

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): August 8, 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 2.02. Results of Operations and Financial Condition.

On August 8, 2023, the Company issued a press release, attached hereto as Exhibit 99.1 and incorporated herein by reference, announcing the Company's financial results for the second quarter ended June 30, 2023, and certain other information.

The information contained in Item 7.01 concerning the presentation to the Company's investors is hereby incorporated into this Item 2.02 by reference.

Item 7.01. Regulation FD Disclosure.

The slide presentation attached hereto as Exhibit 99.2, and incorporated herein by reference, will be presented to certain investors of the Company on August 9, 2023 and may be used by the Company in various other presentations to investors.

Item 8.01. Other Events.

Pursuant to Section 2.4(b)(vi)(C)(I) of the loan agreement dated as of October 1, 2020, by and between the Southern Ohio Port Authority ("SOPA") and PureCycle: Ohio LLC ("PCO") (as amended, the "Loan Agreement"), PCO, an indirect wholly-owned subsidiary of the Company, posted to the Electronic Municipal Market Access ("EMMA") site materials which include PCO's interim financial statements for the fiscal quarter ending June 30, 2023 (the "Quarterly Reporting Package"). The Quarterly Reporting Package is filed as Exhibit 99.3 to this current report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description of Exhibit
99.1	Press release by PureCycle Technologies, Inc., dated August 8, 2023.
99.2	PureCycle Technologies, Inc. presentation to investors.
99.3	PureCycle: Ohio LLC: Quarterly Reporting Package.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: August 8, 2023



PureCycle Technologies Provides Second Quarter 2023 Update

- Achieved first two bondholder milestones - mechanical completion and PIR pellet production
- Successfully tested and validated core technologies of the PureCycle purification process at scale
- Closed on the land rights with the Development Authority of Augusta, GA for up to eight purification lines. We expect to begin site construction activities on the first line in the fourth quarter of 2023.
- Extended \$150 million revolving line of credit through March 31, 2025

(ORLANDO, Florida – August 8, 2023) – PureCycle Technologies, Inc. (“PureCycle” or “the Company”) (NASDAQ: PCT), a U.S.-based company revolutionizing plastic recycling, today, announced a corporate update and financial results for the second quarter ending June 30, 2023.

Management Commentary

Dustin Olson, PureCycle’s Chief Executive Officer, said, “After successfully producing polypropylene resin pellets from post-industrial feedstock at our flagship purification facility in Ironton, Ohio (“Ironton”), we initiated a series of activities to evaluate, adjust, and in some cases, replace or repair certain equipment in the purification process subsystems. We recently initiated a restart of Ironton, and the facility is operational. After achieving the first two bondholder milestones in the second quarter, we expect to achieve our next milestone of operating at 50% capacity for a month by the end of September.

The commissioning of Ironton is progressing well due to the dedication, focus, and grit of the local team. We have the experience and technical expertise to identify and resolve challenges during startup. We remain dedicated to completing the next steps in the commissioning process in a methodical, purposeful, and focused manner.”

Larry Somma, PureCycle’s Chief Financial Officer, added, “As we prepare for our first shipment to customers, PureCycle will begin the transition from a pre-revenue company to a revenue-generating company. We anticipate operating margins to be in line with 2023 budgeted expectations. Equally important, now that Ironton is operational, we can restart the process of raising long-term project financing for construction of our next purification facility in Augusta, Georgia. We are actively evaluating equipment financing term sheets of our PreP equipment until we are able to close on the longer term project financing transaction. We are also appreciative of Sylebra Capital for extending our \$150 million line of credit until March 31, 2025.”

Ironton Update

After initial pellet production in June, we focused on commissioning operations to improve the processes and core technologies in preparation of full capacity operations. Now that we are operational, the next step in the start-up process is increasing capacity gradually while scaling up feedstock deliveries and offtake shipments. Management remains committed to achieving PureCycle’s next bondholder milestone of producing 4.45 million pounds of UPR resin in a month by September 30, 2023. We currently have more than 10 million pounds of feedstock available for Ironton operations.

Expansion Update

PureCycle continued to make progress on its various development projects since its last update. The Company closed on the Augusta Bonds with the Development Authority of Augusta, Georgia (“AEDA”) and is in the final stage of the selection process for an EPC partner for the Augusta site. PureCycle is targeting site development and construction activities to begin in the fourth quarter of 2023.

Updates on our three international development projects include: (i) the PureCycle team in Belgium has continued site engineering work at the Port of Antwerp to support the permitting process, which is expected to be completed by late 2024; (ii) our joint venture team in South Korea progressed engineering plans and is evaluating various feed sources in accordance with the priorities defined by the joint venture; and (iii) we continued to advance our joint venture agreement discussions with Mitsui, which is expected to be executed in the fourth quarter of 2023. The teams continue to narrow down the list of purification plant locations in Japan.

Liquidity and Capital Resources

As of June 30, 2023, PureCycle had total liquidity of \$366.3 million including \$28.9 million of cash and cash equivalents, \$187.4 million in restricted cash and \$150 million of undrawn revolving credit. PureCycle also had \$309.7 million in Long-term debt and Related party notes payable, less \$19.5 million of discount and issuance costs at quarter-end.

As of June 30, 2023, PureCycle estimated that there was \$10.0 - \$22.5 million remaining investment in 2023 to complete the Ironton facility inclusive of a performance guarantee payment due after successful completion of a performance testing milestone. This range is dependent upon various contract contingencies and their ultimate resolution. PureCycle expects to successfully negotiate at least some of these contingencies, which would reduce the remaining 2023 investment to the lower end of the range.

Conference Call

The Company will hold a conference call Wednesday, August 9th at 11:00 a.m. EST to provide an update on recent corporate developments, including activity from the second quarter and updated future strategic plans.

Second Quarter 2023 Conference Call Details

Date: Wednesday, August 9, 2023
Time: 11:00 a.m. EST
Participant Registration: [\[Click Here\]](#)

Please register for the conference call using the above link in advance of the call start time. If you have any difficulty connecting with the conference call, please contact PureCycle Investor Relations at (689) 233-3595.

The conference call will have a live Q&A session and be available for replay [\[Click Here\]](#) and on the Company’s website at www.purecycle.com. Please note there will no longer be a telephonic replay.

A replay of the conference call will be available after 2:00 p.m. EST on the day of the call through August 8, 2024.

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Forward-Looking Statements

This press release contains forward-looking statements, including statements about the financial condition, results of operations, earnings outlook and prospects of PCT. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

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, 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 press release. 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, 2022, entitled "Risk Factors," those discussed and identified in other public filings made with the U.S. Securities and Exchange Commission (the "SEC") by PCT (including PCT's Quarterly Report on Form 10-Q for the current quarterly period) 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 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 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") appropriately certified by Leidos Engineering, LLC, following certain performance and other tests, and commence full-scale commercial operations to be appropriately certified by Leidos in a timely and cost-effective manner;
 - 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 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;
 - 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, 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 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; and
- operational risk;

Should one or more of these risks or uncertainties materialize or should any of the assumptions made by the management of PCT prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements.

All subsequent written and oral forward-looking statements or other matters attributable to PCT or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this press release. Except to the extent required by applicable law or regulation, PCT undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

About PureCycle Technologies

PureCycle Technologies LLC., a subsidiary of PureCycle Technologies, Inc., holds a global license for the only patented solvent-driven purification recycling technology, developed by The Procter & Gamble Company (P&G), that is designed to transform polypropylene plastic waste (designated as No. 5 plastic) into a continuously renewable resource. The unique purification process is designed to remove color, odor, and other impurities from No. 5 plastic waste resulting in an ultra-pure recycled (UPR) plastic that can be recycled and reused multiple times, changing our relationship with plastic. www.purecycle.com

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Second Quarter 2023 Corporate Update

August 9, 2023



Forward-Looking Statements

Certain statements in 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 the financial condition, results of operations, earnings outlook and prospects of PureCycle Technologies, Inc. ("PCT"). Forward-looking statements generally relate to future events or our 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 for the fiscal year ended December 31, 2022 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 in food grade applications (including in the United States, Europe, Asia and other 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 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") appropriately certified by Leidos Engineering, LLC, following certain performance and other tests, and commence full-scale commercial operations in a timely and cost-effective manner; 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 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 license; 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, 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 significant 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); 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.

Should one or more of these risks or uncertainties materialize or should any of the assumptions made by the management of PCT prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. All subsequent written and oral forward-looking statements or other matters attributable to PCT or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Presentation. Except to the extent required by applicable law or regulation, PCT undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this Presentation or to reflect the occurrence of unanticipated events.



Ironton is Operational
The technology works at scale
It's all about our team!

Improving Plant Performance Every Day



PreP

- Successfully commissioned all technologies
- Identified small projects to process lower yield PP bales
- Over **10M lbs of feedstock** in inventory

Utilities

- Successfully commissioned all technologies
- Successfully operated to benchmark rates
- No operational constraints

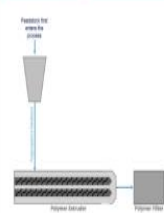

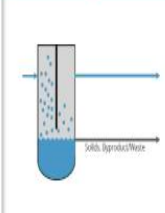
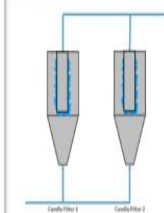
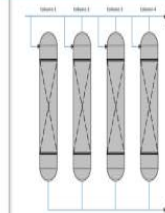
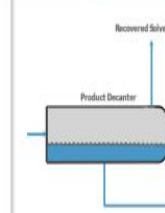
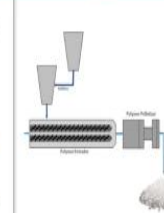
Purification

- Core technology operational and tested at commercial scale
- Significant gains in operator knowledge & operating procedures

Digital Controls

- Very strong process controls across facility with successful internal remote support
- Born Digital benefits achieved through commissioning and problem identification

Our Core Technology Works at Scale

✓	✓	✓	✓	✓	✓	✓
 <p>Melt & Filter</p> <p>Works as expected</p>	 <p>Mix & Extract</p> <p>Equipment, infant mortality problems solved</p>	 <p>Mix & Settle</p> <p>Works as expected</p>	 <p>Filter</p> <p>Works as expected</p>	 <p>Purify</p> <p>Improved equipment design</p>	 <p>Separate</p> <p>Minor process redesign</p>	 <p>Pelletize</p> <p>Works as expected</p>

Ironton is operational and on track to achieving key milestones

PureCycle Growth and Finance Update

GROWTH	FINANCE
<ul style="list-style-type: none">• Ramping up technical education with distribution partner for application support• Working closely with core partner brands to finalize consumer applications for UPR• Ramping up efforts to market UPR for international offtake customers• Secured the Augusta site• Initial site development in Augusta expected in 4Q23• South Korea, Belgium, and Japan projects continue to progress	<ul style="list-style-type: none">• Extended \$150M LOC through March 31, 2025• Evaluating term sheets for incremental equipment financing• Expect to restart the project financing process of our Augusta site with a target closing date by year-end• Evaluating multiple financing options for Antwerp project



Q2 2023 Liquidity Update

PureCycle received \$47.6M net financing proceeds during Q2 2023

<i>(in millions)</i>	Mar 31, 2023	June 30, 2023	change
Total Unrestricted	\$38.4	\$28.9	(\$9.5)
Restricted Cash			
Plant 1 Project Fund (Ironton, OH)	\$25.2	-	(\$25.2)
Augusta Construction Escrow	24.4	16.3	(8.1)
Other Corporate Requirements	1.3	3.5	2.2
Reserve Requirements per Revenue Bonds			
General Liquidity Reserve	100.9	101.7	0.8
Capitalized Interest and Debt Reserves	50.2	41.2	(9.0)
Other Required Reserves	23.5	24.7	1.2
Total Restricted	\$225.5	\$187.4	(\$38.1)
Total Available	\$263.9	\$216.3	(\$47.6)

Summary of Liquidity Changes

Unrestricted Cash Changes:

- (\$29.2M) Augusta and PreP
- (\$5.8M) Ironton construction
- (\$9.9M) Payroll/benefits including delayed payment of STI bonus
- (\$12.5M) Ironton working capital, general corporate, insurance
- Access to additional liquidity through a \$150M undrawn revolving credit facility

Restricted Cash Changes:

- (\$25.2M) Ironton construction
- (\$9.0M) Interest payment
- (\$8.1M) net Augusta construction
- \$2.2M Augusta AEDA LOC
- \$2.0M increase in other reserves

PureCycle Q2 Highlights

1

Completed two milestones with bondholders ahead of schedule

2

Ironton technology questions are answered

3

Closed on AEDA land transaction on June 30, 2023

4

Extended our \$150 million revolving line of credit thru March 31, 2025

5

Continue to advance Antwerp, Ulsan and Japan projects

Unaudited Consolidated Financial Statements

PureCycle Technologies, LLC

June 30, 2023

PureCycle Technologies, LLC.

QUARTERLY SUBMISSION SUMMARY

Delivery Requirement:	Submission Compliance
Interim Financial Statements (Guarantor)	See Form 10-Q for the period ended 6/30/2023 as filed with the SEC.
Interim Financial Statements (Company)	Included herein
Compliance Certificates	Included herein for Guarantor and Company
Operating Statements	
a) Budget to Actual for the period	a) Refer to budget to actual
b) Total product sold	b) Not applicable for Q2. There has been no product sold.
c) Amount of Product sold under offtake contracts (in total) and amount of other products sold (with information about sale/purchaser)	c) Not applicable for Q2. There has been no product sold under Offtake Contracts or of other Products which require disclosure.
d) Production Yield and values by weight/value	d) Not applicable as only one production run executed at the end of Q2.
e) Supplied waste processed by weight / values	e) Not applicable for Q2.
f) IHS/Chemical Data indices used	f) IHS Average Price for Q2 = \$0.6033/lb Chemical Market Data Q2 = \$0.6033/lb
g) Terms/ extensions / replacements of Offtake or Feedstock contracts	g) None other than those previously disclosed.
h) Additional production capacity under development	h) Not applicable. There have been no changes to production capacity.
i) hours of operation for the Project	i) Not applicable for Q2; only one production run in June
Reconciliation Statements (Operating Revenue Fund)	Not applicable for Q2.

PureCycle Technologies, LLC.

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PureCycle Technologies, LLC.

CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	June 30, 2023	December 31, 2022
<i>(in thousands)</i>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,480	\$ 50,928
Restricted cash - current	19,827	29,389
Prepaid expense and other current assets	5,276	1,612
Total current assets	26,583	81,929
Restricted cash - noncurrent	147,777	93,415
Property, plant and equipment, net	431,719	373,848
Operating lease right-of-use assets	5,008	5,042
Other long term assets	4,322	4,206
TOTAL ASSETS	\$ 615,409	\$ 558,440
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 3,736	\$ 816
Accrued expenses	21,799	26,715
Accrued interest	1,532	1,532
Current portion of long-term debt	3,425	—
Total current liabilities	30,492	29,063
Deferred revenue	5,000	5,000
Bonds payable	230,624	233,513
Operating lease right-of-use liabilities	3,876	3,956
Other Liabilities	1,072	1,117
Due to parent	267,157	188,989
TOTAL LIABILITIES	\$ 538,221	\$ 461,638
MEMBER'S EQUITY		
LLC Member Interest	223,387	223,387
Accumulated deficit	(146,199)	(126,585)
TOTAL MEMBERS' EQUITY	\$ 77,188	\$ 96,802
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 615,409	\$ 558,440

PureCycle Technologies, LLC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended June 30,	
	2023	2022
<i>(in thousands)</i>		
Costs and expenses		
Operating costs	\$ 10,026	\$ 3,265
Research and development	47	483
Selling, general and administrative	2,318	3,335
Total operating costs and expenses	12,391	7,083
Interest expense (income), net	\$ 525	\$ 908
Other expense	13	32
Total other expense	\$ 538	\$ 940
Net loss	\$ (12,929)	\$ (8,023)

PureCycle Technologies, LLC.

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

(Unaudited)

	For the six months ended June 30, 2023		
<i>(in thousands)</i>	LLC Member Interest	Accumulated deficit	Total Member's Equity
Balance, December 31, 2022	\$ 223,387	\$ (126,585)	\$ 96,802
Net Loss	—	(19,614)	(6,685)
Balance, March 31, 2023	\$ 223,387	\$ (133,270)	\$ 90,117
Net Loss	—	\$ (12,929)	(12,929)
Balance, June 30, 2023	\$ 223,387	\$ (146,199)	\$ 77,188

	For the six months ended June 30, 2022		
<i>(in thousands)</i>	LLC Member Interest	Accumulated deficit	Total Member's Equity
Balance, December 31, 2021	\$ 223,387	\$ (104,276)	\$ 119,111
Net Loss	—	(10,939)	(5,480)
Balance, March 31, 2022	\$ 223,387	\$ (109,756)	\$ 113,631
Net Loss	—	(8,023)	(8,023)
Balance, June 30, 2022	\$ 223,387	\$ (117,779)	\$ 105,608

PureCycle Technologies, LLC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six months ended June 30,	
	2023	2022
Cash flows from operating activities		
Net loss	\$ (19,614)	\$ (10,939)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense	4,361	1,385
Accretion of debt instrument discounts	126	116
Amortization of debt issuance costs	409	375
Operating lease amortization	611	35
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(3,664)	(1,132)
Prepaid expenses and other non-current assets	(116)	(65)
Accounts payable	1,482	1,145
Accrued expenses	555	1,430
Operating right-of-use liabilities	(448)	(40)
Net cash used in operating activities	\$ (16,298)	\$ (7,690)
Cash flows from investing activities		
Purchases of property, plant and equipment	(66,480)	(80,200)
Net cash used in investing activities	\$ (66,480)	\$ (80,200)
Cash flows from financing activities		
Due to Parent	78,168	97,620
Payments on capital leases	(38)	(21)
Net cash used in financing activities	\$ 78,130	\$ 97,599
Net (decrease) increase in cash and restricted cash	(4,648)	9,709
Cash and restricted cash, beginning of year	173,732	229,561
Cash and restricted cash, end of year	\$ 169,084	\$ 239,270
Supplemental disclosure of cash flow information		
Non-cash operating activities:		
Interest paid during the period, net of capitalized interest	\$ 650	\$ —
Non-cash investing activities:		
Additions to property, plant, and equipment in accounts payable	\$ 1,953	\$ 1,598
Additions to property, plant, and equipment in accrued expenses	\$ 19,241	\$ 19,743

PureCycle Technologies, LLC.

BUDGET TO ACTUAL

	For the Quarter Ended June 30, 2023				
	Actual	Budget	\$ Variance	% Variance	Explanations
(in thousands)	favorable / (unfavorable)				
Costs and expenses					
Operating costs	\$ 10,026	\$ 12,461	\$ 2,435	20 %	Favorable due to variable costs tied to production lower due to construction delays (e.g. water, electricity, transportation, etc.) and items in inventory not expensed through COGS, partially offset by unbudgeted post-construction engineering services commissioning costs
Research and development	47	40	(7)	(18) %	immaterial for review
Selling, general and administrative	2,318	925	(1,393)	(151) %	~\$1.5MM in corporate overhead allocation for shared services (allocation of some corporate costs is required under GAAP)
Total operating costs and expenses	12,391	13,426	1,035	8 %	
Interest expense, net	\$ 525	\$ 4,866	\$ 4,341	89 %	1 month of interest expense beginning in June, offset by interest income for the quarter
Other expense	13	—	(13)	100 %	immaterial for review
Total other expense, net	\$ 538	\$ 4,866	\$ 4,328	89 %	
Net loss	\$ (12,929)	\$ (18,292)	\$ 5,363	29 %	

PureCycle Technologies, LLC.

COVENANT COMPLIANCE

Days Cash on Hand: >75	As of June 30, 2023
Cash on Hand ¹	\$ 51,903
Operating Expenses ²	(8,857)
Debt Service for Period ³	—
Total Operating Expenses + Debt Service	\$ (8,857)
Daily Cash Required ⁴	97
Days Cash on Hand	533 pass

Minimum Cash Required (at least \$100M)	As of June 30, 2023
Cash & cash equivalents	\$ 1,480
Liquidity Escrow Reserve	50,972
PureCycle Trustee Account	50,423
Operating Revenue Escrow Fund	3
Total Cash	\$ 102,878 pass

¹ Cash on hand includes the following amounts: Unrestricted cash & cash equivalents, the PureCycle Trustee Account, and the Operating Revenue Fund

² Operating expenses include all operating costs except for depreciation and amortization

³ None for Q2 2023

⁴ Daily cash required = (total operating expenses + debt service) / days in period