MP Materials Reports Second Quarter 2022 Results

Sales and Production Volumes of 10,000 and 10,300 Metric Tons of REO, Respectively
Revenue Up 96% Year-over-Year to $143.6M
Net Income Increased 170% Year-over-Year to $73.3M
Adjusted EBITDA Increased 137% Year-over-Year to $110.0M
Diluted EPS Grew 153% Year-over-Year to $0.38
Adjusted Diluted EPS Grew 139% Year-over-Year to $0.43

LAS VEGAS, August 4, 2022 – MP Materials Corp. (NYSE: MP) ("MP Materials" or the "Company"), today announced financial results for the three months ended June 30, 2022.

"The MP team delivered another quarter of solid execution and strong financial performance. We benefited from higher pricing and tightly managed costs while adding talent to the team," said MP Materials Chairman and CEO, James H. Litinsky. "We continue to progress toward completing Stage II construction, targeted for year end, and our initial Stage III magnetics facility in Texas is rapidly taking shape."

Second Quarter 2022 Financial and Operational Highlights

	For the three months ended June 30,		2022 vs. 2021	
(unaudited)	**2022**	**2021**	**Amount Change**	**% Change**
Financial Measures:	*(in thousands, except per share data)*			
Revenue[1]	$ 143,562	$ 73,118	$ 70,444	96 %
Net income	$ 73,269	$ 27,166	$ 46,103	170 %
Adjusted EBITDA[2]	$ 109,952	$ 46,447	$ 63,505	137 %
Adjusted Net Income[2]	$ 81,941	$ 33,440	$ 48,501	145 %
Diluted EPS	$ 0.38	$ 0.15	$ 0.23	153 %
Adjusted Diluted EPS[2]	$ 0.43	$ 0.18	$ 0.25	139 %
Key Performance Indicators:	*(in whole units or dollars)*			
REO production volume (MTs)	10,300	10,305	(5)	— %
REO sales volume (MTs)	10,000	9,877	123	1 %
Realized price per REO MT[2]	$ 13,918	$ 7,343	$ 6,575	90 %
Production cost per REO MT[2]	$ 1,750	$ 1,538	$ 212	14 %

(1) The vast majority of our revenue pertains to product sales of our rare earth concentrate.

(2) See "Use of Non-GAAP Financial Measures" below for the definitions of Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS and Total Value Realized and Production Costs, which are used in the calculations of realized price per REO MT and production cost per REO MT. In addition, see tables below for reconciliations of non-GAAP financial measures to their most directly comparable GAAP financial measures.

Revenue increased 96% year-over-year, driven by increases in the realized price of rare earth oxide ("REO") in concentrate. The 90% increase in realized price compared to the second quarter of 2021 was due to higher demand for rare earths driving increased market prices. The 1% year-over-year increase in metric tons ("MT") sold was mainly due to the timing of shipments, which fluctuate quarter-to-quarter but approximate production volumes over time. Production volumes compared to the second quarter of 2021 were essentially unchanged.

Adjusted EBITDA increased 137% year-over-year, driven by higher per-unit profitability, partially offset by higher personnel and other general and administrative costs, as well as advanced projects and development costs. Per-unit profitability improvements were driven primarily by higher realized prices. In addition, production costs would have declined slightly year-over-year when excluding the impact of costs associated with the commissioning of the combined heat and power ("CHP") plant as well as hiring ahead of the restart of Stage II facilities. On a reported basis, production cost of $1,750 per MT of REO increased 14% year-over-year, mainly driven by the impacts of the commissioning of the CHP plant as well as the employee headcount, discussed above, while production efficiencies achieved during the quarter largely offset higher material, supplies, and payroll costs.

Net income increased 170% year-over-year, driven by significantly higher Adjusted EBITDA in the second quarter of 2022. Net income in the second quarter of 2022 was negatively impacted by higher income tax expense associated with an increase in pre-tax income; higher non-cash, stock-based compensation expense as well as an increase in advanced projects, start-up, and development costs associated with the acceleration in Stage II and Stage III plans. Adjusted Net Income increased by 145% year-over-year to $81.9 million, mainly due to higher Adjusted EBITDA, partially offset by higher income tax expense related mainly to higher pre-tax earnings.

Diluted earnings per share ("EPS") increased 153% year-over-year to $0.38, driven by the higher net income discussed above. Adjusted Diluted EPS increased 139% to $0.43 due to the increase in Adjusted Net Income discussed above.

MP MATERIALS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data, unaudited)	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Revenue:				
Product sales	$ 139,183	$ 72,522	$ 300,938	$ 132,261
Other sales	4,379	596	8,882	828
Total revenue	143,562	73,118	309,820	133,089
Operating costs and expenses:				
Cost of sales (excluding depreciation, depletion and amortization)	22,092	17,955	45,265	35,891
Selling, general and administrative	18,222	12,647	38,787	26,105
Advanced projects, development and other	1,668	984	3,486	1,109
Depreciation, depletion and amortization	5,407	6,666	10,667	12,816
Accretion of asset retirement and environmental obligations	419	592	837	1,185
Write-down of inventories	—	1,809	—	1,809
Total operating costs and expenses	47,808	40,653	99,042	78,915
Operating income	95,754	32,465	210,778	54,174
Interest expense, net	(1,326)	(2,639)	(3,231)	(3,793)
Other income	2,212	3,504	2,406	3,559
Income before income taxes	96,640	33,330	209,953	53,940
Income tax expense	(23,371)	(6,164)	(51,133)	(10,655)
Net income	$ 73,269	$ 27,166	$ 158,820	$ 43,285
Earnings per share:				
Basic	$ 0.42	$ 0.16	$ 0.90	$ 0.25
Diluted	$ 0.38	$ 0.15	$ 0.83	$ 0.24
Weighted-average shares outstanding:				
Basic	176,527,570	172,677,923	176,442,043	170,810,353
Diluted	193,414,563	193,145,644	193,452,921	186,282,857

Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

(in thousands, unaudited)	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Net income	$ 73,269	$ 27,166	$ 158,820	$ 43,285
Adjusted for:				
Depreciation, depletion and amortization	5,407	6,666	10,667	12,816
Interest expense, net	1,326	2,639	3,231	3,793
Income tax expense	23,371	6,164	51,133	10,655
Stock-based compensation expense(1)	7,440	4,498	17,213	10,171
Transaction-related, start-up and other non-recurring costs(2)	931	247	2,456	1,305
Accretion of asset retirement and environmental obligations	419	592	837	1,185
Loss on sale or disposal of long lived-assets, net(3)	1	170	258	37
Write-down of inventories(4)	—	1,809	—	1,809
Tariff rebate(5)	—	—	—	(2,050)
Other income(6)	(2,212)	(3,504)	(2,406)	(3,559)
Adjusted EBITDA	$ 109,952	$ 46,447	$ 242,209	$ 79,447

(1) Principally included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(2) Amounts for the three and six months ended June 30, 2022, are principally comprised of start-up costs that do not qualify for capitalization, which relate to the restart of our CHP plant as well as certain costs associated with our Stage II optimization project and Stage III initiatives. Start-up costs are included in "Advanced projects, development and other" within our unaudited Condensed Consolidated Statements of Operations. Amounts for the three and six months ended June 30, 2021, relate to advisory, consulting, accounting and legal expenses pertaining to non-recurring transactions, and are primarily included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(3) Included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(4) Represents a non-cash write-down of a portion of our legacy low-grade stockpile inventory during the second quarter of 2021.

(5) Represents non-cash revenue recognized in connection with a tariff rebate received relating to product sales from prior periods.

(6) Amounts for the three and six months ended June 30, 2022, are principally comprised of interest and investment income earned on short-term investments that were purchased during the second quarter of 2022. Amounts for the three and six months ended June 30, 2021, principally represent a non-cash gain recognized as a result of the Small Business Administration's approval to forgive the Paycheck Protection Loan.

Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income

(in thousands, unaudited)	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Net income	$ 73,269	$ 27,166	$ 158,820	$ 43,285
Adjusted for:				
Depletion(1)	3,075	4,686	6,144	9,217
Stock-based compensation expense(2)	7,440	4,498	17,213	10,171
Transaction-related, start-up and other non-recurring costs(3)	931	247	2,456	1,305
Loss on sale or disposal of long-lived assets, net(4)	1	170	258	37
Write-down of inventories(5)	—	1,809	—	1,809
Tariff rebate(6)	—	—	—	(2,050)
Other(7)	(30)	(3,504)	(224)	(3,559)
Tax impact of adjustments above(8)	(2,745)	(1,632)	(6,389)	(3,569)
Adjusted Net Income	$ 81,941	$ 33,440	$ 178,278	$ 56,646

(1) Represents the depletion associated with the mineral rights for the rare earth ores contained in the Company's mine.

(2) Principally included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(3) Amounts for the three and six months ended June 30, 2022, are principally comprised of start-up costs that do not qualify for capitalization, which relate to the restart of our CHP plant as well as certain costs associated with our Stage II optimization project and Stage III initiatives. Start-up costs are included in "Advanced projects, development and other" within our unaudited Condensed Consolidated Statements of Operations. Amounts for the three and six months ended June 30, 2021, relate to advisory, consulting, accounting and legal expenses pertaining to non-recurring transactions, and are primarily included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(4) Included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(5) Represents a non-cash write-down of a portion of our legacy low-grade stockpile inventory during the second quarter of 2021.

(6) Represents non-cash revenue recognized in connection with a tariff rebate received relating to product sales from prior periods.

(7) Amounts for the three and six months ended June 30, 2021, principally represent a non-cash gain recognized as a result of the Small Business Administration's approval to forgive the Paycheck Protection Loan, which is included in "Other income" within our unaudited Condensed Consolidated Statements of Operations.

(8) Tax impact of adjustments is calculated using an adjusted effective tax rate, excluding the impact of discrete tax costs and benefits, to each adjustment. The adjusted effective tax rates were 24.0%, 24.7%, 20.6% and 21.1%, for the three and six months ended June 30, 2022 and 2021, respectively.

Reconciliation of GAAP Diluted EPS to Non-GAAP Adjusted Diluted EPS

(unaudited)	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Diluted EPS	$ 0.38	$ 0.15	$ 0.83	$ 0.24
Adjusted for:				
Depletion[1]	0.02	0.03	0.03	0.05
Stock-based compensation expense	0.04	0.02	0.09	0.05
Transaction-related, start-up and other non-recurring costs[2]	0.00	0.00	0.01	0.01
Loss on sale or disposal of long-lived assets, net	0.00	0.00	0.00	0.00
Write-down of inventories[3]	0.00	0.01	0.00	0.01
Tariff rebate[4]	0.00	0.00	0.00	(0.01)
Other[5]	0.00	(0.02)	0.00	(0.02)
Tax impact of adjustments above[6]	(0.01)	(0.01)	(0.03)	(0.02)
Adjusted Diluted EPS	$ 0.43	$ 0.18	$ 0.93	$ 0.31
Diluted weighted-average shares outstanding	193,414,563	193,145,644	193,452,921	186,282,857

(1) Represents the depletion associated with the mineral rights for the rare earth ores contained in the Company's mine.

(2) Amounts for the three and six months ended June 30, 2022, are principally comprised of start-up costs that do not qualify for capitalization, which relate to the restart of our CHP plant as well as certain costs associated with our Stage II optimization project and Stage III initiatives. Amounts for the three and six months ended June 30, 2021, relate to advisory, consulting, accounting and legal expenses pertaining to non-recurring transactions.

(3) Represents a non-cash write-down of a portion of our legacy low-grade stockpile inventory during the second quarter of 2021.

(4) Represents non-cash revenue recognized in connection with a tariff rebate received relating to product sales from prior periods.

(5) Amount for the three and six months ended June 30, 2021, principally represents a non-cash gain recognized as a result of the Small Business Administration's approval to forgive the Paycheck Protection Loan.

(6) Tax impact of adjustments is calculated using an adjusted effective tax rate, excluding the impact of discrete tax costs and benefits, to each adjustment. The adjusted effective tax rates were 24.0%, 24.7%, 20.6% and 21.1%, for the three and six months ended June 30, 2022 and 2021, respectively.

Reconciliation of GAAP Product Sales to Non-GAAP Total Value Realized

(in thousands, unless otherwise stated, unaudited)	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Product sales	$ 139,183	$ 72,522	$ 300,938	$ 132,261
Adjusted for:				
Tariff rebate[1]	—	—	—	(2,050)
Total Value Realized[2]	139,183	72,522	300,938	130,211
Divided by:				
REO sales volume (in MTs)	10,000	9,877	21,706	19,670
Realized price per REO MT (in dollars)[3]	$ 13,918	$ 7,343	$ 13,864	$ 6,620

(1) Represents non-cash revenue recognized in connection with a tariff rebate received relating to product sales from prior periods.

(2) See "Use of Non-GAAP Financial Measures" below for definition and further information.

(3) May not recompute as presented due to rounding.

Reconciliation of GAAP Cost of Sales to Non-GAAP Production Costs

(in thousands, unless otherwise stated, unaudited)	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Cost of sales[1]	$ 22,092	$ 17,955	$ 45,265	$ 35,891
Adjusted for:				
Stock-based compensation expense[2]	(506)	(578)	(1,221)	(1,896)
Shipping and freight[3]	(3,508)	(2,183)	(6,752)	(4,281)
Other[4]	(580)	(6)	(1,136)	(79)
Production Costs[5]	17,498	15,188	36,156	29,635
Divided by:				
REO sales volume (in MTs)	10,000	9,877	21,706	19,670
Production cost per REO MT (in dollars)[6]	$ 1,750	$ 1,538	$ 1,666	$ 1,507

(1) Excluding depreciation, depletion and amortization.

(2) Pertains only to the amount of stock-based compensation expense included in cost of sales.

(3) Includes $0.7 million and $1.3 million for the three and six months ended June 30, 2022, respectively, of shipping and freight costs associated with sales of REF stockpiles.

(4) Pertains primarily to costs (excluding shipping and freight) attributable to sales of REF stockpiles.

(5) See "Use of Non-GAAP Financial Measures" below for definition and further information.

(6) May not recompute as presented due to rounding.

Conference Call Details

MP Materials will host a conference call to discuss these results at 2:00 p.m. Pacific Time, Thursday, August 4, 2022. To access the conference call, participants should dial 1-844-200-6205 and international participants should dial 1-929-526-1599 and enter the conference ID number 406303. The live audio webcast along with the press release and accompanying slide presentation, will be accessible at investors.mpmaterials.com. A recording of the webcast will also be available on our website following the conference call.

About MP Materials

MP Materials Corp. (NYSE: MP) is the largest producer of rare earth materials in the Western Hemisphere. The Company owns and operates the Mountain Pass Rare Earth Mine and Processing Facility ("Mountain Pass"), America's only active and scaled rare earth mining and processing site. MP Materials produced approximately 15% of the rare earth content consumed in the global market in 2021. Separated rare earth elements are critical inputs for the magnets that enable the mobility of electric vehicles, drones, defense systems, wind turbines, robotics and many other high-growth, advanced technologies. MP Materials' integrated operations at Mountain Pass combine low production costs with high environmental standards, thereby restoring American leadership to a critical industry with a strong commitment to sustainability. More information is available at https://mpmaterials.com/.

Join the MP Materials community on Twitter, Instagram and LinkedIn.

We routinely post important information on our website, including corporate and investor presentations and financial information. We intend to use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included in the Investors section of our website. Accordingly, investors should monitor such portion of our website, in addition to following our press releases, Securities and Exchange filings and public conference calls and webcasts.

Forward Looking Statements

This press release contains certain statements that are not historical facts and are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "will," "target," or similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding the market for rare earth materials, future demand for electric vehicles and magnets, estimates and forecasts of our results of operations and other financial and performance metrics, and the Company's Stage II and Stage III projects. Such statements are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company's future financial results and business.

Accordingly, the Company cautions that the forward-looking statements contained herein are qualified by important factors that could cause actual results to differ materially from those reflected by such statements. These forward-looking statements are subject to a number of risks and uncertainties, including changes in domestic and foreign business, market, financial, political and legal conditions; changes in demand for NdFeB magnets; the effects of competition on the Company's future business; risks related to the rollout of the Company's business strategy, including Stage II and Stage III, and the timing of achieving expected business milestones; risks related to the Company's long-term agreement with General Motors, including the Company's ability to produce and supply NdFeB magnets; the impact of the global COVID-19 pandemic, on any of the foregoing risks; and those risk factors discussed in the Company's filings with the Securities and Exchange Commission, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents filed by the Company with the Securities and Exchange Commission. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. The Company does not intend to update publicly any forward-looking statements except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this earnings release may not occur.

Use of Non-GAAP Financial Measures

This press release references certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS, Total Value Realized, and Production Costs. We define Adjusted EBITDA as our GAAP net income before interest expense, net; income tax expense or benefit; and depreciation, depletion and amortization; further adjusted to eliminate the impact of stock-based compensation expense; transaction-related, start-up and other non-recurring costs; accretion of asset retirement and environmental obligations; gain or loss on sale or disposal of long-lived assets; write-downs of inventories; tariff rebates; and other income or loss. Adjusted Net Income is defined as our GAAP net income excluding the impact of depletion; stock-based compensation expense; transaction-related, start-up and other non-recurring costs; gain on sale or disposal of long-lived assets; write-downs of inventories; tariff rebates; and other items that we do not consider representative of our underlying operations; adjusted to give effect to the income tax impact of such adjustments. Adjusted Diluted EPS is defined as GAAP diluted earnings per share ("EPS") excluding the per share impact, using GAAP diluted weighted-average shares outstanding as the denominator, of depletion; stock-based compensation expense; transaction-related, start-up and other non-recurring costs; gain or loss on sale or disposal of long-lived assets; write-downs of inventories; tariff rebates; and other items that we do not consider representative of our underlying operations; adjusted to give effect to the income tax impact of such adjustments. Total Value Realized, which we use to calculate our key performance indicator, realized price per REO MT, is defined as GAAP product sales adjusted for the revenue impact of tariff rebates related to prior period sales. Realized price per REO MT is calculated as the quotient of: (i) our Total Value Realized for a given period and (ii) our REO sales volume for the same period. Production Costs, which we use to calculate our key performance indicator, production cost per REO MT, is defined as our cost of sales (excluding depreciation, depletion and amortization), less stock-based compensation expense included in cost of sales, shipping and freight costs, and costs attributable to certain other sales, for a given period. Production cost per REO MT is calculated as the quotient of: (i) our Production Costs for a given period and (ii) our REO sales volume for the same period.

MP Materials' management uses Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS to compare MP Materials' performance to that of prior periods for trend analyses and for budgeting and planning purposes. MP Materials believes Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS provide useful information to management and investors regarding certain financial and business trends relating to MP Materials' financial condition and results of operations. MP Materials believes that the use of Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS provide an additional tool for investors to use in evaluating projected operating results and trends. MP Materials believes realized price per REO MT, which utilizes the non-GAAP financial measure, Total Value Realized, is an important measure of the market price of the Company's product. Furthermore, MP Materials believes production cost per REO MT sold, which utilizes the non-GAAP financial measure, Production Costs, is a key indicator of the Company's production efficiency. MP Materials' method of determining these non-GAAP measures may be different from other companies' methods and, therefore, may not be comparable to those used by other companies and MP Materials does not recommend the sole use of these non-GAAP measures to assess its financial performance. Management does not consider non-GAAP measures in isolation or as an alternative or to be superior to financial measures determined in accordance with GAAP. The principal limitation of non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in MP Materials' financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management presents reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures.

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