



Origin Materials, Inc.
1Q25 Earnings Conference Call Script
May 15, 2025

Operator

Thank you for standing by, this is the conference operator. Welcome to the Origin Materials First Quarter 2025 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 will turn the call over to Ryan Smith, Co-Founder and Chief Product Officer. Please go ahead.

Ryan Smith, Co-Founder and Chief Product Officer, Origin Materials

Thank you. Good afternoon and thank you for joining us, everyone. Speaking first today is Origin's CEO and Co-Founder, John Bissell, followed by CFO & COO Matt Plavan. Then we will open the call to questions from analysts and discuss questions submitted as part of this quarter's "Ask Origin" campaign.

Ahead of this call, Origin has issued its 2025 first quarter press release and presentation. These can be found on the Investor Relations section of our website at originmaterials.com.

Please note that during our discussion today 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 on the material risks and other important factors that could affect our financial results, please refer



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to our filings with the SEC including our Quarterly Report on Form 10-Q filed today. 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 John.

John Bissell, CEO, Origin Materials

Thank you, Ryan. Good afternoon.

This quarter we continued to make progress commercializing our groundbreaking PET cap solution, representing a major development in sustainable packaging, product performance, and recycling circularity capable of addressing a \$65 billion dollar closures market. Over twenty companies are now qualifying or preparing for qualification of our caps, six of whom are in the Fortune 500 and collectively represent some of the world's most iconic brands.

Today we are pleased to announce a signed strategic customer agreement with a multibillion dollar packaging company for the development of large format PET closures for the ready to drink, wine, and spirits market. We plan to share more on this over the coming months pending finalization of joint communications.

Overall, demand for Origin's groundbreaking PET cap solution is stronger than ever. At the same time, this quarter Origin faced two significant new challenges.

First, customer product qualification is taking longer than previously projected. In light of these qualification delays, we are deferring the expected start of



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commercial-scale PET cap revenue generation by between one and three quarters. Therefore, we now expect to realize revenue of \$50 to \$70 million dollars in 2026 and \$150 to \$210 million dollars in 2027. And, because of the expected later onset of revenue generation, we now anticipate reaching run-rate Adjusted EBITDA positive by the back end of 2026.

A number of investors have asked about the status of customer qualifications and why they are taking longer than we expected. First, some context. For a new HDPE or polypropylene cap, the typical qualification journey can take two to three years. Initially, we were optimistic that we could go faster than that, in part because our customers were intensely motivated to help bring our PET caps to market quickly, in light of their own goals for recyclability and lightweighting, which can have meaningful impacts on their bottom line driven by legal and regulatory considerations. As a result, we believed it would be aggressive but achievable to complete qualification with some of our larger prospective customers within six to twelve months.

What we have learned is that PET cap qualification is more likely to take one to two years from start to finish, in particular for our largest prospective customers which have some of the most rigorous and varied testing requirements.

We've learned that qualification is dynamic, can vary by customer, and is not a one-time, pass-fail exercise. Rather, a single customer qualification typically requires multiple cycles of design, production, shipment, testing, gathering feedback, updating the design, and repeating. For most customers, a single iteration cycle can take months, factoring in logistics, engineering, design, prototyping, testing, and the gathering, interpretation, and communication of data. We are moving through these cycles as quickly and efficiently as possible.

Furthermore, we have found that individual bottling lines can behave differently, one to the next. For smaller brands operating on a single line, the impact of the bottling line itself on qualification can be minimal. For larger brands operating



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hundreds of bottling lines, testing is generally more demanding to ensure performance across bottling lines and regions. More variability means more potential points of failure that can cause delays, especially for larger companies that, although motivated to bring PET caps to market, have more comprehensive production and distribution channels than smaller, regional brands.

Finally, our PET caps are brand new products no one has ever made before. The design is new and, before our caps, the material had never been used to make caps at commercial scale. This creates inherent challenges of the kind you would expect for a “never been done before” product.

At the end of the day, we have work to do to qualify our PET caps. But we believe the challenges are surmountable and our team, and our partners, are up to the task. We are laser focused on making sure in due course our caps are on the bottles of some of the most iconic brands in the world, in a store near you. We are working hard every day on behalf of our customers and investors to bring our caps to the \$65 billion dollar closures market, where we believe we can drive a meaningful transformation in packaging. The alignment between ourselves and our customers is strong, our product market fit is strong, and we are committed to doing the work to qualify caps with our key prospective customers to support our mission.

The second major challenge we faced this quarter was uncertainty resulting from the disruption of global manufacturing supply chains due to the imposition of tariffs and protectionist trade policies. Taking this reality into account, we revised our plan to assume the current 10% tariff on equipment imported from Europe and, in addition, we are updating our CapFormer deployment schedule as follows:

- Lines two through four are in fabrication now. Subsystem components have been secured and the lines are expected to complete Factory Acceptance Testing on a rolling basis this quarter and in Q3 2025.
- Lines five through eight are expected to complete Factory Acceptance Testing in Q4 2025 and Q1 2026.



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- And for each line, we anticipate production starting approximately three months after Factory Acceptance Test completion.

In response to evolving market and business conditions, including the evolving global tariff landscape, we are also providing the following updates to our execution strategy and plans:

- First, we are confirming our first customer pilot launch remains on track for Q3 2025. In Q2 2025, our caps completed customer qualification for a new brand and are pending bottling. We expect these beverages with PET closures to be on shelves in Q3 in the United States with one of our smaller customers within a limited geographic distribution.
- Second, we are further investing in supply chain preparedness. This includes developing proactive inventory strategies, long lead-time materials procurement initiatives, and multi-sourcing approaches designed to limit disruptions including those that could be caused by CapFormer subsystem supplier delays.
- Third, we are diversifying our manufacturing footprint. We are making strategic adjustments to our deployment plan, factoring in geographic diversification to minimize tariff exposure, with the overarching focus on building supply to meet demand in different regions of the world.
- Fourth, we have continued to invest in CapFormer add-ons to drive margin improvements. Origin has ordered its first two PET extrusion units. Owned extruders are an important element of our target line margins by supplying PET sheet onsite.
- Fifth and finally, this quarter we continued CapFormer technology development and made improvements in increasing the expected throughput of near-term lines. We expect these improvements to result in



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CapFormer lines 2 and 3 each achieving roughly double the original throughput of line 1, with lines 4 and beyond roughly tripling the original output of line 1. Origin is exploring additional technology improvements that could result in further increases in line throughput as well.

And now I'll hand it over to Matt for a review of our expected near-term financial performance.

Matt Plavan, CFO and COO, Origin Materials

Thanks, John. Good afternoon, everyone.

First, as John indicated, we are reiterating guidance for achievement of run-rate positive Adjusted EBITDA by the end of 2026, and updating our revenue guidance range for 2026 to \$50 million to \$70 million dollars, and we are adding 2027 revenue guidance for a range between \$150 million and \$210 million dollars. We expect the threshold for reaching positive Adjusted EBITDA on a run-rate basis is between 8 and 10 CapFormer lines operating at scale, which we expect to achieve in 2026.

Also detailed by John on the call, the timing of qualification completion is at the discretion of our customers and is unique to each. However, based upon broad timing expectations, we believe all customers currently qualifying our caps will have completed their testing between early to mid-2026, which dovetails with our expected manufacturing capacity ramp-up timeline.

Second, inclusive of our assessed impact of current tariffs on our CapFormer line costs, we project Origin's business model for value creation remains exceptionally positive. As such, we are confirming the attractive unit economics of our caps business and continue to expect the payback period for the average CapFormer line, separate from any extruders purchased as optional add-ons to improve margins, to be less than 18 months.



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Of course, should tariffs increase beyond current rates, particularly for the EU or other countries where we source equipment, we will reevaluate the impact, including on international shipment timing, and determine if further adjustments to Origin's strategic plan are necessary.

Lastly, we ended the quarter with a strong balance sheet, including \$83 million dollars in cash, cash equivalents, and marketable securities. We continue our efforts to line up debt financing for our CapFormer equipment purchases, with the goal of 50-70% total coverage, and staged draw-downs concurrent with the equipment delivery to optimize our total cost of capital.

In addition to equipment debt financing, we expect to secure some level of corporate debt in the second half of 2025 in order to maintain a healthy minimum cash balance as we build manufacturing capacity to serve pent-up demand and to drive to run-rate profitability in 2026.

With that, I will pass it back to John for concluding remarks.

John Bissell, CEO, Origin Materials

Thanks, Matt.

Despite new challenges related to product qualification and macroeconomic conditions, we are focused on what we can control and encouraged by a number of factors. Customer interest continues to be robust with over sixty-five new customer inquiries in the last six weeks alone. Prospective customers are highly engaged in qualifying our caps and are actively collaborating to advance the qualification process. We are confident these qualification challenges will be overcome in time while we stand up our manufacturing capability. We remain focused on our mission to enable the world's transition to sustainable materials



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and we are excited about the work ahead of bringing our PET caps to market. We were pleased to announce a new signed customer agreement with a major packaging company today, and we look forward to sharing more progress with you on that front, and others, in the coming weeks and months ahead.

With that, I'll open up the call for questions. Operator, may we have the first question, please?