



**Origin Materials, Inc.
2Q22 Earnings Conference Call Script
August 3, 2022**

Operator

Thank you for standing by, this is the conference operator. Welcome to the Origin Materials Second Quarter 2022 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.

I would now like to turn the conference over to Ashish Gupta, Investor Relations. Please go ahead.

Ashish Gupta, Investor Relations

Thank you and welcome everyone to Origin Materials' Second Quarter 2022 Earnings Conference Call. Joining the call today from Origin Materials are Co-CEO Rich Riley, Co-CEO and Co-founder John Bissell, and CFO Nate Whaley.

Ahead of this call, Origin issued its second quarter 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.

Please note on this call, we will be making 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 further discussion of the material risks and other important factors that could affect our financial results, please refer to our filings with the SEC including our Quarterly Report on Form 10-Q filed on May 9, 2022.



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In addition, 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 a substitute 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, each of which is posted on 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

Thank you, Ashish, and thanks to everyone for joining us. For today's presentation we will be referring to the slides that were posted to the Investor Relations section of our website earlier this afternoon. I will start by reviewing Q2 highlights, then provide a commercial and regulatory update. I will then turn it over to John who will discuss our recent EPA award and construction progress on Origin 1 and Origin 2. Nate will then wrap up with a financial overview.

We will begin on slide 3. We continue to execute on our plan and make progress on our mission to enable the world's transition to sustainable materials.

First, we have seen a more than eightfold increase in our customer demand since our announcement to become a public company in February of last year, with offtake and capacity reservations increasing to \$8.1 billion dollars today.

Second, we remain well-capitalized and on track for completion of Origin 1 by the end of 2022 with preparations for commissioning and start-up underway. We are also maintaining our previously disclosed capital budget for Origin 1 of \$125 million to \$130 million dollars.



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For Origin 2, the previously disclosed capital budget, construction timeline, and financing assumptions are unchanged. As reported previously, the State of Louisiana, pending finalization, is expected to award a Private Activity Bond volume cap allocation to Origin in the amount of \$400 million. We also expect to receive more than \$100 million in pending state and local incentives. As we discussed on our last call, front end design of Origin 2 is underway with detailed engineering set to begin in 2023.

And third, we remain well capitalized with approximately \$406.6 million dollars in cash and cash equivalents on hand. We maintain our expectation that the capital projects for Origin 1 and Origin 2 can be fully funded from our existing cash on hand and previously indicated traditional project financing sources.

Now, turning to slide 4, I'd like to give a brief overview of Origin for those who are new to the story. Origin was founded with the mission to help solve climate change by enabling the world's transition to sustainable materials. Our patented drop-in core technology, attractive unit economics and carbon impact have gained the support of a growing list of major global brands and investors, including Danone, Nestlé Waters, PepsiCo, Ford Motor Company, Mitsubishi Gas Chemical, Kolon Industries, PrimaLoft, Solvay, Mitsui & Co, Minafin Group, LVMH Beauty, and Mitsubishi Chemical Holdings Group. Building on these successes, we were pleased to announce new strategic partnerships and initiatives with Kuraray, Revlon, Intertex World Resources, and ATC Plastics. We are also pleased to announce that we amended and expanded our existing relationship with Danone. These partnerships and initiatives further increase our exposure to consumer and industrial end-markets including cosmetics, packaging, plastics, and automotive.

Our CPG partners have publicly disclosed their intent to migrate 100% of their current petroleum-based PET consumption to decarbonized and recycled materials. After extensively evaluating our technology and testing our products, these market leaders have made significant financial contributions to Origin, both as investors and customers, demonstrating their environmental commitment and



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confidence in our technology and products. They have signed multi-year off-take contracts worth hundreds of millions of dollars.

The geopolitical tensions that have contributed to this year's surge in energy prices provide an important reminder of the urgency with which the world needs to migrate to more sustainable and less volatile solutions. With more than 99% of plastics made from fossil fuels, the industry is under both considerable environmental and economic pressure to dramatically transform the way it produces and uses plastic. With our first product, Origin offers an entirely circular plastic solution: carbon-negative, recyclable PET, which the world's plastic recycling infrastructure is already designed to collect, sort, and re-use, with the critical added benefit of removing CO₂ from the atmosphere.

Beyond that, while there has been some progress made from shifts to renewable energy sources and electric vehicles, it is clear that reducing emissions from energy use alone is insufficient to achieve the goals and commitments established by companies and governments. As a result, in the near-term, we believe that these companies will need to integrate decarbonized materials into their supply chains. As such, we expect demand to remain well ahead of our projected supplies for the foreseeable future.

Turning to slide 5, we continue to make steady progress commercializing the business, and have grown customer demand to a total of \$8.1 billion today, made up of offtake agreements and capacity reservations. This represents a more than eightfold increase since we announced our intent to go public in February 2021. As a refresher, capacity reservations are signed agreements designed to lead towards take-or-pay contracts and revenue once our plants are complete. They give us and our customers more time to negotiate a take-or-pay offtake agreement, which typically is a much longer document that meets requirements for project financing.

We continue to expand the breadth of the industries we serve, from global CPG brands like Pepsi, Danone, and Nestlé Waters to automotive leaders like Ford and



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specialty chemical innovators like Solvay and Mitsubishi Chemical Holdings Group, to ultra-luxury brands like LVMH Beauty and iconic cosmetic brands like Revlon. Our sales pipeline remains strong. We continue to make inroads into new industries and have numerous active discussions with existing customers to expand their current agreements and with prospective customers to adopt our sustainable products.

Moving to slide 6, in mid-June, we were pleased to announce a strategic partnership to commercialize advanced carbon-negative materials for diverse polymer applications with Kuraray, a publicly-listed leading manufacturer of specialty chemicals, fibers, and other materials active in many end markets, including the medical, fashion, and electronics industries. As part of the strategic partnership, Kuraray signed a multi-year capacity reservation agreement with Origin to purchase sustainable, carbon-negative intermediate chemicals used in the large-scale synthesis of many polymers, including PTA, PET, and polyamide.

Moving to slide 7, we recently announced an initiative with Revlon, a leading global authority and beauty trendsetter in the world of color cosmetics and hair care, to pursue the rapid development and commercialization of new sustainable materials for cosmetics packaging based on Origin's technology platform. As part of the initiative, Revlon signed a memorandum of understanding to reserve commercial volumes of Origin PET. We are excited to build on our recent momentum in the beauty industry by partnering in this initiative with Revlon, an iconic global brand with a deep commitment to sustainability and performance. It provides another great example of how Origin's wood residue-based carbon-negative PET can help companies achieve their sustainability goals while maintaining their focus on premium quality.

Moving to slide 8, on July 25th, we announced a strategic partnership with Intertex World Resources, a leading value-added distributor of synthetic rubber, carbon black, process oils, and rubber chemicals to bring sustainable carbon-negative carbon black made using Origin Materials' patented technology platform to the



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rubber compounding industry. As part of the partnership, Intertex signed an offtake agreement with Origin to purchase sustainable carbon-negative carbon black.

Moving to slide 9, we recently announced a strategic partnership with ATC Plastics, a leading global manufacturer of black color concentrates to bring sustainable carbon-negative carbon black made using Origin's patented technology platform to the plastics industry. As part of the partnership, ATC Plastics agreed to purchase sustainable carbon-negative carbon black from Origin.

The Intertex and ATC Plastics partnerships further build on our recent momentum in carbon black, a promising new product category for Origin. Origin's carbon-negative carbon black, made from Origin's hydrothermal carbon, is a versatile 100% bio-content filler and pigment. Like traditional petroleum-based carbon black, it can be used in a wide variety of applications including automotive components and tires, belts and hoses, mechanical rubber goods, plastic masterbatch, and toners. We expect our sustainable carbon black to be deployed across a diverse array of applications to decarbonize the rubber and automotive supply chains, end-markets which have very favorable growth prospects.

Finally, we are very excited to tell you about a new strategic relationship with a major U.S.-based supermarket chain. We continue to see considerable opportunities to expand into new end markets and applications, and we look forward to providing more detail about this partnership, as well as others, when appropriate.

In addition to these partnership announcements, we announced that Origin earned the USDA Certified Biobased Product Label for additional carbon negative products. The certification affirms that Origin's FDCA, purified PTA, and para-xylene, when produced at full commercial capacity, are expected to be 100% biobased, allowing Origin to display a unique USDA label highlighting this designation. This certification adds to Origin's previously announced USDA Certified Biobased Products, which include CMF and HTC.



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Turning to slide 10, we continue to see strong, favorable tailwinds for our technology and business model with some of the world’s largest public companies committing to zero-carbon mandates and governments increasingly enacting regulations to tackle climate change. The recent passage of California Senate Bill 54, or SB 54, should lead to increased demand for Origin’s renewable products. In California, to sell, offer for sale, import, or distribute certain plastic covered materials, “producers” – which refers to many of Origin’s customers and potential customers – will need to be approved to participate in a Producer Responsibility Organization, or PRO Plan, with limited exceptions. To join a PRO, producers will be charged a fee based on a variety of factors. Notably, certain items derived from renewable materials, including Origin’s renewable, bio-based materials, will be subject to a reduced PRO fee relative to those derived from non-renewable resources, an advantage referred to as eco-modulation which could create meaningful savings for our customers.

SB 54 also requires that by 2032, first, all single-use packaging in the state be recyclable or compostable. Second, that producers develop and implement a plan to achieve a 25 percent reduction in plastic by weight. And third, that 65 percent of all single-use packaging be recycled. Given PET’s light weight, recyclability, and high recycling rate compared with other materials, this should drive additional use cases to Origin’s products.

In late June, the Government of Canada published the Single-Use Plastics Prohibition Regulations, which prohibit the manufacturing, importing, and selling of six categories of single-use plastic items, with a temporary exemption for exporting. The ban covers many widely used items such as checkout bags, cutlery, foodservice ware, and straws made from hard-to-recycle plastics, with a few exceptions such as for medical applications. Certain items made from PET, however, are considered “non-prohibited” because of their easy recyclability, a precedent that could be a powerful tailwind for Origin’s carbon-negative, 100% bio-based PET if other countries follow Canada’s lead.



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With that, I would like to turn it over to John who will discuss our recent EPA award and provide an update on Origin 1 and Origin 2.

John Bissell, Co-CEO, Origin Materials

Thanks, Rich.

Turning to slide 11, in addition to the other awards that we've received, in early June, Origin and UC Davis together won the EPA's prestigious 2022 Green Chemistry Challenge Award in the category of Specific Environmental Benefit – Climate Change. The award recognizes the technology behind Origin's patented platform for turning the carbon found in sustainable wood residues into useful materials for a wide range of end products, including clothing, textiles, plastics, packaging, car parts, tires, carpeting, toys, and more, while capturing the carbon in the process.

The Green Chemistry Challenge Award is a key recognition for any technology at the forefront of environmental sustainability. The award spans multiple industries, from pharmaceuticals to basic commodity chemicals, and has recognized some impressive achievements. Since 1996, EPA and the American Chemical Society, which co-sponsor the awards, have received more than 1,800 nominations and presented awards to a small fraction of those that decrease the use of hazardous chemicals and resources, reduce costs, protect public health, and spur economic growth. The winning technologies have saved more than 20 billion gallons of water per year, almost 8 billion pounds of CO₂ per year, and eliminated nearly a billion pounds of toxic and hazardous chemicals per year. For 2022, our fellow award winners include research powerhouses such as Amgen and Merck.

Origin's journey as a company began in 2008, when we received a different EPA award called the People, Prosperity, and the Planet Award, which is focused on early-stage research. Now, 14 years later, we are honored to receive this meaningful award from the EPA in the category of climate change.



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Next, starting on slide 12, I am going to provide an update on Origin 1 and Origin 2. For those interested in the Origin 1 construction story, I would like to point you to a new construction update video that we posted today to the investor relations section of our website.

For Origin 1, our first plant, located in Sarnia, Ontario, construction is progressing well despite the challenging supply chain environment, and we remain on track for mechanical completion by the end of 2022 with preparations for commissioning and start-up underway. We are maintaining our previously disclosed capital budget for Origin 1 of \$125 million to \$130 million dollars.

During the second quarter, we strengthened and added to the Origin 1 operations leadership team and support staff. We accomplished a tremendous amount of construction since our last update. This is a large manufacturing plant with a lot of moving parts, and what we've been able to accomplish to date, despite COVID and macro supply chain issues, truly shows the capability, efficiency, and efficacy of our capital projects team.

In our slides and in our construction video, you can see the progress we've made since our last update.

We received additional major equipment onsite including piping modules, which we have installed and interconnected alongside the plant's key production modules. The piping modules both interconnect our core chemical process modules and connect the OM1 plant with the utility supplied by the neighboring site. As we have discussed before, the modules were fabricated offsite using a modular construction approach and shipped in, which minimizes the work that has to be done in field. Although installation is less complicated than the installation of our key production modules, these are nonetheless sizable racks and pipe modules. You can see that the team has



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largely interconnected them and connected them with the plant's utilities systems and our ENCON evaporator unit.

We received tanks onsite that will contain solvent that will be used, and recycled, as part of our core chemical process. Our site will have lots of integrated storage, which gives us the ability to manage our chemicals and materials. Our CMF storage tanks are in the final stages of fabrication and painting before shipment to the site.

We started the construction of our biomass building, which is where we will store sustainable wood residues entering the plant prior to processing and conveying to the reactor system. We started construction of our HTC building where we will handle one of our platform products. Both the biomass building and the HTC building feature a significant amount of steel and a number of components and pieces connecting together.

The most interesting story here is that we received, lifted, and installed our filter press into the HTC building. The filter press utilizes the same HTC separation technique that is currently used at our pilot plant in California, but is much larger.

As an additional note on a very important topic: the team has done an incredible job creating a great safety culture while executing this project. We will very much take what we have learned and the culture we've developed to Origin 2 and beyond.

It's been a busy 18 months for the company and the team has done an incredible job. We're not done yet, but, from here, we have a clear path forward to mechanical completion, commissioning, and start-up.

With regard to Origin 2, our previously disclosed capital budget, construction timeline, and financing are unchanged. As discussed on prior calls, we are closely monitoring costs associated with the current high levels of inflation and the challenging supply chain environment. We continue to proactively manage our cost



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base and note that we have built appropriate contingencies into our initial projections.

We are not currently placing any equipment or construction orders for Origin 2, and we expect current inflation and supply chain conditions to likely change in our favor in the next 12 to 24 months.

I would also note that materials companies generally benefit from higher product prices and margins in an inflationary environment, which can mitigate the impact of inflation on our capital budget.

Origin 2, our first world-scale manufacturing facility, will produce carbon-negative materials used to make PET plastic resin and fiber, which is used in packaging, textiles, apparel, and other applications, and HTC, which can be used as fuel, as activated carbon, and as a replacement for carbon black. Front end design of the plant is underway with the detailed engineering set to begin in 2023.

As previously announced, we have selected a site in Geismar, Louisiana for Origin 2, subject to finalization of economic incentives. We expect the 150-acre facility will convert an estimated 1 million dry metric tons of sustainable wood residues each year into products for a wide range of end markets. Some of the reasons that we believe the Geismar site is the ideal location for Origin 2 include the extremely skilled labor pool in Louisiana, access to relevant infrastructure, and access to sustainable feedstock.

Before I conclude, I'd like to give you some additional detail about what we're currently working on for Origin 2. The team is optimizing the scope and layout of the plant. We are evaluating contractors for FEL-2 phase engineering and design work. We are also kicking off environmental permitting and we continue to work closely with landowners and fiber suppliers in Louisiana and Mississippi to put in place our feedstock strategy.



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To summarize, the team has continued to make considerable progress and our expectation remains that Origin 1 will be completed by the end of 2022. Regarding Origin 2, the previously disclosed capital budget, construction timeline, and financing are unchanged.

Origin 1 represents an important milestone for our mission to enable the world's transition to sustainable materials. We are excited by the progress our team has made as we approach commissioning and start-up in the second half of the year.

And with that, I will turn it over to Nate to discuss some of the financial details.

Nate Whaley, CFO, Origin Materials

Thanks, John.

I will begin with some commentary on our second quarter results, then our financing expectations for Origin 1 and Origin 2, and finish with an update on our 2022 outlook.

Speaking to slide 21, second quarter operating expenses were \$8.7 million compared to \$6.7 million during the same period in the prior year.

Adjusted EBITDA loss was \$6.9 million for the second quarter compared to a loss of \$3.0 million in the same period of the prior year.

And finally, net income was \$46.9 million for the second quarter compared to a net income of \$62.5 million in the same period in the prior year.

Turning to our balance sheet, Origin ended the second quarter with \$406.6 million in cash and cash equivalents and marketable securities.

We maintain our expectation of fully funding the construction of both Origin 1 and Origin 2 using our existing balance sheet cash and cash equivalents and previously indicated traditional financing sources.



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With regard to the financing of Origin 2, as previously mentioned, the State of Louisiana, pending finalization, is expected to award a Private Activity Bond, tax-exempt bonds authorized by the state and local governments for the financing of qualified projects with private capital, volume cap allocation to the Company in the amount of \$400 million. We also expect to receive more than \$100 million in pending state and local incentives.

We maintain our financing assumptions for Origin 2 remain reasonable and achievable, with Origin 2 fully funded from existing cash on hand and previously indicated traditional project financing sources. The \$400 million Private Activity Bond allocation from the State of Louisiana provides a strong foundation for the financing of Origin 2 and, in combination with certain 2021 Infrastructure Investment and Jobs Act provisions and other non-volume cap tax-exempt financing, could enable the debt financing of Origin 2 using entirely tax-exempt bonds. Origin also continues to work with leading financial institutions on other forms of traditional private financing and federal loan programs, including through the U.S. Department of Agriculture and Department of Energy.

As we have highlighted in our previous earnings calls, inflationary pressures remain an area of focus. However, as John discussed, at this point we are not adjusting our overall capital budget for Origin 2. We acknowledge that the situation remains fluid, and we continue to closely monitor our cost estimates such that we can communicate any changes to the market at appropriate times as we progress through the project.

I will now wrap up with an update on our 2022 outlook. We are maintaining our prior outlook for an adjusted EBITDA loss of up to \$36 million and capital expenditures of up to \$175 million. With that, I will turn it back to Rich for closing remarks.



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Rich Riley, Co-CEO, Origin Materials

Thank you, Nate. In closing, I am incredibly proud of our team's continued progress and execution on our mission to enable the world's transition to sustainable materials. Ahead of the commissioning and start-up of Origin 1, we continue to see robust demand for our industry-leading technology as the world moves aggressively to a zero-carbon future.

I would like to thank all of our customers for their commitments to Origin, our team and construction and engineering partners for their contributions to our company's success, and our shareholders for their continuous support.

And with that, I would like to ask the operator to open the line for questions.