

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2024
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 001-40234



PureCycle Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

86-2293091
(I.R.S. Employer
Identification No.)

**4651 Salisbury Road, Suite 400
Jacksonville, Florida 32256
(877) 648-3565**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbols</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	PCT	The Nasdaq Stock Market LLC
Warrants, each exercisable for one share of common stock, \$0.001 par value per share, at an exercise price of \$11.50 per share	PCTTW	The Nasdaq Stock Market LLC
Units, each consisting of one share of common stock, \$0.001 par value per share, and three quarters of one warrant	PCTTU	The Nasdaq Stock Market LLC

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 5, 2024, there were approximately 164,961,308 shares of the registrant's common stock, par value \$0.001 per share, outstanding.

PureCycle Technologies, Inc.
QUARTERLY REPORT on FORM 10-Q
TABLE OF CONTENTS

	Page
PART I - Financial Information	
Item 1. Financial Statements	
<u>Condensed Consolidated Balance Sheets as of June 30, 2024 (Unaudited) and December 31, 2023</u>	5
<u>Unaudited Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months ended June 30, 2024 and 2023</u>	6
<u>Unaudited Condensed Consolidated Statements of Stockholder's Equity for the Three and Six Months ended June 30, 2024 and 2023</u>	7
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months ended June 30, 2024 and 2023</u>	8
<u>Notes to the Interim Condensed Consolidated Financial Statements</u>	9
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	36
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	48
Item 4. <u>Controls and Procedures</u>	48
PART II - Other Information	
Item 1. <u>Legal Proceedings</u>	49
Item 1A. <u>Risk Factors</u>	49
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	49
Item 3. <u>Defaults Upon Senior Securities</u>	49
Item 4. <u>Mine Safety Disclosures</u>	49
Item 5. <u>Other Information</u>	50
Item 6. <u>Exhibits</u>	51
<u>Signatures</u>	53

PureCycle Technologies, Inc.

PART I - FINANCIAL INFORMATION

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements about the financial condition, results of operations, earnings outlook and prospects of PureCycle Technologies, Inc. ("PCT"). Forward-looking statements generally relate to future events or PCT's future financial or operating performance and may refer to projections and forecasts. Forward-looking statements are typically identified by words such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "continue," "could," "may," "might," "possible," "potential," "predict," "should," "would" and other similar words and expressions (or the negative versions of such words or expressions), but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements are based on the current expectations of the management of PCT and are inherently subject to uncertainties and changes in circumstances and their potential effects and speak only as of the date of this Quarterly Report on Form 10-Q. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in the section of PCT's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Annual Report on Form 10-K") entitled "Risk Factors," those discussed and identified in other public filings made with the U.S. Securities and Exchange Commission (the "SEC") by PCT and the following:

- PCT's ability to obtain funding for its operations and future growth and to continue as a going concern;
- PCT's ability to meet, and to continue to meet, applicable regulatory requirements for the use of PCT's UPR resin (as defined below) in food grade applications (including in the United States, Europe, Asia and other future international locations);
- PCT's ability to comply on an ongoing basis with the numerous regulatory requirements applicable to the UPR resin and PCT's facilities (including in the United States, Europe, Asia and other future international locations);
- expectations and changes regarding PCT's strategies and future financial performance, including its future business plans, expansion plans or objectives, prospective performance and opportunities and competitors, revenues, products and services, pricing, operating expenses, market trends, liquidity, cash flows and uses of cash, capital expenditures, and PCT's ability to invest in growth initiatives;
- the ability of PCT's first commercial-scale recycling facility in Lawrence County, Ohio (the "Ironton Facility") to be appropriately certified by Leidos (as defined below), following certain performance and other tests, and commence full-scale commercial operations in a timely and cost-effective manner, or at all;
- PCT's ability to meet, and to continue to meet, the requirements imposed upon it and its subsidiaries by the funding for its operations, including the funding for the Ironton Facility;
- PCT's ability to minimize or eliminate the many hazards and operational risks at its manufacturing facilities that can result in potential injury to individuals, disrupt its business (including interruptions or disruptions in operations at its facilities), and subject PCT to liability and increased costs;

PureCycle Technologies, Inc.

PART I - FINANCIAL INFORMATION — CONTINUED

- PCT's ability to complete the necessary funding with respect to, and complete the construction of, (i) its first U.S. multi-line facility, located in Augusta, Georgia (the "Augusta Facility"); (ii) its first commercial-scale European plant located in Antwerp, Belgium and (iii) its first commercial-scale Asian plant located in Ulsan, South Korea, in a timely and cost-effective manner;
- PCT's ability to procure, sort and process polypropylene plastic waste at its planned plastic waste prep ("Feed PreP") facilities;
- PCT's ability to maintain exclusivity under the Procter & Gamble Company ("P&G") license (as described below);
- the implementation, market acceptance and success of PCT's business model and growth strategy;
- the success or profitability of PCT's offtake arrangements;
- the ability to source feedstock with a high polypropylene content at a reasonable cost;
- PCT's future capital requirements and sources and uses of cash;
- developments and projections relating to PCT's competitors and industry;
- the outcome of any legal or regulatory proceedings to which PCT is, or may become, a party including the securities class action and putative class action cases;
- geopolitical risk and changes in applicable laws or regulations;
- the possibility that PCT may be adversely affected by other economic, business, and/or competitive factors, including interest rates, availability of capital, economic cycles, and other macro-economic impacts;
- turnover or increases in employees and employee-related costs;
- changes in the prices and availability of labor (including labor shortages), transportation and materials, including inflation, supply chain conditions and its related impact on energy and raw materials, and PCT's ability to obtain them in a timely and cost-effective manner;
- any business disruptions due to political or economic instability, pandemics, armed hostilities (including the ongoing conflict between Russia and Ukraine and the conflict in the Middle East);
- the potential impact of climate change on PCT, including physical and transition risks, higher regulatory and compliance costs, reputational risks, and availability of capital on attractive terms; and
- operational risk.

PCT undertakes no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law.

Should one or more of these risks or uncertainties materialize or should any of the assumptions made prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events.

PureCycle Technologies, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	(Unaudited)	
<i>(in thousands)</i>	June 30, 2024	December 31, 2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,895	\$ 73,411
Debt securities available for sale	—	48,226
Restricted cash – current	2,880	25,692
Inventory	6,114	4,791
Prepaid expenses and other current assets	12,039	10,525
Total current assets	31,928	162,645
Restricted cash – non-current	9,680	203,411
Prepaid expenses and other non-current assets	4,889	4,772
Operating lease right-of-use assets	27,245	29,799
Property, plant and equipment, net	646,011	638,746
TOTAL ASSETS	\$ 719,753	\$ 1,039,373
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 4,241	\$ 2,881
Accrued expenses	30,930	35,391
Accrued interest	7,495	8,190
Current portion of long-term debt	3,932	9,148
Current portion of related party bonds payable	1,040	—
Total current liabilities	47,638	55,610
NON-CURRENT LIABILITIES		
Deferred revenue	5,000	5,000
Long-term debt, less current portion	246,610	467,708
Related party bonds payable	62,719	—
Related party note payable	—	39,696
Warrant liability	38,494	22,059
Operating lease right-of-use liabilities	25,448	27,253
Other non-current liabilities	2,233	1,811
TOTAL LIABILITIES	\$ 428,142	\$ 619,137
COMMITMENT AND CONTINGENCIES		
	—	—
STOCKHOLDERS' EQUITY		
Common shares - \$0.001 par value, 250,000 shares authorized; 164,746 and 164,279 shares issued and outstanding as of June 30, 2024 and December 31, 2023	165	164
Preferred shares - \$0.001 par value, 25,000 shares authorized; 0 shares issued and outstanding as of June 30, 2024 and December 31, 2023	—	—
Additional paid-in capital	769,494	764,344
Accumulated other comprehensive income (loss)	11	(32)
Accumulated deficit	(478,059)	(344,240)
TOTAL STOCKHOLDERS' EQUITY	291,611	420,236
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 719,753	\$ 1,039,373

The accompanying notes are an integral part of these financial statements.

PureCycle Technologies, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(in thousands except per share data)</i>				
Costs and expenses				
Operating costs	\$ 22,220	\$ 11,612	\$ 43,414	\$ 18,984
Research and development	1,565	1,571	3,396	3,325
Selling, general and administrative	16,137	13,410	32,094	26,105
Total operating costs and expenses	39,922	26,593	78,904	48,414
Interest expense	12,055	4,027	27,109	4,684
Interest income	(514)	(1,578)	(4,116)	(3,511)
Change in fair value of warrants	(4,311)	26,313	9,633	31,148
Loss on debt extinguishment	—	—	21,214	—
Other expense	1,060	13	1,075	475
Total other expense	8,290	28,775	54,915	32,796
Loss before income taxes	(48,212)	(55,368)	\$ (133,819)	\$ (81,210)
Provision for income taxes	—	—	—	—
Net Loss	\$ (48,212)	\$ (55,368)	\$ (133,819)	\$ (81,210)
Loss per share				
Basic and diluted	\$ (0.29)	\$ (0.34)	\$ (0.81)	\$ (0.50)
Weighted average common shares				
Basic and diluted	164,691	163,739	164,524	163,664
Other comprehensive income				
Cumulative translation adjustment	\$ 9	\$ —	\$ 25	\$ —
Unrealized gain on debt securities available for sale	—	—	18	641
Total comprehensive loss	\$ (48,203)	\$ (55,368)	\$ (133,776)	\$ (80,569)

The accompanying notes are an integral part of these financial statements.

PureCycle Technologies, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

For The Three And Six Months Ended June 30, 2024						
Common stock						
<i>(in thousands)</i>	Shares	Amount	Additional paid-in capital	Accumulated other comprehensive (loss) income	Accumulated deficit	Total stockholders' equity
Balance, December 31, 2023	164,279	\$ 164	\$ 764,344	\$ (32)	\$ (344,240)	\$ 420,236
Options exercised	16	—	92	—	—	92
Share repurchase	(99)	—	(598)	—	—	(598)
Equity-based compensation	416	1	2,681	—	—	2,682
Unrealized gain on available for sale debt securities	—	—	—	18	—	18
Cumulative translation adjustment	—	—	—	16	—	16
Net loss	—	—	—	—	(85,607)	(85,607)
Balance, March 31, 2024	<u>164,612</u>	<u>\$ 165</u>	<u>\$ 766,519</u>	<u>\$ 2</u>	<u>\$ (429,847)</u>	<u>\$ 336,839</u>
Share repurchase	(14)	—	(97)	—	—	(97)
Equity-based compensation	148	—	3,072	—	—	3,072
Cumulative translation adjustment	—	—	—	9	—	9
Net loss	—	—	—	—	(48,212)	(48,212)
Balance, June 30, 2024	<u>164,746</u>	<u>\$ 165</u>	<u>\$ 769,494</u>	<u>\$ 11</u>	<u>\$ (478,059)</u>	<u>\$ 291,611</u>

For The Three And Six Months Ended June 30, 2023						
Common stock						
<i>(in thousands)</i>	Shares	Amount	Additional paid-in capital	Accumulated other comprehensive (loss) income	Accumulated deficit	Total stockholders' equity
Balance, December 31, 2022	163,550	\$ 164	\$ 753,885	\$ (641)	\$ (242,525)	\$ 510,883
Share repurchase	(48)	—	(277)	—	—	(277)
Equity-based compensation	169	—	2,166	—	—	2,166
Unrealized gain on available for sale debt securities	—	—	—	641	—	641
Net loss	—	—	—	—	(25,842)	(25,842)
Balance, March 31, 2023	<u>163,671</u>	<u>\$ 164</u>	<u>\$ 755,774</u>	<u>\$ —</u>	<u>\$ (268,367)</u>	<u>\$ 487,571</u>
Share repurchase	(9)	—	(27)	—	—	(27)
Forfeiture of restricted stock	(1)	—	—	—	—	—
Equity-based compensation	135	—	3,252	—	—	3,252
Net loss	—	—	—	—	(55,368)	(55,368)
Balance, June 30, 2023	<u>163,796</u>	<u>\$ 164</u>	<u>\$ 758,999</u>	<u>\$ —</u>	<u>\$ (323,735)</u>	<u>\$ 435,428</u>

The accompanying notes are an integral part of these financial statements.

PureCycle Technologies, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (133,819)	\$ (81,210)
Adjustments to reconcile net loss to net cash used in operating activities		
Equity-based compensation	5,754	5,418
Change in fair value of warrants	9,633	31,148
Depreciation expense	16,423	4,098
Amortization of debt issuance costs and debt discounts	5,865	657
Accretion of discount on debt securities	(330)	(139)
Operating lease amortization expense	1,529	1,459
Loss on extinguishment of debt	21,214	—
Impairment of operating right-of-use asset	757	—
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	(1,083)	(2,262)
Inventory	(1,323)	(2,526)
Prepaid expenses and other non-current assets	(117)	(1,625)
Accounts payable	1,254	2,372
Accrued expenses	(3,051)	1,175
Accrued interest	(1,004)	2,060
Other non-current liabilities	66	—
Operating right-of-use liabilities	(1,376)	(1,049)
Net cash used in operating activities	\$ (79,608)	\$ (40,424)
Cash flows from investing activities		
Purchase of property, plant & equipment	(24,718)	(124,239)
Purchase of debt securities, available for sale	(30,586)	—
Sale and maturity of debt securities, available for sale	79,161	99,371
Net cash provided by (used in) investing activities	\$ 23,857	\$ (24,868)
Cash flows from financing activities		
Payment to purchase revenue bonds	(253,230)	—
Proceeds from issuance of revenue bonds to related parties	30,000	—
Proceeds from other borrowings	2,185	—
Proceeds from equipment lease financing	2,000	19,747
Payments on equipment financing	(1,617)	—
Debt issuance costs	(1,119)	(1,196)
Payments to repurchase shares	(695)	(304)
Payments on related party revenue bonds	(475)	—
Other payments for financing activities	(357)	(50)
Proceeds from related party note payable	—	38,000
Related party note payable issuance costs	—	(2,100)
Net cash (used in) provided by financing activities	\$ (223,308)	\$ 54,097
Net decrease in cash and restricted cash	(279,059)	(11,195)
Cash and restricted cash, beginning of period	302,514	227,523
Cash and restricted cash, end of period	<u>\$ 23,455</u>	<u>\$ 216,328</u>
Supplemental disclosure of cash flow information		
Non-cash operating activities		
Interest paid during the period, net of capitalized interest	21,647	650
Non-cash investing activities		
Additions to property, plant, and equipment in accrued expenses	20,314	24,980
Additions to property, plant, and equipment in accounts payable	1,739	7,639
Non-cash financing activities		
Carrying value of shareholder loan exchanged for revenue bonds payable to related parties	44,386	—
Initial fair value of warrant liability issued to satisfy shareholder loan prepayment penalty	3,983	—
PIK interest on related party note payable	1,938	422
Reconciliation of cash, cash equivalents reported in the consolidated balance sheet		
Cash and cash equivalents	\$ 10,895	\$ 28,885
Restricted cash and cash equivalents - current	2,880	36,098
Restricted cash and cash equivalents - non-current	9,680	151,345
Total cash, cash equivalents and restricted cash	<u>\$ 23,455</u>	<u>\$ 216,328</u>

The accompanying notes are an integral part of these financial statements.

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 - ORGANIZATION

Formation and Organization

PureCycle Technologies, Inc. ("PCT" or "Company") is a Florida-based corporation focused on commercializing a patented purification recycling technology (the "Technology"), originally developed by The Procter & Gamble Company ("P&G"), for restoring waste polypropylene into resin, called ultra-pure recycled ("UPR") resin, which has nearly identical properties and applicability for reuse as virgin polypropylene. PCT has a global license for the Technology from P&G. PCT's goal is to create an important new segment of the global polypropylene market that will assist multinational entities in meeting their sustainability goals, providing consumers with polypropylene-based products that are sustainable, and reducing overall polypropylene waste in the world's landfills and oceans.

Business Combination

On March 17, 2021, PureCycle consummated the previously announced business combination ("Business Combination") by and among Roth CH Acquisition I Co., a Delaware corporation ("ROCH"), Roth CH Acquisition I Co. Parent Corp., a Delaware corporation and wholly owned direct subsidiary of ROCH ("ParentCo"), Roth CH Merger Sub LLC, a Delaware limited liability company and wholly owned direct subsidiary of Parent Co, Roth CH Merger Sub Corp., a Delaware corporation and wholly owned direct subsidiary of ParentCo and PureCycle Technologies LLC ("PCT LLC" or "Legacy PCT") pursuant to the Agreement and Plan of Merger dated as of November 16, 2020, as amended from time to time (the "Merger Agreement").

Upon the completion of the Business Combination and the other transactions contemplated by the Merger Agreement (the "Transactions", and such completion, the "Closing"), ROCH changed its name to PureCycle Technologies Holdings Corp. and became a wholly owned direct subsidiary of ParentCo, PCT LLC became a wholly owned direct subsidiary of PureCycle Technologies Holdings Corp. and a wholly owned indirect subsidiary of ParentCo, and ParentCo changed its name to PureCycle Technologies, Inc. The Company's common stock, units and warrants are now listed on the Nasdaq Capital Market ("NASDAQ") under the symbols "PCT," "PCTTU" and "PCTTW," respectively.

Legacy PCT unitholders were to be issued up to 4.0 million additional shares of the Company's common stock if certain conditions are met ("the Earnout"). The Legacy PCT unitholders were entitled to 2.0 million shares if, after 1 year after the Closing and prior to or as of the third anniversary of the Closing, the closing price of the common stock is greater than or equal to \$18.00 over any 20 trading days within any 30-trading day period. The Company failed to achieve this milestone by March 17, 2024, and those shares have been forfeited and can no longer be earned by the Legacy PCT unitholders.

The Legacy PCT unitholders will be entitled to 2.0 million shares upon the Ironton Facility becoming operational, as certified by Leidos Engineering, LLC ("Leidos"), an independent engineering firm, in accordance with criteria established in agreements in connection with construction of the plant.

Unless the context otherwise requires, "Registrant," "PureCycle," "Company," "PCT," "we," "us," and "our" refer to PureCycle Technologies, Inc., and its subsidiaries at and after the Closing and give effect to the Closing. "Legacy PCT," "ROCH" and "ParentCo" refer to PureCycle Technologies LLC, ROCH and ParentCo, respectively, prior to the Closing.

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Liquidity and Going Concern

The accompanying consolidated financial statements have been prepared assuming that PCT will continue as a going concern; however, the conditions described below raise substantial doubt about PCT's ability to do so, which management believes has been alleviated through its plans to mitigate these conditions and obtain additional unrestricted liquidity.

The Company has sustained recurring losses and negative cash flows from operations since its inception. As reflected in the accompanying consolidated financial statements, the Company has begun limited commercial operations but does not have any significant sources of revenue. The following is a summary of the components of our current liquidity (in thousands):

	As of	
	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 10,895	\$ 73,411
Debt securities available for sale	—	48,226
Restricted cash (current and non-current)	\$ 12,560	\$ 229,103
Working capital	\$ (15,710)	\$ 107,035
Accumulated deficit	\$ (478,059)	\$ (344,240)
	For the six months ended	
	June 30, 2024	June 30, 2023
Net loss	\$ (133,819)	\$ (81,210)

As of June 30, 2024, PCT had \$10.9 million of Cash and cash equivalents, and \$12.6 million of Restricted cash. PCT also has a \$200.0 million revolving credit facility with Sylebra Capital (the "Revolving Credit Facility") that is currently unused and expires on September 30, 2025.

PCT sold an immaterial amount of resin through the first six months of 2024 but has not yet reached meaningful production volumes and on-spec product. PCT has experienced intermittent mechanical challenges during the commissioning process including, but not limited to, limits in the rates at which certain contaminants can currently be removed from the purification process, as well as challenges with continuous operations of the pelletizing system for finished product. Recently, PCT has been focused on the recovery and removal of polyethylene and other solids ("co-product 2" or "CP2"), which impacts the ability to run higher volumes and produce consistent, high quality UPR resin. PCT believes it has identified multiple potential solutions that are expected to improve the ability to recover and remove CP2, as well as increase operational reliability. While these mechanical issues are not uncommon for first-of-its kind manufacturing facilities, the downtime needed to correct these issues is delaying the Ironton Facility from reaching consistent sustainable production rates. In addition to pursuing solutions for CP2 removal, the Company is also evaluating processes that blend its resin with either post-industrial recycled material or virgin polypropylene, which is expected to improve product consistency and enhance the product delivery to customers.

As of June 30, 2024, and through the twelve months from the date of filing, PCT anticipates additional capital investment in the Ironton Facility of approximately \$5.0 to \$8.0 million. PCT also has other capital commitments of approximately \$46.5 million related to long-lead equipment and pre-construction work for the Augusta Facility and for future Feed PreP and purification facilities, both in the U.S. and internationally. Moreover, there are interest and principal payments of at least \$55.0 million, as well as other ongoing monthly costs associated with managing the Company and possible draws on the Revolving Credit Facility.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Pursuant to the requirements of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 205-40, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year from the date the consolidated financial statements are issued. This evaluation does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented or are not within control of the Company as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company's ability to continue as a going concern. The mitigating effect of management's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

PCT believes that its current level of unrestricted liquidity is not sufficient to fund operations, fund outstanding commitments, and further its future growth plans. The conditions described above raise substantial doubt regarding PCT's ability to continue as a going concern for a period of at least one year from the date of issuance of the consolidated financial statements included in this Quarterly Report on Form 10-Q.

In an effort to alleviate these conditions, PCT is currently performing certain operational enhancements that are expected to correct the production issues with the Ironton Facility. Further, on March 5, 2024, PCT LLC purchased 99% of the outstanding Bonds (as defined below). On May 7, 2024, PCT LLC executed a bond purchase agreement whereby Pure Plastic LLC ("Pure Plastic"), a Delaware limited liability company, purchased approximately \$94.3 million in aggregate par amount of Bonds owned by PCT LLC. See Note 3 - Notes Payable and Debt Instruments for further information. The remaining purchased Bonds are held in an account with PCT LLC. PCT intends to, and has the ability to, re-market some or all of these remaining Bonds based on the need for additional liquidity. The re-marketing process may require the addition of certain covenants to enhance the marketability of the purchased Bonds. The ability to re-market the purchased Bonds with any such additional new covenants would require a further amendment to, or waiver of, provisions included within the Revolving Credit Facility. After considering management's plans to mitigate these conditions, including operational progress and re-marketing of the Bonds, PCT believes this substantial doubt has been alleviated and it has sufficient liquidity to continue as a going concern for the next twelve months.

PCT's future capital requirements will depend on many factors, including the funding mechanism and construction schedule of the Augusta Facility and other anticipated facilities outside the United States, build-out of multiple Feed PreP facilities, funding needs to support other business opportunities, funding for general corporate purposes, and other challenges or unforeseen circumstances. As a low-revenue operating company, PCT continually reviews its cash outlays, pace of hiring, professional services and other spend, and capital commitments to proactively manage those needs in tandem with its cash balance. For future growth and investment, PCT expects to seek additional debt or equity financing from outside sources, which it may not be able to raise on terms favorable to PCT, or at all. If PCT is unable to raise additional debt or sell additional equity when desired, or if PCT is unable to manage its cash outflows, PCT's business, financial condition, and results of operations would be adversely affected. In addition, any financing arrangement may have potentially adverse effects on PCT and/or its stockholders. Debt financing (if available and undertaken) will increase expenses, must be repaid regardless of operating results and may involve restrictions limiting PCT's operating flexibility. If PCT consummates an equity financing to raise

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

additional funds, the percentage ownership of its existing stockholders will be reduced, and the new equity securities may have rights, preferences or privileges senior to those of the current holders of PCT's common stock.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated interim financial statements include the accounts of the Company. The condensed consolidated interim financial statements are presented in U.S. Dollars. Certain information in footnote disclosures normally included in annual financial statements was condensed or omitted for the interim periods presented in accordance with the rules and regulations of the SEC and accounting principles generally accepted in the United States of America ("U.S. GAAP"). Intercompany balances and transactions were eliminated upon consolidation. The results of operations for the six months ended June 30, 2024 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2024. The accompanying condensed consolidated interim financial statements reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary to present a fair statement of the results for the interim periods presented.

The unaudited condensed consolidated financial statements should be read in conjunction with the information contained in the Company's 2023 Annual Report on Form 10-K for the year ended December 31, 2023. Interim results are not necessarily indicative of the results that may be expected for a full year.

Reclassifications

Certain amounts in prior periods have been reclassified to conform with the report classifications of the three and six months ended June 30, 2024 and 2023. Specifically, the Company reclassified certain expenses between Operating costs, Research and development, and Selling, general, and administrative to more accurately reflect the activities of the business. Total operating costs and expenses did not change for prior years.

Immaterial Corrections Related to Prior Periods

We have identified an immaterial correction to certain 2023 quarters related to depreciation expense associated with the Ironton Facility assets (Machinery and equipment) placed in service during the period presented herein. We evaluated the effect of this correction on the interim condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023 in accordance with the guidance in ASC 250, Accounting Changes and Error Corrections, ASC 250-10-S99- 1, Assessing Materiality, and ASC 250-10-S99-2, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements. We have concluded that the 2023 prior periods are not materially misstated. Accordingly, we have reflected the 2023 prior period impacts and associated revisions for these periods presented herein.

The revision increased property, plant and equipment, net and decreased depreciation expense by \$1.2 million for the three and six months ended June 30, 2023 and increased basic and diluted EPS by \$0.01 and \$0.01, respectively, for the three and six months ended June 30, 2023 compared to what was presented in previous quarterly filings.

Restricted Cash

Cash pledged as collateral for future capital purchases and leased properties is deemed restricted and included within restricted cash. Restricted cash that is expected to be spent or released from restriction within twelve months is classified as current on the consolidated balance sheet. Restricted cash that is expected to be spent or released from restriction after twelve months is classified as noncurrent on the consolidated balance sheet.

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Inventory

Production inventories are valued at the lower of cost or net realizable value and include raw materials, work-in-process, and finished goods inventory. The Company's inventories are valued under the average cost method. As the Company has not generated material sales and is in the early stages of operations, net realizable value is being estimated based on anticipated selling prices, and the Company has not yet begun applying full absorption costing.

The Company records spare parts for plant maintenance as a current asset and expenses them when utilized. The Company has recorded \$2.5 million and \$1.6 million for spare parts inventory within Prepaid expenses and other current assets in the condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023, respectively.

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-09—Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the transparency and decision usefulness of income tax disclosures. The amendments in this update address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information and includes certain other amendments to improve the effectiveness of income tax disclosures. The updated standard is effective for our annual periods beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.

In November 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The updated standard is effective for our annual periods beginning in fiscal year 2024 and interim periods beginning in the first quarter of fiscal year 2025. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

NOTE 3 – NOTES PAYABLE AND DEBT INSTRUMENTS

The Company's debt balances, including related party debt, consist of the following at June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Green Convertible Notes, interest at 7.25% due semiannually; balance due at maturity in August 2030	\$ 250,000	\$ 250,000
CSC Equipment Financing Payable, currently bearing interest at a monthly charge of 3.1% of the outstanding balance financed; 36 month term expected to commence July 1, 2026, bearing interest at 7.25% (based on lease rate factor indexed to WSJ Prime Rate)	19,747	19,747
Revenue Bonds, interest at 7% due semiannually; semiannual principal repayments beginning 2031 maturing 2042	2,800	249,550
Other Debt	3,932	1,762
	276,479	521,059
Less: Original issue discount and debt issuance costs classified as a reduction to long-term debt	(25,937)	(44,203)
Less: Current portion	(3,932)	(9,148)
Long-term debt, less current portion	<u>\$ 246,610</u>	<u>\$ 467,708</u>
Related Party Debt		
Revenue Bonds due to related party, interest rates between 6.5% and 13% due semiannually; principal repayments vary by series and begin December 2024 fully maturing December 2042	93,835	—
Pure Plastic Note Payable, interest at applicable rate plus margin, as defined (12.9% and 13.0% as of June 30, 2024 and December 31, 2023, respectively)	—	43,125
Less: Original issue discount and debt issuance costs classified as a reduction to note payable	(30,076)	(3,429)
Less: Current portion	(1,040)	—
Related party debt	<u>\$ 62,719</u>	<u>\$ 39,696</u>
Sylebra Line of Credit, \$200.0M borrowing capacity remaining, interest at applicable rate plus margin, as defined; maturing September 2025	\$ —	\$ —

Revenue Bonds

On October 7, 2020, the Southern Ohio Port Authority ("SOPA") issued certain Revenue Bonds (as defined below) pursuant to an Indenture of Trust dated as of October 1, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Indenture"), between SOPA and UMB Bank, N.A., as Trustee ("Trustee"), and loaned the proceeds from their sale to PureCycle: Ohio LLC ("PCO"), an Ohio limited liability company and indirect wholly-owned subsidiary of the Company, pursuant to a Loan Agreement dated as of October 1, 2020, between SOPA and PCO (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement") to be used to, among other things, acquire, construct and equip the Company's first commercial-scale recycling facility in Lawrence County, Ohio, the Ironton Facility. Capitalized terms used but not defined herein have the meanings ascribed thereto in the Indenture.

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

The Revenue Bonds were offered in three series, including (i) Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A ("Series 2020A Bonds"); (ii) Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020B ("Series 2020B Bonds"); and (iii) Subordinated Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C ("Series 2020C Bonds" and, together with the Series 2020A Bonds and the Series 2020B Bonds, the "Bonds" or "Revenue Bonds").

On February 10, 2024, PCO announced that it had agreed in principle with the Holders (as defined in the Indenture) of a majority in the aggregate principal amount of the Series 2020A Bonds outstanding (the "Majority Holders") that PCO or an affiliate of PCO would purchase ("Purchase") from Holders for cash, upon the terms and subject to the conditions to be set forth in a definitive purchase agreement, by and among PCO and any Holder of Bonds that elects to be a party to the purchase agreement (each, a "Seller" and collectively, "Sellers"), any and all Bonds held by Sellers at a purchase price equal to \$1,050 per \$1,000 principal amount of the Bonds purchased, which amount is calculated in part to compensate the Sellers for default interest accruing from January 2, 2023 through December 31, 2023, as well as other accrued and unpaid interest from the last interest payment to, but not including, the Closing Date (as defined below) of the Purchase as consideration for consent to the Third Supplemental Indenture, by and among SOPA, PCO, the Guarantor, PCTO Holdco LLC and the Trustee (the "Third Supplemental Indenture"), which sets forth certain proposed amendments to the Bond Documents ("Proposed Amendments") that will eliminate a substantial portion of the covenants, Events of Default (as defined below), and other material terms and protections for the benefit of the Holders contained in the Indenture, the Loan Agreement, the Guaranty (as defined below) and other transaction documents that are permitted by the terms of the Indenture and/or the Loan Agreement to be eliminated with the consent of Majority Holders. The Purchase will occur only if Sellers include at least the Majority Holders and if Sellers consent to the Proposed Amendments. The purchase price shall not include any default or penalty interest accruing from January 1, 2024 that may otherwise be owed to Sellers, and each Seller will waive its respective right to such default or penalty interest as additional compensation for the Purchase.

The Third Supplemental Indenture amended and supplemented the Indenture and certain of the other Financing Documents (as defined by the Indenture) by, among other things and without limitation, eliminating substantially all covenants and events of default contained in the Indenture ("Events of Default"), the Loan Agreement and certain of such other Financing Documents including, but not limited, to the following changes:

- elimination of the Milestones and Revised Milestones;
- amendments extending the Outside Completion Date to December 31, 2030;
- amendments to the definition of each of "Outstanding," "Bonds Outstanding," and "Outstanding Bonds" in the Indenture such that any Bonds owned by or on behalf of PureCycle or an affiliate of PureCycle or the Issuer or an affiliate of the Issuer will have the same approval voting or consent rights as other Holders;
- elimination of the requirement to produce sufficient annual gross revenues in order to provide a Senior Debt Service Coverage Ratio ("DSCR") equal to at least 150% for each fiscal year, and a ratio of at least 110% of net income available for debt service;
- elimination of certain financial prerequisites that placed limitations on the issuance of additional senior parity indebtedness, subordinate indebtedness and non-parity indebtedness;
- elimination of the DSCR requirement for certain equipment liens;
- elimination of delivery of interim financial statements on a quarterly basis for PCO and the Guarantor;
- elimination of requirement for an unqualified opinion of the independent certified public accountant for year-end financials for PCO;

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

- elimination of quarterly operating statements and monthly reconciliation statements;
- elimination of the Operating Revenue Escrow Fund;
- elimination of the restrictions on distributions by PCO on any of its membership interests, including management fees;
- elimination of the requirement to disclose transactions with affiliates to the Trustee and bondholders and to seek approval of Majority Holders for affiliate transactions;
- elimination of the requirement that offtake contracts provide revenues to PCO sufficient to meet a Senior Parity Coverage Requirement ratio ("SPCR") of 125% for any fiscal year, commencing December 31, 2023;
- elimination of the requirement that feedstock supply contracts provide feedstock to PCO sufficient to permit PCO to meet a SPCR of 125% for any fiscal year, commencing December 31, 2023;
- elimination of the requirement that the Guarantor replenish the Contingency Account from the Liquidity Reserve Escrow Fund and replenish the Liquidity Reserve Escrow Fund;
- amendments providing that the occurrence of an Event of Default (other than an Event of Default under the Loan Agreement, the Mortgage or the Tax Compliance Agreement, each as defined in the Indenture) will not be an Event of Default under the Indenture;
- provide for a potentially earlier termination of the Guaranty and release of funds remaining in the Liquidity Reserve Escrow Fund after the Purchase;
- provide for the release of funds (solely to the extent such release may be effectuated with the consent of the Majority Holders) on deposit in accounts in the Trust Estate (as defined in the Indenture) in an amount proportionate to the percentage of aggregate principal amount of Bonds that are submitted for Purchase (with such released funds being used by the Purchaser, together with other available funds of the Purchaser, to effectuate the Purchase); and
- amendments to various escrow accounts and other funds managed by the Trustee and US Bank to permit the release of funds from such accounts in an amount proportionate to the percentage of aggregate principal amount of Bonds purchased by PCO or an affiliate of PCO from time to time.

As of March 5, 2024, (the "Closing Date") PCO and the Majority Holders closed on the Purchase Agreement and Consent ("Purchase Agreement") comprising the definitive purchase agreement and, as additional consideration, the consent to the Third Supplemental Indenture, including the Proposed Amendments described therein. PureCycle Technologies LLC, an affiliate of PCO and the Guarantor under the Guaranty, will be the purchaser ("Purchaser") of Bonds under the Purchase Agreement. The Purchase Agreement was executed by each Holder that elects to sell its Bonds to the Purchaser and by PCO and the Purchase was effective on the Closing Date.

The Purchaser purchased 99% of the outstanding Bonds with \$74.5 million of unrestricted cash and \$184.6 million of restricted cash. The Purchase was determined to be an extinguishment of the underlying debt obligation due to PCO being a wholly-owned subsidiary of the Purchaser. PCT intends to, and has the ability to, re-market some or all of these Bonds based on the need for additional liquidity. Of the \$259.1 million paid for the purchase, \$5.9 million represented payment of accrued and unpaid interest prior to the Closing Date and \$253.2 million was allocated to the outstanding carrying value at the Closing Date of \$232.0 million. A \$21.2 million loss on

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

extinguishment of the Bonds was recognized in the condensed consolidated statement of comprehensive loss for the six months ended June 30, 2024.

On March 25, 2024, SOPA, as Issuer, PCO, the Guarantor, PCTO Holdco LLC, a Delaware limited liability company and affiliate of PCO (the pledgor under the Equity Pledge and Security Agreement) and the Trustee entered into the Fourth Supplemental Indenture (the "Fourth Supplemental Indenture") which amended certain provisions of the Indenture, the Loan Agreement and that certain Amended and Restated Guaranty of Completion, entered into as of May 11, 2021, and effective as of October 7, 2020 (the "Guaranty"), by instructing the Trustee to release \$22.1 million from the Senior Bonds Debt Service Reserve Fund and \$3.3 million from the Repair and Replacement Fund, in each case, to PCO. In addition, the Fourth Supplemental Indenture provides that the Senior Bonds Debt Service Reserve Requirement, the Subordinate Bonds Debt Service Reserve Requirement, and the Repair and Replacement Fund Requirement shall each be reduced to \$0, respectively, and that certain provisions of the Indenture and/or the Loan Agreement, as applicable, relating to the funding and maintenance of the Senior Bonds Debt Service Reserve Fund, the Subordinate Bonds Debt Service Reserve Fund, and the Repair and Replacement Fund, will be suspended until the effectiveness of an amendment to the Indenture, the Loan Agreement and/or other applicable Financing Documents provides otherwise in accordance with the terms of the Indenture, the Loan Agreement and such other applicable Financing Documents.

Revenue Bonds Issued to Related Party

On May 7, 2024, PCT LLC and Pure Plastic executed a bond purchase agreement (as subsequently amended and restated to reflect the appropriate denomination of bonds, the "Amended and Restated Bond Purchase Agreement"), whereby Pure Plastic purchased approximately \$94.3 million in aggregate par amount of Bonds owned by PCT LLC (the "Related Party Bonds"), including (i) a portion of the Series 2020A Bonds, (ii) all of the Series 2020B Bonds, and (iii) all of the Series 2020C Bonds, at a purchase price of \$800 per \$1,000 principal amount of the Related Party Bonds. Affiliates of Pure Plastic are greater than 5% beneficial owners of the Company.

On May 10, 2024, Pure Plastic executed a Payoff and Release Letter (the "Payoff and Release Letter"), which memorialized the exchange of the Company's obligations under the \$40 million term loan provided to the Company pursuant to the Term Loan Credit Agreement (as defined below). The Company was also required to pay a 12% prepayment premium on the outstanding principal and interest paid in order to prepay the Term Loan Facility (the "Prepayment Premium"), plus certain expenses. The Company issued warrants ("Series B Warrants") to Pure Plastic pursuant to the Series B Warrant Agreement to satisfy the Prepayment Premium (the "Series B Warrant Agreement"). Refer to Note 5 – Warrants for further discussion.

On May 28, 2024, PCT LLC and Pure Plastic executed the First Amendment to Amended and Restated Bond Purchase Agreement ("First Amendment") whereby Exhibit A to the Amended and Restated Bond Purchase Agreement was replaced with Exhibit A-3 to the First Amendment to facilitate the transfer by the Depository Trust Company of certain of the Related Party Bonds. The total amount of the Related Party Bonds and the cash due from Pure Plastic to PCT LLC remains the same. Except as summarized above and as set forth in the First Amendment, PCT LLC and Pure Plastic each acknowledged and reaffirmed the terms of the Amended and Restated Bond Purchase Agreement in the First Amendment.

On June 14, 2024, SOPA, as Issuer, PCO, the Guarantor, PCTO Holdco LLC, a Delaware limited liability company and affiliate of PCO (the pledgor under the Equity Pledge and Security Agreement (as defined in the Fifth Supplemental Indenture)) and the Trustee entered into the Fifth Supplemental Indenture (the "Fifth Supplemental Indenture") which amended certain provisions of the Indenture including (a) redefining "Majority Holders" to be the Holders of seventy-five percent (75%) in aggregate principal amount of the Senior Bonds then Outstanding, or if no

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Senior Bonds are then Outstanding, the Holders of seventy-five percent (75%) in aggregate principal amount of Bonds then Outstanding, and (b) amending the lead paragraph of Section 10.02(a) of the Indenture by raising the threshold for consenting to and approving the execution by the Issuer and the Trustee of Supplemental Indentures from "Holders of not less than a majority in aggregate principal amount of the Outstanding Senior Bonds" to "Holders of not less than 75% in aggregate principal amount of the Outstanding Senior Bonds" with the limited exceptions therein stated.

The issuance of the Related Party Bonds and retirement of the Term Loan Facility with Pure Plastic was accounted for as a debt modification. The principal issued for the Related Party Bonds amounted to \$94.3 million, with \$29.8 million of discount and \$1.5 million of issuance costs recorded as a reduction of the debt carrying value on the date of the transaction (including retention of \$1.5 million of discount and \$1.5 million of issuance cost remaining on the Term Loan Facility as of the transaction date, as well as discount of \$6.8 million related to the value of the Series B Warrants issued in satisfaction of the Prepayment Premium). The carrying value of the Related Party Bonds is recorded within Related party bonds payable in the condensed consolidated balance sheet. As of June 30, 2024, the fair value of the Related Party Bonds was \$76.7 million. This was a level 3 measurement in the fair value hierarchy as it was derived using significant unobservable inputs.

Sylebra Credit Facility

On March 15, 2023, PCT entered into the \$150.0 million Revolving Credit Facility pursuant to a credit agreement (the "Revolving Credit Agreement") dated as of March 15, 2023, with PureCycle Technologies Holdings Corp. and PCT LLC (the "Guarantors"), Sylebra Capital Partners Master Fund, LTD, Sylebra Capital Parc Master Fund, and Sylebra Capital Menlo Master Fund (collectively, the "Lenders"), and Madison Pacific Trust Limited (the "Administrative Agent" and "Security Agent"). The Lenders and their affiliates are greater than 5% beneficial owners of PCT.

On March 1, 2024, PCT increased the Revolving Credit Facility from \$150.0 million to \$200.0 million, extended the maturity date to September 30, 2025, and obtained a carveout to permit the Company to purchase the Revenue Bonds, pursuant to an amendment to the Revolving Credit Agreement with PCT, the Guarantors, the Lenders, and the Administrative Agent and Security Agent.

In conjunction with PCT LLC's sale of approximately \$94.3 million of Related Party Bonds, on May 10, 2024, the Company, the Guarantors, the Administrative Agent, the Security Agent and the Lenders executed a Limited Consent and Fifth Amendment to the Credit Agreement ("Limited Consent and Fifth Amendment to Credit Agreement") to permit the Disposition of Bonds (as defined therein), as well as to provide certain administrative revisions to eliminate the Intercreditor Agreement (as defined therein) and references to the Term Loan Credit Agreement.

The Pure Plastic Term Loan Facility

On May 8, 2023, the Company entered into a \$40.0 million term loan facility pursuant to the Term Loan Credit Agreement ("Term Loan Credit Agreement") dated as of May 8, 2023, among the Guarantors and Pure Plastic LLC (as Lender, Administrative Agent, and Security Agent), which matures on December 31, 2025 (the "Term Loan Facility"). The Term Loan Credit Agreement was amended on August 21, 2023. Affiliates of the Lender are greater than 5% beneficial owners of the Company.

On March 1, 2024, PCT increased the amount available to the Company under the Term Loan Credit Agreement's permitted indebtedness covenant basket for the Revolving Credit Facility from \$150.0 million to \$200.0 million and obtained a carve out to permit the Company to purchase the Revenue Bonds. Each of PureCycle Technologies Holdings Corp. and PCT LLC are subsidiaries of the Company.

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

On May 10, 2024, Pure Plastic executed the Payoff and Release Letter, which memorialized the exchange of the Company's obligations under the Term Loan Credit Agreement. Refer to "Revenue Bonds Issued to Related Party" section above for further discussion.

Green Convertible Notes

On August 21, 2023, the Company priced its private offering of \$215.0 million in aggregate principal amount of 7.25% Green Convertible Senior Notes due 2030 (the "Initial Notes"). On August 22, 2023, the initial purchaser in such offering exercised its option to purchase an additional \$35.0 million in aggregate principal amount of the 7.25% Green Convertible Senior Notes due 2030 (together with the "Initial Notes", the "Notes"), bringing the total aggregate principal amount of the Notes to \$250.0 million. Entities affiliated with a greater than 5% beneficial owner of the Company purchased \$50.0 million aggregate principal amount at maturity of the Notes. As of June 30, 2024, the fair value of the Green Convertible Notes was \$150.4 million. This was a level 2 measurement in the fair value hierarchy as it was derived primarily using observable inputs for similar instruments.

Principal repayments due on Long-term debt and Related party note payable over the next five years are as follows (in thousands):

Years ending December 31,	Long-term debt	Related party debt
2024 (July through December)	\$ 1,905	\$ 505
2025	240	10,355
2026	3,001	7,570
2027	6,338	25,105
2028	6,813	7,710
2029	3,595	8,220
Thereafter	252,800	34,370
	\$ 274,692	\$ 93,835
Less: Original issue discount and debt issuance costs classified as a reduction to long-term debt	(25,937)	(30,076)
Less: Current Portion	(2,145)	(1,040)
Total	\$ 246,610	\$ 62,719

NOTE 4 - EQUITY-BASED COMPENSATION

2021 Equity Incentive Plan

On March 17, 2021, our stockholders approved the PureCycle Technologies, Inc. 2021 Equity and Incentive Compensation Plan (the "Plan").

The Plan provides for the grant of stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance shares, performance units, dividend equivalents, and certain other awards. In general, the amount of shares issuable under the Plan will be automatically increased on the first day of each fiscal year, beginning in 2022 and ending in 2031, by an amount equal to the lesser of (a) 3% of the shares of the Company's common stock outstanding on the last day of the immediately preceding fiscal year, and (b) such smaller number of shares as determined by the Board of Directors (the "Board") of the Company.

As of June 30, 2024, approximately 21.9 million shares of common stock are currently authorized for issuance under the Plan, of which approximately 12.5 million shares remain available for issuance under the Plan (assuming maximum performance with respect to the performance goals applicable to the issued Plan awards).

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Restricted Stock Agreements

RSUs issued pursuant to the Plan are time-based and vest over the period defined in each individual grant agreement or upon a change of control event as defined in the Plan. The Company recognizes compensation expense for the shares equal to the fair value of the equity-based compensation awards and is recognized on a straight-line basis over the vesting period of such awards. The fair value of the awards is equal to the fair value of the Company's common stock at the date of grant. The Company has the option to repurchase all vested shares upon a stockholder's termination of employment or service with the Company.

A summary of restricted stock activity for the six months ended June 30, 2024 is as follows (in thousands except per share data):

	Number of RSUs	Weighted average grant date fair value	Weighted average remaining recognition period
Non-vested at December 31, 2023	2,847	\$ 9.31	2.3
Granted	1,358	5.73	
Vested	(579)	6.63	
Forfeited	(96)	6.44	
Non-vested at June 30, 2024	<u>3,530</u>	<u>\$ 8.45</u>	2.4

Stock Options

The stock options issued pursuant to the Plan are time-based and vest over the period defined in each individual grant agreement or upon a change of control event as defined in the Plan.

The Company recognizes compensation expense for the shares equal to the fair value of the equity-based compensation awards and is recognized on a straight-line basis over the vesting period of such awards. The fair value of the stock is estimated on the date of grant using the Black-Scholes option-pricing model using the following assumptions:

	June 30, 2024	June 30, 2023
Expected annual dividend yield	0.0 %	0.0 %
Expected volatility	88.5 %	77.3 %
Risk-free rate of return	4.3 %	3.5 %
Expected option term (years)	6.5	6.5

The expected term of the shares granted is determined based on the period of time the shares are expected to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility is based on the Company's capital structure and volatility of similar entities referred to as guideline companies. The dividend yield on the Company's shares is assumed to be zero as the Company has not historically paid dividends. The fair value of the underlying Company shares was determined using the Company's closing stock price on the grant date.

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

A summary of stock option activity for the six months ended June 30, 2024 is as follows (in thousands except per share data):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, December 31, 2023	983	\$ 20.17	5.4
Granted	355	5.73	10.0
Exercised	(16)	5.72	—
Forfeited	(7)	5.72	—
Balance, June 30, 2024	<u>1,315</u>	\$ 16.53	6.1
Exercisable	613		
Weighted average grant date fair values		4.45	

Performance-Based Restricted Stock Agreements

The shares issued pursuant to the Performance-Based Restricted Stock Agreements vest depending on if the performance obligations are met. In general, the performance-based stock units ("Performance PSUs") will be earned based on achievement of pre-established financial and operational performance objectives and will vest on the date the attainment of such performance objectives as determined by the Compensation Committee (the "Committee") of the Board, subject to the participant's continued employment with the Company. The Company has also issued performance-based stock units that vest if the market price of the Company's common stock exceeds a defined target during the performance period ("Market PSUs", together with the Performance PSUs, the "PSUs").

The Company issued 0.4 million PSUs for the six months ended June 30, 2024. As of June 30, 2024, the performance-based provision has not been achieved for any of the outstanding performance-based awards.

The Company recognizes compensation expense for the Performance PSUs equal to the fair value of the equity-based compensation awards and on a straight-line basis over the vesting period of such awards as the Company has concluded the performance condition is probable to be met. The fair value of the awards is equal to the fair value of the Company's common stock at the date of grant.

A summary of the PSU activity for the six months ended June 30, 2024 is as follows (in thousands except per share data):

	Number of PSUs	Weighted average grant date fair value	Weighted average remaining recognition period
Balance, December 31, 2023	1,246	\$ 8.85	1.7
Granted	362	5.89	
Vested	—	—	
Forfeited	(210)	17.31	
Balance, June 30, 2024	<u>1,398</u>	\$ 6.79	1.7

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Equity-based compensation cost is recorded within the selling, general and administrative expenses within the condensed consolidated statements of comprehensive loss. Equity-based compensation expense for the three and six months ended June 30, 2024 and 2023 is presented in the following table (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Total equity-based compensation for RSUs	\$ 2,650	\$ 3,252	\$ 5,214	\$ 5,284
Total equity-based compensation for PSUs	178	230	127	(38)
Total equity-based compensation for stock options	244	156	413	170
	<u>\$ 3,072</u>	<u>\$ 3,638</u>	<u>\$ 5,754</u>	<u>\$ 5,416</u>

NOTE 5 - WARRANTS

RTI Warrants

RTI Global ("RTI") holds warrants to purchase 971 thousand shares of PCT common stock. RTI can exercise these warrants as of March 17, 2022. The warrants expire on December 31, 2024. The Company determined the warrants are a liability classified under ASC 480. Accordingly, the warrants were held at their initial fair value and will be remeasured at fair value at each subsequent reporting date with changes in the fair value presented in the condensed consolidated statements of comprehensive loss.

A summary of the RTI warrant activity for six months ended June 30, 2024 is as follows (in thousands, except per share data):

	Number of warrants	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term (years)
Outstanding at December 31, 2023	971	\$ 5.56	\$ 0.03	1.0
Granted	—	—	—	—
Exercised	—	—	—	—
Outstanding at June 30, 2024	971	\$ 5.56	\$ 0.03	0.5
Exercisable	971	—	—	—

Refer to Note 9 – Fair Value of Financial Instruments for further information.

Public Warrants and Private Warrants

The Company has outstanding public and private warrants which entitle each holder to exercise its warrants only for a whole number of shares of common stock. Each whole warrant entitles the registered holder to purchase one whole share of the Company's common stock at a price of \$11.50 per share at the later of the closing of the Business Combination or one year after ROCH's initial public offering, provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. The warrants will expire five years after March 17, 2021, or earlier upon redemption or liquidation. The private warrants are identical

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

to the public warrants, except that the private warrants and the common stock issuable upon exercise of the private warrants were not transferable, assignable or salable until after March 17, 2021, subject to certain limited exceptions. Additionally, the private warrants are non-redeemable so long as they are held by the initial holder or any of its permitted transferees. If the private warrants are held by someone other than the initial holder or its permitted transferees, the private warrants will be redeemable by the Company and exercisable by such holders on the same basis as the public warrants.

The Company may redeem the outstanding warrants in whole, but not in part, at a price of \$0.01 per warrant upon a minimum of 30 days' prior written notice of redemption, if and only if the last sale price of the Company's common stock equals or exceeds \$18.00 per share for any 20-trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders. If the Company calls the warrants for redemption, management will have the option to require all holders that wish to exercise the warrants to do so on a cashless basis. In no event will the Company be required to net cash settle the warrant exercise. The public warrants are accounted for as equity classified warrants as they were determined to be indexed to the Company's stock and meet the requirements for equity classification.

The Company has classified the private warrants as a warrant liability as there is a provision within the warrant agreement that allows for private warrants to be exercised via a cashless exercise while held by CR Financial Holdings, Inc. (the "Sponsor") and affiliates of the Sponsor, but would not be exercisable at any time on a cashless basis if transferred and held by another investor. Therefore, the Company will classify the private warrants as a liability pursuant to ASC 815 until the private warrants are transferred from the initial purchasers or any of their permitted transferees.

There were approximately 5.7 million public warrants and 0.2 million private placement warrants outstanding at June 30, 2024 and 2023. Refer to Note 9 - Fair Value of Financial Instruments for further information.

Series A Warrants

On March 7, 2022, the Company entered into subscription agreements (the "Subscription Agreements") with certain investors (the "2022 PIPE Investors"), pursuant to which the Company agreed to sell to the Investors, in a private placement, shares of the Company's common stock, par value \$0.001 per share, and Series A warrants to purchase shares of common stock (the "Series A Warrants") at a price of \$7.00 per share of common stock and one-half (1/2) of one Series A Warrant (the "2022 PIPE Offering").

On March 17, 2022, the Company closed the 2022 PIPE Offering and issued to the 2022 PIPE Investors an aggregate of 35,714,272 shares of common stock and Series A Warrants to purchase an aggregate of 17,857,136 shares of common stock. Each whole warrant entitles the registered holder to purchase one whole share of the Company's common stock at a price of \$11.50 per share any time after September 17, 2022 (the "Initial Exercise Date"), provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares of common stock. The warrants will expire on March 17, 2026.

The Company may redeem the outstanding Series A Warrants in whole, but not in part, at a price of \$0.01 per warrant upon a minimum of 30 days' prior written notice of redemption, if and only if the last sale price of the Company's common stock equals or exceeds \$18.00 per share for any 20-trading days within a 30-trading day period commencing after the Series A Warrants become exercisable and ending three business days before the Company sends the notice of redemption to the warrant holders. If the Company calls the Series A Warrants for

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

redemption, management will have the option to require all holders that wish to exercise the warrants to do so on a cashless basis. In no event will the Company be required to net cash settle the warrant exercise.

The agreements governing the Series A Warrants (the “Series A Warrant Agreements”) provide for a Black-Scholes value calculation (“Black-Scholes Value”) in the event of certain transactions (“Fundamental Transactions”), which includes a floor on volatility utilized in the value calculation at 100% or greater. The Company has determined this provision introduces leverage to the holders of the Series A Warrants that could result in a value that would be greater than the settlement amount of a fixed-for-fixed option on the Company’s own equity shares. Therefore, the Company will classify the Series A Warrants as a liability pursuant to ASC 815.

As of June 30, 2024, there were approximately 17.9 million Series A Warrants outstanding. Refer to Note 9 – Fair Value of Financial Instruments for further information.

Series B Warrants

On May 10, 2024, pursuant to the Series B Warrant Agreement, the Company issued Series B Warrants to Pure Plastic to purchase an aggregate of 3,064,081 shares of common stock. Each whole warrant entitles the registered holder to purchase one whole share of the Company’s common stock at a price of \$11.50 per share any time after November 6, 2024 (the “Series B Initial Exercise Date”), provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares of common stock. The warrants will expire on December 1, 2030.

At any time following January 1, 2028, the Company may redeem the outstanding Series B Warrants in whole, but not in part, at a price of \$0.01 per warrant upon a minimum of 30 days’ prior written notice of redemption, if and only if the last sale price of the Company’s common stock equals or exceeds \$18.00 per share for any 20-trading days within a 30-trading day period commencing after the Series B Warrants become exercisable and ending three business days before the Company sends the notice of redemption to the warrant holders. If the Company calls the Series B Warrants for redemption, management will have the option to require all holders that wish to exercise the warrants to do so on a cashless basis. In no event will the Company be required to net cash settle the warrant exercise.

The Series B Warrant Agreement provides for a Black-Scholes Value in the event of Fundamental Transactions, which includes a floor on volatility utilized in the value calculation at 100% or greater. The Company has determined this provision introduces leverage to the holders of the Series B Warrants that could result in a value that would be greater than the settlement amount of a fixed-for-fixed option on the Company’s own equity shares. Therefore, the Company will classify the Series B Warrants as a liability pursuant to ASC 815.

As of June 30, 2024, there were approximately 3.1 million Series B Warrants outstanding. Refer to Note 9 – Fair Value of Financial Instruments for further information.

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Warrant expense (benefit) recognized for each period is presented in the following table (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
RTI warrants	\$ (757)	\$ 2,621	\$ 340	\$ 2,563
Private placement warrants	(80)	299	88	371
Series A warrants	(4,822)	23,393	7,857	28,214
Series B warrants	1,348	—	1,348	—
Change in fair value of warrants	<u>\$ (4,311)</u>	<u>\$ 26,313</u>	<u>\$ 9,633</u>	<u>\$ 31,148</u>

NOTE 6 – NET LOSS PER SHARE

The Company follows the two-class method when computing net loss per common share when shares are issued that meet the definition of participating securities. The two-class method requires income available to common shareholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The two-class method also requires losses for the period to be allocated between common and participating securities based on their respective rights if the participating security contractually participates in losses. As holders of participating securities do not have a contractual obligation to fund losses, undistributed net losses are not allocated to nonvested restricted stock for purposes of the loss per share calculation.

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share (“EPS”) calculations for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss attributable to common shareholders	\$ (48,212)	\$ (55,368)	\$ (133,819)	\$ (81,210)
Denominator:				
Weighted average common shares outstanding, basic and diluted	164,691	163,739	164,524	163,664
Net loss per share attributable to common stockholder, basic and diluted	<u>\$ (0.29)</u>	<u>\$ (0.34)</u>	<u>\$ (0.81)</u>	<u>\$ (0.50)</u>

Certain outstanding common share equivalents were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented as including them would have been anti-dilutive. A summary of those outstanding common share equivalents is presented in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(in thousands)</i>				
Anti-dilutive awards				
Warrants, outstanding not exercised	27,811	24,747	27,811	24,747
Stock options, outstanding not exercised	1,315	1,072	1,315	1,072
RSU, non-vested	3,505	3,489	3,505	3,489
PSU, non-vested	1,398	1,471	1,398	1,471
Contingently - issuable shares related to the earnout	2,000	4,000	2,000	4,000
Shares issuable upon conversion of Green Convertible Notes	16,869	—	16,869	—

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

Presented in the table below are the major classes of property, plant and equipment by category as of the below dates (in thousands):

	June 30, 2024		
	Cost	Accumulated Depreciation	Net Book Value
Building	\$ 81,703	\$ 3,745	\$ 77,958
Machinery and equipment	360,720	35,084	325,636
Leasehold Improvements	3,028	1,779	1,249
Fixtures and Furnishings	736	230	506
Land improvements	150	37	113
Land	1,150	—	1,150
Construction in process	239,399	—	239,399
Total property, plant and equipment	\$ 686,886	\$ 40,875	\$ 646,011

	December 31, 2023		
	Cost	Accumulated Depreciation	Net Book Value
Building	\$ 81,593	\$ 2,440	\$ 79,153
Machinery and equipment	349,796	20,415	329,381
Leasehold Improvements	2,972	1,447	1,525
Fixtures and Furnishings	711	177	534
Land improvements	150	32	118
Land	1,150	—	1,150
Construction in process	226,885	—	226,885
Total property, plant and equipment	\$ 663,257	\$ 24,511	\$ 638,746

Depreciation expense is recorded in the condensed consolidated statements of comprehensive loss as follows:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating costs	\$ 6,233	\$ 1,895	\$ 14,555	\$ 2,283
Research and development expense	765	750	1,525	1,499
Selling, general, and administrative expense	169	159	343	316
Total depreciation expense	\$ 7,167	\$ 2,804	\$ 16,423	\$ 4,098

NOTE 8 - INCOME TAXES

The Company has determined that any net deferred tax assets are not more likely than not to be realized in the future, and a full valuation allowance is required. In addition, the Company has determined that any current forecasted operations would result in federal and state income tax losses which are also not more likely than not to be realized. As a result, for the periods ended June 30, 2024 and 2023, the Company has reported tax expense of \$0 and \$0, respectively.

Management has evaluated the Company's tax positions and has determined that the Company has taken no uncertain tax positions that require adjustment to the condensed consolidated interim financial statements for the respective periods.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

NOTE 9 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies

Level 3 - Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

Assets and liabilities measured and recorded at Fair Value on a recurring basis

As of June 30, 2024 and December 31, 2023, the Company's financial assets and liabilities measured and recorded at fair value on a recurring basis were classified within the fair value hierarchy as follows (in thousands):

	June 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents	\$ 7,461	\$ —	\$ —	\$ 7,461	\$ 36,277	\$ 35,215	\$ —	\$ 71,492
Restricted cash equivalents - current	2,880	—	—	2,880	25,692	—	—	25,692
Restricted cash equivalents - noncurrent	9,680	—	—	9,680	203,411	—	—	203,411
Investments:								
Commercial paper, available for sale	—	—	—	—	—	46,049	—	46,049
US Treasury Notes	—	—	—	—	2,177	—	—	2,177
Total investments	\$ —	\$ —	\$ —	\$ —	\$ 2,177	\$ 46,049	\$ —	\$ 48,226
Liabilities								
Warrant liability:								
RTI warrants	—	—	1,777	1,777	—	—	1,437	1,437
Private warrants	—	—	353	353	—	—	265	265
Series A warrants	—	28,214	—	28,214	—	20,357	—	20,357
Series B warrants	—	—	8,150	8,150	—	—	—	—
Total warrant liability	\$ —	\$ 28,214	\$ 10,280	\$ 38,494	\$ —	\$ 20,357	\$ 1,702	\$ 22,059

For the instruments classified as level 3 (discussed further below), significant changes in any of the significant unobservable inputs in isolation would not result in a materially different fair value estimate. However, since each of instruments classified as level 3 are being valued using similar inputs, a significant change that would impact expected volatility or the market price of PCT's common stock could result in a material change to the total

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

combined value of these instruments. An increase in one or both of these inputs would result in a higher assessed value for each instrument.

Measurement of the Private Warrants

The private warrants are measured at fair value on a recurring basis using a Black-Scholes model. The private warrants are classified as Level 3 and were valued using the following assumptions:

	June 30, 2024	December 31, 2023
Expected annual dividend yield	— %	— %
Expected volatility	92.0 %	100.2 %
Risk-free rate of return	4.8 %	4.1 %
Expected option term (years)	1.7	2.2

The expected term of the warrants granted is determined based on the duration of time the warrants are expected to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility is based on the implied volatility calculated for the Company's public warrants, which have similar characteristics to the private warrants. The dividend yield on the Company's warrants is assumed to be zero as the Company has not historically paid dividends. The fair value of the underlying Company shares was determined using the Black-Scholes calculation.

The aggregate values of the private warrants were \$0.4 million and \$0.3 million on June 30, 2024 and December 31, 2023, respectively.

A summary of the private warrants activity from December 31, 2023 to June 30, 2024 is as follows (in thousands):

		Fair value (Level 3)
Balance, December 31, 2023	\$	265
Change in fair value		88
Balance, June 30, 2024	\$	353

Refer to Note 5 – Warrants for further information.

Measurement of the RTI warrants

The Company has determined the RTI Warrants to be a Level 3 fair value measurement and has remeasured using a Binomial Tree option pricing model to calculate its fair value using the following assumptions:

	June 30, 2024	December 31, 2023
Expected annual dividend yield	— %	— %
Expected volatility	99.9 %	118.1 %
Risk-free rate of return	5.3 %	4.7 %
Expected option term (years)	0.5	1.0

The expected term of the warrants granted is determined based on the duration of time the warrants are expected to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility is calculated based on the specific volatility of PCT's publicly-traded common stock. In determining similar entities, the Company considered industry, stage of life cycle, size and financial leverage. The dividend yield on the Company's warrants is assumed to be zero as the Company has not historically paid

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

dividends. The fair value of the underlying Company shares was determined using the Binomial Tree model calculation.

The Company has an option to repurchase the warrants at any time. The maximum fair value of the warrants is limited by the fair value of the repurchase option, which cannot exceed \$15.0 million.

Changes in Level 3 liabilities measured at fair value from December 31, 2023 to June 30, 2024 are as follows (in thousands):

		Fair value (Level 3)
Balance, December 31, 2023	\$	1,437
Change in fair value		340
Balance, June 30, 2024	\$	1,777

Measurement of the Series A Warrants

The Series A Warrants meet the definition of derivative instruments and are measured at fair value on a recurring basis using the market price of the Company's publicly traded warrants, with changes in fair value recorded in current earnings. The Company has determined the publicly traded warrants to be an appropriate proxy to value the Series A Warrants as both warrants have similar redemption features and the same exercise price. The Series A Warrants are classified as Level 2 for both initial measurement at issuance and subsequent measurement each period.

Measurement of the Series B Warrants

The Series B Warrants meet the definition of derivative instruments and are measured at fair value on a recurring basis. The Company has determined the Series B Warrants to be a Level 3 fair value measurement and has performed initial recognition and ongoing remeasurement using a Monte Carlo simulation to calculate its fair value using the following assumptions:

	June 30, 2024	May 10, 2024
Expected annual dividend yield	— %	— %
Expected volatility	92.0 %	99.3 %
Risk-free rate of return	4.3 %	4.5 %
Expected option term (years)	6.4	6.6

The expected term of the warrants granted is determined based on the duration of time the warrants are expected to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the valuation date. The expected volatility is based on the implied volatility calculated for the Company's public warrants, which have similar characteristics to the Series B Warrants. The dividend yield on the Company's warrants is assumed to be zero as the Company has not historically paid dividends. The fair value of the underlying Company shares was determined using the Monte Carlo simulation.

Changes in Level 3 liabilities measured at fair value from May 10, 2024 to June 30, 2024 are as follows (in thousands):

		Fair value (Level 3)
Balance, May 10, 2024 (Initial recognition date)	\$	6,802
Change in fair value		1,348
Balance, June 30, 2024	\$	8,150

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Assets and liabilities recorded at carrying value

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

The Company records cash and accounts payable at cost, which approximates fair value due to their short-term nature or stated rates. The Company records debt at cost.

NOTE 10 - AVAILABLE-FOR-SALE INVESTMENTS

The Company classifies its investments in debt securities as available-for-sale. Debt securities have been historically comprised of highly liquid investments with minimum "A" rated securities. The debt securities have historically been reported at fair value with unrealized gains or losses recorded in accumulated other comprehensive income in the condensed consolidated balance sheets. Refer to Note 9 – Fair Value of Financial Instruments for information related to the fair value measurements and valuation methods utilized.

The Company did not hold any available-for-sale investments as of June 30, 2024. The following table represents the Company's available-for-sale investments by major security type as of December 31, 2023 (in thousands):

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Fair Value
Commercial Paper	\$ 46,069	\$ —	\$ (20)	\$ 46,049
Corporate Bonds	2,175	2	—	2,177
Municipal Bonds	—	—	—	—
Total	<u>\$ 48,244</u>	<u>\$ 2</u>	<u>\$ (20)</u>	<u>\$ 48,226</u>

The following table represents the Company's available-for-sale investments by contractual maturity as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ —	\$ —	\$ 48,244	\$ 48,226
Due after one year through five years	—	—	—	—
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 48,244</u>	<u>\$ 48,226</u>

The Company reviews available-for-sale investments for other-than-temporary impairment loss periodically. The Company considers factors such as the duration, severity and the reason for the decline in value, the potential recovery period and our intent to sell. For debt securities, we also consider whether (i) it is more likely than not that the Company will be required to sell the debt securities before recovery of their amortized cost basis and (ii) the amortized cost basis cannot be recovered as a result of credit losses. During the six months ended June 30, 2024 and 2023, the Company did not recognize any other-than-temporary impairment losses. All marketable securities with unrealized losses have been in a loss position for less than twelve months, and the Company does not anticipate any material losses upon maturity of these investments. The fair value for fixed-rate debt securities is based on quoted market prices for the same or similar debt instruments and is classified as Level 2. The fair value for the Company's other securities holdings, primarily under commercial paper, equals the carrying value and is classified as Level 2.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Financial Assurance

On March 14, 2024, PCT renewed a surety bond in the amount of \$25.0 million to provide financial assurance related to its performance under a certain vendor contract, which expires at the earlier of satisfaction of the obligation, termination of the related vendor contract, or one year from issuance (subject to renewal within one year). Effective July 1, 2024, the amount was increased from \$25.0 million to \$45.9 million.

These financial instruments are issued in the normal course of business and are not considered company indebtedness. Because PCT currently has no liability for these financial assurance instruments, they are not reflected in its consolidated balance sheets.

Legal Proceedings

PCT is subject to legal and regulatory actions that arise from time to time in the ordinary course of business. The assessment as to whether a loss is probable or reasonably possible, and as to whether such loss or a range of such losses is estimable, often involves significant judgment about future events, and the outcome of litigation is inherently uncertain. Other than as described below, there is no material pending or threatened litigation against PCT that remains outstanding as of June 30, 2024.

Shareholder Securities Litigation

Beginning on or about May 11, 2021, two putative class action complaints were filed against PCT, certain senior members of management and others, asserting violations of federal securities laws under Section 10(b) and Section 20(a) of the Exchange Act. The complaints generally allege that the applicable defendants made false and/or misleading statements in press releases and public filings regarding the Technology, PCT's business and PCT's prospects. The first putative class action complaint was filed in the U.S. District Court for the Middle District of Florida by William C. Theodore against PCT and certain senior members of management (the "Initial Theodore Lawsuit"). The second putative class action complaint was filed in the U.S. District Court for the Middle District of Florida by David Tennenbaum against PCT, certain senior members of management and others (the "Tennenbaum Lawsuit"). On July 14, 2021, the court granted a motion to consolidate the Initial Theodore and Tennenbaum Lawsuits (consolidated as the "Consolidated Theodore Lawsuit") and on July 27, 2021, Tennenbaum filed a motion to voluntarily dismiss his complaint without prejudice. On August 5, 2021, the Court entered an order appointing Mariusz Ciecko and Robert Ciecko as Co-Lead Plaintiffs ("Lead Plaintiffs") and Pomerantz LLP as Lead Counsel.

On April 2, 2024, the Company reached a tentative settlement of the Consolidated Theodore Lawsuit (the "Securities Settlement"), which was memorialized in a Stipulation of Settlement dated May 6, 2024. Under the terms of the Securities Settlement, all known and unknown claims shall be settled for \$12 million in exchange for a complete release of the Company and the individually named defendants in each of the referenced matters. The Securities Settlement shall be funded by the remainder of the Company's self-insured retention under its directors and officers liability insurance policies applicable to the claims ("D&O Insurance") and contributions by various carriers comprising part of the D&O Insurance tower available to the Company and defendants. The Securities Settlement is subject to court approval.

On September 29, 2023, Jay Southgate, a purported shareholder, filed a complaint in the U.S. District Court for the Southern District of New York against PCT, and certain senior members of management ("Individual Southgate Defendants"), asserting violations of federal securities laws under Section 10(b) and Section 20(a) of the Exchange Act (the "Southgate Lawsuit"). The complaints generally allege that the applicable defendants made false and/or

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

misleading statements in press releases and public filings between August 8, 2023 and September 13, 2023, regarding the status of commissioning activities at the Ironton Facility, and specifically the impact of a power outage at the Ironton Facility in August 2023 and subsequent seal system failure in September 2023. Purported shareholders filed motions to be appointed lead plaintiff in the action, and on February 20, 2024, the Court appointed James Smith as Lead Plaintiff and Glancy Prongay & Murray LLP as Lead Counsel.

On April 5, 2024, plaintiffs in the Southgate matter filed an amended complaint ("Amended Southgate Complaint"), in which the plaintiffs allege the Company and the Individual Southgate Defendants violated Section 10(b) and Section 20(a) of the Exchange Act. The Amended Southgate Complaint alleges that beginning in April 2023 through December 2023, the Company and the Individual Southgate Defendants made misleading and inaccurate statements and omissions regarding the operations at the Ironton Facility, PCT's ability to meet certain milestones and alleged issues with certain third-party contractors. On May 6, 2024, the Company and the Individual Southgate Defendants filed a motion to dismiss the Southgate complaint. On June 5, 2024, plaintiffs filed their brief in opposition to the Company and Individual Southgate Defendants motion to dismiss. On June 5, 2024, the Company and the Individual Southgate PCT Defendants filed a reply to the plaintiffs' brief.

PCT, the PCT Defendants and the Individual Southgate Defendants intend to vigorously defend against the Amended Southgate Complaint. Given the stage of the litigation, PCT cannot reasonably estimate at this time whether there will be any loss, or if there is a loss, the possible range of loss, that may arise from the Southgate Lawsuit.

Han, Ayers, and Brunson Derivative Litigation

On November 3, 2021, Byung-Gook Han, a purported PCT shareholder, derivatively and purportedly on behalf of PCT, filed a shareholder derivative action in the United States District Court for the District of Delaware (Byung-Gook Han v. Otworth et. al., Case No. 1:21-cv-01569-UNA) against certain senior members of PCT's management, PCT's directors and Byron Roth, who was subsequently dismissed (collectively, the "Individual Han Defendants"), alleging violations of Section 20(a) of the Exchange Act and breaches of fiduciary duties and bringing claims for unjust enrichment and waste of corporate assets ("Han Derivative Lawsuit"). On January 19, 2022, the court granted the parties' joint stipulation to stay the Han Derivative Lawsuit and administratively closed the matter pending the disposition of the motions to dismiss the Consolidated Theodore Lawsuit.

On January 27, 2022, Patrick Ayers, a purported PCT shareholder, derivatively and purportedly on behalf of PCT, filed a shareholder derivative action in the United States District Court of the District of Delaware, captioned Patrick Ayers v. Otworth et. al., Case No. 1:22-cv-00110, against certain members of PCT's management, PCT's directors and others (collectively, the "Individual Ayers Defendants"), alleging violations of Section 20(a) of the Exchange Act and breaches of fiduciary duties, as well as claims for unjust enrichment, gross mismanagement, contribution, and indemnification ("Ayers Derivative Lawsuit").

On March 17, 2022, the court granted the parties' joint stipulation to stay the Ayers Derivative Lawsuit and administratively closed the matter pending the disposition of the motions to dismiss the Consolidated Theodore Lawsuit.

After the court in the Consolidated Theodore Lawsuit ruled on the second motion to dismiss, the stay in the derivative actions was lifted. Ayers and Han (collectively the "Derivative Plaintiffs"), PCT and the Individual Ayers and Han Defendants (collectively, the "Individual Derivative Defendants") filed a joint stipulation to consolidate the related derivative actions on June 26, 2023. The court granted the motion to consolidate the derivative actions on June 27, 2023, and ordered the Consolidated Derivative Action to be captioned In re: PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Derivative Litigation, Lead Case No. 21-1569-RGA (D. Del.) (“Consolidated Derivative Litigation”). In light of the Motion for Reconsideration in the Consolidated Theodore Lawsuit, the Derivative Plaintiffs, PCT, and Individual Derivative Defendants filed a joint stipulation to continue the stay of the Consolidated Derivative Litigation until thirty days after the court in the Class Action rules on the Motion for Reconsideration. The Motion for Reconsideration in the Consolidated Theodore Lawsuit remains pending.

On February 23, 2024, Ayers filed an amended derivative complaint under seal. The Consolidated Amended Derivative Complaint generally alleges that the Individual Derivative Defendants made materially false and misleading statements and omissions in press releases, webinars and other public filings regarding PCT’s business, the technology, PCT’s prospects, the background and experience of the Individual Derivative Defendants, PCT’s internal controls, and various production issues and delays. The Consolidated Amended Derivative Complaint seeks unspecified monetary damages, reform of the corporate governance and internal procedures, unspecified restitution from the Individual Han Defendants, and costs and fees associated with bringing the action. At this stage of the litigation, neither PCT nor the Individual Ayers Defendants have answered the Consolidated Amended Derivative Complaint, moved to dismiss the complaint, or otherwise responded to the complaint.

On March 29, 2024, John Brunson, a purported PCT shareholder, and on behalf of whom the February 2023 Delaware 220 demand referenced below was issued to the Company, derivatively and purportedly on behalf of PCT, filed a shareholder derivative action under seal in the Court of Chancery in the State of Delaware, captioned John Brunson v. Otworth et. al., against certain members of PCT’s management, PCT’s directors and others (collectively, the “Individual Brunson Defendants”), alleging breaches of fiduciary duties, aiding and abetting breaches of fiduciary duty, corporate waste, and unjust enrichment (“Brunson Derivative Lawsuit”). The Brunson Derivative Lawsuit generally contains similar allegations as contained in Consolidated Derivative Amended Derivative Complaint, as well as allegations regarding undisclosed operational risks, production issues and delays, persistent failure to remediate known material deficiencies, including inadequate staffing, lack of segregation of duties, unfamiliarity with financial reporting requirements, and lack of accounting resources, leading to revisions of prior financial statements. The Brunson Derivative Lawsuit also references two reports by Bleeker Street Research in November 2023 which alleged that the Company had misled investors about the launch of the Ironton Facility, and would not meet its production targets. Plaintiffs also point to and discuss the Theodore Securities Class Action and the Southgate Amended Complaint and allege that PCT is exposed to liability in those cases. The Brunson Derivative Lawsuit seeks unspecified monetary damages, declaratory relief, unspecified disgorgement and restitution from the Individual Brunson Defendants, and costs and fees associated with bringing the action.

On May 7, 2024, the Company entered into a memorandum of understanding agreement to settle the Ayers Derivative Lawsuit, the Brunson Derivative Lawsuit and certain shareholder demand letters described below under the heading Other Matters (the “Settling Demand Letters”), including demands under Delaware Code Section 220 and/or investigation demands (the “Derivative Settlement”). On July 17, 2024, the parties executed a Stipulation of Settlement. Under the proposed terms of the Stipulation in the Derivative Settlement, all claims shall be settled in exchange for certain corporate therapeutics and a monetary component of \$3 million, out of which plaintiffs’ counsel intend to seek up to \$1.75 million in attorneys’ fees (as approved by the Court), in exchange for a complete release of all claims, known or unknown, that have been or could have been asserted in the Ayers Derivative Lawsuit, the Brunson Lawsuit, the Settling Demand Letters, or in any other forum by any current PureCycle stockholders derivatively on behalf of PureCycle. Carriers comprising part of the D&O insurance tower will contribute \$3 million of applicable policy limits to fund the monetary component of the Derivative Settlement. The Derivative Settlement, including the amount of attorneys’ fees awarded, is subject to final documentation and court approval. In the future, PCT may become party to additional legal matters and claims arising in the ordinary course of business. While PCT is unable to predict the outcome of the above or future matters, it does not believe, based upon currently available

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

facts, that the ultimate resolution of any such pending matters will have a material adverse effect on its overall financial position, results of operations, or cash flows.

Denham-Blythe Arbitration

On October 7, 2020, PCO, a subsidiary of PCT and Denham-Blythe Company, Inc. (“DB”) executed an Engineering, Procurement, and Construction Agreement for certain construction activities associated with the Ironton Facility (“EPC Contract”).

On June 16, 2023, following unsuccessful efforts at mediating various disputes over certain unapproved change orders and payment applications, DB filed a demand for binding arbitration (“Arbitration Demand”) with the American Arbitration Association (“AAA”), seeking approximately \$17.0 million related to certain fee applications, change orders and amounts currently held in retainage by PCO, and, on June 21, 2023, filed a mechanics lien in Lawrence County, Ohio for the same sum. On July 20, 2023, PCO filed its Answer and Counterclaim, in which PCO contends that various deficiencies in DB’s work resulted in damages to PCO in excess of DB’s \$17.0 million Arbitration Demand, including, but not limited to, the following: DB’s insufficient and incomplete engineering drawings and packages, insufficient and unorganized material management, insufficient and inefficient contractor management, insufficient and rudimentary schedule management, incomplete and inefficient procurement procedures, and that the Company was required to undertake significant re-work at additional cost resulting from DB’s failure to adequately perform its obligations under the EPC Contract. On September 14, 2023, DB filed a motion with the AAA seeking to join ThermalTech Engineering, Inc., and ThermalTech Turnkey Solutions LLC, a subcontractor engaged by DB to provide engineering services for the Ironton Project. PCO and ThermalTech Engineering, Inc. have objected to the joinder and the matter remains pending.

On August 30, 2023, DB filed a breach of contract claim against PCO and others in Lawrence County Ohio, alleging the same facts contained in its arbitration demand, as well as an action to foreclose on a lien filed in Lawrence County, Ohio. Concurrently DB requested the complaint be stayed pending the resolution of all issues in the arbitration. On December 12, 2023, defendant UMB Bank, N.A. (“UMB”) filed an Answer and Counterclaim against DB. On January 9, 2024, the Lawrence County Court granted DB’s request for a stay of the lawsuit pending the resolution of the arbitration proceeding.

On March 8, 2024, ISC Constructors, a DB subcontractor, filed an action in equity for unjust enrichment against PCO in Lawrence Co. Ohio Case # 240C000171. The lawsuit alleges \$526,007.48 in unpaid invoices and retainage. An arbitration claim for breach of contract, for the same amount, was filed by ISC Constructors in the AAA against DB. That arbitration action has been consolidated with the AAA arbitration between PCO and DB listed above. Recently PCO moved to stay the ISC lawsuit and consolidate it with the DB lawsuit which is currently stayed.

PCO intends to vigorously defend itself against DB’s claims and to pursue recovery of damages resulting from DB’s failure to perform adequately under the EPC Contract. Given the stage of the arbitration, PCT cannot reasonably estimate at this time whether there will be any loss, or if there is a loss, the possible range of loss, that may result from the Arbitration Demand.

Other Matters

On February 3, 2023, the Company received a books and records demand pursuant to Section 220 of the Delaware General Corporation Law, from a purported stockholder of the Company, in connection with the stockholder’s investigation of, among other matters, potential breaches of fiduciary duty, mismanagement, self-dealing, corporate waste or other violations of law by the Company’s Board with respect to these matters.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

On October 6, 2023 and October 27, 2023, the Company received two additional books and records demands pursuant to Section 220 of the Delaware General Corporation Law, from two purported stockholders of the Company, in connection with the stockholders' investigation of, among other matters, potential breaches of fiduciary duty, mismanagement, self-dealing, corporate waste or other violations of law by the Company's Board with respect to these matters. On February 5, 2024, and February 23, 2024, the Company received two additional demand letters demanding that the Company initiate legal action against its officers, directors, or members of senior management for their alleged breach of fiduciary duties and take remedial measures for damages from alleged unjust enrichment and corporate waste. Collectively, the February 3, 2023, October 6, 2023, October 27, 2023, February 5, 2024, and February 23, 2024 demand letters shall be referred to as the "Demand Letters". The claims asserted in the Demand Letters are included as part of the Derivative Settlement.

On April 25, 2024, the Company received a litigation demand letter from a purported shareholder, Selim Piot, requesting that the Board take action against certain officers and directors. On May 6, 2024, Mr. Piot served a books and records demand and initiated a derivative action in the Chancery Court of Delaware captioned Piot v. Bouck, et al., No. 2024-0475-NAC (Del. Ch.). On May 21, 2024, Mr. Piot served another books and records demand. The claims asserted in Mr. Piot's demand letters and derivative action are substantially similar to those asserted in the Ayers and Brunson Derivative Lawsuits and the Demand Letters. We are currently unable to predict the outcome of this matter.

NOTE 12 - LEASES

On May 14, 2024, the Company sublet the leased space that previously housed its corporate headquarters in Orlando, FL and will have no further involvement in that property. The Company recognized a \$0.8 million impairment on the related right-of-use asset for the three and six months ended June 30, 2024, which is recorded in other expense in the condensed consolidated statements of comprehensive loss.

NOTE 13 - SUBSEQUENT EVENTS

In connection with the preparation of the condensed consolidated interim financial statements for the period ended June 30, 2024, management has evaluated events through August 8, 2024 to determine whether any events required recognition or disclosure in the condensed consolidated interim financial statements. The following subsequent events were identified through the date of these condensed consolidated interim financial statements:

On July 12, 2024, PCT entered into an equipment financing arrangement with Varilease Finance, Inc. ("VFI") pursuant to a master lease agreement dated June 24, 2024, and received progress funding of \$6.5 million on July 19, 2024. PCT anticipates an additional \$3.8 million to be funded under this arrangement, pending completion of certain requirements. The Company will begin making accumulated rent payments on September 1, 2024, until the related equipment is placed in service, at which point the 24-month rental term will commence.

On August 7, 2024, PCT LLC, Pure Plastic, and several other parties reached agreement on terms whereby certain purchasers would purchase approximately \$22.5 million in aggregate par amount of Series A Bonds owned by PCT LLC at a purchase price of \$800 per \$1,000 principal amount (the "August Purchased Bonds") under a Bond Purchase Agreement. The purchase of the August Purchased Bonds is expected to be completed and funds received by PCT LLC on or about August 9, 2024.

PureCycle Technologies, Inc.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information which PCT's management believes is relevant to an assessment and understanding of PCT's condensed consolidated results of operations and financial condition. The discussion should be read together with the audited Consolidated Financial Statements and the accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's most recent Annual Report on Form 10-K, as well as the unaudited condensed consolidated interim financial statements, together with related notes thereto, included elsewhere in this Quarterly Report on Form 10-Q. This discussion may contain forward-looking statements based upon current expectations that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" in the Company's most recent Annual Report on Form 10-K. Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "we," "us," "our," and "the Company" are intended to mean the business and operations of PCT and its consolidated subsidiaries.

Overview

PureCycle Technologies, Inc. ("PCT" or "Company") is a Florida-based corporation focused on commercializing a patented purification recycling technology (the "Technology"), originally developed by The Procter & Gamble Company ("P&G"), for restoring waste polypropylene into resin, called ultra-pure recycled ("UPR") resin, which has nearly identical properties and applicability for reuse as virgin polypropylene. PCT has a global license for the Technology from P&G. PCT's goal is to create an important new segment of the global polypropylene market that will assist multinational entities in meeting their sustainability goals, providing consumers with polypropylene-based products that are sustainable, and reducing overall polypropylene waste in the world's landfills and oceans.

PCT's process includes two steps: Feed Pre-Processing ("Feed PreP") and the use of PCT's recycling technology for purification. The Feed PreP step will collect, sort, and prepare polypropylene waste ("feedstock") for purification. The purification step is a purification recycling process that uses a combination of solvent, temperature, and pressure to return the feedstock to near-virgin condition through a novel configuration of commercially available equipment and unit operations. The purification process puts the plastic through a physical extraction process using super critical fluids that both extract and filter out contaminants and purify the color, opacity, and odor of the plastic without changing the bonds of the polymer. By not altering the chemical makeup of the polymer, the Company is able to use significantly less energy and reduce production costs as compared to virgin resin.

The Ironton Facility

PCT commenced commissioning activities at its first commercial-scale plant in Lawrence County, Ohio (referred to herein as the "Ironton Facility"), in April 2023, achieved mechanical completion of the plant and commenced pellet production from post-industrial and post-consumer materials later in 2023. The Ironton Facility leverages the existing infrastructure of PCT's pilot facility known as the Feedstock Evaluation Unit (the "FEU"), which became operational in 2019, and the Ironton Facility is expected to have UPR resin capacity of approximately 107 million pounds/year when fully operational. PCT sold an immaterial amount of resin through the first six months of 2024 but has not yet reached meaningful volumes and on-spec product. PCT has experienced intermittent mechanical challenges during the commissioning process including, but not limited to, limits in the rates at which certain contaminants can currently be removed from the purification process, as well as challenges with continuous operations of the pelletizing system for finished product. Recently, PCT has been focused on the recovery and removal of polyethylene and other solids ("co-product 2" or "CP2"), which impacts the ability to run higher volumes

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

and produce consistent, high quality UPR resin. PCT believes it has identified multiple potential solutions that are expected to improve the ability to recover and remove CP2, as well as increase operational reliability. While these mechanical issues are not uncommon for first-of-its kind manufacturing facilities, the downtime needed to correct these issues is delaying the Ironton Facility from reaching consistent sustainable production rates. In addition to pursuing solutions for CP2 removal, the Company is also evaluating processes that blend its resin with either post-industrial recycled material or virgin polypropylene, which is expected to improve product consistency and enhance the product delivery to customers.

The Augusta Facility

In July 2021, PCT reached an agreement with The Augusta Economic Development Authority ("AEDA") to build its first U.S. facility with multiple lines for both Feed PreP and purification ("multi-line facility") in Augusta, Georgia (the "Augusta Facility"). PCT expects the approximately 200-acre location to eventually include up to eight production lines, which are expected to collectively have UPR resin production capacity of approximately 1 billion pounds per year. When fully operational, each purification line at the Augusta Facility is expected to have annual production capacity of approximately 130 million pounds of PCT's UPR resin. PureCycle has allocated 40% of the Augusta Facility output, for Lines 1 and 2, to existing customers and expects that additional offtake agreements will continue to be negotiated.

On June 30, 2023, PCT and the AEDA executed an Economic Development Agreement ("EDA") related to the Company's plans to construct the Augusta Facility. Pursuant to the EDA, PCT expects to receive certain property tax abatement benefits as well as certain other incentives, including site infrastructure development assistance ("Incentive Benefits"). In order to receive the Incentive Benefits under Phase One (as defined below) of the Augusta Project, PCT will be obligated to create 82 full-time jobs with investments of at least \$440 million no later than December 31, 2026. Through June 30, 2024, PCT has invested approximately \$91.9 million for pre-construction engineering and long-lead equipment for the benefit of Phase One investments. If PCT elects to activate the second phase of the Augusta Project, PCT will be required to create an additional 25 full-time jobs and investments of \$295 million no later than December 31, 2028. To the extent PCT fails to achieve an average of 80% of the jobs and investment commitments in any year over the 20-years of each phase, PCT will be required to make a repayment to the AEDA of a pro rata portion of the total value of the Incentive Benefits received by PCT in such year.

Also on June 30, 2023, PCT entered into a series of agreements with the AEDA to construct phase one ("Phase One") of the Augusta Facility. PCT is leasing 150 acres of land ("Real Property") owned by the AEDA and will construct buildings, building equipment, and other structures (the "Improvements") on the land. PCT will also acquire and install the necessary processing, warehousing, and other equipment, as well as conveyors and pipelines (the "Equipment", together with the Real Property and the Improvements, the "Augusta Project"). The Improvements and Equipment will be transferred to the AEDA and leased back by PCT. As noted above, PCT anticipates that the first portion of Phase One will consist of one purification line and construction commenced prior to the end of 2023. Also as noted above, construction of the first purification line must be completed by December 31, 2026.

The legal sale-leaseback structure provides the Incentive Benefits to PCT as lessee of the Augusta Project. PCT will remain the owner of the Improvements and Equipment for accounting purposes during the term of the lease as PCT will have the right to acquire title to the Augusta Project for a nominal amount during the term and at the conclusion of the arrangement, which has an initial expiration date in 2044. The payments PCT makes to the AEDA during the term of the arrangement are not otherwise expected to be material.

At the end of 2023, the Company commenced site preparation activities, including debris removal and site stabilization activities, and continued with payments to vendors for certain long lead-time equipment. Pursuant to the EDA, PCT must also show continuous construction progress, with regard to the first purification line under the

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

first phase of the Augusta Project during 2024 or risk losing certain future Incentive Benefits. While the Company believes it has satisfied the contractual obligations regarding financing and construction of Phase One to date, the AEDA believes that it could seek to terminate the lease if PCT does not demonstrate further progress on Phase One. Market conditions remain challenging and have created uncertainty as to the timing or likelihood of success of the currently anticipated project financing for the Augusta Facility. As a result, PCT is currently pursuing various structures for project financing of the Augusta Facility. While PCT remains confident in its ability to finance the Augusta Facility, it is limiting its expenses and adjusting its timeline in light of this uncertainty. If PCT is unable to raise additional debt or equity, when desired, or on terms favorable to PCT, PCT's business, financial condition, and results of operations would be adversely affected.

Feedstock Pricing

PCT sees a robust pipeline of demand for its recycled polypropylene and PCT is seeing market acceptance of its "Feedstock+" pricing model for its UPR resin. The "Feedstock+" pricing model divides the market cost of feedstock by a set yield-loss and adds a fixed price, which effectively passes on the cost of feedstock and de-risks PCT's operating margin volatility.

For the Ironton Facility, PCT's feedstock price was linked, in part, to changes in the Chemical Market Analysis, the index for virgin polypropylene, in a price schedule that contained a fixed, collared price around an index price range, which was further adjusted based on the percentage of polypropylene in the feedstock supplied. For the Augusta Facility and future purification facilities, PCT plans to link the feedstock price, in part, to the price of a no. 5 plastic bale of polypropylene as reported by recyclingmarkets.net ("Feedstock Market Pricing"). PCT will procure both feedstock in line with Feedstock Market Pricing as well as low value feedstocks that can be processed by PCT, below Feedstock Market Pricing for the Augusta Facility.

PreP Facilities

In conjunction with the Augusta Facility, PCT also plans to build and operate Feed PreP facilities in locations geographically near the feed sources to optimize PCT's supply chain economics. During the third quarter of 2022, PCT experienced challenges obtaining the necessary water and sewer permits to construct its first planned Feed PreP facility in Central Florida. PCT is evaluating its available recourses, including legal requirements and remedies with regard to its obligations for the remaining 8 years of its 11-year lease agreement for the Central Florida facility. PCT is also evaluating alternative preprocessing sites in other locations. Also, on August 24, 2022, PCT signed a lease for a future PreP facility in Denver, Pennsylvania, which is expected to be operationally ready in late 2024. Throughout the second half of 2021, PCT developed a feedstock processing system with advanced sorting capabilities that can handle various types of plastics in addition to polypropylene (designated as no. 5 plastic). PCT's enhanced sorting should allow PCT to process plastic bales between no. 1 and no. 7. PCT's new Feed PreP facilities will extract polypropylene and ship it to PCT's purification lines, while the non-polypropylene feed will be sorted, baled, and subsequently sold on the open market.

Letter of No Objection Submission and the Granting of FDA Food Packaging Clearances for Certain Feedstocks

On September 10, 2021, PCT filed for a U.S. Food and Drug Administration ("FDA") Letter of No Objection ("LNO"), for Conditions of Use A – H. Conditions of Use describe the temperature and duration at which a material should be tested to simulate the way the material is intended to be used. Conditions of Use C – H address many consumer product packaging requirements, including applications for hot filled and pasteurized, as well as room temperature, refrigerated and frozen applications. Generally speaking, Conditions of Use A and B relate to extreme temperature applications. The LNO submission also defines the feedstock sources for the Company's planned commercial recycling process, and this LNO submission pertained to (i) food grade post-industrial recycled feedstocks and (ii) food grade curbside post-consumer recycled feedstocks.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

The FDA confirmed receipt of the submission on September 13, 2021 and followed up with additional questions and requests for clarification in a letter received by PCT on January 7, 2022. PCT responded to the FDA's questions on February 17, 2022.

On September 6, 2022, PCT received two separate notifications from the FDA with respect to the following two feedstock sources:

- (i) Food grade post-industrial recycled feedstocks: an FDA opinion letter approving Conditions of Use A – H and
- (ii) Food-grade post-consumer recycled feedstock from stadiums: an FDA LNO for Conditions of Use E – G.

On June 11, 2024, the Company received an additional LNO from the FDA, which expands upon the previous LNO and allows use of PCT's UPR resin (to the extent made from food grade post-consumer recycled material) in contact with all food types under FDA's Conditions of Use A through H. This expansion provides PCT with the same Conditions of Use for its UPR resin as virgin polypropylene, which span from frozen food storage to microwaveable packaging.

The Company's FDA food contact grades are capable of being used for all food types per the conditions of use listed and per all applicable authorizations in the food contact regulations listed in the 21 CFR (Code of Federal Regulations, Title 21).

The Company is conducting additional testing and plans to make further LNO submissions for additional post-consumer recycled feedstock sources and expanded Conditions of Use.

Future Expansion

On January 17, 2023, the Company announced that its first European purification facility will be in Antwerp, Belgium. On October 20, 2022, the Company executed a Joint Venture Agreement with SK geo centric Co., Ltd., to develop a UPR purification facility in Ulsan, South Korea. The parties will each hold an equal stake in the joint venture with commencement of construction activities pending necessary financing. The Company is also planning to expand its production capabilities into Asia through negotiation of joint ventures with Mitsui & Co. Ltd. in Japan for in-country production and sales. Future expansion is dependent on successful completion of project financing.

Components of Results of Operations

Revenue

PCT generated an immaterial amount of revenue through the first six months of 2024 but has not yet reached (i) significant continuous operational volumes at the Ironton Facility or (ii) significant revenue generation.

Operating Costs

Operating expenses to date have consisted mainly of personnel costs (including wages, salaries and benefits) and other costs directly related to operations at PCT's operating facilities, including rent, depreciation, repairs and maintenance, utilities and supplies. Costs attributable to the design and development of the Ironton Facility, Augusta Facility, and Feed PreP facilities in Central Florida and Denver, Pennsylvania, are capitalized and, when placed in service, will be depreciated over the expected useful life of the asset. We expect our operating costs to increase as we continue to scale operations and increase headcount.

Research and Development Expense

Research and development expenses consist primarily of costs related to the development of the Technology, the facilities and equipment that will use the Technology to purify recycled polypropylene, and the processes needed to collect, sort, and prepare feedstock for purification. These include mainly personnel costs, depreciation for long-lived assets, third-party consulting costs, and the cost of various recycled waste. We expect our research and

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

development expenses to increase for the foreseeable future as we increase investment in feedstock evaluation, including investment in new front-end feedstock mechanical separators to improve feedstock purity and increase the range of feedstocks PCT can process economically. In addition, we are increasing our in-house feedstock analytical capabilities, which will include additional supporting equipment and personnel.

Selling, General and Administrative Expense

Selling, general and administrative expenses consist primarily of personnel-related expenses for our corporate, executive, finance and other administrative functions and professional services, including legal, audit and accounting services. We expect our selling, general, and administrative expenses to increase for the foreseeable future as we scale headcount with the growth of our business, and as a result of operating as a public company, including compliance with the rules and regulations of the SEC, legal, audit, additional insurance expenses, investor relations activities, and other administrative and professional services.

Results of Operations

Comparison of three and six months ended June 30, 2024 and 2023

The following table summarizes our operating results for the three and six months ended June 30, 2024 and 2023:

(in thousands, except %)	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Costs and expenses								
Operating costs	\$ 22,220	\$ 11,612	\$ 10,608	91 %	\$ 43,414	\$ 18,984	\$ 24,430	129 %
Research and development	1,565	1,571	(6)	(0)%	3,396	3,325	71	2 %
Selling, general and administrative	16,137	13,410	2,727	20 %	32,094	26,105	5,989	23 %
Total operating costs and expenses	39,922	26,593	13,329	50 %	78,904	48,414	30,490	63 %
Interest expense	12,055	4,027	8,028	199 %	27,109	4,684	22,425	479 %
Interest income	(514)	(1,578)	1,064	(67)%	(4,116)	(3,511)	(605)	17 %
Change in fair value of warrants	(4,311)	26,313	(30,624)	(116)%	9,633	31,148	(21,515)	(69)%
Loss on debt extinguishment	—	—	—	100 %	21,214	—	21,214	100 %
Other expense	1,060	13	1,047	8,054 %	1,075	475	600	126 %
Net loss	\$ (48,212)	\$ (55,368)	\$ (7,156)	13 %	\$ (133,819)	\$ (81,210)	\$ (52,609)	65 %

Operating costs

The increase for the three and six month periods was primarily attributable to higher depreciation expense related to assets supporting operations of \$4.3 million and \$12.3 million, respectively, due primarily to placing the Ironton Facility assets in service in the second quarter of 2023 and increased operational site costs of \$7.3 million and \$11.6 million, respectively, related to operating the Ironton Facility.

Research and development expenses

Research and development expenses did not significantly change period over period.

Selling, general and administrative expenses

The increase for the three month period was principally attributable to \$4.3 million higher legal and professional consulting fees primarily related to a legal settlement reached in the second quarter of 2024, partially offset by a \$1.0 million lower bonus expense due to lower projected attainment against performance metrics. The increase for the six month period was principally attributable to \$6.4 million higher legal and professional consulting fees primarily related to a legal settlement and the purchase of the Revenue Bonds, as well as higher insurance cost of \$1.6 million, partially offset by \$1.2 million lower employee and benefit costs and \$0.7 million lower taxes and licenses cost.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Interest expense

The increase for the three and six month periods was attributable to additional financing incurred in the second and third quarters of 2023, including the closing of the \$250.0 million of green convertible senior notes in August 2023, as well as ceasing capitalization of interest on the Revenue Bonds beginning in June 2023 as the plant is now in service.

Interest income

Interest income did not change significantly for the six months ended June 30, 2024 compared to 2023. The decrease for the period over prior year was primarily due to liquidation of the Company's available-for-sale investment portfolio earlier in 2024.

Change in fair value of warrants

The decreased expense for the three and six month periods was attributable to the change in fair value of the Company's liability-classified warrants, of which the primary drivers of the change in valuation related to changes in the underlying price of PCT's common stock, as well as fluctuations in volatility and reduction in the warrant terms with the passage of time.

Loss on debt extinguishment

The amount reported in the first quarter of 2024 relates to the loss recorded on the purchase of the majority of the outstanding Revenue Bonds.

Other expense

The increased expense for the three and six month period was attributable to the \$0.8 million impairment charge related to the operating right-of-use asset in the second quarter of 2024.

Liquidity and Capital Resources

During 2023 and through June 30, 2024, PCT commenced commercial operations and sold an immaterial amount of resin but has not yet reached significant continuous operational volumes. PCT's ongoing operations have, to date, been funded by a combination of equity financing through the issuance of units and debt financing through the issuance of various debt instruments. The following is a summary of the components of our current liquidity. The Debt Securities Available for Sale represent investment holdings in highly liquid debt securities and commercial paper with an average maturity of less than one year. As of December 31, 2023, Restricted cash consisted primarily of certain amounts required for the Series 2020A Bonds and other initial construction commitments for the Augusta Facility. On March 5, 2024, a subsidiary of the Company purchased 99% of the outstanding Bonds which, among other things, released Restricted Cash to be used to purchase the Bonds. See "Management's Discussion and

PureCycle Technologies, Inc.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Indebtedness – Revenue Bonds* for more information.

(in millions)	June 30, 2024		December 31, 2023	
Cash and Cash Equivalents	\$	10.9	\$	73.4
Debt Securities Available for Sale		—		48.2
Ironton Facility Bond Reserves	\$	3.6	\$	210.6
Augusta Construction Escrow		2.6		14.4
Letters of Credit and Other Collateral		6.4		4.1
Restricted Cash (current and non-current)	\$	12.6	\$	229.1
Green Convertible Notes	\$	224.0	\$	220.7
Related Party Revenue Bonds		63.8		—
Equipment Financing Payable		21.9		21.6
Pure Plastic Related Party Note Payable		—		39.7
Revenue Bonds		2.8		234.6
Other Debt		1.8		—
Add: Discount and Issuance Costs		56.0		47.6
Gross Long-term Debt and Related Party Note Payable	\$	370.3	\$	564.2

As of June 30, 2024, PCT had \$10.9 million of Cash and cash equivalents and \$12.6 million of Restricted cash. PCT also has a \$200.0 million revolving credit facility with Sylebra Capital (the "Revolving Credit Facility") that is currently unused and expires on September 30, 2025.

PCT sold an immaterial amount of resin through the first six months of 2024 but has not yet reached meaningful production volumes and on-spec product. PCT has experienced intermittent mechanical challenges during the commissioning process including, but not limited to, limits in the rates at which certain contaminants can currently be removed from the purification process, as well as challenges with continuous operations of the pelletizing system for finished product. Recently, PCT has been focused on the recovery and removal of polyethylene and other solids ("co-product 2" or "CP2"), which impacts the ability to run higher volumes and produce consistent, high quality UPR resin. PCT believes it has identified multiple potential solutions that are expected to improve the ability to recover and remove CP2, as well as increase operational reliability. While these mechanical issues are not uncommon for first-of-its kind manufacturing facilities, the downtime needed to correct these issues is delaying the Ironton Facility from reaching consistent sustainable production rates. In addition to pursuing solutions for CP2 removal, the Company is also evaluating processes that blend its resin with either post-industrial recycled material or virgin polypropylene, which is expected to improve product consistency and enhance the product delivery to customers.

As of June 30, 2024, and through the twelve months from the date of filing, PCT anticipates additional capital investment in the Ironton Facility of approximately \$5.0 to \$8.0 million. PCT also has other capital commitments of approximately \$46.5 million related to long-lead equipment and pre-construction work for the Augusta Facility and for future Feed PreP and purification facilities, both in the U.S. and internationally. Moreover, there are interest and principal payments of at least \$55.0 million, as well as other ongoing monthly costs associated with managing the Company and possible draws on the Revolving Credit Facility.

Pursuant to the requirements of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 205-40, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year from the date the consolidated financial statements included in this Quarterly Report on Form 10-Q are issued. This evaluation does

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

not take into consideration the potential mitigating effect of management's plans that have not been fully implemented or are not within control of the Company as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company's ability to continue as a going concern. The mitigating effect of management's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

PCT believes that its current level of unrestricted liquidity is not sufficient to fund operations, outstanding commitments, and further its future growth plans. The conditions described above raise substantial doubt regarding PCT's ability to continue as a going concern for a period of at least one year from the date of issuance of the consolidated financial statements included in this Quarterly Report on Form 10-Q.

In an effort to alleviate these conditions, PCT is currently performing certain operational enhancements that are expected to correct the production issues with the Ironton Facility. Further, on March 5, 2024, PureCycle Technologies LLC ("PCT LLC") purchased 99% of the outstanding Bonds (as defined below). On May 7, 2024, PCT LLC executed a bond purchase agreement whereby Pure Plastic ("Pure Plastic"), a Delaware limited liability company, purchased approximately \$94.3 million in aggregate par amount of Bonds owned by PCT LLC. See Revenue Bonds Issued to Related Party for further information. The remaining purchased Bonds are held in an account with PCT LLC. PCT intends to, and has the ability to, re-market some or all of these remaining Bonds based on the need for additional liquidity. The re-marketing process may require the addition of certain covenants to enhance the marketability of the purchased Bonds. The ability to re-market the purchased Bonds with any such additional new covenants would require a further amendment to, or waiver of, provisions included within the Revolving Credit Facility. After considering management's plans to mitigate these conditions, including operational progress and re-marketing of the Bonds, PCT believes this substantial doubt has been alleviated and it has sufficient liquidity to continue as a going concern for the next twelve months.

PCT's future capital requirements will depend on many factors, including the funding mechanism and construction schedule of the Augusta Facility and other anticipated facilities outside the United States, build-out of multiple Feed PreP facilities, funding needs to support other business opportunities, funding for general corporate purposes, and other challenges or unforeseen circumstances. As a low-revenue operating company, PCT continually reviews its cash outlays, pace of hiring, professional services and other spend, and capital commitments to proactively manage those needs in tandem with our available unrestricted cash balance. For future growth and investment, PCT expects to seek additional debt or equity financing from outside sources, which it may not be able to raise on terms favorable to PCT, or at all. If PCT is unable to raise additional debt or sell additional equity when desired, or if PCT is unable to manage its cash outflows, PCT's business, financial condition, and results of operations would be adversely affected. In addition, any financing arrangement may have potentially adverse effects on PCT and/or its stockholders. Debt financing (if available and undertaken) will increase expenses, must be repaid regardless of operating results and may involve restrictions limiting PCT's operating flexibility. If PCT consummates an equity financing to raise additional funds, the percentage ownership of its existing stockholders will be reduced, and the new equity securities may have rights, preferences or privileges senior to those of the current holders of PCT's common stock.

PCT has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. PCT does not have any off-balance sheet arrangements or interests in variable interest entities that would require consolidation. Note that while certain legally

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

binding offtake arrangements have been entered into with customers, these arrangements are not unconditional and definite agreements subject only to customer closing conditions, and do not qualify as off-balance sheet arrangements required for disclosure.

Cash Flows

A summary of our cash flows for the periods indicated is as follows:

(in thousands, except %)	Six Months Ended June 30,			
	2024	2023	\$ Change	% Change
Net cash used in operating activities	\$ (79,608)	\$ (40,424)	\$ (39,184)	97 %
Net cash provided by investing activities	23,857	(24,868)	48,725	(196)%
Net cash used in financing activities	(223,308)	54,097	(277,405)	(513)%
Cash and cash equivalents, beginning of period	302,514	227,523	74,991	33 %
Cash and cash equivalents, end of period	\$ 23,455	\$ 216,328	\$ (192,873)	(89)%

Cash Flows from Operating Activities

The \$39.2 million increase in net cash used in operating activities for the six months ending June 30, 2024 compared to the same period in 2023 was primarily attributable to higher interest payments on debt of \$21.0 million (including \$8.6 million paid for the green convertible notes and \$5.9 million in outstanding interest paid in connection with the purchase of the Revenue Bonds in March 2024), an increase in cash payments related to operating expenses of \$18.6 million primarily driven by an increased operational site costs at the Ironton Facility as well as higher legal and professional consulting fees million primarily related to the payout of a legal settlement in the second quarter of 2024.

Cash Flows from Investing Activities

The \$48.7 million increase in cash provided by investing activities for the six months ending June 30, 2024 compared to the same period in 2023 was attributable to \$99.5 million lower capital expenditure payments, offset by \$30.6 million higher investment purchases and \$20.4 million lower maturities and sales of investments.

Cash Flows from Financing Activities

The \$277.4 million increase in net cash used in financing activities for the six months ending June 30, 2024 compared to the same period in 2023 was primarily attributable to \$253.2 million paid to purchase the outstanding Revenue Bonds and a decrease of \$23.5 million in proceeds from debt.

Indebtedness

There have been no material changes regarding the Company's indebtedness from the information we provided in our most recent Annual Report on Form 10-K, except as outlined in the information below. Refer to Note 3 ("Notes Payable and Debt Instruments") to the Notes to the Interim Condensed Consolidated Financial Statements appearing elsewhere in this Quarterly Report on Form 10-Q for additional information regarding the Company's outstanding indebtedness.

Revenue Bonds

On October 7, 2020, the Southern Ohio Port Authority ("SOPA") issued certain Revenue Bonds (as defined below) pursuant to an Indenture of Trust dated as of October 1, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Indenture"), between SOPA and UMB Bank, N.A., as Trustee ("Trustee"), and

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

loaned the proceeds from their sale to PureCycle: Ohio LLC ("PCO"), an Ohio limited liability company and indirect wholly-owned subsidiary of PCT, pursuant to a Loan Agreement dated as of October 1, 2020, between SOPA and PCO (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement") to be used to, among other things, acquire, construct and equip the Company's first commercial-scale recycling facility in Lawrence County, Ohio (the "Ironton Facility"). Capitalized terms used but not defined herein have the meanings ascribed thereto in the Indenture.

The Revenue Bonds were offered in three series, including (i) Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A ("Series 2020A Bonds"); (ii) Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020B ("Series 2020B Bonds"); and (iii) Subordinated Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C ("Series 2020C Bonds" and, together with the Series 2020A Bonds and the Series 2020B Bonds, the "Bonds" or "Revenue Bonds").

All of the Bonds are Outstanding under the Indenture. PureCycle Technologies LLC, a Delaware limited liability company (the "Guarantor"), purchased \$246.8 million in aggregate principal amount of Bonds Outstanding under the Indenture on March 5, 2024, of which \$216.8 million in aggregate principal amount were Series 2020A Bonds, such that the Guarantor comprised the Majority Holders. The Purchase was determined to be an extinguishment of the underlying debt obligation due to PCO being a wholly-owned subsidiary of the Guarantor. PCT intends to, and has the ability to, re-market some or all of these Bonds based on the need for additional liquidity. The re-marketing process may require the addition of certain covenants to enhance the marketability of the purchased Bonds.

Revenue Bonds Issued to Related Party

On May 7, 2024, PCT LLC and Pure Plastic executed a bond purchase agreement (as subsequently amended and restated to reflect the appropriate denomination of bonds, the "Amended and Restated Bond Purchase Agreement"), whereby Pure Plastic purchased approximately \$94.3 million in aggregate par amount of Bonds owned by PCT LLC (the "Related Party Bonds"), including (i) a portion of the Series 2020A Bonds, (ii) all of the Series 2020B Bonds, and (iii) all of the Series 2020C Bonds, at a purchase price of \$800 per \$1,000 principal amount of the Related Party Bonds. Affiliates of Pure Plastic are greater than 5% beneficial owners of the Company.

On May 10, 2024, Pure Plastic executed a Payoff and Release Letter (the "Payoff and Release Letter"), which memorialized the exchange of the Company's obligations under the \$40 million term loan provided to the Company pursuant to the Term Loan Credit Agreement (as defined below). The Company was also required to pay a 12% prepayment premium on the outstanding principal and interest paid in order to prepay the Term Loan Facility (the "Prepayment Premium"), plus certain expenses. The Company issued warrants ("Series B Warrants") to Pure Plastic pursuant to the Series B Warrant Agreement to satisfy the Prepayment Premium (the "Series B Warrant Agreement"). Refer to Note 5 – Warrants for further discussion.

On May 28, 2024, PCT LLC and Pure Plastic executed the First Amendment to Amended and Restated Bond Purchase Agreement ("First Amendment") whereby Exhibit A to the Amended and Restated Bond Purchase Agreement was replaced with Exhibit A-3 to the First Amendment to facilitate the transfer by the Depository Trust Company of certain of the Related Party Bonds. The total amount of the Related Party Bonds and the cash due from Pure Plastic to PCT LLC remains the same. Except as summarized above and as set forth in the First Amendment, PCT LLC and Pure Plastic each acknowledged and reaffirmed the terms of the Amended and Restated Bond Purchase Agreement in the First Amendment.

On June 14, 2024, SOPA, as Issuer, PCO, the Guarantor, PCTO Holdco LLC, a Delaware limited liability company and affiliate of PCO (the pledgor under the Equity Pledge and Security Agreement (as defined in the Fifth Supplemental Indenture) and the Trustee entered into the Fifth Supplemental Indenture (the "Fifth Supplemental

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Indenture") which amended certain provisions of the Indenture including (a) redefining "Majority Holders" to be the Holders of seventy-five percent (75%) in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, the Holders of seventy-five percent (75%) in aggregate principal amount of Bonds then Outstanding, and (b) amending the lead paragraph of Section 10.02(a) of the Indenture by raising the threshold for consenting to and approving the execution by the Issuer and the Trustee of Supplemental Indentures from "Holders of not less than a majority in aggregate principal amount of the Outstanding Senior Bonds" to "Holders of not less than 75% in aggregate principal amount of the Outstanding Senior Bonds" with the limited exceptions therein stated.

See Part II, Item 5 of this Quarterly Report on Form 10-Q for additional information regarding the Related Party Bonds from the period covered by this Quarterly Report on Form 10-Q to the filing of this Quarterly Report on Form 10-Q.

Sylebra Credit Facility

On March 15, 2023, PCT entered into the \$150.0 million Revolving Credit Facility pursuant to a Credit Agreement (as amended, the "Revolving Credit Agreement") dated as of March 15, 2023, with PureCycle Technologies Holdings Corp. and PCT LLC (the "Guarantors"), Sylebra Capital Partners Master Fund, LTD, Sylebra Capital Parc Master Fund, and Sylebra Capital Menlo Master Fund (collectively, the "Lenders"), and Madison Pacific Trust Limited (the "Administrative Agent" and "Security Agent"). The Lenders and their affiliates are greater than 5% beneficial owners of PCT.

On March 1, 2024, PCT increased the Revolving Credit Facility from \$150.0 million to \$200.0 million, extended the maturity date to September 30, 2025, and obtained a carveout to permit the Company to purchase the Revenue Bonds, pursuant to an amendment to the Revolving Credit Agreement.

In conjunction with PCT LLC's sale of approximately \$94.3 million of Related Party Bonds, on May 10, 2024, the Company, the Guarantors, the Administrative Agent, the Security Agent and the Lenders executed a Limited Consent and Fifth Amendment to the Credit Agreement ("Limited Consent and Fifth Amendment to Credit Agreement") to permit the Disposition of Bonds (as defined therein), as well as to provide certain administrative revisions to eliminate the Intercreditor Agreement (as defined therein) and references to the Term Loan Credit Agreement.

The Pure Plastic Term Loan Facility

On May 8, 2023, the Company entered into a \$40.0 million term loan facility pursuant to the Term Loan Credit Agreement ("Term Loan Credit Agreement") dated as of May 8, 2023, among the Guarantors and Pure Plastic LLC (as Lender, Administrative Agent, and Security Agent), which matures on December 31, 2025 (the "Term Loan Facility"). The Term Loan Credit Agreement was amended on August 21, 2023. Affiliates of the Lender are greater than 5% beneficial owners of the Company.

On March 1, 2024, PCT increased the amount available to the Company under the Term Loan Credit Agreement's permitted indebtedness covenant basket for the Revolving Credit Facility from \$150.0 million to \$200.0 million and obtained a carve out to permit the Company to purchase the Revenue Bonds. Each of PureCycle Technologies Holdings Corp. and PCT LLC are subsidiaries of the Company.

On May 10, 2024, Pure Plastic executed the Payoff and Release Letter, which memorialized the exchange of the Company's obligations under the Term Loan Credit Agreement. Refer to "Revenue Bonds Issued to Related Party" section above for further discussion.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Financial Assurance

On March 14, 2024, PCT renewed a surety bond in the amount of \$25.0 million to provide financial assurance related to its performance under a certain vendor contract, which expires at the earlier of satisfaction of the obligation, termination of the related vendor contract, or one year from issuance (subject to renewal within one year). Effective July 1, 2024, the amount was increased from \$25.0 million to \$45.9 million.

These financial instruments are issued in the normal course of business and are not considered company indebtedness. Because PCT currently has no liability for these financial assurance instruments, they are not reflected in its consolidated balance sheets.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates from the information we provided in our most recent Annual Report on Form 10-K.

Recent Accounting Pronouncements

See Note 2 to the unaudited condensed consolidated interim financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information about recent accounting pronouncements, the timing of their adoption, and our assessment, to the extent we have made one, of their potential impact on our financial condition and our results of operations.

PureCycle Technologies, Inc.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information about market risks as of June 30, 2024 does not differ materially from that included in our most recent Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

PCT's management, with the participation of its principal executive and financial officers, has evaluated the effectiveness of its disclosure controls and procedures in ensuring that the information required to be disclosed in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such information is accumulated and communicated to management (including the principal executive and financial officers) as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, PCT's principal executive and financial officers have concluded that such disclosure controls and procedures were effective as of June 30, 2024 (the end of the period covered by this Quarterly Report on Form 10-Q).

Changes in Internal Control over Financial Reporting

There have been no changes during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, PCT's internal control over financial reporting.

PureCycle Technologies, Inc.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of the legal proceedings pending against us, see “Legal Proceedings” in Note 11 (“Commitments and Contingencies”) to the Notes to the Interim Condensed Consolidated Financial Statements appearing elsewhere in this Quarterly Report on Form 10-Q.

In the future, PCT may become party to additional legal matters and claims arising in the ordinary course of business. While PCT is unable to predict the outcome of the above or future matters, it does not believe, based upon currently available facts, that the ultimate resolution of any such pending matters will have a material adverse effect on its overall financial position, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes from risk factors previously disclosed in our most recent Annual Report on Form 10-K in response to Part 1, Item 1A.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information with respect to the Company’s purchases of its common stock for the second quarter of 2024:

Period	(a) Total number of shares (or units) purchased*	(b) Average price paid per share (or unit)*	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
April 1 to April 30	1,284	\$ 5.73	—	\$ —
May 1 to May 31	11,746	5.22	—	—
June 1 to June 30	727	5.24	—	—
Total	13,757	\$ 5.27	—	\$ —

* Shares withheld to cover tax withholding obligations under the net settlement provision upon vesting of restricted stock units

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II — OTHER INFORMATION — CONTINUED

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

None of the Company's directors or officers adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K, during the Company's fiscal quarter ended June 30, 2024.

Other Events

On August 7, 2024, PCT LLC, Pure Plastic, and several other parties reached agreement on terms whereby certain purchasers would purchase approximately \$22.5 million in aggregate par amount of Series A Bonds owned by PCT LLC at a purchase price of \$800 per \$1,000 principal amount (the "August Purchased Bonds") under a Bond Purchase Agreement. The purchase of the August Purchased Bonds is expected to be completed and funds received by PCT LLC on or about August 9, 2024.

The foregoing description of the Bond Purchase Agreement is not complete and is qualified in its entirety by reference to the full text of the "form of" Bond Purchase Agreement, which is attached hereto as Exhibit 10.7 and incorporated herein by reference.

PureCycle Technologies, Inc.

PART II — OTHER INFORMATION — CONTINUED

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
2.1	<u>Agreement and Plan of Merger, dated as of November 16, 2020, by and among Roth CH Acquisition I Co., Roth CH Acquisition I Co. Parent Corp., Roth CH Merger Sub, LLC, Roth CH Merger Sub, Inc. and PureCycle Technologies LLC. (incorporated herein by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-4, as amended (File No. 333-250847)) †</u>
3.1	<u>Amended and Restated Certificate of Incorporation of PureCycle Technologies, Inc., filed with the Secretary of State of Delaware on March 17, 2021 (incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1, as amended (File No. 333-251034))</u>
3.2	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of PureCycle Technologies, Inc. to Declassify the Board of Directors (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 15, 2023)</u>
3.3	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of PureCycle Technologies, Inc. to Incorporate Certain Other Changes (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 15, 2023)</u>
3.4	<u>Second Amended and Restated Bylaws of PureCycle Technologies, Inc. (incorporated herein by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed on May 15, 2023)</u>
4.1	<u>Series B Warrant (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed May 13, 2024)</u>
10.1	<u>Bond Purchase Agreement, dated as of May 7, 2024, by and between Pure Plastic LLC as Purchaser and PureCycle Technologies LLC as Seller and Guarantor (incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2024)</u>
10.2	<u>Amended and Restated Bond Purchase Agreement, dated as of May 7, 2024, by and between Pure Plastic LLC as Purchaser and PureCycle Technologies LLC as Seller and Guarantor (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 13, 2024)</u>
10.3	<u>Payoff and Release Letter, dated May 10, 2024, by and among PureCycle Technologies, Inc. as the Borrower, PureCycle Technologies LLC and PureCycle Technologies Holdings Corp., as Guarantors, and Pure Plastic LLC, as the Administrative Agent and Security Agent (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed May 13, 2024) †</u>
10.4	<u>Limited Consent and Fifth Amendment to Credit Agreement, dated as of May 10, 2024, among PureCycle Technologies, Inc. as the Borrower, PureCycle Technologies LLC and PureCycle Technologies Holdings Corp., as Guarantors, the Lenders party thereto, and Madison Pacific Trust Limited, as Administrative Agent and Security Agent (incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed May 13, 2024) †</u>
10.5	<u>First Amendment to Amended and Restated Bond Purchase Agreement, dated as of May 28, 2024, by and between Pure Plastic LLC as Purchaser and PureCycle Technologies LLC as Seller and Guarantor (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 3, 2024)</u>
10.6	<u>Fifth Supplemental Indenture, dated as of June 14, 2024, among the Southern Ohio Port Authority, as issuer, PureCycle: Ohio LLC, PureCycle Technologies LLC, PCTO Holdco LLC and UMB Bank, N.A., as Trustee (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 14, 2024)</u>

PureCycle Technologies, Inc.

PART II — OTHER INFORMATION — CONTINUED

- 10.7 [Form of Bond Purchase Agreement*](#)
- 31.1 [Rule 13a – 14\(a\) Certification by Dustin Olson, Chief Executive Officer, for the quarter ended June 30, 2024*](#)
- 31.2 [Rule 13a – 14\(a\) Certification by Jaime Vasquez, Chief Financial Officer, for the quarter ended June 30, 2024*](#)
- 32.1 [Section 1350 Certification by Dustin Olson, Chief Executive Officer, for the quarter ended June 30, 2024*](#)
- 32.2 [Section 1350 Certification by Jaime Vasquez, Chief Financial Officer, for the quarter ended June 30, 2024*](#)
- 101.1 The following financial statements from PureCycle Technologies, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024, formatted in Inline XBRL (eXtensible Business Reporting Language):
 - (i) Condensed Consolidated Balance Sheets as of June 30, 2024 (Unaudited) and December 31, 2023.
 - (ii) Unaudited Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2024 and 2023.
 - (iii) Unaudited Condensed Consolidated Statements of Stockholders Equity for the Three and Six Months Ended June 30, 2024 and 2023.
 - (iv) Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2024 and 2023.
 - (v) Notes to the Interim Condensed Consolidated Financial Statements.
- 104.1 Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Filed herewith.

† Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish copies of any of the omitted schedules upon request by the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PURECYCLE TECHNOLOGIES INC.
(Registrant)

By: /s/ Dustin Olson

Dustin Olson
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Jaime Vasquez

Jaime Vasquez
Chief Financial Officer
(Principal Financial Officer)

Date: August 8, 2024

BOND PURCHASE AGREEMENT

This BOND PURCHASE AGREEMENT (this “*Agreement*”) is entered into as of August 6, 2024, by and between PureCycle Technologies LLC, a Delaware limited liability company, qualified to do business in the State of Ohio (the “*Seller*” or the “*Guarantor*”) and the other signatory hereto (the “*Purchaser*”, and together with the Seller, the “*parties*”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture (as defined herein).

WHEREAS, Southern Ohio Port Authority, a port authority and a body corporate and politic duly organized under the laws of the State of Ohio (the “*Issuer*”) and UMB Bank, N.A., as trustee (the “*Trustee*”), are party to that certain Indenture of Trust, dated as of October 1, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Indenture*”), pursuant to which the Issuer has issued its \$219,550,000 Southern Ohio Port Authority Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A (the “*Series 2020A Bonds*”), \$20,000,000 Southern Ohio Port Authority Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020B (the “*Series 2020B Bonds*”), and \$10,000,000 Southern Ohio Port Authority Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C (the “*Series 2020C Bonds*” and collectively with the Series 2020A Bonds and the Series 2020C Bonds, the “*Bonds*”);

WHEREAS, the Series 2020A Bonds mature December 1 in the years 2025, 2030 and 2042, including \$168,480,000 of Series 2020A Bonds maturing December 1, 2042 (the “*Series 2020A (A3) Bonds*”), which bear interest at the rate of 7.00% per annum;

WHEREAS, all of the Bonds are Outstanding;

WHEREAS, the Issuer and PureCycle: Ohio LLC, an Ohio limited liability company (the “*Company*”) are party to that certain Loan Agreement, dated as of October 1, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Loan Agreement*”), pursuant to which the proceeds derived from the issuance and sale of the Bonds have been loaned to the Company in order to assist the Company in, among other things, financing the acquisition, construction, equipping and installation of a portion of a plastics recycling facility located in Lawrence County, Ohio;

WHEREAS, the Seller is party to that certain Amended and Restated Guaranty of Completion, entered into as of May 11, 2021, and effective as of October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Guaranty*”), pursuant to which the Seller, in its capacity as Guarantor, has provided a guaranty with respect to Obligations of the Company under the Loan Agreement on the terms set forth in the Guaranty in favor of the Trustee;

WHEREAS, as of this date, the Seller is the Holder of \$140,070,000 in aggregate principal amount of Series 2020A (A3) Bonds Outstanding;

WHEREAS, the Seller is willing to sell those Series 2020A (A3) Bonds set forth on Exhibit A to this Agreement (the “*Purchased Bonds*”), to the Purchaser listed on said Exhibit A at a purchase price of \$800 per \$1,000 principal amount of Purchased Bonds (the “*Purchase Price*”) upon the terms and conditions set forth in this Agreement, and the Purchaser is willing to purchase from Seller for cash those Series 2020A (A3) Bonds at the Purchase Price, all as indicated on said Exhibit A upon the terms and conditions set forth in this Agreement;

WHEREAS, Seller represents that it is the current owner and Holder of the Purchased Bonds;

WHEREAS, the Purchaser agrees that the Purchased Bonds being purchased by the Purchaser and the Purchase Price therefor as indicated on Exhibit A are true and accurate; and

WHEREAS, the Purchaser represents that its signatory to this Agreement is duly authorized to enter into this Agreement on behalf of the Purchaser;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained in this Agreement, and for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto agree as follows:

1.Preambles. The parties acknowledge and agree that the preambles to this Agreement are true and accurate; and the parties hereby agree that the preambles are incorporated in this Agreement.

2.Closing Date. The “**Closing Date**” shall be the earliest date on which the Conditions set forth in Section 3 are satisfied, anticipated to be not later than August 7, 2024. On the Closing Date those Purchased Bonds in the respective principal amount identified on Exhibit A shall be delivered to the Purchaser upon satisfaction of the Conditions set forth in Section 3 of this Agreement. The Purchaser shall deliver cash in the amount of the Purchase Price of those Purchased Bonds being purchased by the Purchaser as indicated on Exhibit A on the Closing Date.

3.Conditions to Purchase of the Purchased Bonds.

(a)*Conditions to be Satisfied by the Seller.* On or prior to the Closing Date:

i.Seller shall have performed and complied in all material respects with the covenants and agreements required to be performed or complied with by the Seller hereunder on or prior to the Closing Date.

ii.Seller shall have validly delivered or caused to have been delivered to the Purchaser those Purchased Bonds for which the Purchaser has made payment in full on the Closing Date in accordance with the methods of and restrictions on transfer set forth in the Indenture.

iii.Purchaser shall have received this Agreement, duly executed on behalf of the Seller.

(b)*Conditions to be Satisfied by the Purchaser.* On or prior to the Closing Date:

i.The Purchaser shall have performed and complied in all material respects with the covenants and agreements required to be performed or complied with by it, respectively, hereunder on or prior to the Closing Date, including the due execution and delivery of the Investor Letter substantially in the form attached hereto as Exhibit B with respect to those Purchased Bonds being purchased by said Purchaser. The Purchaser shall have provided the securities account information to which the Purchased Bonds to be delivered on the Closing Date to said Purchaser shall be transferred within the Depository Trust Company “book-entry” system. Purchaser represents that it agrees to settling the transaction by “free delivery” through UBS Financial Services Inc. .

ii. The Purchaser shall deliver, or cause to be delivered, to the Seller's account indicated on Exhibit C attached hereto, cash payment by wire transfer of immediately available funds in the amount of the Purchase Price for said Purchaser's Purchased Bonds on the Closing Date.

iii. Seller shall have received this Agreement, duly executed on behalf of the Purchaser.

(c) *Expenses of the Parties.* Each party shall pay its respective fees and expenses relating to the performance of this Agreement, including all attorneys' fees.

4. Purchase of Bonds. On the Closing Date, upon the satisfaction of the conditions set forth in Section 3, the Purchaser shall acquire its Purchased Bonds from the Seller, free and clear of all taxes, liens, security interests, options, purchase rights or other encumbrances of any kind.

5. Amendment and Waiver. No modification, amendment or waiver of any provision of this Agreement shall be effective against the Seller or the Purchaser unless such modification, amendment or waiver is approved in writing by the Seller and the Purchaser.

6. Governing Law. ALL ISSUES AND QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF OHIO OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAW OF ANY JURISDICTION OTHER THAN THE STATE OF OHIO.

7. Counterparts. This Agreement may be executed (manually, electronically or digitally) in any number of counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument but will not be binding upon any party hereto unless and until executed by and delivered to all parties hereto. When properly executed and delivered, this Agreement will be binding upon and inure to the benefit of the Purchaser and the Seller, and each of their respective successors and permitted assigns. The execution and delivery of this Agreement by each party hereto may be evidenced by facsimile or other electronic transmission (including scanned documents delivered by email in pdf format), which will be binding upon all parties hereto.

8. Severability, Entire Agreement, Etc. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein. Except as otherwise expressly set forth herein, this Agreement and the other agreements expressly mentioned herein embody the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have

related to the subject matter hereof in any way.

[Remainder of Page Intentionally Left Blank]

Exhibit A

Purchased Bonds

Purchaser	Purchased Bonds	CUSIP	Purchase Price
-----------	-----------------	-------	----------------

A-1

Exhibit B

Investor Letter
B-1

FORM OF INVESTOR LETTER

August __, 2024

PureCycle Technologies LLC
4651 Salisbury Road
STE 400
Jacksonville, FL 32256
Orlando, Florida 32822

Locke Lord LLP
7850 Five Mile Road
Cincinnati, OH 45230

Re: \$10,000,000 Southern Ohio Port Authority Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A, maturing December 1, 2042 (the “Bonds”)

Ladies and Gentlemen:

The undersigned, being the purchaser (the “Purchaser”) of the above-referenced Bonds from PureCycle Technologies LLC (the “Seller”) on this date, hereby represents and acknowledges to you as follows:

1.The Purchaser has purchased the Bonds on the date hereof at the price of \$800 per \$1,000 principal amount of the Bonds purchased, said Bonds having been issued pursuant to that certain Indenture of Trust, dated as of October 1, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “Trust Indenture”), between the Southern Ohio Port Authority (the “Issuer”) and UMB Bank, N.A., as trustee (the “Trustee”).

2.The Purchaser has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bonds in particular, to enable the Purchaser to evaluate the Bonds, the credit of PureCycle: Ohio LLC (the “Company”) and the Seller, the collateral and the terms of the Bonds. The Purchaser has made its own independent credit analysis and decision to purchase the Bonds based on its independent examination and evaluation of the Limited Offering Memorandum dated September 23, 2020 relating to the Bonds and the documents listed in paragraph 4 hereof.

3.The Purchaser acknowledges that no credit rating has been sought or obtained with respect to the Bonds.

4.The Purchaser acknowledges that it has been offered copies of the Financing Documents (as defined in the Trust Indenture), and such financial and other information by the Seller and the Company and has been provided the opportunity to ask such questions as Purchaser deems necessary to enable the Purchaser to make an informed investment decision with respect to the purchase of the Bonds.

5.The Purchaser acknowledges that at this date the Seller is no longer the Majority Holder under the Trust Indenture.

Exhibit C

Wire Instructions for Seller's Account

C-1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Dustin Olson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PureCycle Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: /s/ Dustin Olson

Dustin Olson

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Jaime Vasquez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PureCycle Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: /s/ Jaime Vasquez

Jaime Vasquez

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PureCycle Technologies, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024 (the "Report"), Dustin Olson, Chief Executive Officer of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2024
By: /s/ Dustin Olson
Dustin Olson
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PureCycle Technologies, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024 (the "Report"), Jaime Vasquez, Chief Financial Officer of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2024

By: /s/ Jaime Vasquez
Jaime Vasquez
Chief Financial Officer
(Principal Financial Officer)
