

MP MATERIALS

Q4 2023 Results

February 22, 2024

Safe Harbor

This presentation 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 the words such as "estimate," "plan," "shall," "may," "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 price and market for rare earth materials, the continued demand for rare earth materials and the market for rare earth materials generally, future demand for electric vehicles and magnets, estimates and forecasts of the Company's results of operations and other financial and performance metrics, including NdPr oxide production and shipments, expected sales of separated NdPr oxide in the first quarter of 2024 and throughout all of 2024, the expected cash flows of the early production of magnetic precursor products in Stage III and associated expected magnetic precursor products prepayments, expected capital expenditures in 2024, expected net cash on the balance sheet at the end of 2024, the Company's ability to control costs and expenses, the Company's Upstream 60K strategy, including statements regarding the timing, costs and ability to increase REO production, and the Company's Stage II and Stage III projects, including the Company's ability to achieve run rate production of separated rare earth materials and production of magnetic alloy and magnets. 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 fluctuations and uncertainties related to demand for and pricing of rare earth products; 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 Company's Upstream 60K strategy, including delays in completion, unexpected costs and expenses and timing for obtaining regulatory approvals; 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 in Stage II and Stage III; risks related to the Company's Stage II operations and the Company's ability to achieve run rate production of separated rare earth materials; risks related to the Company's long-term agreement with General Motors, including the Company's ability to produce and supply NdFeB magnets; risks related to expected sales of separated NdPr oxide due to various risks, including demand and pricing for separated NdPr oxide; risks related to the Company's ability to develop magnetic precursor products in Section III, including production delays; risks related to the Company entering into agreements with customers for prepayment of magnetic precursor products, including NdPr metal; the impact of the global COVID-19 pandemic, on any of the foregoing risks; risks related to current and future governmental and environmental laws, regulations, licenses or legal requirements; 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 the assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. The Company does not intend to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this presentation may not occur.

MP MATERIALS

Use of Non-GAAP Financial Measures

This presentation references certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income (Loss), Adjusted Diluted EPS, Production Costs, Total Value Realized, and Free Cash Flow, which have not been prepared in accordance with generally accepted accounting principles in the United States ("GAAP").

MP Materials defines Adjusted EBITDA as GAAP net income or loss 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; initial start-up costs; transaction-related and other costs; accretion of asset retirement and environmental obligations; gain or loss on disposals of long-lived assets; certain write-downs of inventories; tariff rebates; and other income or loss. MP Materials defines Adjusted EBITDA Margin as our Adjusted EBITDA divided by our total revenue. MP Materials defines Adjusted Net Income (Loss) as GAAP net income or loss excluding the impact of stock-based compensation expense; initial start-up costs; transaction-related and other costs; gain or loss on disposals of long-lived assets; certain 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; and the release of valuation allowance. MP Materials defines Adjusted Diluted EPS as GAAP diluted earnings or loss per share ("EPS") excluding the per share impact, using adjusted diluted weighted-average shares outstanding as the denominator, of stock-based compensation expense; initial start-up costs; transaction-related and other costs; gain or loss on disposals of long-lived assets; certain 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; and the release of valuation allowance. Production Costs, which the Company uses to calculate its key performance indicator, Production Cost per REO MT, is defined as GAAP cost of sales (excluding depreciation, depletion and amortization), less stock-based compensation expense included in cost of sales, shipping and freight costs, and costs not attributable to concentrate 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) the REO Sales Volume for the same period. Total Value Realized, which the Company used to calculate its key performance indicator, Realized Price per REO MT, for the year ended December 31, 2021, is defined as GAAP rare earth concentrate sales adjusted for the revenue impact of tariff rebate related to prior period sales. MP Materials defines Free Cash Flow as net cash provided by operating activities less additions to property, plant and equipment, net of proceeds from government awards used for construction. You can find the reconciliation of these measures to the most directly comparable GAAP measures in the Appendix.

MP Materials' management uses Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income (Loss), 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 EBITDA Margin, Adjusted Net Income (Loss), 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' management believes that the use of Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income (Loss), and Adjusted Diluted EPS provides an additional tool for investors to use in evaluating projected operating results and trends. Furthermore, MP Materials believes Production Cost per REO MT, which utilizes the non-GAAP financial measure, Production Costs, is a key indicator of the Company's concentrate production efficiency. MP Materials also believes Realized Price per REO MT, which, for the year ended December 31, 2021, utilized the non-GAAP financial measure, Total Value Realized, is an important measure of the market price of the Company's concentrate product. As MP Materials continues to evolve as a business and transitions from production of rare earth concentrate to production of separated rare earth products, the metrics that management uses to evaluate the business may continue to change or be revised. For example, beginning with the first quarter of 2024, the Company will no longer present Production Cost per REO MT, which is a metric focused solely on Stage I concentrate operations, and consequently, Production Costs, since it will no longer be meaningful in evaluating and understanding the Company's business or operating results. MP Materials believes Free Cash Flow is useful for comparing the Company's ability to generate cash with that of its peers. Free Cash Flow is not meant to be considered in isolation or as an alternative to cash flows from operating activities and does not necessarily indicate whether cash flows will be sufficient to fund cash needs.

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.

MP MATERIALS

2023 and Recent Highlights

Upstream

- Produced over 40,000 metric tons of REO in concentrate for the third consecutive year
- Announced "Upstream 60K" strategy targeting ~50% REO expansion

Midstream

- Established and ramped production of separated REO
- Commenced production of NdPr metal in Vietnam and trial production in North America
- First NdPr sales to customers; firm purchase commitments from customers to sell a significant portion of 2024 and 2025 NdPr production

Downstream

- Completed factory construction
- Installed initial process equipment
- Expect modest positive Adjusted EBITDA and cash contribution in 2024

MP MATERIALS

Operations and Financial Overview

MP MATERIALS

Full Year Operating Metrics

Concentrate production remained strong.

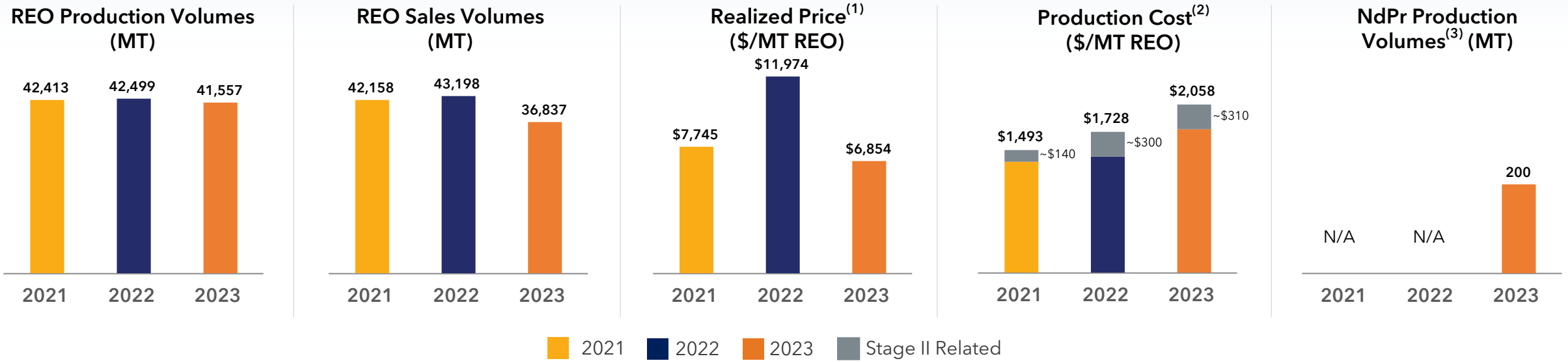
Concentrate sales volumes declined due to increased consumption in Stage II circuits.

Realized pricing declined with lower NdPr market prices.

Cost of production rose due to Stage II ramp activities, longer plant turnarounds, and descaling of standalone concentrate production.

NdPr production ramping.

Comparable Operational Metrics – Year-over-Year



1. Realized Price per REO MT is calculated as the quotient of: (i) our GAAP rare earth concentrate sales for a given period and (ii) our REO Sales Volume for the same period. For 2021, we adjusted our rare earth concentrate sales for the revenue impact of tariff rebates, resulting in the use of a non-GAAP financial measure, Total Value Realized. See Appendix for a reconciliation of Total Value Realized (non-GAAP) to rare earth concentrate sales (GAAP).
2. See Appendix for the calculation of Production Cost per REO MT, which includes the non-GAAP financial measure, Production Costs. See Appendix for a reconciliation of Production Costs (non-GAAP) to Cost of sales (GAAP). Beginning with the first quarter of 2024, we will no longer present Production Cost per REO MT (and consequently, Production Costs), which is a metric focused solely on Stage I concentrate operations, as it will no longer be meaningful in evaluating and understanding our business or operating results.
3. N/A = Not Applicable as there was no NdPr production in these periods.

MP MATERIALS

Full Year Financial Metrics

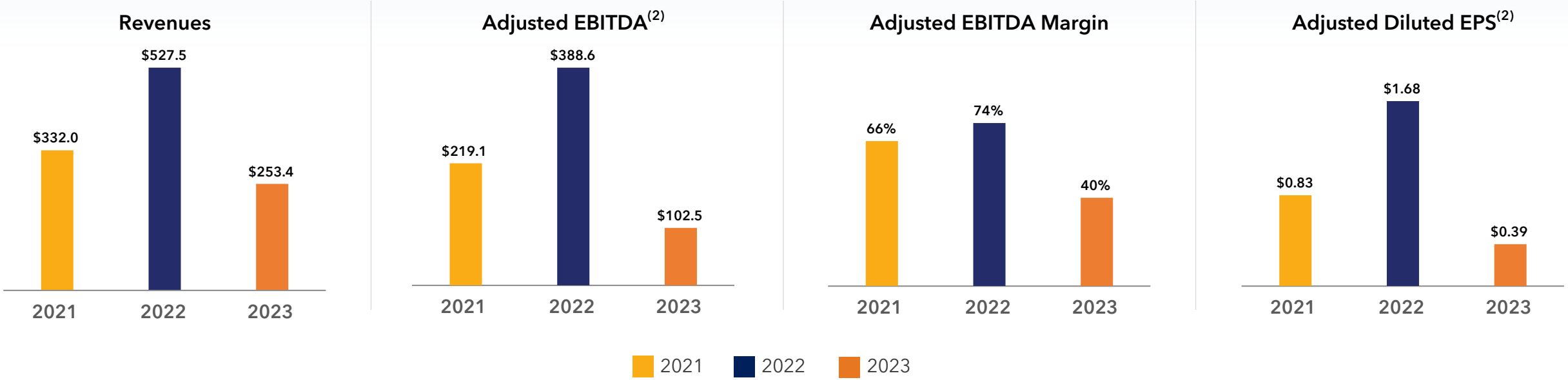
Revenue declined with lower market prices and increased consumption of concentrate in Stage II circuits.

Adjusted EBITDA declined due to change in Revenue and Stage II ramp.

Margin profile primarily impacted by lower pricing compares.

Earnings comparisons impacted by change in Adjusted EBITDA and higher depreciation expense as Stage II assets entered service.

Comparable Financial Metrics – Year-over-Year[1]



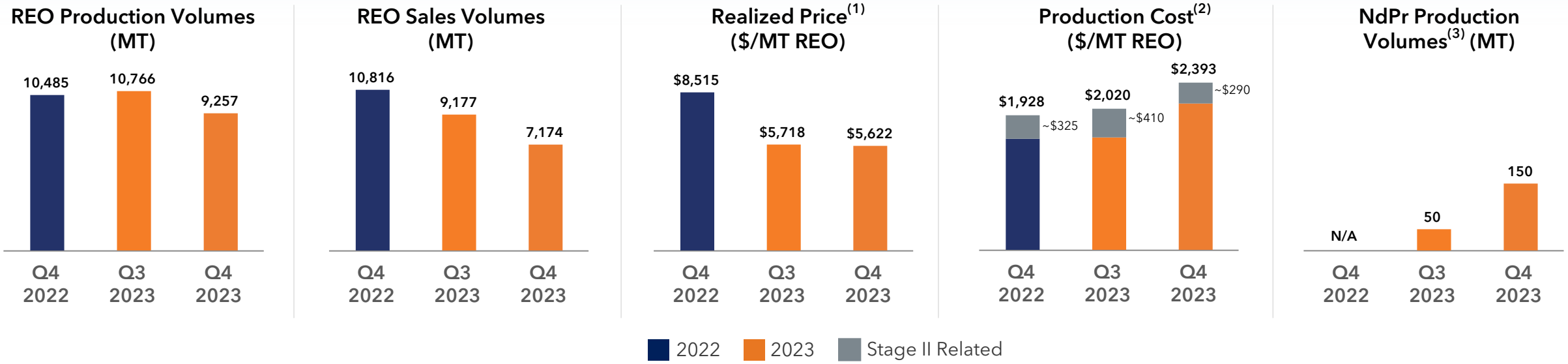
1. All figures in millions except for margins and per share amounts.
2. See Appendix for reconciliation of Adjusted EBITDA and Adjusted Diluted EPS to the most directly comparable financial measure prepared in accordance with U.S. GAAP.

MP MATERIALS

Fourth Quarter Operating Metrics

- Concentrate production declined due to higher unplanned downtime.
- Concentrate sales volumes impacted by increased consumption in Stage II circuits.
- Realized pricing declined with lower NdPr market prices; expect mid-teens % sequential decline in Q1.
- Cost of production rose due to Stage II ramp, including descaling of standalone concentrate production.
- NdPr production tripled; strong progress securing metallization capacity and qualifying product with customers.

Comparable Operational Metrics – Sequential and Year-over-Year



1. Realized Price per REO MT is calculated as the quotient of: (i) our GAAP rare earth concentrate sales for a given period and (ii) our REO Sales Volume for the same period.
2. See Appendix for the calculation of Production Cost per REO MT, which includes the non-GAAP financial measure, Production Costs. See Appendix for a reconciliation of Production Costs (non-GAAP) to Cost of sales (GAAP). Beginning with the first quarter of 2024, we will no longer present Production Cost per REO MT (and consequently, Production Costs), which is a metric focused solely on Stage I concentrate operations, as it will no longer be meaningful in evaluating and understanding our business or operating results.
3. N/A = Not Applicable as there was no NdPr production during the fourth quarter of 2022.

MP MATERIALS

Fourth Quarter Financial Metrics

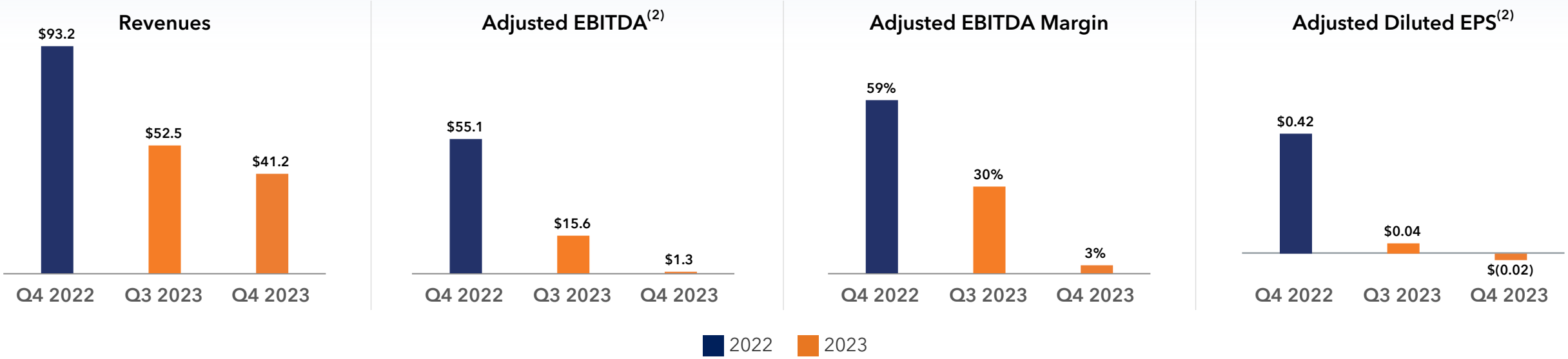
Revenue declined with lower market prices, increased consumption of concentrate in Stage II circuits, and the initial filling of Stage II tolling and sales channels.

Adjusted EBITDA declined due to change in revenue and Stage II ramp.

Margins profile primarily impacted by lower pricing compares and Stage II ramp.

Earnings comparisons impacted by change in Adjusted EBITDA and higher depreciation expense as Stage II (and certain Stage III) assets entered service.

Comparable Financial Metrics – Sequential and Year-over-Year[1]



1. All figures in millions except for margins and per share amounts.
2. See Appendix for reconciliation of Adjusted EBITDA and Adjusted Diluted EPS to the most directly comparable financial measure prepared in accordance with U.S. GAAP.

MP MATERIALS



Appendix

P&L

MP Materials Corp. and Subsidiaries
Condensed Consolidated Statements of Operations

(in thousands, except share and per share data, unaudited)	For the three months ended December 31, 2023	For the three months ended December 31, 2022	For the three months ended September 30, 2023	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue:						
Rare earth concentrate	$ 40,329	$ 92,098	$ 52,472	$ 252,468	$ 517,267	$ 328,563
NdPr oxide and metal	695	–	–	695	–	–
Other rare earth products	181	1,147	44	282	10,243	3,389
Total revenue	41,205	93,245	52,516	253,445	527,510	331,952
Operating costs and expenses:						
Cost of sales (excluding depreciation, depletion and amortization)	23,577	24,536	22,217	92,714	92,218	76,253
Selling, general and administrative	21,416	19,707	19,561	79,245	75,857	56,646
Depreciation, depletion and amortization	18,633	5,593	16,751	55,709	18,356	24,382
Start-up costs	5,205	3,782	7,336	21,330	7,551	378
Advanced projects and development	5,346	1,806	2,873	14,932	4,249	4,195
Other operating costs and expenses	656	355	1,314	7,234	1,868	4,753
Total operating costs and expenses	74,833	55,779	70,052	271,164	200,099	166,607
Operating income (loss)	(33,628)	37,466	(17,536)	(17,719)	327,411	165,345
Interest expense, net	(1,107)	(1,331)	(1,396)	(5,254)	(5,786)	(8,904)
Other income, net	14,078	10,953	14,456	56,048	19,527	3,754
Income (loss) before income taxes	(20,657)	47,088	(4,476)	33,075	341,152	160,195
Income tax benefit (expense)	4,398	19,919	200	(8,768)	(52,148)	(25,158)
Net income (loss)	**$ (16,259)**	**$ 67,007**	**$ (4,276)**	**$ 24,307**	**$ 289,004**	**$ 135,037**
Earnings (loss) per share:						
Basic	$ (0.09)	$ 0.38	$ (0.02)	$ 0.14	$ 1.64	$ 0.78
Diluted	$ (0.09)	$ 0.36	$ (0.02)	$ 0.14	$ 1.52	$ 0.73
Weighted-average shares outstanding:						
Basic	177,619,628	176,646,587	177,231,717	177,181,661	176,519,203	173,469,546
Diluted	177,619,628	193,494,131	177,231,717	178,152,212	193,453,087	189,844,028

MP MATERIALS

Reconciliation: Net Income (Loss) to Adjusted EBITDA

(in thousands, unaudited)	For the three months ended December 31, 2023	For the three months ended December 31, 2022	For the three months ended September 30, 2023	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Net income (loss)	**$ (16,259)**	**$ 67,007**	**$ (4,276)**	**$ 24,307**	**$ 289,004**	**$ 135,037**
Adjusted for:						
Depreciation, depletion and amortization	18,633	5,593	16,751	55,709	18,356	24,382
Interest expense, net	1,107	1,331	1,396	5,254	5,786	8,904
Income tax expense (benefit)	(4,398)	(19,919)	(200)	8,768	52,148	25,158
Stock-based compensation expense[1]	6,195	6,761	6,298	25,236	31,780	22,931
Initial start-up costs[2]	5,133	3,729	7,082	20,607	7,432	378
Transaction-related and other costs[3]	4,311	1,146	1,642	11,435	1,784	3,338
Accretion of asset retirement and environmental obligations[4]	227	222	227	908	1,477	2,375
Loss on disposals of long-lived assets, net[4][5]	429	133	1,087	6,326	391	569
Write-down of inventories[4][6]	–	–	–	–	–	1,809
Tariff rebate[7]	–	–	–	–	–	(2,050)
Other income, net[8]	(14,078)	(10,953)	(14,456)	(56,048)	(19,527)	(3,754)
Adjusted EBITDA	**$ 1,300**	**$ 55,050**	**$ 15,551**	**$ 102,502**	**$ 388,631**	**$ 219,077**

1. Principally included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.
2. Included in "Start-up costs" within our unaudited Condensed Consolidated Statements of Operations and excludes any applicable stock-based compensation, which is included in the "Stock-based compensation expense" line above. Relates to certain costs incurred in connection with the commissioning and starting up of our initial separations capability at Mountain Pass and our initial magnet-making capabilities at Fort Worth prior to the achievement of commercial production. These costs include labor of incremental employees hired in advance to work directly on such commissioning activities, training costs, costs of testing and commissioning the new circuits and processes, and other related costs. Given the nature and scale of the related costs and activities, management does not view these as normal, recurring operating expenses, but rather as non-recurring investments to initially develop our separations and magnet-making capabilities. Therefore, we believe it is useful and necessary for investors to understand our core operating performance in current and future periods by excluding the impact of these start-up costs. To the extent additional start-up costs are incurred in the future to expand our separations and magnet-making capabilities after initial achievement of commercial production (e.g., significantly expanding production capacity at an existing facility or building a new separations or magnet manufacturing facility), such costs would not be considered an adjustment for this non-GAAP financial measure.
3. Principally included in "Advanced projects and development" within our unaudited Condensed Consolidated Statements of Operations, and pertains to legal, consulting, and advisory services, and other costs associated with specific transactions, including potential acquisitions, mergers, or other investments.
4. Included in "Other operating costs and expenses" within our unaudited Condensed Consolidated Statements of Operations.
5. The year ended December 31, 2023, includes $5.5 million in demolition costs associated with demolishing and removing certain out-of-use older facilities and infrastructure from the Mountain Pass site to accommodate future expansion in rare earth processing.
6. Represents a non-cash write-down of a portion of our legacy low-grade stockpile inventory during the second quarter of 2021.
7. Represents non-cash revenue recognized in connection with a tariff rebate received relating to product sales from prior periods.
8. Amounts for the three months and years ended December 31, 2023 and 2022, as well as for the three months ended September 30, 2023, are principally comprised of interest and investment income. Amount for the year ended December 31, 2021, principally represents a non-cash gain recognized as a result of the Small Business Administration's approval to forgive the Paycheck Protection Loan.

MP MATERIALS

Reconciliation: Net Income (Loss) to Adjusted Net Income (Loss)

(in thousands, unaudited)	For the three months ended December 31, 2023	For the three months ended December 31, 2022	For the three months ended September 30, 2023	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Net income (loss)	**$ (16,259)**	**$ 67,007**	**$ (4,276)**	**$ 24,307**	**$ 289,004**	**$ 135,037**
Adjusted for:						
Stock-based compensation expense[1]	6,195	6,761	6,298	25,236	31,780	22,931
Initial start-up costs[2]	5,133	3,729	7,082	20,607	7,432	378
Transaction-related and other costs[3]	4,311	1,146	1,642	11,435	1,784	3,338
Loss on disposals of long-lived assets, net[4][5]	429	133	1,087	6,326	391	569
Write-down of inventories[4][6]	–	–	–	–	–	1,809
Tariff rebate[7]	–	–	–	–	–	(2,050)
Other[8]	(9)	(26)	(1)	(51)	(273)	(3,754)
Tax impact of adjustments above[9]	(3,798)	454	(4,806)	(16,482)	(6,716)	(4,071)
Release of valuation allowance	–	(418)	–	–	(2,845)	–
Adjusted Net Income (Loss)	**$ (3,998)**	**$ 78,786**	**$ 7,026**	**$ 71,378**	**$ 320,557**	**$ 154,187**

1. Principally included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.
2. Included in "Start-up costs" within our unaudited Condensed Consolidated Statements of Operations and excludes any applicable stock-based compensation, which is included in the "Stock-based compensation expense" line above. Relates to certain costs incurred in connection with the commissioning and starting up of our initial separations capability at Mountain Pass and our initial magnet-making capabilities at Fort Worth prior to the achievement of commercial production. These costs include labor of incremental employees hired in advance to work directly on such commissioning activities, training costs, costs of testing and commissioning the new circuits and processes, and other related costs. Given the nature and scale of the related costs and activities, management does not view these as normal, recurring operating expenses, but rather as non-recurring investments to initially develop our separations and magnet-making capabilities. Therefore, we believe it is useful and necessary for investors to understand our core operating performance in current and future periods by excluding the impact of these start-up costs. To the extent additional start-up costs are incurred in the future to expand our separations and magnet-making capabilities after initial achievement of commercial production (e.g., significantly expanding production capacity at an existing facility or building a new separations or magnet manufacturing facility), such costs would not be considered an adjustment for this non-GAAP financial measure.
3. Principally included in "Advanced projects and development" within our unaudited Condensed Consolidated Statements of Operations, and pertains to legal, consulting, and advisory services, and other costs associated with specific transactions, including potential acquisitions, mergers, or other investments.
4. Included in "Other operating costs and expenses" within our unaudited Condensed Consolidated Statements of Operations.
5. The year ended December 31, 2023, includes $5.5 million in demolition costs associated with demolishing and removing certain out-of-use older facilities and infrastructure from the Mountain Pass site to accommodate future expansion in rare earth processing.
6. Represents a non-cash write-down of a portion of our legacy low-grade stockpile inventory during the second quarter of 2021.
7. Represents non-cash revenue recognized in connection with a tariff rebate received relating to product sales from prior periods.
8. Amount for the year ended December 31, 2021, principally represents 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, net" within our unaudited Condensed Consolidated Statements of Operations.
9. Tax impact of adjustments is calculated using an adjusted effective tax rate, which excludes the impact of discrete tax costs and benefits, to each adjustment. The adjusted effective tax rates were 23.7%, (3.9)%, and 29.8% for the three months ended December 31, 2023 and 2022 and for the three months ended September 30, 2023, respectively. The adjusted effective tax rates were 25.9%, 16.3% and 17.5% for the years ended December 31, 2023, 2022 and 2021, respectively.

MP MATERIALS

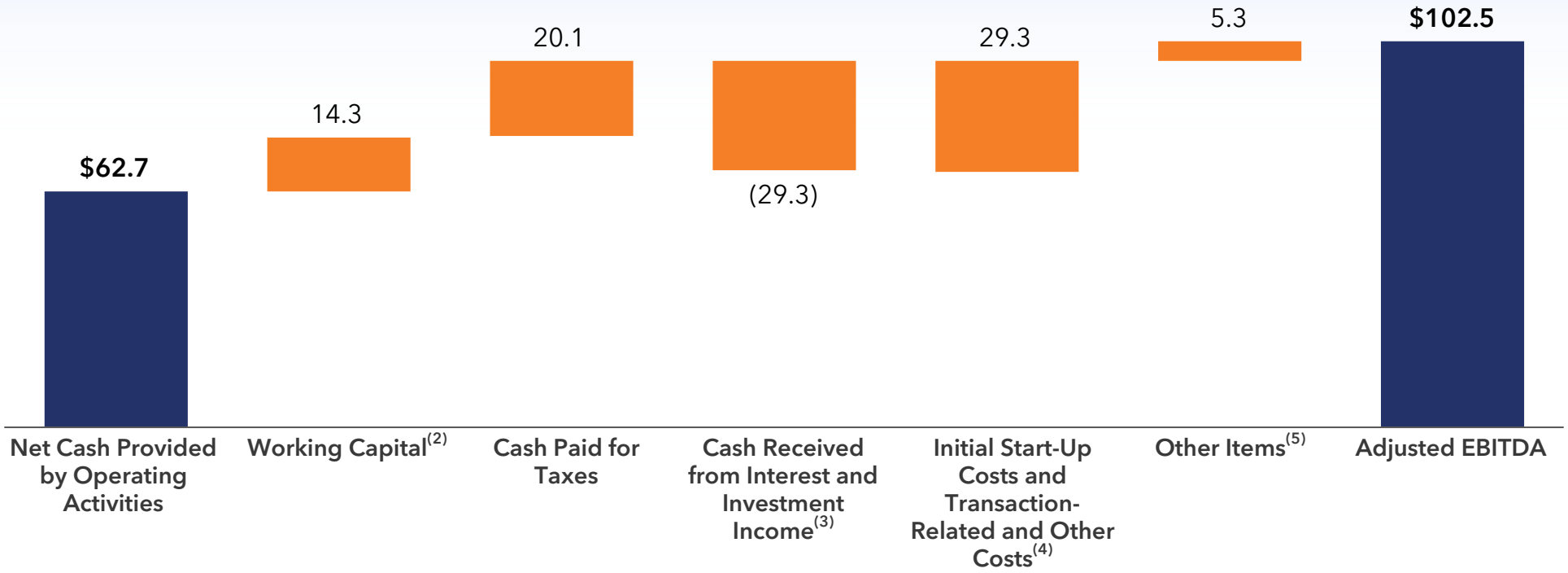
Reconciliation: Diluted Earnings (Loss) per Share to Adjusted Diluted EPS

(unaudited)	For the three months ended December 31, 2023	For the three months ended December 31, 2022	For the three months ended September 30, 2023	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Diluted earnings (loss) per share	**$ (0.09)**	**$ 0.36**	**$ (0.02)**	**$ 0.14**	**$ 1.52**	**$ 0.73**
Adjusted for:						
Stock-based compensation expense	0.03	0.03	0.03	0.13	0.16	0.12
Initial start-up costs	0.03	0.02	0.04	0.11	0.04	–
Transaction-related and other costs	0.02	0.01	0.01	0.06	0.01	0.02
Loss on disposals of long-lived assets, net	–	–	0.01	0.03	–	–
Write-down of inventories	–	–	–	–	–	0.01
Tariff rebate	–	–	–	–	–	(0.01)
Other	–	–	–	–	–	(0.02)
Tax impact of adjustments above[1]	(0.01)	–	(0.03)	(0.08)	(0.04)	(0.02)
Release of valuation allowance	–	–	–	–	(0.01)	–
Adjusted Diluted EPS	**$ (0.02)**	**$ 0.42**	**$ 0.04**	**$ 0.39**	**$ 1.68**	**$ 0.83**
Basic Weighted-Average Shares Outstanding	**177,619,628**	**176,646,587**	**177,231,717**	**177,181,661**	**176,519,203**	**173,469,546**
Assumed conversion of Public Warrants	–	–	–	–	–	2,840,624
Assumed conversion of Convertible Notes[2]	–	15,584,409	–	–	15,584,409	11,997,860
Assumed conversion of restricted stock	–	852,312	–	609,326	921,772	1,257,360
Assumed conversion of restricted stock units	–	410,823	–	361,225	427,703	278,638
Diluted Weighted-Average Shares Outstanding[2]	**177,619,628**	**193,494,131**	**177,231,717**	**178,152,212**	**193,453,087**	**189,844,028**
Assumed conversion of Convertible Notes[2]	–	–	–	15,584,409	–	–
Assumed conversion of restricted stock[3]	–	–	582,144	–	–	–
Assumed conversion of restricted stock units[3]	–	–	438,803	–	–	–
Adjusted Diluted Weighted-Average Shares Outstanding[2][3]	**177,619,628**	**193,494,131**	**178,252,664**	**193,736,621**	**193,453,087**	**189,844,028**

1. Tax impact of adjustments is calculated using an adjusted effective tax rate, which excludes the impact of discrete tax costs and benefits, to each adjustment. The adjusted effective tax rates were 23.7%, (3.9)%, and 29.8% for the three months ended December 31, 2023 and 2022 and for the three months ended September 30, 2023, respectively. The adjusted effective tax rates were 25.9%, 16.3% and 17.5% for the years ended December 31, 2023, 2022 and 2021, respectively.
2. The Convertible Notes were antidilutive for GAAP purposes for the year ended December 31, 2023. For purposes of calculating Adjusted Diluted EPS, we have added back the assumed conversion of the Convertible Notes since they would not be antidilutive when using Adjusted Net Income as the numerator in the calculation of Adjusted Diluted EPS.
3. The assumed conversion of restricted stock and restricted stock units was antidilutive for GAAP purposes for the three months ended September 30, 2023. For the purposes of calculating Adjusted Diluted EPS, we have added back the assumed conversion of restricted stock and restricted stock units since they would not be antidilutive when using Adjusted Net Income as the numerator in the calculation of Adjusted Diluted EPS.

MP MATERIALS

Year-to-Date 2023 Cash Flow Bridge[1]



1. All figures in millions. May not recompute as presented due to rounding.
2. Amount includes ore stockpile inventory.
3. Amount is net of cash paid for interest.
4. Excludes items that were accrued but not yet paid.
5. Principally relates to demolition costs.

MP MATERIALS

Reconciliation: Net Cash Provided by Operating Activities to Free Cash Flow

(in thousands, unaudited)		For the year ended December 31, 2023
Net cash provided by operating activities	$	62,699
Additions to property, plant and equipment[1]		(259,097)
Free Cash Flow	$	(196,398)

1. Amount is net of $2.8 million in proceeds from government awards used for construction.

MP MATERIALS

Reconciliation: Rare Earth Concentrate Sales to Total Value Realized

(in thousands, unaudited)	For the year ended December 31, 2021
Rare earth concentrate sales	**$ 328,563**
Adjusted for:	
Tariff rebate[1]	(2,050)
Total Value Realized[2]	**$ 326,513**

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" for definition and further information.

MP MATERIALS

Reconciliation and Calculation: Production Cost KPI

(in thousands, unless otherwise stated, unaudited)	For the three months ended December 31, 2023	For the three months ended December 31, 2022	For the three months ended September 30, 2023	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Cost of sales (excluding depreciation, depletion and amortization)	**$ 23,577**	**$ 24,536**	**$ 22,217**	**$ 92,714**	**$ 92,218**	**$ 76,253**
Adjusted for:						
Stock-based compensation expense[1]	(1,173)	(743)	(842)	(3,932)	(2,853)	(4,294)
Shipping and freight[2]	(1,335)	(2,454)	(1,867)	(7,485)	(13,002)	(8,923)
Write-down of inventories[3]	(2,285)	–	–	(2,285)	–	–
Other[4]	(1,616)	(490)	(968)	(3,198)	(1,715)	(79)
Production Costs[5]	**17,168**	**20,849**	**18,540**	**75,814**	**74,648**	**62,957**
Divided by:						
REO Sales Volume (in MTs)	7,174	10,816	9,177	36,837	43,198	42,158
Production Cost per REO MT (in dollars)[5]	**$ 2,393**	**$ 1,928**	**$ 2,020**	**$ 2,058**	**$ 1,728**	**$ 1,493**

1. Pertains only to the amount of stock-based compensation expense included in "Cost of sales (excluding depreciation, depletion and amortization)" within our unaudited Condensed Consolidated Statements of Operations.
2. Includes $1.3 million for the year ended December 31, 2022, of shipping and freight costs associated with sales of rare earth fluoride ("REF") stockpiles.
3. Amount pertains to a write-down of non-concentrate inventories, which is included in "Cost of sales (excluding depreciation, depletion and amortization)" within our unaudited Condensed Consolidated Statements of Operations.
4. Amount for the year ended December 31, 2023, pertains to costs (excluding shipping and freight) associated with non-concentrate products. Amount for the year ended December 31, 2022, pertains primarily to costs (excluding shipping and freight) attributable to sales of REF stockpiles.
5. See "Use of Non-GAAP Financial Measures" for definition and further information.

MP MATERIALS