



**Origin Materials, Inc.  
4Q23 Earnings Conference Call Script  
February 29, 2024**

**Operator**

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Thank you for standing by, this is the conference operator. Welcome to the Origin Materials Fourth Quarter and Full Year 2023 Earnings Call. As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press \* then 1 on your telephone keypad. Should you need assistance during the conference call you may signal an operator by pressing \* and 0.

At this time, for opening remarks and introductions, I would like to turn the call over to Matt Plavan, CFO. Please go ahead.

**Matt Plavan, CFO, Origin Materials**

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Thank you. Good afternoon, everyone, and thanks for joining us. Speaking first today is Origin's Co-CEO, Rich Riley. He will be followed by Co-CEO and Co-Founder John Bissell and myself. After that we will open the call to questions from analysts and discuss questions submitted as part of our "Ask Origin" campaign.

Ahead of this call, Origin has issued its 2023 fourth quarter and full year press release and presentation which we will refer to today. These can be found on the Investor Relations section of our website at [originmaterials.com](https://originmaterials.com).

Please note that some of what you will hear during our discussion today will consist of forward-looking statements based on current expectations and assumptions, which are subject to risks and uncertainties. These statements reflect our views as of today, should not be relied upon as representative about views of any subsequent date, and we undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations. For more information,



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please refer to our filings with the SEC including our Annual Report on Form 10-K which will be filed Monday, March 4th. During today's call, we will discuss non-GAAP financial measures, which we believe are useful as supplemental measures of Origin Materials' performance. These non-GAAP measures should be considered in addition to and not as substitutes for, or in isolation from GAAP results. You will find additional disclosures regarding the non-GAAP financial measures discussed on today's call in our press release issued this afternoon and our filings with the SEC, which will be posted to our website. The webcast of this call will also be available on the Investor Relations section of our company website.

With that, I will turn the call over to Rich.

**Rich Riley, Co-CEO, Origin Materials**

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Thank you, Matt. Good afternoon, everyone, and thank you for joining us.

For Origin, 2023 was a watershed year, which included the commencement of production at Origin 1, a key milestone in proving the scalability of our biomass conversion technology. Furthermore, we made great progress on initiatives that significantly de-risk the business on the path to profitability.

Indeed, today we are pleased to announce that, owing to the strong momentum of these initiatives, we now have a path to profitability entirely independent of the scale-up of our biomass conversion technology and related manufacturing plant construction. These initiatives are led by our all-PET caps and closures business, a highly differentiated solution for the over \$65 billion dollar caps and closures market. Expected revenue from these initiatives, coupled with our cost reduction program, extend our cash runway and eliminate the need for an equity capital raise to achieve sustained profitability.

Origin ended the fourth quarter with just over \$158 million dollars in cash and cash equivalents and marketable securities. Having prioritized revenue-generating projects with the greatest contribution to near-term cash and seizing opportunities



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to defer research expenses or other programs targeting longer-term results, our expected 2024 net cash burn is between \$55 million and \$65 million dollars, with meaningful gross profit generation anticipated to begin in 2025. This is primarily due to the strong commercialization progress of Origin’s caps and closures business, which could begin to generate revenue within the next 12 months. With an expected 2024 cash burn of less than \$65 million and our expectations for significant gross profit generation beginning in 2025 with a healthy growth trajectory thereafter, we forecast maintaining a solid minimum cash floor on our way to sustained profitability, and hence the expectation that we will not require additional equity capital.

We anticipate our all-PET caps and closures business to be transformative for packaging. We announced this initiative in August 2023 after quietly developing the program for several years as a natural outgrowth of Origin’s polymer expertise and platform development efforts. This is squarely on mission for Origin, as we are transitioning a hard-to-recycle material into an easy-to-recycle one, in support of the global transition to sustainable materials. We are positioned to be first to market with a commercially scalable PET cap – something the industry has long sought but never achieved. Origin’s PET caps and closures are expected to be cost-competitively produced with any type of PET, making “made with 100% recycled PET” possible from cap to container. They perform better than today’s HDPE and polypropylene caps in ways that can improve product shelf life and they are designed for circularity. For a wide variety of containers our technology enables the lightest cap, reducing plastic waste and improving sustainability.

This business continues to make excellent commercialization progress. We successfully completed our third manufacturing development run on production-scale equipment producing thousands of caps per hour. Our initial product passed third-party tests validating that performance meets or exceeds industry standards and we have conducted preliminary consumer testing. Our partners have conducted



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extensive diligence and demonstrated strong organizational alignment across procurement, R&D, marketing, and sustainability to move forward with Origin’s solution, and we are now at the letter of intent phase with multiple leading CPG companies that collectively consume tens of billions of caps per year.

There are other technologies with near-term revenue-generating potential in development at Origin. Like our all-PET caps and closures, these new applications enabled by Origin technologies are not dependent on Origin 1 or Origin 2 for production and sale but capable of using materials produced from these plants. These applications leverage Origin’s chemical expertise, depth of application knowledge, and intellectual property strength, with further details to be provided as development progresses.

Regarding Origin 2, we are launching an “asset light” strategy for core technology scale up: Beyond Origin 1, we intend to scale our biomass conversion technology in partnership with other major companies. With potential strategic partners to provide a substantial portion of construction capital, Origin’s costs are expected to be reduced significantly, enhancing our optionality with respect to the ways we can deploy our technology. Customer demand remains strong, as reflected by our total offtake agreements and capacity reservations in excess of \$10 billion dollars.

With that, I’ll turn it over to John.

**John Bissell, Co-CEO and Co-Founder, Origin Materials**

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Thank you, Rich, and good afternoon, everyone.

I’ll begin by building on Rich’s commentary regarding Origin 2 and our asset light strategy. Notwithstanding the industry-wide capital construction project setbacks experienced over the past few years due to inflation, higher interest rates, and supply-chain shocks, the demand for our biomass conversion technology remains strong. As such, I am particularly proud of our team’s innovation agility in



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accelerating caps and closures to become our primary path to profitability, which allows us greater flexibility to implement our asset light strategy. Accelerating the lower capital intensity caps and closures business is a natural prioritization given the continued escalation of capital project costs, as reflected in our revised front-end engineering design for the first phase of Origin 2 which we received during Q4 2023, as well as our expectation that industry-wide large capital project execution costs will continue to be inflated for some time.

Thus, to best deliver on the demand for our technology in the midst of these industry-wide headwinds, we intend to commercialize and scale our biomass conversion technology in partnership with other major companies, with potential strategic partners to provide a substantial portion of the capital for construction. Doing so is expected to optimize scale-up synergies, significantly reduce project execution risk, and significantly defray costs that would otherwise be borne exclusively by Origin. Timelines, economic forecasts, and plant phasing with respect to separating oils and extractives for biofuel production, will depend on the partner and the deal structure, which can explore a range of scenarios and locations including Geismar, Louisiana as well as Asia brownfield scenarios, with updates to be provided as we finalize those partnerships.

Regarding the scale-up of our biomass conversion technology, we continue to engage with multiple parties to explore a variety of plant designs and evaluate potential brownfield sites. We continue to perform funded joint development work with our strategic partners including testing and optimizing various feedstocks to generate information that could influence our scale-up strategy.

Regarding progress at Origin 1, we are pleased to report it is demonstrating Origin's biomass conversion technology as expected. The plant, located in Sarnia, Ontario, Canada, is first and foremost an asset that is used to support Origin market development, including customer materials testing and formulation in preparation for Origin 2 scale-up.



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While continuing to be highly focused on safety and training, we are running the plant at appropriate rates to learn as much as we can in support of further tech scale-up. As we run batches, we continue to prove out, at scale, the various unit operations, such as pumps, reactors, filters, heat exchangers, and utility systems, gathering information from these activities that will inform future technology designs. During this early stage of plant operations, we are using cornstarch for our feedstock to produce CMF and HTC. This allows us to focus on chemistry and unit ops, which is standard industry practice when enabling new technology processes. We expect to introduce wood handling in the months ahead. Strategic partners associated with the Origin 1 supply chain remain engaged as we collaborate in market development activities.

Lastly, our Board of Directors continues to evolve. Karen Richardson has served as Chairman of the Board for three years, and as her term concludes we thank her for her exemplary service. Karen supported the company as we have advanced our technology platform, started up Origin 1, built a world-class board of industry experts, and enhanced senior leadership with the recruitment of Matt Plavan as CFO. Today we announced Karen Richardson's retirement from the Board, effective March 1. Concurrently, Tony Tripeny, our current Audit Committee Chair who has served on our Board since May 1st, 2023, will succeed Karen as Chairman of the Board. We are incredibly fortunate to have Tony, who brings over three decades of significant operational, strategy, and M&A experience to the Chair position, extensive knowledge of the manufacturing, technology, and materials science industries, and a background in international corporate finance. During his 36-year career with Corning, a global leading innovator in materials science with more than \$10 billion dollars in annual revenue, Tony held various progressive leadership roles in corporate accounting and finance, including Chief Financial Officer.

In addition, John Hickox has been appointed to the Board, and will serve as our new Audit Committee Chair, succeeding Tony, and as a member of the Nominating and Corporate Governance Committee. John has been on the cutting edge of advising



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mid-range to Fortune 10 companies on economically responsible sustainability, including having spearheaded the KPMG Americas Sustainability Practice. His distinguished career spans 40 years in auditing, accounting, FP&A, corporate governance, and executive leadership. He was an advisory partner at both KPMG and Ernst & Young servicing a range of public clients, including chemical and packaging industry clients, in the areas of SOX / regulatory compliance, internal audit and risk management, and sustainability, focusing on impactful corporate stewardship, strategy, reporting, and profit maximization. Welcome, John.

And finally, we would like to again thank Karen for her outstanding leadership during her term these past three years. We look forward to a seamless transition to Tony, who has proved himself a strong successor for the Chairman role.

With that, I'll turn it over to Matt.

**Matt Plavan, CFO, Origin Materials**

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Thanks, John.

We have provided the quarter and full year results in the tables of the earnings release, so I will focus my comments on a couple of key financial highlights.

2023 was Origin's first year of revenue generation since becoming a public company, with revenue of \$13.1 million and \$28.8 million, for the fourth quarter and full year, respectively. This is primarily comprised of what we refer to as supply chain activation revenue, generated in conjunction with the initiation and initial scale-up of Origin 1 operations.

Looking ahead, we expect the onset of revenue from our caps and closures initiative, just highlighted by Rich and John, could be within 12 months. We anticipate this revenue will be significant, recurring in nature, and with a margin growth profile that will drive us to overall cash positive operations within the means of our existing cash



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resources, eliminating a need for an equity capital raise on our way to sustained profitability.

Our confidence in this revenue outlook is predicated on a risk adjusted aggregation of demand projections provided to us by prospective customers with whom we are in contract negotiations for our PET caps. Their individual demand estimates reflect gradual adoption rates within their existing production volumes, risk-adjusted for potential delays.

Our confidence in a significantly reduced expense forecast for 2024 is due primarily to the impact of our asset light strategy on how we will finance our forward capital project costs. During 2023, we incurred just over \$100 million in Property, Plant, and Equipment costs in service of our biomass conversion technology development. With these costs now expected to be contained within our potential strategic partnership arrangements, coupled with the roll-forward impact of our previously announced cost reductions made in Q4 of 2023, we are well-positioned to execute our 2024 plan at less than a \$65 million dollar net cash burn.

Turning now to our operating expenses for the fourth quarter – they were \$19.8 million compared to \$13 million in the prior-year period, an increase of \$6.8 million. The increase was driven primarily by increases in manufacturing costs of \$2 million, increased depreciation costs of \$2 million due to Origin 1 coming online during the quarter, and increases in R&D costs of \$1 million dollars.

For the full year 2023, operating expenses were \$60.1 million dollars compared to \$38.9 million in the prior-year period, an increase of \$21.2 million dollars driven by cost increases proportionally consistent with those in the fourth quarter.

With that, I'd like to reiterate our financial guidance for 2024, including:

- Revenue of \$25 to \$35 million.





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- And net cash burn between \$55 million and \$65 million, with significant gross profit generation anticipated to begin in 2025.

In closing, as you might imagine, with our existing cash on hand and good visibility into a path to sustained profitability without the need to raise additional equity capital, we believe the company is exceptionally undervalued at its current stock price. Moreover, we believe the execution of our plan in 2024 will be well received by investors and, as such, we expect Origin will satisfy the Nasdaq minimum bid price rule within the requisite grace period.

Now, I'd like to open the call for questions. Operator, may we have the first question, please?

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