



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

Ashish Gupta, Investor Relations

Thank you and welcome everyone to Origin Materials' Third Quarter 2021 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 third 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 that 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 only as of today, should not be relied upon as representative about views as 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.

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.



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

Rich Riley, Co-CEO, Origin Materials

Thank you, Ashish, and thanks to everyone for joining us today. 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 Q3 highlights, then discuss important industry announcements and provide a commercial update. I will then turn it over to John who will discuss construction progress on Origin 1 and Origin 2. Nate will wrap up with a financial overview.

We will begin on slide 3.

We continue to make steady progress against our strategic initiatives.

- **First**, we were pleased to complete installation of the key production modules at Origin 1, six months ahead of our plan announced in April 2021. In addition, we are reaffirming our expectations as to capital budget and production timelines for Origin 1 and Origin 2.
- **Second**, our customer demand has quadrupled since our announcement to become a public company in February, with offtake and capacity reservations increasing by over \$700 million since the second quarter call in August to \$4.2 billion, as of today.
- **And third**, we remain well capitalized with \$459 million dollars in cash and equivalents on hand. We reaffirm 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 I'd like to give a brief overview on the company 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, 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 and



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

Solvay. Kolon Industries is a new addition to our growing list of partnerships with major chemical companies, all of whom we view as potential partners and not competitors.

The CPG companies mentioned have publicly disclosed their intent to migrate 100% of their current petroleum-based PET consumption to decarbonized and recycled materials. After extensively testing our technology, these market leaders have made significant financial contributions to Origin, both as investors and customers, demonstrating their environmental commitment and confidence in our technology. They have signed multi-year off-take contracts worth hundreds of millions of dollars.

We continue to see strong, favorable tailwinds for our technology and business model. As evidenced by the recent United Nations Climate Change Conference, or COP26, the world continues to make commitments and take actions to reduce global greenhouse gas emissions - a problem which Origin is uniquely positioned to address.

According to a study by the Ellen MacArthur Foundation, the carbon emissions from plastic are widely underestimated. The study finds that under a business-as-usual scenario, by 2040 plastics could account for 19% of the total emissions budget allowable if we are to remain below a 1.5°C increase in global warming.¹ According to another report, plastic industry pollution is expected to overtake coal pollution in the United States by 2030. US plastic production creates at least 232 million metric tons of greenhouse gases, according to the report, with another 55 million tons expected by 2025 if the 42 plants currently planned or under construction in the U.S. come online.²

¹ Center for Environmental Law – “[Fossil Fuels and Plastic](#)”

² <https://arstechnica.com/tech-policy/2021/10/plastic-industry-pollution-to-overtake-coal-in-us-by-2030-report-says/>



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

It is beyond a doubt that, with more than 99% of plastics made from fossil fuels¹, we need to dramatically transform the way the world produces and uses plastic as fast as possible.

With our first product, Origin offers an entirely circular plastic solution: 100% 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. We believe that making PET plastic from sustainable wood residues is a unique and powerful solution that meets the most pressing environmental challenges of the day. With over one-fifth of the world's largest public companies committing to zero-carbon mandates to help tackle climate change, we expect the strong demand environment to continue and remain well ahead of our projected supplies for the foreseeable future.

Turning to slide 4, we continue to make steady progress commercializing the business, and have grown customer demand by more than \$700 million since our second quarter earnings call, for a total of \$4.2 billion of offtake agreements and capacity reservations, more than quadrupling over the last nine months.

Moving to slide 5, we recently announced a strategic partnership with Kolon Industries to industrialize advanced carbon-negative chemicals and materials. Kolon Industries, a global leader in chemicals and materials, signed a multi-year capacity reservation agreement to purchase sustainable carbon-negative materials from Origin. Those materials include novel polymers and drop-in solutions for select applications, with an initial focus on automotive applications. The partnership includes development work aimed at commercializing polyethylene furanoate ("PEF"), a polymer with an attractive combination of performance characteristics for packaging and other applications, including enhanced barrier properties when compared with polyethylene terephthalate ("PET"), degradability, and other qualities. Origin's technology platform is expected to produce cost-competitive, sustainable carbon-negative FDCA, the primary precursor to PEF. Kolon Industries has deep expertise in novel FDCA-based polymers, including PEF. We are thrilled to



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

work together to enable our shared vision for a net zero material economy. Our partnership reflects both companies' commitment to sustainable innovation, including in the automotive sector.

Additionally, last month we announced that we joined the Drive+ platform, which is a group of 11 of the world's largest automotive manufacturers, including Volkswagen, Daimler, Ford, Stellantis and Toyota Motor Europe among others, aiming at further developing sustainability along the automotive supply chain. This partnership will allow us to collaborate with Drive Sustainability Partners on raw materials standards, carbon neutrality and other key sustainability topics in the automotive supply chain. This Drive+ partnership expands our existing strategic relationships within the automotive sectors including Ford Motor Company, Mitsubishi Gas Chemical and Solvay. We expect our zero-carbon chemicals and materials platform to be deployed across a diverse array of mobility applications including fabrics, plasticizers, seat foams, engineered polymers, tires, and hoses to name a few.

During the quarter, we also announced our partnership with the Alliance to End Plastic Waste, which includes industry leaders across the plastics value chain, working towards a common goal of developing, deploying and scaling solutions to help end plastic waste in the environment.

In addition to exciting customer and partnership announcements, this quarter we announced that Origin Materials was awarded The Sustainability Leadership Award by the Business Intelligence Group's 2021 Sustainability Awards program, for our patented, category-leading breakthrough technology built around converting low-cost, non-food feedstock into decarbonized, supply chain ready materials.

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



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

John Bissell, Co-CEO, Origin Materials

Thanks. I am going to begin on slide 6, and provide an update on Origin 1 and Origin 2. First, since selecting Worley as an engineering partner in Q3 2021, Origin has updated its payment schedule for Origin 1 after incorporating detailed feedback from equipment suppliers and contractors, while reaffirming the total Origin 1 project budget and schedule. Additionally, Origin is reaffirming the previously disclosed capital budgets and production timelines for Origin 2. Capital budgets continue to include substantial contingencies for unforeseen events, as is appropriate for projects of this size and phase. We continue to monitor construction costs and timelines to assess the impact of macroeconomic movements such as inflation and supply chain disruptions, and while we have seen the escalation of costs and extension of schedules for more commodity items such as carbon steel vessels and electrical equipment, those escalations and extensions remain inside of our previously disclosed budget and off of the critical path for the Origin 1 schedule.

For Origin 1 we expect to incur capital costs later than our prior projections, but we continue to expect the construction of Origin 1 to be completed by the end of 2022. The lifting and installation of previously fabricated key production equipment modules was completed in October 2021, six months ahead of our plan announced in April 2021 and two months ahead of the accelerated schedule we announced last quarter. As such, we expect piping fabrication to begin by the end of Q1 2022, one quarter ahead of our prior schedule. For those that aren't deeply embroiled in building and operating plants during your day job, there is a significant amount of piping and electrical work that goes into constructing plants of this sort. I like to think of it as the vascular system of the plant—and in that analogy perhaps the pieces of process equipment are the organs. Notably, the actions that will allow us to move that fabrication forward are a combination of our internal team and contractors in Sarnia (Canada) working together to identify and capitalize on an opportunity presented by getting the modules up early. This result comes from good engineering, good project management, and good crafts folk all working together as a team.



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

Additionally, the ENCON evaporator module installation is expected to be completed by the end of Q4 2021, more than three months ahead of schedule, as we previously expected to receive the ENCON modules by the end of Q1 2022. The ENCON evaporator module system, by the way, is used for recovery and regeneration of the aqueous phase of our process--a standalone, but important, part of how we recycle water in the plant.

As you can see, while we have made significant accelerated progress on Origin 1 by the installation of key production modules and moving ahead with certain key milestones, to be prudent, we are still maintaining our overall schedule for completion by the end of 2022.

Similarly, Origin 2 remains on track for completion by mid-2025. We have appointed Worley as our FEL1 engineering partner. Further, we are working with Worley, Deloitte, and Fisher to select the site for Origin 2, which we expect to choose by the end of 2021 and announce in Q1 2022, in line with our prior forecasts. We have short listed 3 finalists, and we are currently conducting our final diligence negotiations for these sites. One of which we have purchased an option on. And Our diligence includes things such as environmental, engineering, and workforce studies to inform our final decision. Additionally, we remain focused on adding engineers and capital projects personnel as the planning and construction of Origin 2 proceeds.

On slide 7, as you can see, there is a before and after image of the concrete pad and the completed module installation. We had the concrete pad present for our last earnings call, but we've now taken the modules, which were on a different part of the site, brought them over, lifted and placed the modules on the foundation, and bolted them down. You can see there are 14 vertical modules, in 2 rows of 7, two horizontal modules, which you can see end on, and a 17th module that is quite a bit smaller, sitting next to the two horizontal modules.

You'll note the spaces between the modules. There are a few connecting beams which provide shear support, but there isn't much connecting module to module--



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

that's where the piping and additional interconnecting steel and walking platforms will go. The second thing to look for will be the piping connecting the modules to the tank farm, the process building, and the rest of the site. Steam, electricity, and cooling water will be supplied by the Arlanxeo site infrastructure, so we'll be connecting all of that to the pipe racks that you can see behind the modules.

I'll also take a moment to point out a few other aspects of the site that have changed. On slide 8, you can see that we have put in place the foundation for the tank farm. Tank farms are the fluid storage for the site, and will contain solvent, intermediate materials, and of course final product. We've also included a 3-D model of the tank farm and an overlay to give you a sense of what it will look like once it's finished.

On slide 9, you can see progress on the process building, which houses a few process pieces that aren't in the production modules. And again, you can see that we have poured foundation, and we've also included models and an overlay.

What this all means is that we are significantly out of the ground, which is very important in the Canadian winter. Unsurprisingly, frozen ground is a lot more challenging to work in. And consequently, we can work through the winter much more productively than we'd originally expected.

On slide 10, you can see one of the module lifts. These were all incredibly impressive, which is ideally synonymous with "boring". The crew used a 500 ton main crane and a 150 ton tailing crane in tandem. The 500 ton crane is in the back, rigged up to hold the majority of the module weight. But as you want the transition from horizontal to vertical to be controlled--that's where the second crane comes in. This was all a great example of "slow is smooth; smooth is fast." And this was an extremely well-trained crew, doing a well-planned lift, safely, in tight coordination. They were moving modules over, getting them rigged up, lifting them, setting them down. It was like butter, all the way through. People in Sarnia really know what they're doing. I can't say enough good stuff about the engineers, the local contractors in Sarnia, the



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

tradesmen, and of course our project and construction management team. They set the standard for what good is supposed to look like.

On slide 11, you can see what happens as the modules are positioned before final placement. Here, the module is held up by the crane, and as they're coming into final position, you see these craftsman positioning the module, by hand, over the anchor bolts. Generally speaking, the tolerance for the module placement is about a half inch across between 16 and 24 bolts. Each of these modules weighs about 70 tons, plus or minus. As a consequence, there is a lot of work and planning that goes into this. Measure lots of times, cut once.

On slide 12, you can see all the modules up and some of the cranes we used in module placement as well.

Altogether, we had an incredibly successful module installation, about six months ahead of our plans announced in April 2021. And we continue to expect the construction of Origin 1 to be completed by the end of 2022.

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 third quarter results, provide a financing update for Origin 2, and finish with our 2021 outlook.

Speaking to slide 16, third quarter operating expenses were \$7.1 million compared to \$2.0 million during the same period in the prior year.

Adjusted EBITDA loss was \$5.7 million for the third quarter compared to a loss of \$1.9 million in the prior period.



Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021

And finally, net income was \$27.9 million for the third quarter compared to a net loss of \$3.1 million in the same period in the prior-year.

Turning to our balance sheet. Origin ended the third quarter with \$459 million in cash and cash equivalents.

We are pleased to reaffirm our expectation of fully funding the construction of both plants using our existing balance sheet cash and cash equivalents and previously indicated traditional financing sources. Leading financial institutions that have expertise in financing similarly sized capital projects continue to confirm that our financing assumptions for Origin 2 are reasonable and executable. As discussed previously, we anticipate having approximately \$100 million of excess cash, beyond the capital budget for Origin 1 and Origin 2, for any unforeseen contingencies in addition to contingencies already included in our capital project budgets.

Finally, we have received many questions on inflationary pressures. As John mentioned earlier, we are continually updating our cost estimates in real time, and based on the current inputs we've received from vendors and suppliers, I am pleased to report projected construction costs are still within the overall capital budget.

Wrapping up with our full year 2021 outlook, we continue to expect an adjusted EBITDA loss of up to \$25 million; capital expenditures are expected to be approximately \$45 million, which is less than our prior outlook, due to payment schedule refinement since selecting an engineering partner. That said, consistent with John's overview and update on our construction progress of Origin 1 and Origin 2, I would reiterate that the refinement of our payment schedule has no impact on the total capital expenditures and the pace of construction progress is on schedule.

With that, I will turn it back to Rich for closing remarks.



**Origin Materials, Inc.
3Q21 Earnings Conference Call Script
November 11, 2021**

Richard Riley, Co-CEO, Origin Materials

Thank you, Nate. I would like to close by thanking all our customers for their commitment to Origin, our employees and construction & engineering partners for their contributions to our company's success and our shareholders for their continuous support.

And with that, thank you everyone, we appreciate your time today. I would like to ask the operator to open the line for questions.