125.0%	251,910	107,979	133.3%
Eliminations	(51)	(806)	93.7%	(2,465)	(4,833)	49.0%
Consolidated Revenue	**$ 193,569**	**$ 122,213**	58.4%	**$ 554,279**	**$ 358,523**	54.6%

Inter-segment revenue is eliminated on consolidation from C&O segment revenue as C&O sold product to Magnequench in the respective periods. The products sold to Magnequench are potential marketable third-party sales and are sold at fair market value.

Further commentary on the revenue changes in each segment is included in *Section 10. Discussion and Analysis of Business Segments*.

Cost of Sales

Consolidated cost of sales, excluding depreciation and amortization, for the three months ended September 30, 2026 was $137.9 million or 71.2% of revenue, compared to $86.8 million or 71.0% of revenue in the same quarter of 2025. Consolidated cost of sales, excluding depreciation and amortization, for the nine months ended September 30, 2026 was $369.0 million or 66.6% of revenue, compared to $254.5 million or 71.0% of revenue in 2025. Cost of sales, excluding depreciation and amortization, as a percentage of revenue improved during the first nine months of 2026 due to the rise in hafnium prices in Rare Metals relative to the same period last year as well as the impact of the sale of the Chinese separation facilities, which historically generated a higher cost of sales as a percentage of revenue.

Consolidated cost of sales include raw materials and conversion costs, that is, costs directly associated with transforming raw materials into finished products (including labour, energy, and processing expenses), which are capitalized to inventory and recognized in cost of sales when sold. Neo is committed to optimizing production efficiency to continually improve controllable conversion costs.

Selling, General and Administrative ("SG&A") expense

SG&A expense consists primarily of personnel and related costs, including freight, legal, accounting and other professional service fees, and information technology costs. SG&A expense of $15.6 million and $52.6 million for the three and nine months ended September 30, 2026, respectively, increased $0.6 million and $6.0 million compared to the same periods last year primarily due to continued staffing ramp-up at the European Permanent Magnet facility until its commencement of production, as well as higher freight, logistics, and sales commission costs within the Rare Metals segment associated with increased commercial activity and sales volumes.

Share-based Compensation expense

Share-based compensation expense was $3.0 million and $13.7 million for the three and nine months ended September 30, 2026, respectively, compared to $4.1 million and $8.5 million for the three and nine months ended September 30, 2025. The changes in share-based compensation generally follows changes in the Company's share price in the respective period, primarily due to vesting as well as the revaluation of cash-settled share-based awards.

Research and Development ("R&D") expense

A critical success factor for Neo is to continually develop and market products that meet new and emerging markets and customers' exacting specifications. Neo maintains close relationships with key customers to better understand changes in market factors, and to deliver innovative products both as improvements to existing applications and for developing new applications and solutions. Neo's R&D activities aim to identify new commercial applications for its products, provide technical solutions to its customers, as well as drive new process and market development.

R&D expense, primarily comprised of salaries, outside labour, materials, and equipment, of $1.8 million and $7.8 million for the three and nine months ended September 30, 2026, respectively, decreased $2.4 million and $3.8 million compared to the same periods last year. In general, R&D costs are project-based and may fluctuate in any given period.

Depreciation and Amortization

Depreciation and amortization, unrelated to production, of $2.2 million and $5.7 million for the three and nine months ended September 30, 2026, respectively, increased $0.4 million and $0.4 million compared to the same periods last year. The increase reflects depreciation of the non-production areas of the new European Permanent Magnet Facility, which began when the facility commenced operations in the third quarter.

Other Income (Expense)

Other income (expense) of $12.2 million and $12.7 million for the three and nine months ended September 30, 2026, respectively, increased $12.0 million and $17.1 million compared to the same periods last year. Other income or expense generally represents non-operational activities deemed not indicative of Neo's ongoing operations. For the three and nine months ended September 30, 2026, other income includes a gain of $8.5 million on the sale of Neo's interest in the Sarfartoq rare earth project to Greenland Mines, and a $3.5 million unrealized fair value gain on the Greenland Mines shares received. For the nine months ended September 30, 2025, other expense includes $5.9 million for the loss on the sale of JAMR and ZAMR, primarily as a result of the release of the cumulative translation adjustment for the former subsidiaries of $4.8 million.

Finance Costs, Net

Finance costs are primarily comprised of interest and finance costs on debts, re-measurement of derivative liability put options issued to the non-controlling shareholders of two subsidiaries, Buss & Buss and SGTec, net of interest earned. Additionally, in accordance with IAS 32, Neo elects to record the dividends paid to Buss & Buss' non-controlling shareholder as finance costs, which is done on a periodic basis as the Company evaluates capital and liquidity requirements across its subsidiaries.

Neo maintains interest-bearing credit facilities, including revolving loans and term loans, in China, Canada and Germany. Where applicable, interest costs are capitalized as part of property, plant and equipment, such as during the construction of the European Permanent Magnet facility.

During the nine months ended September 30, 2026, finance costs totaled $49.9 million, comprised primarily of the remeasurement of the derivative liabilities, which are remeasured each reporting period based on management's forecasts of performance of Buss & Buss and SGTec, long term growth factors and changes in discount rates.

During the nine months ended September 30, 2025, Neo paid dividends to the minority shareholder of the Buss & Buss of $7.3 million.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Dividends paid to non-controlling interest	$ —	$ —	$ —	$ 7,343
Change in fair value of derivative liabilities	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**

Foreign Exchange (Loss) Gain

Foreign exchange (loss) gain represents realized and unrealized (losses) gains that include non-cash adjustments in translating foreign currency denominated monetary assets and liabilities. Inter-company loans within the Group between entities with different functional currencies can result in unrealized foreign exchange gains or losses in the statement of other comprehensive income and the statement of profit or loss, that are not eliminated on consolidation.

Income Tax Expense

Income tax expense is based on the income earned or loss incurred in each tax jurisdiction at the enacted or substantively enacted tax rate applicable to that income or loss.

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.

Capital Expenditures

Neo reinvests to enhance production capabilities, improve operational efficiency, support innovation in advanced materials, modernize manufacturing infrastructure, expand sustainable supply chains, and meet growing demand for high-performance magnets, catalysts, and engineered materials. These investments align with long-term industry trends, including electrification, clean energy, and advanced automotive technologies.

By strengthening capabilities in separation, refining, and precision manufacturing, Neo enhances its competitive position while ensuring the reliability and quality of critical materials used in key industries.

For the nine months ended September 30, 2026, Neo's additions to property, plant and equipment and intangible assets totaled $8.5 million (net of $5.9 million of grant recognized from the EU government ("**JTF grant**")), including $2.3 million in capitalized interest expense associated with the European Permanent Magnet facility (until commencement of operations), $2.5 million in right-of-use assets related to renewal of office leases, with the remainder of capital expenditures comprised of the construction of a heavy rare earth separation line at Silmet and sustaining capital expenditures. Cash spent on property, plant and equipment and intangible assets was $21.1 million (2025 – $28.1 million). The difference mainly reflects $13.8 million of prepayments for long-lead equipment, which are recorded in other non-current assets until delivery.

For the nine months ended September 30, 2025, additions to property, plant and equipment and intangible assets totaled $18.4 million, primarily comprised of $8.0 million for the ongoing construction of the European Permanent Magnet facility, $2.2 million in associated capitalized interest expense, with the remainder of capital expenditures comprised of the construction of a heavy rare earth pilot line at Silmet and sustaining capital expenditures.

9.1 Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Free Cash Flow:

The following table reconciles net income to EBITDA, Adjusted EBITDA and Free Cash Flow:

($000s, except volume)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	**2025**	%	**2026**	**2025**	%
Sales volume (tonnes)	3,084	3,537	(12.8%)	9,499	10,228	(7.1%)
Revenue	$ 193,569	$ 122,213	58.4%	$ 554,279	$ 358,523	54.6%
Net income	**$ 9,426**	**$ 1,358**	594.1%	**$ 25,248**	**$ 5,659**	346.2%
Add back (deduct):						
Finance costs, net	22,318	2,464		49,869	14,254	
Income tax expense	10,859	4,573		31,840	10,528	
Depreciation and amortization included in cost of sales	2,397	2,002		6,462	5,942	
Depreciation and amortization included in operating expenses	2,157	1,793		5,743	5,299	
EBITDA	**47,157**	**12,190**	286.8 %	**119,162**	**41,682**	185.9 %
Adjustments to EBITDA:						
Other (income) expense	(12,229)	(205)		(12,662)	4,483	
Foreign exchange loss (gain)	171	519		4,014	(7,966)	
Equity loss (income) from associate	181	(345)		743	(795)	
Share-based compensation	2,993	4,081		13,657	8,530	
Project start-up and transition costs	8,775	2,936		15,398	9,345	
Adjusted EBITDA	**$ 47,048**	**$ 19,176**	145.3 %	**$ 140,312**	**$ 55,279**	153.8 %
Adjusted EBITDA Margin	*24.3 %*	*15.7 %*		*25.3 %*	*15.4 %*	
Less:						
Capital expenditures [(1)]	3,358	8,214	(59.1)%	8,512	18,447	(53.9)%
Free Cash Flow	**$ 43,690**	**$ 10,962**	298.6 %	**$ 131,800**	**$ 36,832**	257.8 %

(1) Presented net of JTF grant recognized in the period.

Foreign exchange loss (gain) includes non-cash adjustments in translating foreign currency denominated monetary assets and liabilities.

Other (income) expense for the three and nine months ended September 30, 2026 includes an $8.5 million gain on disposal of Neo's interest in the Sarfartoq project to Greenland Mines (refer to *Section 6. Business Updates*), 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. These amounts are excluded from Adjusted EBITDA.

Project start-up and transition costs represent primarily personnel and other costs at the European Permanent Magnet facility incurred before commercial production and during the subsequent ramp-up to breakeven operations. Neo removes these charges to allow comparability with historical periods.

Free Cash Flow for the three and nine months ended September 30, 2026 improved $32.7 million and $95.0 million, respectively, compared to the same periods last year primarily due to higher operating income and lower capital expenditures.

9.2 Reconciliation of Net Income to Adjusted Net Income:

Changes to Adjusted Net Income Calculation

Commencing in 2026, management has revised the definition of "Adjusted Net Income" to exclude non-cash fair value adjustments and those amounts related to the Buss & Buss non-controlling interest that are not considered attributable to Neo's common shareholders.

These adjustments remove the impact of: (i) changes in the fair value of the derivative liability as those amounts are driven by the valuation of a future capital arrangement, (ii) dividends paid to the non-controlling interest as those distributions are non-operating in nature, and (iii) the non-controlling interest's share of Buss & Buss' net income to present the share attributable to Neo. Management believes this presentation better reflects underlying operating performance attributable to Neo shareholders and improves comparability across periods.

The following table reconciles Adjusted Net Income (and related per share amounts) as previously reported in each of the quarters of the preceding year to the revised calculation of Adjusted Net Income.

	Three Months Ended				Year Ended
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	December 31, 2025
Adjusted Net Income (as previously reported)	**$ 3,647**	**$ 7,755**	**$ 8,493**	**$ 566**	**$ 20,462**
Adjusted for:					
Buss & Buss non-controlling interest and related items [(1)]	1,857	(196)	(3,742)	2,461	380
Incremental tax impact of above item	1,007	1,096	1,226	1,719	5,048
Adjusted Net Income	**$ 6,511**	**$ 8,655**	**$ 5,977**	**$ 4,746**	**$ 25,890**
Adjusted Net Income attributable to:					
Common shareholders	6,418	8,739	5,982	4,735	25,875
Non-controlling interest	93	(84)	(5)	11	15
Weighted average number of common shares outstanding:					
Basic (000s)	41,773	41,838	41,588	41,599	41,759
Diluted (000s)	42,427	43,257	43,982	41,599	41,759
Adjusted earnings per share attributable to common shareholders as previously reported:					
Basic	$ 0.09	$ 0.19	$ 0.20	$ 0.01	$ 0.49
Diluted	$ 0.08	$ 0.18	$ 0.19	$ 0.01	$ 0.49
Adjusted earnings per share attributable to common shareholders:					
Basic	$ 0.15	$ 0.21	$ 0.14	$ 0.11	$ 0.62
Diluted	$ 0.15	$ 0.20	$ 0.14	$ 0.11	$ 0.62
Change in Adjusted earnings per share:					
Basic	$ 0.06	$ 0.02	$ (0.06)	$ 0.10	$ 0.13
Diluted	$ 0.07	$ 0.02	$ (0.05)	$ 0.10	$ 0.13

(1) Includes (i) changes in the fair value of the derivative liabilities, (ii) dividends paid to non-controlling interest, and (iii) the non-controlling interest's share of Buss & Buss net income, excluding related tax effect shown separately.

The following table reconciles net income to Adjusted Net Income:

($000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net income	**$ 9,426**	**$ 1,358**	**$ 25,248**	**$ 5,659**
Adjustments to net income:				
Foreign exchange loss (gain)	171	519	4,014	(7,966)
Share-based compensation	2,993	4,081	13,657	8,530
Buss & Buss non-controlling interest and related items [(1)]	5,145	(3,742)	(379)	(2,081)
Project start-up & transition costs	8,775	2,936	15,398	9,345
Other items included in other (income) expense	(11,942)	(200)	(12,110)	4,628
Tax impact of the above items	3,843	1,025	11,141	3,029
Adjusted Net Income	**$ 18,411**	**$ 5,977**	**$ 56,969**	**$ 21,144**
Attributable to:				
Common shareholders	$ 18,412	$ 5,982	$ 56,974	$ 21,140
Non-controlling interest	(1)	(5)	(5)	4
Weighted average number of common shares outstanding:				
Basic (000s)	46,215	41,588	43,776	41,732
Diluted (000s)	48,617	43,982	46,022	43,356
Adjusted earnings per share attributable to common shareholders:				
Basic	$ 0.40	$ 0.14	$ 1.30	$ 0.51
Diluted	$ 0.38	$ 0.14	$ 1.24	$ 0.49

(1) Includes (i) changes in the fair value of the derivative liabilities, (ii) dividends paid to non-controlling interest, and (iii) the non-controlling interest's share of Buss & Buss net income, excluding related tax effect shown separately.

Other items included in other (income) expense for the three and nine months ended September 30, 2026 includes the gain on the sale of Neo's Sarfartoq interest and the unrealized gain on the value of Greenland Mines shares received as consideration. These gains have been excluded from Adjusted Net Income.

10. DISCUSSION AND ANALYSIS OF BUSINESS SEGMENTS

The following analysis of Neo's three business segments presents operating results on an unconsolidated basis (i.e., before intercompany eliminations).

10.1 Magnequench

($000s, except volume)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	**2025**	%	**2026**	**2025**	%
Sales volume (tonnes)	1,660	1,649	0.7%	4,660	4,509	3.3%
Revenue	$ 77,885	$ 54,859	42.0%	$ 206,960	$ 149,599	38.3%
Operating (loss) income	**$ (2,802)**	**$ 2,512**	(211.5%)	**$ 3,235**	**$ 6,016**	(46.2%)
EBITDA	**(305)**	**5,952**	(105.1%)	**9,432**	**18,605**	(49.3%)
Other income	(115)	(612)		(452)	(1,250)	
Foreign exchange loss (gain)	359	(122)		1,018	(3,728)	
Equity loss (income) of associates	181	(451)		686	(930)	
Share-based compensation	1,227	472		3,748	1,505	
Project start-up & transition costs	8,775	2,901		15,398	8,158	
Adjusted EBITDA	**$ 10,122**	**$ 8,140**	24.3 %	**$ 29,830**	**$ 22,360**	33.4 %
Adjusted EBITDA Margin	*13.0%*	*14.8%*		*14.4%*	*14.9%*	

For the nine months ended September 30, 2026, Magnequench contributed 37.2% of revenue, 2.7% of operating income and 19.1% of Neo's reported Adjusted EBITDA from operations before eliminations.

Revenue for the Magnequench segment of $77.9 million and $207.0 million, respectively, for the three and nine months ended September 30, 2026 increased $23.0 million and $57.4 million compared to the same periods last year primarily due to higher selling prices, as higher input material costs were passed through to customers.

Operating loss of $2.8 million for the three months ended September 30, 2026 decreased $5.3 million compared to an operating income in the same quarter last year driven by higher project start-up and transition costs at the European Permanent Magnet facility, as well as higher share-based compensation. Operating income of $3.2 million for the nine months ended September 30, 2026 decreased $2.8 million, compared to the same period last year, as stronger operating performance was partially offset by higher project start-up and ramp costs. The project start-up costs primarily relate to personnel, commissioning and ramp-up activities at the European Permanent Magnet facility.

Adjusted EBITDA of $10.1 million and $29.8 million for the three and nine months ended September 30, 2026, increased $2.0 million and $7.5 million, respectively, compared to the same periods last year, reflecting continued strong execution and operating momentum across the business. These results underscore the high-quality, value-added earnings profile of the Magnequench segment.

10.2 Chemicals & Oxides

($000s, except volume)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	**2025**	%	**2026**	**2025**	%
Sales volume (tonnes)	1,359	1,814	(25.1%)	4,589	5,565	(17.5%)
Revenue	$ 27,268	$ 28,834	(5.4%)	$ 97,874	$ 105,778	(7.5%)
Operating income	**$ 4,811**	**$ 2,463**	95.3%	**$ 17,774**	**$ 12,150**	46.3%
EBITDA	**17,447**	**2,689**	548.8%	**30,315**	**5,811**	421.7%
Other income (expense)	(12,120)	160		(12,185)	5,413	
Foreign exchange loss	584	511		2,751	3,796	
Equity loss of associates	—	106		57	135	
Share-based compensation	937	606		2,078	1,196	
Adjusted EBITDA	**$ 6,848**	**$ 4,072**	68.2%	**$ 23,016**	**$ 16,351**	40.8%
Adjusted EBITDA Margin	*25.1%*	*14.1%*		*23.5%*	*15.5%*	

For the nine months ended September 30, 2026, C&O contributed 17.6% of revenue, 14.6% of operating income and 14.7% of Neo's reported Adjusted EBITDA from operations before eliminations.

Revenue in the C&O segment of $27.3 million and $97.9 million, respectively, for the three and nine months ended September 30, 2026, decreased $1.6 million and $7.9 million compared to the same periods last year, primarily due to lower sales volumes, partially offset by higher selling prices. The nine-month comparison also reflects the sale of two separation facilities in March 2025, which contributed revenue in the first quarter of the prior year.

Operating income of $4.8 million and $17.8 million, respectively, for the three and nine months ended September 30, 2026, increased $2.3 million and $5.6 million compared to the same periods last year primarily due to improved margins in the rare earth separation business. The increase in EBITDA for the three and nine months ended September 30, 2026, is due to the realized gain on sale of the investment in Sarfartoq project and the unrealized gain on Greenland shares received in consideration.

Adjusted EBITDA of $6.8 million and $23.0 million, respectively, for the three and nine months ended September 30, 2026, increased $2.8 million and $6.7 million compared to the same periods last year primarily due to improved margins in the rare earth separation business. The business remains well-positioned for growth, underpinned by higher quality, more predictable earnings.

10.3 Rare Metals

($000s, except volume)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	**2025**	%	**2026**	**2025**	%
Sales volume (tonnes)	85	84	1.2 %	270	234	15.4 %
Revenue	$ 88,467	$ 39,326	125.0 %	$ 251,910	$ 107,979	133.3 %
Operating income	**$ 34,519**	**$ 10,828**	218.8 %	**$ 100,999**	**$ 29,105**	247.0 %
EBITDA	**36,276**	**10,754**	237.3 %	**107,562**	**29,357**	266.4 %
Other (income) expense	7	247		(24)	320	
Foreign exchange (gain) loss	(1,298)	276		(5,151)	733	
Share-based compensation	198	237		1,058	502	
Adjusted EBITDA	**$ 35,183**	**$ 11,514**	205.6 %	**$ 103,445**	**$ 30,912**	234.6 %
Adjusted EBITDA Margin	*39.8%*	*29.3%*		*41.1%*	*28.6%*	

For the nine months ended September 30, 2026, Rare Metals contributed 45.2% of revenue, 82.7% of operating income and 66.2% of Neo's reported Adjusted EBITDA from operations before eliminations.

Revenue in the Rare Metals segment of $88.5 million and $251.9 million for the three and nine months ended September 30, 2026, increased $49.1 million and $143.9 million compared to the same periods last year, primarily due to the impact of elevated hafnium pricing and increased volume.

Operating income of $34.5 million and $101.0 million for the three and nine months ended September 30, 2026, increased $23.7 million and $71.9 million compared to the same periods last year primarily due to the above factors.

Adjusted EBITDA of $35.2 million and $103.4 million for the three and nine months ended September 30, 2026, increased $23.7 million and $72.5 million compared to the same periods last year. The Rare Metals business continues to perform well with strong end market demand, as well as powerful tailwinds across critical materials, including tight global supply, trade and export restrictions, and growing prioritization of secure, diversified sources of supply.

11. SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

($000s, except for per share amounts)	2026			2025				2024
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenue	$193,569	$205,748	$154,962	$120,270	$122,213	$114,700	$121,610	$134,903
Net income (loss) attributable to common shareholders	9,427	17,474	(1,648)	(15,639)	1,363	5,772	(1,480)	(12,050)
Basic EPS	$ 0.20	$ 0.40	$ (0.04)	$ (0.38)	$ 0.03	$ 0.14	$ (0.04)	$ (0.29)
Diluted EPS	$ 0.19	$ 0.38	$ (0.04)	$ (0.38)	$ 0.03	$ 0.13	$ (0.04)	$ (0.29)
Operating income	30,726	41,769	26,557	5,591	8,364	8,210	9,589	12,355
Net income (loss)	9,426	17,463	(1,640)	(15,628)	1,358	5,688	(1,387)	(12,037)
EBITDA	47,157	43,017	28,989	1,546	12,190	16,748	12,744	13,724
Adjusted EBITDA	47,048	57,033	36,231	20,367	19,176	18,968	17,134	20,691
Adjusted EBITDA Margin	24.3%	27.7%	23.4%	16.9%	15.7%	16.5%	14.1%	15.3%
Adjusted net income attributable to common shareholders [(1)]	$ 18,412	$ 23,705	$ 14,857	$ 4,735	$ 5,982	$ 8,739	$ 6,418	$ 1,722

(1) Prior period amounts have been revised; refer to *Section 9.2 Reconciliation of Net Income to Adjusted Net Income* for further information.

12. LIQUIDITY AND CAPITAL RESOURCES

12.1 Cash flow and Liquidity

Neo maintains sufficient liquidity to meet short- and medium-term cash needs and ensures that it has access to sufficient resources to fund quarterly cash dividend requirements, meet growth expenditure commitments, capitalize on investment opportunities, and other needs in the normal course of operations. Neo finances these commitments through cash flow from operations, corporate credit facilities, and equity, such as common and preferred shares.

	Nine Months Ended September 30,	
Cash flow:	**2026**	**2025**
Cash used in operating activities	$ (52,986)	$ (25,385)
Cash used in investing activities	(15,130)	(3,181)
Cash provided by (used in) financing activities	109,695	(2,681)

Working capital - as at	**September 30, 2026**	**December 31, 2025**
Cash and cash equivalents	$ 78,035	$ 38,360
Total current assets	550,787	363,217
Current portion of long-term debt	41,258	9,343
Total current liabilities	312,866	198,138

As at September 30, 2026, Neo had cash and cash equivalents of $78.0 million, compared to $38.4 million as at December 31, 2025. For the nine months ended September 30, 2026, Neo paid $10.4 million in dividends to its shareholders. Neo's financial position and ability to generate cash from its operations in the short and long-term remains sound.

The primary cash inflows and outflows contributing to the change from December 31, 2025 were the following:

Inflows

- $115.6 million from operations before net change in working capital, income taxes paid, interest paid, and payments to settle patent litigation;
- $8.2 million in cash proceeds from the disposition of the Company's investment in NNSR;
- $78.5 million in proceeds from bought deal treasury offering of common shares in May 2026, net of transaction costs; and
- $91.5 million from draws on bank and debt facilities.

Outflows

- $133.6 million of net increase in non-cash working capital;
- $45.2 million of repayment of short-term debt;
- $5.7 million of repayment of long-term debt;
- $8.3 million related to the final settlement in January 2026 of legacy patent litigation;
- $21.1 million of capital spending;
- $22.3 million of income taxes paid; and
- $10.4 million of dividends paid to shareholders.

Cash Used In Operating Activities

Cash used in operating activities was $53.0 million for the nine months ended September 30, 2026, compared to cash used of $25.4 million for the nine months ended September 30, 2025.

The $133.6 million net change in working capital for the nine months ended September 30, 2026, was primarily due to higher accounts receivable due to increased revenue in the quarter, and higher inventory as the business held strategic inventory in select jurisdictions given geopolitical uncertainties, purchased additional hafnium scrap material given supportive market conditions, and built up inventory at the new European Permanent Magnet facility ahead of commercial production.

Cash Used In Investing Activities

Cash used in investing activities was $15.1 million for the nine months ended September 30, 2026, compared to cash used of $3.2 million for the nine months ended September 30, 2025, which included proceeds from the sale of two facilities. The cash used in 2026 was primarily related to $21.1 million of capital expenditure for the European Permanent Magnet facility, and the heavy rare earth line at Silmet, as well as capital projects performed at other facilities, partially offset by proceeds of $8.2 million from the sale of the Company's investment in NNSR.

Cash Provided By (Used In) Financing Activities

Cash provided by financing activities was $109.7 million for the nine months ended September 30, 2026, compared to cash used of $2.7 million for the nine months ended September 30, 2025, primarily due to draws on a new term loan for the NAMCO facility in 2026 as well as shorter-term bank advances used by certain other subsidiaries. During the nine months ended September 30, 2026, Neo received net proceeds of $78.5 million from a bought deal treasury offering of common shares (gross proceeds of $83.3 million, before transaction costs of $4.8 million), and distributed $10.4 million in dividends to shareholders.

Neo's foreign operating subsidiaries held $1.4 million of cash on hand relating to earnings considered indefinitely reinvested in these foreign subsidiaries. Although substantially all of Neo's cash and cash equivalents can be repatriated, a portion may be subject to withholding taxes under current tax laws. While some of Neo's subsidiaries are subject to local governmental restrictions on the flow of capital into and out of their jurisdictions (including in the form of cash dividends, loans or advances), these restrictions have not had a material impact on Neo's ability to meet its cash obligations. Therefore, management does not consider this to be a significant risk to its ability to meet ongoing commitments or fund operations.

In addition to cash on hand, the primary sources of liquidity for Neo's domestic and foreign subsidiaries are cash provided by operations and, in the case of the activities in China and Germany, borrowings under bank loans. From time to time, the sources of liquidity for Neo's operating subsidiaries may be supplemented by intercompany loans in the form of unsecured promissory notes. Neo's operating subsidiaries' liquidity is generally used to fund their working capital requirements, investments, capital expenditures and third-party debt service requirements.

As at September 30, 2026, Neo's only off-balance sheet arrangements were purchase obligations for the procurement of equipment and materials within the normal course of operations (see *Section 13. Contractual Obligations*).

12.2 Outstanding Shares

Class of Equity Security	**Total Outstanding as at September 30, 2026**
Common Shares	46,295,821
Stock Options [(1)]	1,476,400
Equity-settled Restricted Share Units (time- and performance-vested)	893,759

(1) Each stock option can be exercised to purchase one common share.

The number of common shares outstanding as at November 9, 2026 is 46,295,821.

During the nine months ended September 30, 2026, Neo granted 39,505 equity-settled Restrictive Share Units (**"RSU"**), 98,750 equity-settled Performance Share Units (**"PSU"**), 47,915 cash-settled RSUs and 47,915 cash-settled PSUs under the Long-Term Incentive Plan ("**LTIP**").

12.3 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.

13. CONTRACTUAL OBLIGATIONS

In the normal course of business, Neo is obligated to make future payments. These obligations represent contracts and other commitments that are known and non-cancelable, and are summarized below:

Financial liabilities	1 year	2-3 years	4-5 years	Beyond 5 years	Total
Short-term debt	$ 34,807	$ —	$ —	$ —	$ 34,807
Accounts payable and other accrued charges	104,272	—	—	—	104,272
Derivative liabilities [(1)]	106,017	911	—	—	106,928
EDC term loans scheduled payments [(2)]	46,053	15,749	35,000	—	96,802
HSBC term loans scheduled payments [(3)]	2,364	12,646	12,282	—	27,292
Lease obligations [(4)]	1,379	2,095	966	2,209	6,649
Other liabilities	402	76	53	221	752
Contractual commitments	31,450	954	—	—	32,404
Total	**$ 326,744**	**$ 32,431**	**$ 48,301**	**$ 2,430**	**$ 409,906**

(1) Represents the undiscounted cash flows of the put options on shares of the remaining shareholders of Buss & Buss and SGTec.

(2) Represents the principal and interest payments for the term loans with Export Development Canada ("EDC").

(3) Represents the principal and interest payments for the HSBC NAMCO Loan.

(4) Represents the lease payments of Neo's leases for office space, land, office equipment and machinery.

As at September 30, 2026, Neo had $78.0 million of cash and cash equivalents. Management believes Neo has sufficient cash available, including cash from operating and financing activities, to meet Neo's non-cancelable contractual obligations and other commercial commitments and the capital program for the next twelve months. Management considers cash to be "available" to the extent it can be utilized in operating activities, for capital expenditures, for intercompany loans or for repatriation. Neo also maintains access to credit facilities and short-term borrowings for its working capital needs, capital expenditures, and general corporate purposes.

14. BUSINESS RISKS AND UNCERTAINTIES

Neo's risk factors are substantially unchanged from and should be read in conjunction with Neo's MD&A for the year ended December 31, 2025 and Neo's most recent AIF. Refer to *Section 8. Impact of Geopolitical and Trade Developments* for further discussion on Neo's risk factors regarding geopolitical changes throughout the period.

15. LEGAL PROCEEDINGS

In the ordinary course of business, Neo and its subsidiaries occasionally face litigation claims, primarily concerning alleged intellectual property infringements. Neo manufactures and sells products utilizing scientific formulations and processes, which may lead competitors to assert patent infringement claims. While Neo currently has no material litigation outstanding following the settlement of legacy matters during the first quarter of 2026, the Company generally believes it has meritorious defences to claims that may be brought

against it, and has historically pursued the defence of such actions, including initiating legal proceedings to revoke or invalidate the patents Neo is alleged to have infringed.

Litigation outcomes are inherently unpredictable and may be even harder to predict for patent litigation since patents are issued separately by each country or applicable jurisdiction with different standards for infringement or invalidation, as well as differing levels of damages, including as a result of the number of customers and level of activity of Neo in a given country or jurisdiction. If future claims were decided adversely, Neo's operations, cash flows, prospects, or financial condition could be materially affected. In jurisdictions where an injunction or similar remedy is imposed, the Company may face significant disruption.

On December 31, 2025, Neo entered into a settlement agreement with Rhodia relating to certain legacy patent proceedings. Pursuant to the settlement agreement, on January 30, 2026, Neo made an aggregate cash payment for €7.1 million ($8.3 million) in exchange for both the parties mutually releasing all claims and withdrawing outstanding court proceedings. All patents subject to the settlement (other than EP ‘682) have expired. Neo does not expect the settlement to limit the Company’s ongoing sales of its current emission catalyst products.

For the nine months ended September 30, 2026, no penalties or sanctions were imposed against Neo by a court relating to Canadian provincial and territorial securities legislation or by a securities regulatory authority.

16. RELATED PARTY TRANSACTIONS

Neo's related parties are its associates, directors and executive officers.

Neo's related party transactions are 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.

A summary of transactions with associates and any other related parties can be found in Note 17 to Neo’s interim condensed consolidated financial statements for the three and nine months ended September 30, 2026.

17. RECENT ACCOUNTING PRONOUNCEMENTS

Management assesses each new IFRS or amendment to determine whether it may have a material impact on Neo’s consolidated financial statements. As at September 30, 2026, there have been no accounting pronouncements by the International Accounting Standards Board expected to materially affect Neo’s consolidated financial statements beyond those described in Note 2.3 of the interim condensed consolidated financial statements for the three and nine months ended September 30, 2026.

18. INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures

Neo's Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”) are responsible for establishing and maintaining disclosure controls and procedures (“**DC&P**”) for Neo. Neo maintains a set of disclosure controls and procedures designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis. The CEO and CFO evaluated the design and operating effectiveness of Neo's DC&P as of December 31, 2025 and based on the evaluation, the CEO and CFO have concluded that Neo’s DC&P were effective. There have been no changes in Neo’s DC&P during the nine months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, Neo’s financial reporting.

Internal controls over financial reporting

Neo's internal controls over financial reporting (“**ICFR**”) are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for

external purposes in accordance with IFRS. Neo's management is responsible for establishing and maintaining adequate ICFR. National Instrument 52-109 of the Canadian Securities Administrators requires the CEO and CFO to certify that they are responsible for establishing and maintaining ICFR for Neo and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with IFRS.

In designing such controls, management, including the CEO and CFO, recognized that due to inherent limitations, any controls, no matter how well designed and operating effectively, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect all errors and fraud with respect to the consolidated financial statement preparation and presentation. Additionally, management is required to use judgment in evaluating controls and procedures.

The CEO and CFO are also responsible for disclosing any changes to Neo's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. Neo's management, under the supervision of the CEO and CFO, has evaluated the design and operating effectiveness of Neo's ICFR based on the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As of December 31, 2025, management assessed that Neo's ICFR were effective. There have been no changes in Neo’s ICFR during the nine months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, Neo’s financial reporting.