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A Biotechnology Company

Danimer Scientific Comments on Misleading Muddy Waters Report

BAINBRIDGE, Ga.--(BUSINESS WIRE)-- Danimer Scientific, Inc. (NYSE: DNMR) (“Danimer” or the “Company”), a leading next generation bioplastics company focused on the development and production of biodegradable materials, today shared consolidated information for investors to clarify misconceptions raised in Muddy Waters’ recent short-seller report.

Danimer Chief Executive Officer Stephen E. Croskrey said, “This short-seller ‘research’ is an unfortunate effort to mislead Danimer investors and generate short-term profit by raising doubt and confusion through incorrect and unsupported allegations. Having read the report, it’s clear that Muddy Waters doesn’t understand our business.

“As detailed in numerous publicly available materials, Danimer is continuing to strategically enhance its business with both capacity and cost improvements that are expected to help drive top- and bottom-line growth. We are committed to updating investors when we make modifications to our plans and will continue to do so.

“By applying our formidable intellectual property and technical know-how to build products that solve important environmental packaging problems for global brands, we are continuing to strengthen our business. We are confident in the future of Danimer and will not be distracted from our mission of serving our customers as we collectively seek to reduce the global impacts of plastic waste.”

Manufacturing Capacity

Danimer’s core competency is developing formulations of biodegradable resins for its customers. The Company discusses production volumes in terms of finished pounds, rather than neat PHA (a.k.a. “Nodax®”), because finished product is what is sold to customers.

Prior to considering the integration of Rinnovo™ in its formulations, Danimer has stated that finished capacity at its Kentucky Phase I facility is 20 million finished pounds per year, which means that the Kentucky Phase I facility’s capacity is 10 million pounds of Nodax®. The Company has previously noted that, on average, Nodax® comprises approximately 50% of the formulation for finished product. Through repetition and continuous improvement, Danimer is scaling its production capacity and will continue to manufacture as much Nodax® as possible. Because the Muddy Waters analysis conflates these figures, below are the correct figures for Danimer’s Kentucky Phase I facility:

- In Q1 2021, Danimer produced approximately 1.4 million pounds of Nodax®, which equates to approximately 55% capacity utilization for the three-month period.
- In Q2 2021, during which time Danimer completed the debottlenecking of its facility, the Company produced approximately 1.2 million pounds of Nodax®, which equates to approximately 47% capacity utilization for the three-month period.
- In July 2021, Danimer produced approximately 0.6 million pounds of Nodax®, which equates to approximately 69% capacity utilization for the one-month period.

As previously detailed and prior to considering the integration of Rinnovo™ in the Company's formulations, Phase II construction in Kentucky is underway with production expected to commence in Q2 2022, adding an expected 45 million pounds of finished product (or approximately 22.5 million pounds of Nodax®) to annual nameplate PHA capacity.

Since acquiring the Kentucky facility in 2018, the Company's Georgia operations have transitioned to research and development processes for PHA, while production capacity of PLA-based resins remains at 100 million finished pounds for this facility.

Growth Plans

As detailed in Danimer's Q2 earnings presentation, current plans are to construct a standalone greenfield facility in Georgia that is networked with a proposed p(3HP) facility utilizing the technology acquired in the Novomer acquisition.

The following is a breakdown of future expected capacity following the Novomer acquisition:

- Kentucky facility: approximately 32.5 million pounds of Nodax® (following completion of Phase II construction)
- Greenfield facility: approximately 62.5 million pounds of Nodax® (following completion of construction)
- Proposed p(3HP) facility: approximately 168.0 million pounds of neat Rinnovo™ (p(3HP)) (following completion of construction)

When completed, the Danimer network is expected to have production capacity of approximately 330 million pounds of finished product resins when blended with other inputs. Danimer also expects to have approximately 60 million pounds of Rinnovo™ remaining to sell on a standalone basis or in formulations that don't include Nodax®. Muddy Waters' analysis of projected capacity conflates neat and finished product pounds, along with omitting the full projected volume of p(3HP) production.

Novomer Acquisition

Danimer's expansion plans have been publicly communicated, and the most recent updates are available in the Company's Q2 earnings presentation on the Danimer website. The Company remains committed to its strategy of working with blue-chip customers to deliver products that help solve the global plastic waste crisis while maximizing shareholder value.

As part of this strategy, the Company regularly evaluates opportunities to expand production or lower capital expenditures. Such an opportunity arose with the recent acquisition of Novomer, which was announced after many months of extensive due diligence, including

independent third-party review, and a competitive bidding process. Blending Novomer's Rinnovo™ material and thermocatalytic conversion process with Danimer's current operations is expected to provide increased manufacturing efficiency and greater flexibility to meet customer needs. This acquisition was a strategic opportunity that fully aligns with Danimer's expansion strategy. Full details on the acquisition are available in [the Company's press release announcing the transaction](#), in the Company's press release noting [the close of the transaction](#) and in the Q2 earnings materials.

Product Demand and Customer Partnerships

Global consumer brands are actively seeking compostable and biodegradable alternatives to their traditional plastic products, and this demand is evident in the numerous partnerships Danimer has established. Partners including PepsiCo, Mars Wrigley, Bacardi, Nestlé, WinCup, Eagle Beverages, Columbia Packaging Group and UrthPact are currently working with Danimer to produce biodegradable and compostable alternatives to plastic products.

Danimer's customers remain enthusiastic about incorporating the Company's materials into its products. Most recently, [PepsiCo announced the launch of its pep+ \(PepsiCo Positive\) initiative](#), which is focused on sustainability in its business operations. This initiative includes an industrial compostable bag made with Danimer's PLA-based resins. This same bag received [an industry award for innovation from the PLASTICS Association in 2018](#). The bag will also be featured with "Off The Eaten Path" snacks at Whole Foods stores in the U.S. this month. PepsiCo also stated it is willing to license this technology at no cost to other companies, which should help Danimer further scale its business.

Additionally, in the first quarter of 2021, Mars Wrigley and Danimer jointly announced a partnership to develop home compostable packaging. [According to Mars Wrigley](#), the first on-the-shelf offerings of this packaging are tentatively targeted for late 2021 or early 2022 featuring the SKITTLES® brand in the U.S.

Consumers can also find drinking straws made with Danimer materials in stores and restaurants now. WinCup collaborated with Danimer to produce its [phade® line of biodegradable drinking straws](#), which are available at a growing number of restaurants nationwide including select Dunkin' locations. The straws are also sold under a private label at CVS and Walmart stores.

Danimer remains committed to its mission of reducing the environmental impacts of plastic waste and will continue to regularly communicate updates on its operations to shareholders and the public. For more information on the Company, visit www.DanimerScientific.com.

About Danimer Scientific

Danimer is a pioneer in creating more sustainable, more natural ways to make plastic products. For more than a decade, its renewable and sustainable biopolymers have helped create plastic products that are biodegradable and compostable and return to nature instead of polluting our lands and waters. Danimer's technology can be found in a vast array of plastic end products that people use every day. Applications for its biopolymers include additives, aqueous coatings, fibers, filaments, films and injection-molded articles, among others. Danimer holds more than 390 granted patents and pending patent applications in more than 20 countries for a range of manufacturing processes and biopolymer formulations.

For more information, visit www.DanimerScientific.com.

Forward-Looking Statements

Please note that in this press release we may use words such as “appears,” “anticipates,” “believes,” “plans,” “expects,” “intends,” “future,” and similar expressions which constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this release include, but are not limited to, the overall level of consumer demand on our products; general economic conditions and other factors affecting consumer confidence, preferences, and behavior; disruption and volatility in the global currency, capital, and credit markets; the financial strength of the Company's customers; the Company's ability to implement its business strategy, including, but not limited to, its ability to expand its production facilities and plants to meet customer demand for its products and the timing thereof; risks relating to the uncertainty of the projected financial information with respect to the Company; the ability of the Company to execute and integrate acquisitions; changes in governmental regulation, legislation or public opinion relating to our products; the Company's exposure to product liability or product warranty claims and other loss contingencies; disruptions and other impacts to the Company's business, as a result of the COVID-19 global pandemic and government actions and restrictive measures implemented in response; stability of the Company's manufacturing facilities and suppliers, as well as consumer demand for our products, in light of disease epidemics and health-related concerns such as the COVID-19 global pandemic; the impact that global climate change trends may have on the Company and its suppliers and customers; the Company's ability to protect patents, trademarks and other intellectual property rights; any breaches of, or interruptions in, our information systems; the ability of our information technology systems or information security systems to operate effectively, including as a result of security breaches, viruses, hackers, malware, natural disasters, vendor business interruptions or other causes; our ability to properly maintain, protect, repair or upgrade our information technology systems or information security systems, or problems with our transitioning to upgraded or replacement systems; the impact of adverse publicity about the Company and/or its brands, including without limitation, through social media or in connection with brand damaging events and/or public perception; fluctuations in the price, availability and quality of raw materials and contracted products as well as foreign currency fluctuations; our ability to utilize potential net operating loss carryforwards; and changes in tax laws and liabilities, tariffs, legal, regulatory, political and economic risks. More information on potential factors that could affect the Company's financial results is included from time to time in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. All forward-looking statements included in this press release are based upon information available to the Company as of the date of this press release, and speak only as of the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this press release.

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