

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 15, 2023**

PureCycle Technologies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation)	001-40234 (Commission File Number)	86-2293091 (I.R.S. Employer Identification No.)
5950 Hazeltine National Drive, Florida (Address of Principal Executive Offices)	Suite 300, Orlando	32822 (Zip Code)

Registrant's telephone number, including area code: (877) 648-3565

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (Sec.230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Sec.240.12b-2 of this chapter).

Emerging growth company

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.

Item 8.01 Other Events.

Pursuant to Section 2.4(b)(vi)(C)(VII) of a loan agreement dated as of October 1, 2020, by and between the Southern Ohio Port Authority (“SOPA”) and PureCycle: Ohio LLC (“PCO”) (the “Loan Agreement”), PCO, an indirect wholly-owned subsidiary of PureCycle Technologies, Inc., posted to the Electronic Municipal Market Access (“EMMA”) site a presentation which includes PCO’s 2023 operating budget. The presentation is filed as Exhibit 99.1 to this current report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description of Exhibit
99.1	PureCycle: Ohio LLC 2023 Operating Budget Presentation
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL.

SIGNATURE

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

PURECYCLE TECHNOLOGIES, INC.

By: /s/ Lawrence Somma _____

Name: Lawrence Somma

Title: Chief Financial Officer

Date: March 15, 2023

Ironton Operating Budget 2023

March 2023 Updated Forecast



Disclaimers

Forward-Looking Statements:

Certain statements within this presentation contain 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 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 presentation. 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 entitled "Risk Factors," those discussed and identified in 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 (both in the United States, Europe and internationally); PCT's ability to comply on an ongoing basis with the numerous regulatory requirements applicable to the UPR resin and PCT's facilities (both in the United States, Europe and internationally); 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; PCT's ability to scale and build its first commercial-scale recycling facility in Lawrence County, Ohio (the "Ironton Facility") in a timely and cost-effective manner; PCT's ability to complete the necessary funding with respect to, and complete the construction of, its first U.S. multi-line facility, located in Augusta, Georgia (the "Augusta Facility"), in a timely and cost-effective manner; PCT's ability to sort and process polypropylene plastic waste at its 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 case; 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 rising interest rates; turnover or increases in employees and employee-related costs; changes in the prices and availability of labor (including labor shortages), transportation and materials, including significant inflation, supply chain conditions and its related impact on energy and raw materials, and PureCycle'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); the potential impact of climate change on the company, including physical and transition risks, higher regulatory and compliance costs, reputational risks, and availability of capital on attractive terms; operational risk; and the risk that the COVID-19 pandemic ("COVID-19"), including any new and emerging variants and the efficacy and distribution of vaccines may have an adverse effect on PCT's business operations, as well as PCT's financial condition and results of operations.

PCT undertakes no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation 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.

Disclaimers

Non-GAAP Financial Measures:

The Company supplements its financial measures that are determined in accordance with accounting principles generally accepted in the United States of America (“GAAP”) with certain non-GAAP measures: EBITDA, EBIT, EBT and EBITDA Margin. This supplemental information should not be considered in isolation or as a substitute for the GAAP measurements presented herein. All such measures, EBITDA, EBIT, EBT and EBITDA Margin, are calculated using figures prepared in accordance with GAAP and a reconciliation of each of these figures is included on Slide 10.

EBITDA is calculated using Net Loss plus (i) taxes, (ii) interest expense, and (iii) depreciation & amortization. EBIT is calculated using Net Loss plus (i) taxes and (ii) interest expense. EBT is calculated using Net Loss plus taxes. EBITDA Margin is calculated by dividing EBITDA from Revenue.

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Summary

- Ironton scheduled for mechanical completion in April and full commissioning in June to Sept
 - Full commissioning includes running for 5 days at capacity
- Plan to ramp operations over the 6 months beginning April of 2023
- Full year operations expected to generate a Net Loss of \$19.3 million and EBITDA of \$7.9 million, including \$7.0 million of corporate shared services management fees in the 2nd half of 2023 ("2023H2").
- Management fees for support services will be charged beginning in July 2023 (the agreement will be drafted and negotiated during 2023H1).
- When fully ramped, Gross Margins will be ~44% and EBITDA Margins will be ~24% by the end of 2023, including corporate shared services management fees; EBITDA Margins excluding the management fee will be ~34% when fully ramped
- Capitalized Interest and the Contingency accounts have enough reserves to service all 2023 interest payments and Debt Service Reserve funding requirements in 2023
- Current pricing used in the forecast model is conservative and may not be indicative of pricing PCT will realize upon commissioning

Material Assumptions - Operations

Assumption	Metric	Comments
Production Start Date	4/1/2023	Beginning of Ramp Period
Production Ramp Period	6 months	Additional detail provided herein
Revenue	\$1.26/lb	Revenue calculated on contract price, using Dec 22/Q4 2022 when appropriate
Operating Days	269/365	74% Utilization - Pre-operating estimate, actual results may differ
Feedstock content	~70% #5 bales; ~20% supersacks; ~10% other	Other feedstock includes bulky rigids, pellets and post industrial
Recycled PP Yield	70% - 95%	Pre-operating estimate, actual results may differ
Coproduct PE Yield	0% - 11%	Pre-operating estimate, actual results may differ
Coproduct Low PP Wax Yield	3% - 14%	Pre-operating estimate, actual results may differ
PreP Co-Product Yield	0.5% - 20.5%	Pre-operating estimate, actual results may differ
Corporate Support Service Management Fee	\$7.0M	Management fee subject to change based on actual results and execution of the management agreement.

Material Assumptions – Ramp of Operations

Month	Ramp Schedule
Jan-23	0%
Feb-23	0%
Mar-23	0%
Apr-23	10%
May-23	25%
Jun-23	50%
Jul-23	60%
Aug-23	75%
Sep-23	100%
Oct-23	100%
Nov-23	100%
Dec-23	100%

Material Assumptions – Working Capital / CapEx

Assumption	Metric	Comments
DSO	45 days	Days sales outstanding
DPO	30 days	Days payables outstanding (trade payables)
DIO	45 days	Days inventory on hand
Total Ironton Cost Estimate	\$324M	Original Project Scope: Estimated total cost
	<u>\$12M</u>	Born Digital, Safety and Other Operational Efficiencies
	\$336M - \$361M	Revised Project Estimated Investment (range dependent on successful resolution of various contract contingencies)
Interest/Cash Investment	N/A	Not forecasted/Immaterial to results
Spare Parts Inventory	\$2.0MM	

Material Assumptions – Other

Assumption	Metric	Comments
Release of remaining project funds	Feb 2023	~\$13.2MM reimbursement to PCT Inc for withheld vendor payments following reimbursement request on 10/24/22
Use of capitalized interest reserves	Jun 2023 & Dec 2023	Cover full interest payment (\$9.2MM) in Jun 2023 with projected remaining funds (~\$7.2MM) used to cover majority of Dec 2023 payment
Use of contingency account	All of 2023	Funds assumed to be used to cover debt service requirements, unless used to cover qualified incurred but unpaid project costs
Taxes	N/A	No taxable income expected to be attributed in 2023
Remaining Cash Investment	\$80MM	Estimated remaining project payments inclusive of bond funds above

Budgeted Profit & Loss by Month – 2023

(in \$ '000s)

All amounts in USD

Income Statement	2023 F												2023 Total
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	
Revenues				1,105	2,856	5,527	6,853	8,567	11,054	11,422	11,054	11,422	69,860
Growth													100%
COGS	(15)	(98)	(147)	(1,587)	(2,360)	(3,538)	(3,871)	(4,569)	(5,655)	(5,811)	(5,661)	(5,816)	(39,128)
Gross Margin	(15)	(98)	(147)	(481)	495	1,988	2,982	3,998	5,399	5,612	5,393	5,607	30,732
%	NA	NA	NA	-43.5%	17.3%	36.0%	43.5%	46.7%	48.8%	49.1%	48.8%	49.1%	44.0%
Operating Costs & SG&A	(1,274)	(1,079)	(1,182)	(741)	(820)	(1,369)	(1,362)	(1,469)	(1,647)	(1,590)	(1,584)	(1,647)	(15,765)
Research and Development	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(160)
Corporate Shared Services Mgmt Fee	0	0	0	0	0	0	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(7,000)
Total operating costs and expenses	(1,288)	(1,092)	(1,196)	(754)	(834)	(1,382)	(2,542)	(2,649)	(2,827)	(2,770)	(2,764)	(2,827)	(22,926)
Other income (expense)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total other income (expense)	0	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	(1,303)	(1,190)	(1,343)	(1,236)	(338)	606	440	1,349	2,572	2,842	2,629	2,780	7,807
%	NA	NA	NA	-111.8%	-11.8%	11.0%	6.4%	15.7%	23.3%	24.9%	23.8%	24.3%	11.2%
Depreciation & Amortization	(223)	(264)	(288)	(992)	(992)	(992)	(1,365)	(1,353)	(1,353)	(1,353)	(1,353)	(1,353)	(11,901)
EBIT	(1,526)	(1,474)	(1,631)	(2,228)	(1,330)	(386)	(925)	(4)	1,219	1,489	1,276	1,427	(4,094)
%	NA	NA	NA	-201.5%	-46.6%	-7.0%	-13.5%	0.0%	11.0%	13.0%	11.5%	12.5%	-5.9%
Interest expense	(196)	(197)	(197)	(1,621)	(1,622)	(1,623)	(1,623)	(1,624)	(1,625)	(1,625)	(1,626)	(1,627)	(15,207)
EBT	(1,722)	(1,671)	(1,828)	(3,849)	(2,952)	(2,009)	(2,549)	(1,628)	(406)	(137)	(350)	(200)	(19,301)
%	NA	NA	NA	-348.2%	-103.4%	-36.3%	-37.2%	-19.0%	-3.7%	-1.2%	-3.2%	-1.8%	-27.6%
Tax rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Taxes paid	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Loss	(1,722)	(1,671)	(1,828)	(3,849)	(2,952)	(2,009)	(2,549)	(1,628)	(406)	(137)	(350)	(200)	(19,301)
%	NA	NA	NA	-348.2%	-103.4%	-36.3%	-37.2%	-19.0%	-3.7%	-1.2%	-3.2%	-1.8%	-27.6%

Budgeted Balance Sheet by Month – 2023

(in \$ '000s)

All amounts in USD

Balance Sheet	2023 F												
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	2023 Total
Cash in Liquidity Reserve	50,034	60,254	56,428	55,856	52,444	50,852	50,330	54,181	50,964	51,446	55,012	56,983	56,983
Other Restricted Cash	122,804	109,647	109,647	109,647	109,647	100,456	100,456	100,456	100,456	100,456	100,456	91,836	91,836
Receivables	0	0	0	1,105	3,961	8,290	10,280	12,850	16,581	17,133	16,581	17,133	17,133
Inventory	1,116	1,783	2,698	2,380	3,540	5,308	5,807	6,854	8,483	8,716	8,492	8,723	8,723
Prepays and Other Current Assets	562	1,493	3,116	2,965	2,814	3,663	3,514	3,363	3,212	3,062	2,912	2,762	2,762
Prepays and Other Noncurrent Assets	4,191	4,177	4,163	4,123	4,042	3,898	3,723	3,507	3,233	2,950	2,676	2,393	2,393
Operating ROU Asset	4,960	4,878	4,795	4,712	4,628	4,544	4,461	4,377	4,293	4,209	4,124	4,039	4,039
Fixed Assets	383,548	396,384	408,689	410,784	422,597	421,605	420,240	418,887	417,534	416,181	414,828	413,475	413,475
Total Assets	567,215	578,616	589,537	591,573	603,674	598,616	598,812	604,475	604,755	604,153	605,081	597,345	597,345
Accounts Payable	647 ¹	591	738	2,104	2,919	4,628	4,937	5,738	6,989	7,088	6,929	7,148	7,148
Accrued Expenses	23,448	26,697	24,170	13,087	22,805	10,000	10,000	19,055	0	0	0	0	0
Accrued Interest	3,064	4,596	6,127	7,659	9,191	1,532	3,064	4,596	6,127	7,659	9,191	1,532	1,532
Current Portion of Debt	0	0	0	0	0	3,425	3,425	3,425	3,425	3,425	3,425	6,975	6,975
Deferred Revenue Current	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Revenue	4,861	4,722	4,583	4,444	4,306	4,167	4,028	3,889	3,750	3,611	3,472	3,333	3,333
Operating ROU Liability	3,876	3,796	3,715	3,634	3,552	3,470	3,389	3,307	3,225	3,143	3,060	2,977	2,977
Bonds Payable	233,601	233,689	233,778	233,868	233,958	230,624	230,716	230,808	230,901	230,994	231,088	227,633	227,633
Other Non-Current Liabilities	1,114	1,111	1,108	1,105	1,102	1,099	1,096	1,093	1,090	1,087	1,084	1,081	1,081
Common Shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional Paid-in Capital	441,653	450,135	463,866	478,070	481,191	497,030	498,065	494,100	511,190	509,225	509,260	509,295	509,295
Accumulated Deficit	(145,050)	(146,721)	(148,549)	(152,398)	(155,350)	(157,359)	(159,908)	(161,536)	(161,942)	(162,078)	(162,429)	(162,629)	(162,629)
Liabilities & Shareholder's Equity	567,215	578,616	589,537	591,573	603,674	598,616	598,812	604,475	604,755	604,153	605,081	597,345	597,345

Budgeted Cash Flows by Month – 2023

(in \$ '000s)

All amounts in USD

Cash Flow Statement	2023 F												2023 Total
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	
Cash Flow from Operations (CFO)													
Net income	(1,722)	(1,671)	(1,826)	(3,849)	(2,952)	(2,009)	(2,549)	(1,628)	(406)	(137)	(350)	(200)	(19,301)
Addback D&A	223	284	288	992	992	992	1,365	1,353	1,353	1,353	1,353	1,353	11,901
Addback Equity Based Comp	34	34	34	34	34	34	35	35	35	35	35	35	414
Addback Lease Amort	82	82	83	83	84	84	83	84	84	84	85	85	1,003
Addback Accretion/Amort on Debt	88	88	89	90	90	91	92	92	93	93	94	95	1,095
Change in receivables	0	0	0	(1,105)	(2,856)	(4,329)	(1,990)	(2,570)	(3,731)	(553)	553	(553)	(17,133)
Change in inventory	(135)	(667)	(915)	318	(1,160)	(1,767)	(499)	(1,047)	(1,629)	(233)	224	(232)	(7,742)
Change in prepaids and other current asset	69	(931)	(1,623)	151	151	(849)	149	151	151	150	150	150	(2,131)
Change in prepaids and other noncurrent as	14	14	14	40	81	144	175	216	274	283	274	283	1,812
Change in payables	(169)	(56)	148	1,365	816	1,709	308	801	1,251	99	(158)	218	6,332
Change in accrued expenses	(3,266)	0	0	0	0	0	0	9,055	0	0	0	0	5,789
Change in accrued interest	109	109	108	1,532	1,532	(3,390)	1,532	1,532	1,531	1,532	1,532	(7,659)	0
Change in deferred revenue	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(1,667)
Change in Other Non-current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
ROU Liability Payments	(80)	(80)	(81)	(81)	(82)	(82)	(81)	(82)	(82)	(82)	(83)	(83)	(979)
CFO	(4,892)	(2,933)	(3,823)	(569)	(3,409)	(9,511)	(1,518)	7,854	(1,214)	2,485	3,569	(6,646)	(20,608)
Investing Cash Flow (CFI)													
CAPEX	(8,500)	(8,448)	(13,697)	(14,170)	(3,087)	(17,074)	0	0	(19,055)				(84,031)
CFI	(8,500)	(8,448)	(13,697)	(14,170)	(3,087)	(17,074)	0	0	(19,055)	0	0	0	(84,031)
Cash Flow from Financing													
Debt repayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance lease payments	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(36)
Due to/from Parent for Working Capital	4,000	0	0	0	0	3,000	1,000	(4,000)	(2,000)	(2,000)	0	0	0
Equity from Parent for CapEx	8,500	8,448	13,697	14,170	3,087	12,805	0	0	19,055	0	0	0	79,762
CFI	12,497	8,445	13,694	14,167	3,084	15,802	997	(4,003)	17,052	(2,003)	(3)	(3)	79,726
Change in Cash	(895)	(2,936)	(3,826)	(572)	(3,412)	(10,783)	(521)	3,851	(3,217)	482	3,566	(6,649)	(24,913)
Cash beginning	173,732	172,837	169,901	166,076	165,504	162,091	151,308	150,787	154,637	151,420	151,902	155,468	173,732
Cash end of month	172,837	169,901	166,076	165,504	162,091	151,308	150,787	154,637	151,420	151,902	155,468	148,819	148,819

Budgeted Financial Covenants – 2023

(in \$ '000s)

Financial Covenant Calculations	2023 F				
	Mar-23	Jun-23	Sep-23	Dec-23	2023 Total
Commencing with the Fiscal Year Ended 12/31/23					
Net Income Available for Debt Service					7,807
Senior DSCR: >150%					
Total Senior Debt Service					15,082
Less: Remaining Senior Capitalized Interest					(14,903)
Senior Debt Service for Fiscal Year					179
Senior DSCR Ratio					4351%
Net Income Available for Debt Service: >110%					
Total Debt Service					18,382
Less: Remaining Total Capitalized Interest					(16,232)
Debt Service for Fiscal Year					2,150
Net Income Available for Debt Service Ratio					363%
Days Cash on Hand: >75					
Cash on Hand	106,428	100,852	100,964	106,983	106,983
Operating Expenses	(3,836)	(10,456)	(22,114)	(25,648)	(62,053)
Debt Service for Period				(2,150)	(2,150)
Total Operating Expenses + Debt Service	(3,836)	(10,456)	(22,114)	(27,799)	(64,204)
Daily Cash Required	43	115	240	302	176
Days Cash on Hand	2497	878	420	354	608

1. Cash on Hand includes unrestricted cash from the budgeted balance sheet, plus \$50 million in liquidity reserves

