



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

**Operator**

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Thank you for standing by, this is the conference operator. Welcome to the Origin Materials Fourth Quarter 2021 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**

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Thank you and welcome everyone to Origin Materials' Fourth 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 fourth 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](https://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



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

with the SEC including our last quarterly report on Form 10-Q filed on November 12, 2021 and our Annual Report on Form 10-K to be filed next week.

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**

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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 Q4 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, and are maintaining our expectations for the capital budget and production timelines for both Origin 1 and Origin 2.

First, we remain well-capitalized, on budget, and on track for completion of Origin 1 by the end of 2022 having achieved several construction milestones during the fourth quarter. Origin 2 remains on track to be operational by mid-2025. We recently announced the selection of Geismar, Louisiana as the site location for Origin 2, subject to the finalization of certain economic incentives.



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

State and local incentives are estimated to be more than \$100 million dollars in addition to a municipal tax-exempt bond allocation from the State of Louisiana of \$400 million dollars. Today, we are also pleased to announce the selection of Hunt, Guillot & Associates as our owner's engineer for Origin 2.

Second, our customer demand has more than quintupled since our announcement to become a public company in February of last year, with offtake and capacity reservations increasing by over \$1.4 billion since the third quarter call in November to \$5.6 billion, as of today.

And third, we remain well capitalized with approximately \$445 million dollars in cash and cash equivalents on hand. We are maintaining 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, as I did on our last call, I'd like to give a brief overview of 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, Solvay, Mitsui & Co, and Minafin Group. Mitsui & Co. and Minafin Group are new additions to our growing list of partnerships, both of which will increase our exposure to a multitude of consumer and industrial end-markets while also expanding our international footprint.

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 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.



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

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 to help tackle climate change. In Japan, we have been encouraged by a recent pickup in decarbonization activity. Building upon the country's commitment at COP 26 to become carbon neutral by 2050, a recent survey commissioned by NHK Japan, or the Japan Broadcasting Corporation, found that the majority of participants from 100 of Japan's largest companies believe achieving carbon neutrality within that timeframe is possible. The decarbonization momentum that we are seeing globally is creating significant opportunities for Origin, including our strategic partnerships with Mitsui and Co. and the Minafin Group, which we will discuss in more detail shortly.

With more than 99% of plastics made from fossil fuels, the world clearly needs to dramatically transform the way it produces and uses plastic as fast as possible. With our first product, Origin offers an entirely circular plastic solution: 100% zero carbon 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 CO<sub>2</sub> from the atmosphere. Beyond that, despite the progress in the shift to renewable energy generation 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. Consequently, in the near-term, we believe that these companies will need to integrate decarbonized materials into their supply chains. As such, 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 \$1.4 billion since our third quarter earnings call, for a total of \$5.6 billion today, made up of offtake agreements and capacity reservations. This has more than quintupled since we announced our intent to go public in February 2021.



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

Moving to slide 5, in January, we announced a strategic partnership with Mitsui & Co. to industrialize advanced carbon-negative materials and chemicals for the automotive, chemicals, electronics, packaging, textiles, construction, and personal care industries. Mitsui, a global leader in multiple business areas, including chemicals, textiles, and many others, also signed a multi-year capacity reservation agreement to purchase sustainable carbon-negative materials from Origin. Consistent with our view that climate change is an urgent international priority, we are excited both by the potential to collaborate with Mitsui on the commercialization of new products, and also the opportunity to leverage Mitsui's global supply chain reach to target Japanese and international markets.

In February, we announced a strategic partnership with Minafin Group to industrialize high-value specialty chemicals based on our carbon-negative materials for applications in the pharmaceutical, agricultural, cosmetics and personal care, and automotive industries. The partnership includes multiple collaboration areas and is an important milestone for bringing cost-competitive biobased products to these end markets. This partnership with Minafin Group continues to demonstrate the versatility and broad range of applications for our carbon-negative platform technology.

On slide 4, we are very excited about a new strategic relationship with a 'major global retail company' which is our first retail partnership. We're thrilled to continue to expand into new parts of our total addressable market and into new end markets and look forward to saying more about this partnership, and others, when appropriate.

In addition to these partnership announcements, Origin was recognized in November by Chemical Week for Best Sustainable Product by an Emerging Company, as part of Chemical Week's Sustainability Awards 2021. The award recognizes emerging chemical companies with a product, or range of products, whose design and innovation serve a sustainable or environmental purpose.



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

In January, Origin was recognized by the Business Intelligence Group for the company's leadership in innovation and received the 2022 BIG Innovation Award. We received the award for our patented, category-leading breakthrough technology which, as most of you know, is built around converting low-cost, sustainable wood residues 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.

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

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Thanks Rich. I am going to begin on slide 7, and provide an update on Origin 1 and Origin 2.

For Origin 1, our first plant, which is under construction in Sarnia, Ontario, we remain well-capitalized, and on track for completion by the end of 2022. We continue to execute on our construction timeline, achieving several project milestones ahead of schedule, further de-risking our overall project schedule.

As we disclosed on our third quarter call, in October 2021, we completed the installation of key production modules that contain equipment used for the conversion of biomass feedstock into high value chemicals, six months ahead of the plan announced in April 2021.

The ENCON evaporator module system was placed and bolted three months ahead of schedule in accordance with the accelerated target Origin provided in November 2021. As I mentioned last quarter, the ENCON evaporator module system is used for recovery and regeneration of the aqueous phase of our process—an important part of how we recycle water in the plant.

We have continued to make progress in 2022. Installation of structural elements and interconnecting piping of the main plant production modules is in progress and



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

largely completed. The foundational work for the majority of the auxiliary process buildings and tank farms is complete.

Piping fabrication, which began earlier this year, is more than three months ahead of the plan announced in April, and faster than the pulled forward target that we laid out for you on our third quarter earnings call in November, further de-risking our schedule. If you refer to slide 10, you will see a picture of a large delivery of carbon steel pipe and structural steel which will be utilized to fabricate pipe modules in shop during the cold winter months, a process that we expect to continue for several months as it will take time to complete the modules which will be sent to the Origin 1 site for installation. We will be finishing the piping modules, sending them to the site, and installing them over time.

As we have described before, Origin has chosen a modular construction approach, whereby our equipment can be fabricated off-site and generally indoors. There are several advantages to this method. For one, modular construction can offer control over environmental conditions, and therefore more predictable production, especially when considering very cold winter conditions. Additionally, modular construction gives you better control over the quality of the work.

Turning to an update on Origin 2, our first world-scale manufacturing facility, the plant remains on track to be mechanically complete and operational in mid-2025. Origin 2 will produce carbon-negative materials used to make PET plastic, which is used in packaging, textiles, apparel, and other applications, and hydrothermal carbon, which can be used in fuel pellets, as activated carbon, and as a replacement for carbon black. Front end design is well underway and Origin expects detailed engineering to begin in 2023.

We recently announced that we have selected the site for Origin 2 in Geismar, Louisiana, subject to finalization of economic incentives. We expect the 150-acre facility will create an estimated 500 construction jobs, 200 local full-time positions,



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

and between 500 and 1,000 indirect local jobs. The plant will convert an estimated 1 million dry metric tons of sustainable wood residues each year into products for a wide range of end markets.

We are incredibly excited about the site and went through an extensive process to choose what we believe is an ideal location for Origin 2. We started the process looking at over 40 sites. Then we narrowed our list using criteria that we knew would be important to our facility – things like access to ethylene, waterway and rail access, and other factors. We subsequently narrowed our sites down to 15, many of which we visited in person to assess further. And then, during our third quarter 2021 earnings call, we described that we had narrowed the list down to only three sites, and now we are pleased to tell you more about the Geismar, Louisiana, location for our first world-scale facility.

I'll tell you some of the reasons that we believe the Geismar site is the ideal location for Origin 2. Baton Rouge and New Orleans have extremely skilled labor pools across refining, pulp and paper, forestry and agronomy, feedstock logistics, and chemicals in general. The site will give us access to plentiful sustainable feedstock for use in production – including 'residuals' or waste wood from local large scale pulp mills and saw mills. In addition, the site has excellent transportation access. It has great access to rail, and also sits along the Mississippi River with easy barge access to the Gulf Coast, which is valuable for the distribution of our intermediates. The site also gives us access to reliable utilities, with the local industrial cluster offering access to hydrogen pipelines, ethylene pipelines, valuable inorganic species, water, and wastewater treatment. The proposed incentives package for building in the area is also compelling, with pending state and local government incentives estimated to be worth more than \$100 million dollars, in addition to a Private Activity Bond volume cap allocation of \$400 million from the State of Louisiana. We were able to pursue this allocation because the Origin 2 sustainable feedstock of wood residue qualifies as a waste material under the tax code. Origin 2 will, in essence, be converting waste wood residues into useful negative carbon





**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

and recyclable materials. This is a great example of how the “Circular Economy” will work in the future. And Nate will cover the financing in more detail later.

Now, when we laid out our initial plans as a public company, we explained that our strategy may involve co-location with defunct pulp and paper mills. Co-location, we still believe, can play a meaningful role in creating efficiencies for one of our future plants. However, for Origin 2, we ultimately decided not to pursue this strategy. The reason is that the Geismar site is, in fact, much better than the pulp sites we’d expected to find. The site sits at a confluence of nearly every utility we need plus all the relevant infrastructure, and it still has access to sustainable feedstock. We also expect to integrate substantially with the local community – this is not just an isolated plant. We see many opportunities to place Origin products in the local industrial ecosystem and to participate as a customer in that ecosystem as well. On balance, we thought that was ultimately of more value than re-utilizing the wood yard and utilities of a pulp mill. And that said, while we ended up not co-locating with a pulp mill for Origin 2, we will continue to explore that strategy for future plants.

We are grateful for the partnership of the Louisiana Economic Development, the Baton Rouge Area Chamber, and Ascension Parish, of course, for the support that they provided us in the site selection process. We look forward to working with all involved and to being a part of the community for years to come.

And lastly, I want to say that we are very proud of the team for achieving this milestone. It’s a big, cross-functional undertaking. The team did a great job and the spot we chose is excellent.

In addition to our site selection news, we are pleased to announce our selection of Hunt, Guillot & Associates, or HGA, as owner’s engineer for Origin 2. The owner’s engineer is an important role that provides full-service engineering to support and augment Origin in all phases of the project, from early design to construction. They support everything from logistics, to planning, detailed scheduling, cost forecasts,



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

progress tracking and reporting, and integrating the different work streams. HGA will serve as an independent advocate of Origin, representing us during the design, development, and construction of the facility to ensure that the work adheres to the highest standards. One advantage of HGA, in particular, is that they are headquartered in Louisiana, and they have offices in Houston and Baton Rouge. So, they are close to many Tier 1 engineering companies, to the site in Geismar, and to much of the Origin design team. They also have proven experience as an owner's engineer in multiple projects worth over a billion dollars and have extensive wood handling and forest products experience, which is an important part of the project. We are thrilled to be partnering with a company of HGA's caliber for this important role.

Before I conclude, I'd like to give you some additional detail about what we're working on for Origin 2 right now. Presently, the team is laying out the Origin 2 plot plan based on equipment sizing, and starting to build the 3D model. We are working closely with fiber suppliers in Louisiana and Mississippi to develop optimal delivery strategies for rail, truck and barge, on the constructability for site access, and on right-of-way contracting for rail, pipelines, and roads.

To summarize, the team has continued to make significant progress and we continue to expect Origin 1 to be completed by the end of 2022, with Origin 2 on track to be operational by mid-2025.

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

**Nate Whaley, CFO, Origin Materials**

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Thanks, John.

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



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

Speaking to slide 18, fourth quarter operating expenses were \$7.8 million compared to \$5.5 million during the same period in the prior year. Full year operating expenses were \$26.9 million.

Adjusted EBITDA loss was \$6.6 million for the fourth quarter compared to a loss of \$3.8 million in the same period of the prior year. Full year adjusted EBITDA loss was \$20 million.

And finally, net income was \$5.2 million for the fourth quarter compared to a net loss of \$23.5 million in the same period in the prior-year. Full year net income was \$42.1 million.

Turning to our balance sheet, Origin ended the fourth quarter with \$444.6 million in cash and cash equivalents and marketable securities.

We are pleased to maintain 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.

For the financing of Origin 2, the State of Louisiana, pending finalization, is expected to award a Private Activity Bond volume cap allocation to us in the amount of \$400 million dollars. Private Activity Bonds are tax-exempt bonds authorized by the state and local governments for the financing of qualified projects with private capital. We also expect to have received more than \$100 million in pending state and local incentives.

We continue to consult with leading financial institutions that specialize in financing capital projects such as Origin 2 and are pleased to reaffirm our financing assumptions for Origin 2 remain reasonable and achievable. 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, could enable the debt financing of Origin 2 using



**Origin Materials, Inc.**  
**4Q21 Earnings Conference Call Script**  
**February 24, 2022**

entirely tax-exempt bonds. We also continue to work with these institutions on other forms of traditional private financing and federal loan programs, including through the U.S.D.A. and the Department of Energy.

As we mentioned on our Q3 call in November, inflationary pressures remain a focal point. Based on our most recent analysis, we continue to expect construction costs to remain within our overall capital budget and as discussed previously, we have projected approximately \$100 million of excess cash, beyond the capital budget for Origin 1 and Origin 2, in addition to contingencies already included in our capital project budgets. However, we acknowledge that the situation remains fluid, and we will look to update our cost estimates such that we can communicate any changes to the market, as appropriate, as we continue to make progress toward our targeted 2025 completion date.

To wrap up with our initial outlook for the full-year 2022, we are providing guidance for capital expenditures of up to \$155 million, and an adjusted EBITDA loss of up to \$36 million.

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

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

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Thank you, Nate. To close, I am incredibly proud of what the Origin team accomplished in 2021, and encouraged by the strong momentum that we continue to see for our industry-leading technology in 2022 as the world moves aggressively to a zero-carbon future.

I would like to thank all 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.