

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-40234



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

State  
Delaware

86-2293091  
(I.R.S. Employer  
Identification Number)

5950 Hazeltine National Drive, Suite 300  
Orlando, Florida 32822  
(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:

| Title of each class  | Trading Symbols | 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, 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, and three quarters of one warrant              | PCTTU           | The Nasdaq Stock Market LLC               |

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

None.

Indicate by a check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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 June 30, 2023, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$ 1.3 billion based on a closing price of \$10.69 as reported on the Nasdaq Capital Market on that date. Solely for purposes of this disclosure, shares of common stock held by executive officers, directors, and beneficial holders of 10% or more of the outstanding common stock of the registrant as of such date have been excluded because such persons may be deemed to be affiliates.

As of March 1 2024, there were 164,334,516 shares of the registrant's common stock outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement (the "Proxy Statement") for the 2024 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2023.

**TABLE OF CONTENTS**

|  | Page |
|--|------|
| <b>PART I</b>  |      |
| Item 1. Business   | 5    |
| Item 1A. Risk Factors  | 12   |
| Item 1B. Unresolved Staff Comments   | 23   |
| Item 1C. Cybersecurity   | 23   |
| Item 2. Properties   | 24   |
| Item 3. Legal Proceedings  | 25   |
| Item 4. Mine Safety Disclosures  | 27   |
| <b>PART II</b>   |      |
| Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 28   |
| Item 6. Reserved   | 30   |
| Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations                        | 30   |
| Item 7A. Quantitative and Qualitative Disclosures About Market Risk  | 49   |
| Item 8. Financial Statements and Supplementary Data  | 50   |
| Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure                         | 104  |
| Item 9A. Controls and Procedures   | 104  |
| Item 9B. Other Information   | 105  |
| Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections   | 106  |
| <b>PART III</b>  |      |
| Item 10. Directors, Executive Officers and Corporate Governance  | 107  |
| Item 11. Executive Compensation  | 107  |
| Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters              | 107  |
| Item 13. Certain Relationships and Related Transactions, and Director Independence                                   | 107  |
| Item 14. Principal Accountant Fees and Services  | 107  |
| <b>PART IV</b>   |      |
| Item 15. Exhibits and Financial Statement Schedules  | 108  |
| Item 16. Form 10-K Summary   | 112  |
| SIGNATURES   | 113  |

### CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 Annual Report on Form 10-K. 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 this 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 (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;
- 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 establish, 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 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 Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K 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.

**Item 1. Business**

**Overview**

PCT is commercializing a patented purification recycling technology (the "Technology"), originally developed by The Procter & Gamble Company ("P&G"), for restoring waste polypropylene into resin with near-virgin characteristics, 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. In April 2023, we certified as mechanically complete our first commercial scale recycling facility (the "Ironton Facility"), which is expected to have capacity of approximately 107 million pounds/year when fully operational. Commissioning activities have begun but the plant is not yet operating at the expected full capacity. The plant is expected to be fully operational later in 2024. Our goal is to create an important new segment of the global polypropylene market that will assist multinational entities in meeting their sustainability goals, provide consumers with polypropylene-based products that are sustainable, and reduce 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 the 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.

PCT intends to build new recycling production facilities globally, as project financing becomes available. In addition to the Ironton Facility and our first U.S. facility with multiple lines for purification ("multi-line facility") to be located in Augusta, Georgia (the "Augusta Facility"), and multiple Feed PreP facilities centrally located, we currently expect the next plants to be located in the Port of Antwerp in Belgium and Ulsan, South Korea under a joint venture. The Augusta Facility will be our first scaled up multi-line facility model. Pre-engineering for the design and installation of multiple commercial lines at the Augusta Facility is currently underway and is expected to create efficiencies across the construction and permitting processes. Further, we have placed orders for our long-lead equipment for the Augusta Facility, with additional construction progress expected to begin sometime in late 2024, pending timely completion of project financing.

PCT is pursuing a leading role in solvent-based polypropylene recycling. The Company's Feedstock Evaluation Unit ("FEU"), which has been operational since July 2019, is a smaller scale replica of the Ironton Facility. The FEU was designed to simulate commercial production and validate for PCT's customers and suppliers the viability of our process, which has helped PCT secure 20+ year signed offtake agreements and feedstock supply agreements with large multinational partners and industry participants. Based on the testing PCT has performed and continues to perform through the FEU and independent labs, PCT believes a sufficient number of feedstock sources have been identified that are suitable for its purification technology. PCT has partnered with suppliers to provide the required mix and quality of feedstock necessary to meet its offtake requirements at Ironton, and believes it will be able source feedstock sufficient to support future operations in the U.S., Europe, and Asia.

The Technology has been evaluated by third parties with a focus on the Technology's efficacy and commercial scalability. Certain of our strategic partners have conducted testing on PCT's UPR resin. In these evaluations, PCT's UPR resin compared favorably to virgin polypropylene in common Food & Beverage industry benchmarks for melt flow and mechanical properties, purity, odor, and function (lift decay, hinge break, and impact resistance).

**Industry Background**

Currently, polypropylene is one of the largest contributors to the global plastics waste crisis. Each year more than 170 billion pounds of polypropylene are manufactured and incorporated into a wide array of consumer facing and industrial products. According to a 2022 report from Greenpeace, the EPA (as defined below) estimated in a 2018 study that less than 1% of polypropylene is collected and recycled annually, compared to

approximately 19% of polyethylene terephthalate (“PET”). Many of the advantages attributed to polypropylene (strength, toughness, elasticity) also contribute to its problematic waste stream after initial use. Due to its chemical makeup, polypropylene does not react with diluted bases and acids. Consequently, polypropylene does not break down and can remain a pollutant in our oceans, landfills, and food chain for centuries. Despite these environmental consequences, polypropylene utilization continues to increase, with a projected 3.5% average annual growth rate over the next 5 years, based on 2022 data.

In response to these issues, multinational companies have partnered with non-governmental organizations (“NGOs”) and trade associations to encourage recycling of plastics. Significant capital has been raised to combat the global plastics crisis, including multinational collaboration, ocean clean-up initiatives, new plastic economies, and global infrastructure investments. Furthermore, over 450 multinationals have signed commitments focused on, among other things, the reuse, recycling, or composting of all plastic packaging. Numerous multinationals have taken this pledge even further by committing to reduce the use of virgin plastic packaging by 50% by 2025. These commitments are being driven by consumer demand for sustainable products, which is expected to continue to drive many multinational corporations to source sustainable materials to achieve publicly announced sustainability objectives.

While there are a range of ways that plastics can be recycled today, there are very limited options available for polypropylene. The current options are chemical and mechanical recycling, both of which have significant drawbacks that have resulted in extremely low recycling rates. Chemical recycling requires further processing to become a viable product for fuel or plastic, which results in substantially higher energy expenditure, carbon dioxide (“CO<sub>2</sub>”) emissions, and inflated cost. Mechanical recycling, while more energy efficient than chemical recycling, does not remove all of the waste contaminants from the end product, leading to wide variation in end product quality and low-value end uses.

#### **PureCycle’s Solution: Ultra-Pure Recycled Polypropylene**

PCT’s recycling technology is a purification recycling process that uses a combination of solvent, temperature, and pressure. Waste stream polypropylene is returned to near-virgin condition through a novel configuration of commercially available equipment and unit operations. The 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 with minimal controlled alteration of the physical characteristics 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 unique super-critical fluid extraction process does not require chemical reactions.

Key benefits of the Technology include:

- most equipment is standard processing equipment, commercially available and widely used;
- it uses a physical separation/purification process without chemical reactions;
- it is expected to utilize approximately one fourth the amount of energy required to produce virgin polypropylene resin; and
- its ability to recycle a wide range of polypropylene waste.

Our UPR resin technology results in near-virgin equivalent quality and color, and substantially improved odor profile compared to traditional recycled polypropylene. UPR resin provides our customers with 100% recycled content without compromising appearance, purity, odor or performance in finished products.

#### **The Product: UPR resin**

Polypropylene has multiple applications including packaging and labeling for consumer products, piping, ropes, cabling and plastic parts for many industries and, in particular, the automotive industry. It is one of the most commonly used plastics in the world due to its flexibility as a “living hinge” on consumer product lids (e.g., shampoo, condiments) since it typically will not break when bent even after multiple movements and ranges of motion.

PCT's unique purification process separates colors, odors, and contaminants through a physical separation process. This process and end product quality have been tested and validated by P&G, prospective offtake partners, and independent third party labs. When compared to virgin resin, PCT's UPR resin expresses near identical mechanical properties across Melt Flow Index (a measure of viscosity), Tensile Modulus (measure of stiffness), and Impact Strength (a measure of sudden resistance to force).

PCT has leveraged strategic partners with expertise in operations, the use of additives to improve the physical properties of polymers, and consumer packaged goods companies to conduct early testing to confirm that the product meets the expectations of the end users and offtake partners.

### **Offtake and Customers**

Based on current offtake subscription agreements and letters of intent ("LOIs"), PCT intends to market and sell the UPR resin to a wide range of industries, including but not limited to: resin distributors, resin converters, compounders, consumer goods manufacturers, food and beverage producers, toy manufacturers and personal care goods producers. Polypropylene is used in a variety of end markets, including consumer packaged goods, electronics, automotive, building & construction, household goods and agriculture. Due to a growing awareness around sustainability and many multinational companies shifting their strategic focus to sustainability as a key differentiator, PCT intends to provide UPR resin to a diversified customer base across most, if not all, of these end markets over time.

### **Feedstock Supply**

Over 150 billion pounds of polypropylene waste feedstocks are generated every year across multiple industries. Most of these feedstocks are untapped by the market today and are disposed of in landfills and oceans. These feedstocks include flexible and rigid packaging, plastic waste from textiles, and large business segments including consumer products, medical, automotive, industrial, and agricultural.

PCT's efforts to reliably and cost-effectively source high quality polypropylene content waste feedstock are ongoing and primarily consist of purchasing pre-sorted polypropylene waste feedstock from various suppliers and purchasing non-sorted plastic waste that PCT itself sorts through its Feed PreP facilities. PCT's polypropylene waste feedstock sourcing strategy will evolve as the market for polypropylene waste feedstock evolves.

### **The Processing Facilities**

#### ***The Feedstock Evaluation Unit***

The FEU is an 11,000 square foot facility located adjacent to the commercial line at the Ironton Facility in Lawrence County, Ohio with over 1 mile of stainless-steel piping. The facility was completed in July 2019 and has been producing UPR resin product since that time. The FEU is considered a pilot scale replica of the larger commercial line at the Ironton Facility. It serves the strategic purpose of determining if new feedstock streams are of sufficient quality before introducing them into the commercial line at the Ironton Facility, as well as providing sample UPR resin to prospective customers. Quantities of offtake from the FEU have been provided to offtake partners for evaluation. To date, the product produced is within ranges acceptable under contractual offtake agreements. The FEU will remain a critical component for testing feedstock for PCT's current and future plants.

#### ***Ironton Facility***

Located on the same site as the FEU, PCT commenced construction in October 2020 on the Ironton Facility, began commissioning in April 2023, and became operational later in 2023. While the plant began operations in 2023, it has not yet reached significant continuous operational volumes. The approximately 150,000 square foot facility houses commercial-scale equipment designed to process 182 tons of feedstock per day into UPR resin and will also be used for feedstock pre-processing and feedstock storage. An additional building has been leased for feedstock pre-processing research and development. The Ironton Facility is expected to have UPR resin capacity of approximately 107 million pounds/year when fully operational. We expect the Ironton Facility to



be fully operational later in 2024.

### **Augusta Facility**

PCT announced that it had secured the site location for its second purification facility in Augusta, Georgia on July 29, 2021 and executed a lease on June 30, 2023, for an approximately 150-acre tract, with the availability to lease a second tract, totaling approximately 50 acres, subject to various milestones. The Southeast was targeted given its ideal location for access to feedstock and multiple ports creating numerous options for exporting the UPR resin overseas. Augusta also provides a strong labor market, optimized infrastructure with access to electricity and natural gas at the site boundary, and an advanced supply chain with interstate and rail access to reduce transportation costs.

The Augusta Facility will be the Company's first multi-line facility, currently expected to be comprised of up to eight purification lines, and is designed to ultimately produce approximately 130 million pounds annually per line. The engineering design has been completed and portions of the long-lead equipment has been ordered.

### **Global Facilities**

PCT announced that it secured a site for its first European purification facility in Antwerp, Belgium on January 17, 2023. The location was selected after a thorough review, including proximity to sources of feedstock and likely offtake partners. The location of the facility, within the Port of Antwerp, is expected to provide logistics advantages for shipment of product and receipt of feedstock. PCT also completed its joint venture agreement with SK geo centric Co., Ltd., on October 20, 2022 to establish the Company's first Asian purification facility in Ulsan, South Korea.

### **PreP Facilities**

PCT is developing 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.

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 new challenges obtaining the necessary water and sewer permits to operate its first planned Feed PreP facility in Central Florida. PCT is evaluating its available recourses to obtain these permits, as well as potential legal remedies with regard to its obligations under its 11-year lease agreement for the Central Florida facility. PCT is also evaluating alternative preprocessing sites in other locations. On August 24, 2022, PCT signed a lease for a future PreP facility in Denver, Pennsylvania, which is expected to be operationally ready by the end of 2024, provided we obtain the financing and permits necessary for operational readiness.

### **Government Regulation**

PCT is subject to laws and regulations administered by various federal, state and local government agencies in the United States that prescribe the requirements and establish the standards for quality and safety, regulate PCT's products, and the manufacturing, labeling, marketing, promotion, and advertising thereof.

PCT is also subject to labor and employment laws, laws governing advertising, privacy laws, safety regulations, marketing claims and other laws, including but not limited to consumer protection regulations that regulate retailers or govern the promotion and sale of merchandise. PCT's operations, and those of its suppliers, are subject to various laws and regulations relating to environmental protection and worker health and safety matters.

### **FDA Requirements**

Recycled polypropylene in food packaging applications in the U.S. is regulated by the U.S. Food and Drug Administration ("FDA"). The FDA has established certain requirements for the use of polypropylene in food packaging, as well as guidelines for the use of recycled plastics in food packaging. On a voluntary basis,

companies may ask FDA to issue a Letter of No Objection (“LNO”) to provide assurance to customers regarding regulatory compliance and safety of systems that recycle polymers.

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.

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.

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.

### ***Environmental and Workplace Safety Laws***

PCT is subject to air, water, waste and other environmental, commercial and workplace safety laws and regulations at the federal, state, and local level in the United States including requirements of the Environmental Protection Agency (“EPA”), the Occupational Safety and Health Administration (“OSHA”), and the Federal Trade Commission (“FTC”).

Recycled polypropylene for use in non-food packaging uses complies with or is exempt from EPA’s requirements under the Toxic Substances Control Act (“TSCA”), since polypropylene (Chemical Abstracts Service Registry Number (CASRN) 9003-07-0) is approved for use on the TSCA Chemical Substances Inventory and the manufacture of polymers is exempt from TSCA Chemical Data Reporting. Additive selection will also comply with the TSCA.

PCT is subject to local, state and federal laws and regulations that address the release of hazardous substances into the air, water and land, and the storage, handling, disposal and transportation of hazardous materials. PCT holds various state and local licenses and permits, some of which are perpetual, and others which renew periodically. These include both environmental and general business licenses. Larger multi-line locations may also fall under federal Title V permitting rules.

OSHA and the delegated states implement the Occupational Safety and Health Act and relevant state counterparts. In relevant part, this requires hazard identification and communication about materials used or produced in operations to employees, state and local government authorities and citizens. Other workplace safety rules, such as those governing confined space entry and process safety management, also apply to PCT’s operations, and PCT’s facility is subject to OSHA inspection. PCT’s operations are subject to privacy laws and federal and state laws governing labor and employment matters such as minimum wage, overtime, working conditions and employment eligibility requirements.

The FTC requires that marketing and advertising by PCT and its feedstock suppliers be truthful, non-misleading, not deceptive to consumers, and consistent with the Guides for the Use of Environmental Marketing Claims, 16 C.F.R. Part 260, concerning recycling claims. The federal Lanham Act and federal antitrust laws govern PCT’s

business activities and advertising claims. State law equivalents of false advertising claims laws apply and these laws may differ from each other in significant ways. They often are not preempted by federal laws.

### **Regulation Outside the United States**

The commercialization of our product in countries other than the U.S. may require that PCT, or companies with whom PCT partners for such foreign commercialization, obtain necessary approvals for food packaging use under foreign regulatory regimes comparable to that of the FDA. Applicable approval processes and ongoing requirements in international markets vary from country to country and may involve more time and expense than that required to obtain approvals in the U.S. We intend to meet these requirements ourselves or through distributors as required.

### **Intellectual Property**

Pursuant to the License Agreement, P&G has granted PCT a license to utilize P&G's intellectual property, and PCT has granted a sublicense of P&G intellectual property back to P&G under the terms of the License Agreement, with a limited right to sublicense by P&G (the "Grant Back") subject to volume and geographic restrictions. Under the Grant Back, for five years after the effective date of the License Agreement, the aggregate tonnage that may be produced under the Grant Back will be capped at 500,000 metric tons per year worldwide. Beyond year 5, that aggregate annual tonnage will be expanded to enable modest expansion across each of the six regions worldwide (generally, North America, Europe, China, Asia, Africa and Latin America).

PCT has a limited right to sublicense the technology to PCT affiliates and select third parties with the consent of P&G. All fourteen filed and granted patents are utility patents (as opposed to design patents and applications). All of the patents relate to the same core PCT technology processes. This patent estate covers the proprietary process by which waste polypropylene is converted into ultra-pure recycled polypropylene, specifically the method for separating and purifying polymers from the reclaimed and contaminated polypropylene, polyethylene and other polymers. The License Agreement also governs the ownership of process improvements. Improvements (as defined in the License Agreement) invented by PCT are owned by PCT and are licensed back to P&G for the purpose of selling licensed product, while Improvements (as defined in the License Agreement) invented by P&G or jointly by P&G and PCT are owned by P&G and licensed to PCT. The license may become non-exclusive if PCT fails to make payments or undergoes a change of control without the prior written consent of P&G. If PCT defaults under the License Agreement and the License Agreement is terminated, P&G fails to perform its obligations under these agreements, or PCT's relationship with P&G is otherwise damaged or severed, this could have a material adverse effect on PCT's business, results of operations or financial performance. In addition, P&G's failure to consent to future sublicenses by PCT to PCT affiliates and select third parties would limit PCT's ability to expand as contemplated by its current business plan.

The License Agreement will terminate upon the later of (a) the expiration of the last Licensed Patent (as defined in the License Agreement) to expire and (b) the expiry date of the warrant between PCT and P&G (which was executed on October 16, 2020). Under the License Agreement, fourteen Utility Patents were filed and granted by the United States Patent and Trademark Office ("USPTO"). Each Utility Patent will expire on the 20-year anniversary of the original application filing date. Together, these fourteen Utility Patents make up the Licensed Patents.

### **Human Capital Resources**

*Employees & Demographics.* As of December 31, 2023, PCT employed 146 team members. None of PCT's employees are represented by a labor union. With respect to demographics, approximately 29% of our employees are female and 71% are male. On December 1, 2023, PCT announced a reduction-in-force ("Separation") of 22 employees, the majority of whom are not associated with the Company's Ironton, Ohio facility. The reduction-in-force followed a zero-based budgeting process at each function within the organization and was targeted toward optimizing the performance of the organization and retaining critical talent.

*Talent & Retention.* With a keen focus on talent acquisition and retention, we have managed to hire some of the top talent in the industry. Our robust talent acquisition program enables us to identify the right candidates through various sources (i.e. professional networks and internal referrals). Additionally, we strive to promote internally, if applicable.

*Compensation Practice & Pay Equality.* As PCT evolves, Human Resources in partnership with the leadership team will continue to evaluate the existing workforce to ensure that best practices are maintained across the entire team without risk of inequality. Pay structures will be reviewed annually to ensure best practices in a competitive market and, as part of that review, compensation will be realigned where appropriate for existing team members and new hires.

**Website Access to Securities and Exchange Commission Reports**

PCT makes available free of charge, in the "Investors – SEC Filings & Reports" section of its website at <https://www.purecycle.com/>, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as practicable after the Company files them with, or furnishes them to, the SEC. The information on the Company's website is not incorporated by reference into this Annual report on Form 10-K. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).

## Item 1A. Risk Factors

*You should carefully review this section in addition to the other information appearing in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, for important information regarding risks and uncertainties that affect us. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occur, our business, financial condition, results of operations, and future prospects could be materially and adversely affected.*

### **Risks Related to PCT's Status as a low revenue Early Commercial Stage Company**

#### ***PCT is a low revenue early commercial stage company, and may never achieve or sustain profitability.***

PCT is commercializing a recycling technology that was developed by The Procter & Gamble Company ("P&G"). P&G granted PCT a worldwide license under an Amended and Restated Patent License Agreement dated July 28, 2020, between P&G and PCT (the "License Agreement") for a proprietary process of restoring waste polypropylene into ultra-pure recycled ("UPR") resin products through an extraction and filtration purification process (the "Technology").

PCT relies principally on the commercialization of UPR resin as well as the Technology and related licenses to generate future revenue growth. To date, such products and services have delivered minimal revenue. Also, UPR resin product offerings and partnering revenues are in their very early stages. PCT believes that commercialization success is dependent upon the ability to significantly increase the number of purification plants, feed pre-processing facilities ("Feed PreP facilities"), feedstock suppliers and offtake partners as well as strategic partners that utilize UPR resin and the Technology via licensing agreements. PCT is an early commercial stage company that evaluates various strategies to achieve its financial goals and commercialization objectives on an ongoing basis. In this regard, PCT's production methodology is designed to achieve these objectives, including with respect to future plant size, capacity, cost, geographic location, sequencing, timing, and aggregation/disaggregation (with respect to Feed PreP facilities) and is subject to change as a result of modifications to business strategy or market conditions. Furthermore, if demand for UPR resin products and the Technology does not increase as quickly as planned, PCT may be unable to increase revenue levels as expected. PCT is currently not profitable. Even if PCT succeeds in increasing adoption of UPR resin products by target markets, maintaining and creating relationships with existing and new offtake partners, feedstock suppliers and customers, and developing and commercializing additional plants, market conditions, particularly related to pricing and feedstock costs, may result in PCT not generating sufficient revenue to achieve or sustain profitability.

#### ***PCT's business is not diversified.***

PCT's initial commercial success depends on its ability to profitably operate its first commercial-scale plant in Ohio (the "Ironton Facility") and the Feedstock Evaluation Unit (the "FEU") and its ability to complete construction and profitably and successfully operate the first multi-line facility to be located in Augusta, Georgia (the "Augusta Facility"), and future Feed PreP facilities.

PCT's continued commercial success depends on its ability to profitably and successfully operate the Ironton Facility, the Augusta Facility and future Feed PreP facilities; to start and complete construction and profitably and successfully operate its first commercial-scale European plant located in Antwerp, Belgium (the "NextGen Facility") and to start and complete construction and profitably and successfully operate its first commercial-scale Asian plant located in Ulsan, South Korea (the "South Korean Facility").

Other than the future production and sale of UPR resin products, there are currently no other lines of business or other material sources of revenue. Such lack of diversification may limit PCT's ability to adapt to changing business conditions and could have an adverse effect on PCT's business, financial condition, results of operations and prospects.

***The License Agreement sets forth certain performance and pricing targets which, if missed, could result in a termination or conversion of the license granted under the License Agreement.***

Pursuant to the License Agreement, P&G has granted PCT a license to utilize certain P&G intellectual property. The intellectual property is tied to the proprietary purification process by which waste polypropylene may be converted to UPR resin, referred to as the Technology. The License Agreement sets forth certain performance targets for the Ironton Facility and future facilities which, if missed, could result in a termination of the license granted under the License Agreement (if PCT is unable to make UPR resin at certain production volumes and at certain prices within a certain time frame). The License Agreement also sets forth certain performance and pricing targets for the Ironton Facility and future facilities which, if missed, could result in conversion of the license to a non-exclusive license (if PCT's UPR resin is unable to meet certain purification thresholds within a certain period of time after the start of the Project or PCT is unable or unwilling to provide P&G with UPR resin at certain prices from the first plant). In the event the License Agreement is terminated or converted to a non-exclusive license, this could have a material adverse effect on PCT's business, financial condition, results of operations and prospects.

***PCT's outstanding secured and unsecured indebtedness, ability to incur additional debt and the provisions in the agreements governing PCT's debt, and certain other agreements, could have a material adverse effect on PCT's business, financial condition, results of operations and prospects.***

As of December 31, 2023, PCT had total consolidated debt of \$516.6 million, including notes payable to related parties. PCT has not yet begun commercial operations and does not have any sources of material revenue. PCT's debt service obligations could have important consequences to PCT for the foreseeable future, including the following: (i) PCT's ability to obtain additional financing for capital expenditures, working capital or other general corporate purposes may be impaired; (ii) a substantial portion of PCT's cash flow from operating activities must be dedicated to the payment of principal and interest on PCT's debt, thereby reducing the funds available to us for PCT's operations and other corporate purposes; and (iii) PCT may be or become substantially more leveraged than some of its competitors, which may place PCT at a relative competitive disadvantage and make us more vulnerable to changes in market conditions and governmental regulations.

PCT is required to maintain compliance with certain financial and other covenants under its debt agreements. There are and will be operating and financial restrictions and covenants in certain of PCT's debt agreements, including the Loan Agreement, as well as certain other agreements to which PCT is or may become a party. These limit, among other things, PCT's or its subsidiaries' ability to incur certain additional debt, create certain liens or other encumbrances, sell assets, and transfer ownership interests and transactions with affiliates of PCT. These covenants could limit PCT's ability to engage in activities that may be in PCT's best long-term interests. PCT's failure, or perceived failure, to comply with certain covenants in these agreements could result in an Event of Default (as defined therein) under the various debt agreements, allowing lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt. An Event of Default would also adversely affect PCT's ability to access its borrowing capacity and pay debt service on its outstanding debt, likely resulting in acceleration of such debt or in a default under other agreements containing cross-default provisions. Under such circumstances, PCT might not have sufficient funds or other resources to satisfy all of its obligations. In addition, the limitations imposed by PCT's financing agreements on its ability to pay dividends, incur additional debt and to take other actions might significantly impair PCT's ability to obtain other financing, generate sufficient cash flow from operations to enable PCT to pay its debt or to fund other liquidity needs. Such consequences would adversely affect PCT's business, financial condition, results of operations and prospects.

***PCT faces risks and uncertainties related to litigation, regulatory actions and investigations.***

PCT may become subject to, and may become a party to, a variety of litigation, other claims, suits, regulatory actions and investigations. For example, 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 the federal securities laws, which were subsequently consolidated into a single complaint (the "Complaint"). The Complaint alleges that PCT, certain senior members of management and others made false and/or misleading statements in press releases and public filings regarding the Technology, PCT's business and PCT's prospects. Separately, 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 against certain senior members of PCT's management, PCT's directors and others 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. Both the Complaint and the shareholder derivative action rely on information included in a research report published on May 6, 2021 by Hindenburg Research LLC (the "Hindenburg Report"). PCT may incur significant expenses as a result of legal matters relating to the Hindenburg Report. Additionally, on or about September 29, 2023, a putative class action complaint was filed against PCT, as well as certain officers and directors asserting violations of federal securities law. The complaint alleges certain directors and officers made materially false and misleading statements regarding its operations following a two-hour power outage that occurred in August 2023. The total cost associated with these matters will depend on many factors, including the duration of these matters and any related finding.

In addition, from time to time, PCT may also be involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with our feedstock suppliers and offtake partners as well as strategic partners, intellectual property disputes, additional volatility in the market price of our securities, and other business matters. Any such claims or investigations may be time-consuming, costly, divert management resources, or otherwise have a material adverse effect on PCT's business, financial condition, results of operations and prospects.

The results of litigation and other legal proceedings are inherently uncertain and adverse judgments or settlements may result in materially adverse monetary damages or injunctive relief against PCT. Any claims or litigation, even if fully indemnified or insured, could damage PCT's reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. The litigation and other legal and regulatory proceedings described under Legal Proceedings in Note 14, Contingencies, to the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K are subject to future developments and management's view of these matters may change in the future.

#### **Risks Related to PCT's Operations**

***The Ironton Facility will not be completed in the originally-expected timeframe. Further delays in commissioning and obtaining an independent engineer's completion certificate could severely impact PCT's business, financial condition, results of operations and prospects.***

PCT will not be able to achieve full commissioning and the certification required by an independent engineer of the Ironton Facility in the expected timeframe or at all due to a variety of factors, including, achieving continuous operations of the Ironton Facility and producing recycled pellets at nameplate capacity for five consecutive days. Failure to obtain the certification could severely impact PCT's business, financial condition, results of operations and prospects, and impact PCT's ability to comply with certain covenants under its debt agreements, including the Loan Agreement.

The construction and commissioning of any new project, including the Augusta Facility and the Feed PreP facilities, is dependent on a number of contingencies, many of which are beyond PCT's control. There is also a risk that significant unanticipated costs or delays could arise due to, among other things, errors or omissions, unanticipated or concealed construction site conditions, including subsurface conditions, unforeseen technical issues or increases in plant and equipment costs, insufficiency of water supply and other utility infrastructure, or inadequate contractual arrangements. Should significant unanticipated costs arise, this could have a material adverse impact on PCT's business, financial performance and operations. No assurance can be given that construction will be completed, or will be completed without further delay, or as to whether PCT, which has provided a Guaranty of Completion of the Ironton Facility, will have sufficient funds available to complete construction. If the Ironton Facility is not completed, funds are not likely to be available to pay debt service on PCT's outstanding debt.

***Initially, PCT will rely on a single facility for all of its operations.***

Initially, PCT will rely solely on the operations at the Ironton Facility. Adverse changes or developments affecting the Ironton Facility could impair PCT's ability to produce UPR resin and its business, prospects, financial condition and results of operations. Any shutdown or period of reduced production at the Ironton Facility, which may be caused by regulatory noncompliance or other issues, as well as other factors beyond its control, such as severe weather conditions, natural disaster, fire, power interruption or outages, work stoppage, disease outbreaks or pandemics, equipment failure, delay in supply delivery, or shortages of material, equipment, or labor, would significantly disrupt PCT's ability to grow and produce UPR resin products in a timely manner, meet its contractual obligations and operate its business. PCT's equipment is costly to replace or repair, and PCT's

equipment supply chains may be disrupted in connection with pandemics, such as COVID-19, trade wars or other factors. If any material amount of PCT's machinery were damaged, it would be unable to predict when, if at all, it could replace or repair such machinery or find co-manufacturers with suitable alternative machinery, which could adversely affect PCT's business, financial condition, results of operations and prospects. Performance guarantees may not be sufficient to cover damages or losses, or the guarantors under such guarantees may not have the ability to pay. Any insurance coverage PCT has may not be sufficient to cover all of its potential losses and may not continue to be available to PCT on acceptable terms, or at all.

***Cybersecurity incidents and the failure to maintain the integrity of PCT's systems or infrastructure, or those of third parties with which PCT does business, could have a material adverse effect on PCT's business, financial condition, results of operations and prospects.***

PCT is subject to an increasing number of information technology vulnerabilities, threats and targeted computer crimes which pose a risk to the security of its systems and networks and the confidentiality, availability and integrity of data. Disruptions or failures in the physical infrastructure or operating systems that support PCT's businesses, offtake partners, feedstock suppliers and customers, or cyber-attacks or security breaches of PCT's networks or systems or of third party suppliers and service providers, could result in the loss of customers and business opportunities, lawsuits, regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensatory costs, and additional compliance costs, any of which could materially adversely affect PCT's business, financial condition, results of operations and prospects. Increasing costs associated with cybersecurity protections may be costly and may also adversely affect the financial condition of PCT. While PCT attempts to mitigate these risks, PCT's systems, data, networks, products, solutions and services remain potentially vulnerable to advanced and persistent cybersecurity threats.

PCT also maintains and has access to sensitive, confidential or personal data or information in its business that is subject to privacy and security laws, regulations and customer controls. Despite PCT's efforts to protect such personal data or information, PCT's facilities and systems and those of its customers, offtake partners, feedstock suppliers and third-party service providers may be vulnerable to cybersecurity incidents, theft, misplaced or loss of data, programming and/or human errors that could lead to the compromise of sensitive, confidential or personal data or information or unauthorized use or disruption of PCT's systems and software.

***PCT may be unable to sufficiently protect its proprietary rights and may encounter disputes from time to time relating to its use of the intellectual property of third parties.***

PCT relies on its proprietary intellectual property, including registered trademarks and certain licensed intellectual property under the License Agreement and other documents to market, promote and sell UPR resin products. PCT monitors and protects against activities that might infringe, dilute, or otherwise harm its trademarks and other intellectual property and relies on the relevant patent, trademark and other laws of the U.S. and other countries. However, PCT may be unable to prevent third parties from using its intellectual property without authorization. In addition, the laws of some non-U.S. jurisdictions, particularly those of certain emerging markets, provide less protection for PCT's proprietary rights than the laws of the U.S. and present greater risks of counterfeiting and other infringement. To the extent PCT cannot protect its intellectual property, unauthorized use and misuse of PCT's intellectual property could harm its competitive position and have a material adverse effect on PCT's business, financial condition, results of operations and prospects.

Despite PCT's efforts to protect these rights, unauthorized third parties may attempt to duplicate or copy the proprietary aspects of its technology and processes. PCT's competitors and other third parties independently may design around or develop similar technology or otherwise duplicate PCT's services or products such that PCT could not assert its intellectual property rights against them. In addition, PCT's contractual arrangements may not effectively prevent disclosure of its intellectual property and confidential and proprietary information or provide an adequate remedy in the event of an unauthorized disclosure. Measures in place may not prevent misappropriation or infringement of PCT's intellectual property or proprietary information and the resulting loss of competitive advantage, and PCT may be required to litigate to protect its intellectual property and proprietary information from misappropriation or infringement by others, which is expensive, could cause a diversion of resources and may not be successful.

PCT also may encounter disputes from time to time concerning intellectual property rights of others, and it may not prevail in these disputes. Third parties may raise claims against PCT alleging that PCT, or consultants or other third parties retained or indemnified by PCT, infringe on their intellectual property rights. Some third-party



intellectual property rights may be extremely broad, and it may not be possible for PCT to conduct its operations in such a way as to avoid all alleged violations of such intellectual property rights. Given the complex, rapidly changing and competitive technological and business environment in which PCT operates, and the potential risks and uncertainties of intellectual property-related litigation, an assertion of an infringement claim against PCT may cause PCT to spend significant amounts to defend the claim, even if PCT ultimately prevails, pay significant money damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies or other intellectual property (temporarily or permanently), cease offering certain products or services, or incur significant license, royalty or technology development expenses.

Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies such as PCT. Even in instances where PCT believes that claims and allegations of intellectual property infringement against it are without merit, defending against such claims is time consuming and expensive and could result in the diversion of time and attention of PCT's management and employees. In addition, although in some cases a third party may have agreed to indemnify PCT for such costs, such indemnifying party may refuse or be unable to uphold its contractual obligations. In other cases, insurance may not cover potential claims of this type adequately or at all, and PCT may be required to pay monetary damages, which may be significant.

***Climate change, or legal, regulatory or market measures to address climate change may materially adversely affect our financial condition and business operations.***

Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to PCT's future operations from natural disasters and extreme weather conditions, such as hurricanes, tornadoes, earthquakes, wildfires or flooding. Such extreme weather conditions could pose physical risks to PCT's facilities and disrupt operation of PCT's supply chain and may impact operational costs. The impacts of climate change on global resources may result in scarcity, which could in the future impact PCT's ability to access sufficient equipment and materials in certain locations and result in increased costs.

Additionally, concern over climate change could result in new legal or regulatory requirements designed to mitigate the effects of climate change on the environment. If such laws or regulations are more stringent than current legal or regulatory requirements, PCT may experience increased compliance burdens and costs to meet the regulatory obligations and may adversely affect raw material sourcing, manufacturing operations and the distribution of PCT's products.

***PCT may be negatively impacted by volatility in the political and economic environment, such as the conflicts in Ukraine and the Middle East, economic downturns and high interest rates, and a period of sustained inflation, which could have an adverse impact on PCT's business, financial condition, results of operations and prospects.***

Trade, monetary and fiscal policies, and political and economic conditions may substantially change, and credit markets may experience periods of constriction and variability. These conditions may impact PCT's business. Further rising or prolonged high inflation may negatively impact PCT's business and raise its costs, specifically with respect to the construction of the Ironton Facility, the Augusta Facility, future purification facilities and various Feed PreP facilities. While PCT will take actions, wherever possible, to reduce the impact of the effects of inflation, in the case of sustained inflation, it could become increasingly difficult to effectively mitigate the increases to PCT's costs. If PCT is unable to take actions to effectively mitigate the effect of the resulting higher costs, PCT's business, financial condition, results of operations and prospects could be adversely impacted.

The Federal Reserve recently raised interest rates multiple times in response to concerns about inflation and it may continue to hold them at their currently high rates longer than expected. Higher interest rates, coupled with reduced government spending and volatility in financial markets may increase economic uncertainty and affect PCT's offtake partners, feedstock suppliers and potential customers. Similarly, the ongoing military conflict between Russia and Ukraine and the conflict in the Middle East has created extreme volatility in the global capital markets and is expected to have further global economic consequences, including disruptions of the global supply chain and energy markets. Furthermore, actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or

rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity concerns. Any such volatility, disruptions or market-wide liquidity concerns may adversely affect PCT's business or the third parties on whom it relies. If the equity and credit markets deteriorate, including as a result of political or economic unrest or war, it may make necessary debt or equity financing, such as the financing necessary to fully fund the construction of the Augusta Facility, future purification facilities and currently contemplated and future Feed PreP facilities and otherwise finance PCT's expansion, more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. Increased or sustained inflation can adversely affect PCT by increasing its costs, including labor and employee benefit costs. In addition, higher or sustained inflation, macro turmoil, uncertainty and market-wide liquidity concerns could also adversely affect PCT's offtake partners, feedstock suppliers and potential customers, which could have an adverse impact on PCT's business, financial condition, results of operations and prospects.

#### **Risks Related to PCT's Production of UPR Resin**

##### ***There is no guarantee the Technology is scalable to commercial-scale operation.***

The Technology is based upon generally available commercial equipment to process contaminated polypropylene into clean recycled polypropylene product. Certain of the equipment to be utilized in the Ironton Facility has not operated with the same feedstock in a commercial mode. While PCT has constructed the FEU to demonstrate the process using the same or similar equipment (except at a smaller scale) as the commercial-scale Ironton Facility, the FEU does not operate at a commercial-scale. The collective test data was used to design the Ironton Facility equipment for commercial scale and testing under the intended operating conditions and configuration for the commercial-scale operation to verify reproducibility of results including color, melt flow index, moldability (tensile modulus and other measures) and the odor of the final PCT-produced polypropylene product. While that testing indicated that the FEU can generate recycled polypropylene product that on average meets all of its key parameter targets, PCT cannot guarantee these results will be achieved in commercial-scale operation. Further, of the four quality parameters for UPR resin, odor is the most difficult to characterize and measure. PCT's goal is to generate product that will significantly reduce the odor of the offtake and be comparable or nearly comparable to virgin polypropylene with respect to level of odor, but PCT cannot guarantee that the Ironton Facility will be capable of achieving the quality parameters of UPR resin, performance guarantees or meeting the requirements of the currently applicable environmental permits. The Ironton Facility's failure to achieve the quality parameters for UPR resin and performance guarantees or meet the requirements of the currently applicable environmental permits could impact PCT's business, financial condition, results of operations and prospects if the possible shortfalls versus specification are not effectively remedied per contract.

Furthermore, PCT's first multi-line facility, the Augusta Facility, which will be located in Augusta, Georgia, will be PCT's first scaled up multi-line facility model. PCT is currently working on pre-engineering for the design and installation of multiple commercial lines at the Augusta Facility and there is no guaranty that these efforts will be successful. If the Augusta Facility fails to achieve the expected efficiencies, including across the construction and permitting processes, as well as fails to reduce average capital expenditures per plant and reduce overall operating costs, PCT's business, financial condition, results of operations and prospects could be materially adversely impacted.

##### ***PCT may not be successful in finding future strategic partners for continuing development of additional offtake and feedstock opportunities.***

PCT may seek to develop additional strategic partnerships to increase feedstock supply and offtake amount due to capital costs required to develop the UPR resin product or manufacturing constraints. PCT may not be successful in efforts to consummate existing strategic endeavors, or establish such strategic partnerships and other alternative arrangements for the UPR resin product or Technology because PCT's research and development pipeline may be insufficient, PCT's product may be deemed to be at too early of a stage of development for collaborative effort or third parties may not view PCT's product as having the requisite potential to demonstrate commercial success.

If PCT is unable to reach agreements with existing or future collaborators on a timely basis, on acceptable terms or at all, PCT may have to curtail the development of UPR resin product, reduce or delay the development program, delay potential commercialization, reduce the scope of any sales or marketing activities or increase expenditures and undertake development or commercialization activities at PCT's own expense. If

PCT elects to fund development or commercialization activities on its own, PCT may need to obtain additional expertise and additional capital, which may not be available on acceptable terms or at all. If PCT fails to enter into collaborations and does not have sufficient funds or expertise to undertake the necessary development and commercialization activities, PCT may not be able to further develop product candidates and PCT's business, financial condition, results of operations and prospects may be materially and adversely affected.

***PCT's failure to secure waste polypropylene could have a negative impact on PCT's business, financial condition, results of operations and prospects.***

PCT's ability to procure a sufficient quantity and quality of post-industrial and post-consumer waste that contains high levels of polypropylene as feedstock is dependent upon certain factors outside of PCT's control including, but not limited to, changes to pricing levels for waste polypropylene, recycled polypropylene and non-recycled polypropylene, shortages in supply, interruptions affecting suppliers (including those due to operational restraints, industrial relations, transportation difficulties, accidents or natural disasters), or the introduction of new laws or regulations that make access to waste polypropylene more difficult or expensive. Additionally, while PCT believes it has sourced sufficient feedstock of desirable quality and with high levels of polypropylene, it cannot guarantee that feedstock suppliers will have sufficient quantities available and at the appropriate specifications in accordance with their respective agreements with PCT. If feedstock is not available to PCT in sufficient quantity and of requisite quality and with high levels of polypropylene, PCT's business, financial condition, results of operations and prospects could be materially adversely impacted.

***Because PCT's global expansion requires sourcing feedstock and supplies from around the world (including Asia and Europe) changes to international trade agreements, tariffs, import and excise duties, taxes or other governmental rules and regulations could adversely affect PCT's business, financial condition, results of operations and prospects.***

PCT's global expansion model will require sourcing feedstock from suppliers around the world. The U.S. federal government or other governmental bodies may propose changes to international trade agreements, tariffs, taxes and other government rules and regulations. If any restrictions or significant increases in costs or tariffs are imposed related to feedstock sourced from Asia, Europe, or elsewhere, as a result of amendments to existing trade agreements, and PCT's supply costs consequently increase, PCT may be required to raise UPR resin product prices, which may result in decreased margins, the loss of customers, and a material adverse effect on PCT's financial results. The extent to which PCT's margins could decrease in response to any future tariffs is uncertain. PCT continues to evaluate the impact of effective trade agreements, as well as other recent changes in foreign trade policy on its supply chain, costs, sales and profitability, which could negatively impact PCT's business, financial condition, results of operations and prospects. Any such impact could be material.

***There is no guarantee the Feed PreP facilities will be viable or achieve the expected efficiencies.***

In conjunction with the Augusta Facility and other future purification facilities, PCT will also build and operate Feed PreP facilities in locations geographically near the feed sources in an effort to optimize PCT's supply chain economics. These Feed PreP facilities are expected to employ feedstock processing systems with advanced sorting capabilities that can handle various types of plastics in addition to polypropylene (designated as no. 5 plastic), such as plastic bales between no. 1 and no. 7. There is no guarantee that the Feed PreP facilities will be successful. If the feedstock processing systems don't operate as expected, or in a commercially viable manner or are constrained from receiving permits necessary to operate the facilities by city, country or state regulations; the Feed PreP facilities fail to achieve the expected efficiencies, including due to increased shipping costs; as well as fail to reduce average expenditures on feedstock and reduce overall operating costs, PCT's business, financial condition, results of operations, and prospects could be materially adversely impacted.

***There is no guarantee the "Feedstock+" pricing model will be successful.***

PCT's Feedstock+ pricing model for offtake agreements uses a formula based on: (i) a secondary materials per pound pricing index for curbside bales divided by a fixed polypropylene yield loss modifier plus (ii) a fixed base price per pound covering PCT's operating and conversion costs. The Feedstock+ pricing model is designed to mitigate PCT's operating margins by incorporating the feedstock market price fluctuations, upside and downside, into the UPR price. There is no guarantee that the "Feedstock+" pricing model will be successful and that most of or all of the counterparties will enter into offtake agreements with PCT using this pricing model in sufficient numbers or at all. Additionally, counterparties may attempt to reduce or eliminate the fixed base price which would reduce and potentially eliminate the effort to de-risk PCT's operating margins. If PCT is unable to

incorporate its "Feedstock+" pricing model into its future offtake agreements, in part or at all, or unable to negotiate a sufficiently high fixed base price or procure feedstock above the secondary materials markets pricing index, PCT's business, financial condition, and results of operations and prospects could be materially adversely impacted.

***PCT is subject to many hazards and operational risks at its manufacturing facility, 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, (any of which could have a material adverse effect on PCT's business, financial condition and results of operations).***

PCT's processes involve the controlled use of chemicals, including flammable and combustible materials that are potentially hazardous. As a result, PCT's operations are subject to various industrial risks, including discharges or releases of flammable or hazardous materials, dangers resulting from confined operating spaces, fires, explosions, and mechanical failures. These risks can result in personal injury, loss of life, catastrophic damage to or destruction of property and equipment or environmental damage, and related legal proceedings, including those commenced by regulators, neighbors, or others. They may also result in an unanticipated interruption or suspension of our operations and the imposition of liability. Notwithstanding PCT's extensive safety procedures and training, relief and depressurization systems, emergency shutdown systems, safety instrumented systems and interlocks, fire and gas detection, and fire suppression systems, the risk of injury or property damage cannot be completely eliminated. While PCT believes that it maintains adequate insurance coverage, PCT cannot guarantee that it will be able to maintain adequate insurance at reasonable rates or that its insurance coverage will be adequate to cover future claims that may arise. In the event of an incident or accident, PCT's business could be disrupted and PCT could be liable for damages, and any such liability could exceed PCT's resources, and have a negative impact on its financial condition and results of operations. The loss or shutdown over an extended period of operations at any of PCT's facilities or any losses relating to these risks could also have a material adverse impact on its business, financial condition, results of operations and prospects.

#### **Risks Related to the Market for UPR Resin**

***The market for UPR resin is still in the development phase and the acceptance of UPR resin by manufacturers and potential customers is not guaranteed.***

The customer approval process for UPR resin products may take longer than expected and certain potential customers may be slow to accept the product produced by PCT or may not accept it at all. PCT has agreed to a strategic partnership term sheet to enter into an offtake agreement with a term of 20 years, whereby PCT guarantees the UPR resin products to meet specific criteria for color and opacity. There is no odor specification in the offtake agreements. Any such changes to the strategic partnership term sheet may require modifications to PCT's executed offtake agreements for (i) the Ironton Facility, and (ii) the Augusta Facility. Pursuant to the strategic partnership term sheet and PCT's executed offtake agreements, PCT must provide samples of the product to each customer so that the customer may determine if the product meets specifications, regulatory and legal requirements, customer's internal policies, and technical, safety, and other qualifications for UPR resin use in the customer's products. The inability of PCT to provide product of sufficient quantity and quality for sale pursuant to the offtake agreements is likely to materially adversely affect PCT's business, financial condition, results of operations and prospects. The premium pricing depicted in all recent offtake agreements may also adversely affect the acquisition of new customers. Furthermore, future market trends for recycled product, changes in brand owner strategies and changes in consumer preferences for circular or low carbon footprint products could reduce PCT's customer's demand for UPR resin, which would be likely to materially adversely affect PCT's business, financial condition, results of operations and prospects.

***Certain of PCT's offtake agreements are subject to index pricing, and fluctuation in index prices may adversely impact PCT's financial results.***

PCT expects the price of its UPR resin to continue to command a premium over the price of virgin resin and generally not be subject to fluctuations in the price of virgin polypropylene, but there is no guarantee of this result. While most offtake agreements have been executed using the Feedstock + pricing model, certain of PCT's legacy strategic partnership agreements' pricing formulas for UPR resin use a pricing formula based on fixed and index pricing using historical and forecast pricing for virgin resin produced from fossil fuels. If PCT is unable to modify the legacy terms to a Feedstock+ pricing or should the modeled index price for virgin resin be

materially lower than the cost to produce UPR resin from waste polypropylene feedstock, PCT would have to absorb the cost difference between virgin resin and UPR resin production for those customers, and PCT's business, financial condition, results of operations and prospects may be materially adversely impacted.

***Competition could reduce demand for PCT's products or negatively affect PCT's sales mix or price realization. Failure to compete effectively by meeting consumer preferences, developing and marketing innovative solutions, maintaining strong customer service and distribution relationships, and expanding solutions capabilities and reach could adversely affect PCT's business, financial condition, results of operations and prospects.***

While PCT expects to produce unique UPR resin products, PCT operates in a competitive global market for polypropylene sources — virgin and recycled polypropylene. Competitors or new entrants might develop new products or technologies which compete with PCT and its proprietary Technology. PCT cannot predict changes that might affect its competitiveness or whether existing competitors or new entrants might develop products that reduce demand for PCT's UPR resin products. The development of new products or technologies which compete with PCT's UPR resin products may have a material adverse effect on PCT's business, financial condition, results of operations and prospects.

In addition, PCT has granted a sublicense of P&G intellectual property back to P&G under the terms of the License Agreement, with a limited right to sublicense by P&G (the "Grant Back"). Under the Grant Back, for five years after the effective date of the License Agreement, the aggregate tonnage that may be produced under the Grant Back will be capped at a certain level per year worldwide. Beyond year 5, that aggregate annual tonnage will be expanded for each of the six regions worldwide. P&G has agreed that territory under the Grant Back will exclude the start of construction of a plant within a certain radius of the Ironton Facility for five years from the effective date of the License Agreement. If P&G is able to establish production, either on its own or through a sublicense agreement with another partner, in any territory, P&G production will remain capped within that territory beyond the 5 years. If P&G sublicenses the P&G intellectual property under the Grant Back to other manufacturers, UPR resin production and supply could increase, adversely impacting PCT's business, financial condition, results of operations and prospects.

### **Risks Related to Regulatory Developments**

***PCT may not be able to meet applicable regulatory requirements for the use of PCT's UPR resin in food grade applications, and, even if the requirements are met, complying on an ongoing basis with the numerous regulatory requirements applicable to the UPR resin and PCT's facilities will be time-consuming and costly.***

The use of UPR resin in food grade applications is subject to regulation by the U.S. Food and Drug Administration ("FDA"). The FDA has established certain guidelines for the use of recycled plastics in food packaging, as set forth in the "Guidance for Industry - Use of Recycled Plastics in Food Packaging: Chemistry Considerations (August 2006)." In order for the UPR resin to be used in food grade applications, PCT will request one or more Letters of No Objection ("LNO") from the FDA.

On September 10, 2021, PCT filed for an FDA 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 September LNO submission also defines the feedstock sources for the Company's planned commercial recycling process, and the September LNO submission pertained to (i) food grade post-industrial recycled feedstocks and (ii) food grade curbside post-consumer recycled feedstocks.

The FDA confirmed receipt of the submission on September 13, 2021 and followed up with additional questions and a request 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.

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 process for obtaining further LNOs will include FDA evaluation of both the PCT purification process, the Technology, as well as the recycled feedstock resin. 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. In addition, as needed, individual surrogate challenge testing and migration studies will be conducted to simulate articles in contact with food. Surrogate challenge testing can be used in lieu of, or in conjunction with, migration testing for the FDA's evaluation of PCT's Technology. The need for migration testing is informed by the results from the surrogate challenge testing.

The process of obtaining FDA regulatory approval requires the expenditure of substantial time, of up to one year, and significant financial resources. The FDA could refuse to approve further LNO applications (in whole or in part), a decision may be delayed if the FDA has questions about the data or other aspects of the filing, or the review schedule may be extended if there are a significant number of LNO requests pending since the FDA is under no time limit to decide on LNO requests. All of the above would have an adverse effect on PCT's business, financial condition, results of operations and prospects.

Furthermore, changes in regulatory requirements, laws and policies, or evolving interpretations of existing regulatory requirements, laws and policies, may result in increased compliance costs, delays, capital expenditures and other financial obligations that could adversely affect PCT's business, financial condition, results of operations and prospects.

PCT expects to encounter regulations in most if not all of the countries in which PCT may seek to expand, and PCT cannot be sure that it will be able to obtain necessary approvals in a timely manner or at all. If PCT's UPR resin does not meet applicable regulatory requirements in a particular country or at all, then PCT may face reduced market demand in those countries and PCT's business, financial condition, results of operations and prospects will be adversely affected.

The various regulatory schemes applicable to PCT's UPR resin will continue to apply following initial approval. Monitoring regulatory changes and ensuring our ongoing compliance with applicable requirements is time-consuming and may affect PCT's business, financial condition, results of operation and prospects. If PCT fails to comply with such requirements on an ongoing basis, PCT may be subject to fines or other penalties, or may be prevented from selling UPR resin products, and PCT's business, financial condition, results of operation and prospects may be harmed.

***The operation of and construction of the Ironton Facility is subject to governmental regulation.***

Under the loan agreement entered into in connection with PCT's outstanding Revenue Bonds (the "Loan Agreement"), PCT must: (i) not commence construction or operation of the Ironton Facility prior to receipt of all applicable permits and easements required for the particular phase of construction or operation; (ii) abide by the terms and conditions of all such permits and easements; and (iii) operate the Ironton Facility at all times in the manner required or permitted by such permits and easements.

PCT has not identified any technical or engineering circumstances that it believes would prevent the issuance of the key permits and approvals required for construction and operation of the Ironton Facility in the ordinary course consistent with the planned construction of the Ironton Facility. Delays in or failure to obtain and maintain any required permit or approval, or delay in satisfying or failure to satisfy any condition or requirement or any approval or permit could delay or prevent completion of the Ironton Facility or result in additional costs or reduced revenues. Federal, state and local statutory and regulatory requirements applicable to construction and operation of the Ironton Facility are subject to change. No assurance can be given that PCT or any other affected party will be able to comply with such changes. Additional statutory or regulatory requirements may be imposed upon both the Ironton Facility and the Augusta Facility, as well as any additional facilities, which might materially increase costs of operation or maintenance.

***Legislative, regulatory or judicial developments could affect PCT's business, financial condition, results of operations and prospects.***

PCT is subject to extensive air, water and other environmental and workplace safety laws and regulations at the federal and state level. In addition, PCT will be subject to additional regulatory regimes upon expanding to new regions, including foreign regulatory authorities in the European Union ("EU") such as the European Commission, the European Food Safety Authority ("EFSA"), and similar regulatory authorities elsewhere, such as in Asia. Some of these laws require or may require PCT to operate under a number of environmental permits. These laws, regulations and permits can often require pollution control equipment or operational changes to limit actual or potential impacts to the environment. These laws, regulations and permit conditions may change and become more difficult to comply with. A violation of these laws, regulations or permit conditions could result in substantial fines, damages, criminal sanctions, permit revocations and/or a plant shutdown. Any such action may have a material adverse effect on PCT's business, financial condition, results of operations and prospects.

**Risks Related to Human Capital Management**

***PCT is dependent on management and key personnel, and PCT's business would suffer if it fails to retain its key personnel and attract additional highly skilled employees.***

PCT's success is dependent on the specialized skills of its management team and key operating personnel. This may present particular challenges as PCT operates in a highly specialized industry sector, which may make replacement of its management team and key operating personnel difficult. A loss of the managers or key employees, or their failure to satisfactorily perform their responsibilities, could have an adverse effect on PCT's business, financial condition, results of operations and prospects.

PCT's future success will depend on its ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of its organization, particularly research and development, recycling technology, operations and sales. Trained and experienced personnel are in high demand and may be in short supply. Many of the companies with which PCT competes for experienced employees have greater resources than PCT does and may be able to offer more attractive terms of employment. In addition, PCT invests significant time and expense in training employees, which increases their value to competitors that may seek to recruit them. PCT may not be able to attract, develop and maintain the skilled workforce necessary to operate its business, and labor expenses may increase as a result of a shortage in the supply of qualified personnel, which will negatively impact PCT's business, financial condition, results of operations and prospects.

**Risks Related to PCT's common stock**

***Certain current and former stockholders of PCT have the right to elect a certain number of directors to PCT's board of directors.***

Pursuant to a letter agreement entered into between Pure Crown LLC ("Pure Crown") and PCT, dated October 5, 2020, Pure Crown is entitled to select one director to the board of directors of PCT (the "Pure Crown Director"), and Pure Crown designated Ms. Tanya Burnell as the current Pure Crown Director. For so long as Pure Crown has this right to select one director to the board of PCT, any vacancy with respect to the Pure Crown Director may only be filled by Pure Crown.

Furthermore, pursuant to the board representation agreement, dated March 7, 2022, between PCT and Sylebra Capital Management (an entity affiliated with the Pre-PIPE Investors, "Sylebra Capital") in connection with the Offering (as defined below), Sylebra Capital has been granted the right to designate (i) one person to be nominated for election to the Board so long as Sylebra Capital together with its affiliates beneficially owns at least 10.0% of the Company's common stock, and (ii) two persons to be nominated for election to the Board so long as Sylebra Capital together with its affiliates beneficially owns at least 15.0% of the Company's common stock, subject to certain exceptions, including that Sylebra Capital together with its affiliates will not be entitled to designate more than two nominees. Accordingly, Sylebra Capital is currently entitled to designate two directors for nomination, and has designated Jeff Fieler (as an affiliate of the Pre-PIPE holders) and Dan Coombs to serve on the board of PCT. Further, Jeff Fieler served as Interim Chief Financial Officer ("CFO") of PCT from December 1, 2023, following Lawrence C. Somma's resignation as CFO, to February 19, 2024, upon the appointment of Jaime Vasquez as CFO.

***Future offerings of debt or offerings or issuances of equity securities by PCT may adversely affect the market price of PCT's common stock or otherwise dilute all other stockholders.***

In the future, PCT may attempt to obtain financing or further increase PCT's capital resources by issuing additional shares of PCT's common stock or offering debt or other equity securities, including commercial paper, medium-term notes, senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. PCT also expects to grant equity awards to employees, directors, and consultants under PCT's stock incentive plans. The implementation of PCT's business strategy could require substantial additional capital in excess of cash from operations. PCT would expect to obtain the capital required for the implementation of its business strategy through a combination of additional issuances of equity, corporate indebtedness and/or cash from operations, which may be effectuated through private financings.

Issuing additional shares of PCT's common stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of PCT's existing stockholders or reduce the market price of PCT's common stock or both. Upon liquidation, holders of such debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of PCT's available assets prior to the holders of PCT's common stock. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit PCT's ability to pay dividends to the holders of PCT's common stock. PCT's decision to issue securities in any future offering will depend on market conditions and other factors beyond PCT's control, which may adversely affect the amount, timing and nature of PCT's future offerings.

***Conversion of the Convertible Notes may dilute the ownership interest of PCT stockholders or may otherwise depress the price of our common stock.***

The conversion of some or all of the Convertible Notes may dilute the ownership interests of PCT stockholders. Upon conversion of the Convertible Notes, PCT has the option to pay or deliver, as the case may be, cash, shares of PCT common stock, or a combination of cash and shares of PCT common stock. If PCT elects to settle the conversion obligation in shares of PCT common stock or a combination of cash and shares of PCT common stock, any sales in the public market of PCT common stock issuable upon such conversion could adversely affect prevailing market prices of PCT common stock. In addition, the existence of the Convertible Notes and/or the affiliate Convertible Notes may encourage short selling by market participants because the conversion of the Convertible Notes and/or the affiliate Convertible Notes could be used to satisfy short positions, or anticipated conversion of the Convertible Notes and/or the affiliate Convertible Notes into shares of PCT common stock could depress the price of PCT common stock.

**General Risk Factors**

***PCT may be unable to obtain additional financing to fund the operations and growth of the business.***

PCT requires additional financing to fund its operations and growth. The failure to secure additional financing could have a material adverse effect on the continued development and growth of PCT. Such financings may result in dilution to stockholders, issuance of securities with priority as to liquidation and dividend and other rights more favorable than common stock, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect its business. In addition, PCT may seek additional capital due to favorable market conditions or strategic considerations even if it believes that it has sufficient funds for current or future operating plans. There can be no assurance that financing will be available to PCT on favorable terms, or at all. The inability to obtain financing when needed may make it more difficult for PCT to operate its business or implement its growth plans.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

Information about cybersecurity risks and PCT's risk management processes is collected, analyzed and considered as part of PCT's overall enterprise risk management program. PCT has a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of PCT's information systems and data by assessing, identifying, and managing material risks from cybersecurity threats.



PCT's cybersecurity risk management program includes:

- risk assessments designed to help identify cybersecurity risks to PCT's information systems, data, services, and its broader enterprise IT environment;
- a security team principally responsible for managing PCT's cybersecurity risk assessment processes, PCT's security controls, and PCT's response to cybersecurity incidents;
- the use of certain external service providers, where appropriate, to assess, test or otherwise assist with aspects of PCT's security processes;
- cybersecurity awareness training of PCT's employees, incident response personnel and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party cyber risk management process for third-parties that interact with our systems and data including, among other things, a security assessment and contracting program for such third-parties based on their risk profile.

As of the date of this Form 10-K, PCT has not identified risks as a result of prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect, PCT's operations, business strategy, results of operations, or financial condition. PCT faces certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to materially affect PCT, including PCT's operations, business strategy, results of operations, or financial condition. See "Risk Factors – Cybersecurity incidents and the failure to maintain the integrity of PCT's systems or infrastructure, or those of third parties with which PCT does business, could have a material adverse effect on PCT's business, financial condition, results of operations and prospects."

### **Cybersecurity Governance**

PCT's Board considers cybersecurity risk as part of its risk oversight. Oversight of cybersecurity and other information technology risks, as well as management's implementation of PCT's cybersecurity risk management program, is the responsibility of the Board.

While the Board has delegated to the Audit and Finance Committee the responsibility to discuss with management and the independent auditors PCT's underlying policies and guidelines with respect to risk assessment and risk management, including with respect to cybersecurity, data privacy, data security and continuity, not less than once annually, the full Board receives a briefing from management on PCT's cybersecurity risk management program and ongoing initiatives and strategies to address and monitor specific cybersecurity risks. Presentations on cybersecurity matters are provided to the Board by PCT's information technology ("IT") leadership. In addition, management updates the Audit and Finance Committee and the Board, as necessary, regarding any significant cybersecurity incidents, to the extent any occur. PCT's Director of IT has over 20 years of experience in cybersecurity management and information systems. Management along with third-party assistance from a recognized expert in unified cyber security and compliance expertise, monitors, manages, and assesses PCT's risks from cybersecurity threats.

### **Item 2. Properties**

PCT owns the land that will be used for the Ironton Facility located in Lawrence County, Ohio. PCT, through a subsidiary, also leases a building and its approximately two acres of land located diagonally from the FEU to use for PCT's operations from the Lawrence Economic Development Commission. The lease was executed in May of 2021 and expires in May 2026, though PCT may extend the lease for up to three additional five-year terms.

PCT leases its corporate headquarters office space, which consists of approximately 14,232 square feet located at 5950 Hazeltine National Drive, Suite 300, Orlando, Florida 32822, and expires in 2027.

In 2021, the Company entered into an operating lease of commercial land and building for its first Feed PreP facility in Winter Garden, Florida, which expires in August 2032.

On June 30, 2023, the Company and The Augusta Economic Development Authority ("AEDA") executed a lease for a 150-acre tract in Augusta, Georgia, with the ability to lease an adjacent second tract totaling approximately 50 acres, subject to various milestones. This property will house PCT's first U.S. multi-line facility. The land, buildings and equipment for the facility will be owned by the AEDA and will be leased to the Company under a legal sale-leaseback structure that will provide certain local property tax incentives to the Company as lessee of the property. During the lease term and at the conclusion of the lease in 2044, the Company will have the right to acquire title to the property from the AEDA for a nominal cost.

In 2023, the Company entered into an operating lease of commercial land and building for a feed PreP facility in Denver, Pennsylvania, which is expected to commence mid to late 2024 with an initial term of 15 years and total minimum lease payments of \$52.3 million.

In January 2023, the Company signed a real estate lease at the Port of Antwerp-Bruges' NextGen District, where it plans to build its first purification facility in Europe, with an initial term of 30 years and total minimum lease payments over the term of the lease of approximately €27.7 million, subject to annual inflation adjustments. This lease commenced at the end of June 2023.

Effective September 1, 2023, the Company executed an operating lease for a lab facility in Durham, North Carolina.

### **Item 3. Legal Proceedings**

For a description of the legal proceedings pending against us, see "Legal Proceedings" in Note 14 ("Contingencies") to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K.

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 4. Mine Safety Disclosures**

Not applicable.

## Part II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our units, common stock and warrants trade on NASDAQ under the symbols “PCT,” “PCTTW” and “PCTTU,” respectively.

#### Holders of Record

As of March 1, 2024, there were (i) 142 holders of record of our common stock, (ii) 1 holder of record of our units, and (iii) 9 holders of record of our warrants. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of shares of common stock, units, or warrants that are held in the names of various security brokers, dealers, and registered clearing agencies.

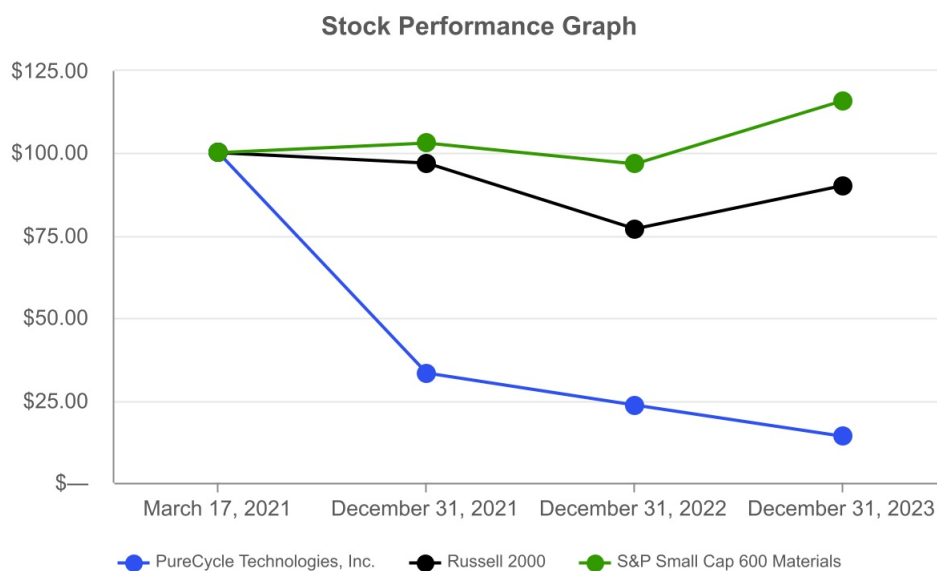
#### Dividends

We have not paid any dividends on our common stock to date. It is our present intention to retain any earnings for use in our business operations and, accordingly we do not anticipate that the board of directors will declare any dividends in the foreseeable future on our common stock.

#### Stock Performance Graph

The following graph compares the cumulative total stockholder return on the Company’s common stock to the total returns on the Russell 2000 Stock Index and the Standard & Poor’s (“S&P”) Small Cap 600 Materials Stock Index. The changes for the periods shown in the graph assume that \$100 had been invested in PureCycle stock and each index at the close of trading on the first day subsequent to closing of the Business Combination,

and that all dividends, if any, were reinvested. The graph is presented pursuant to SEC rules and is not meant to be an indication of our future performance.



|                              | March 17, 2021 | December 31, 2021 | December 31, 2022 | December 31, 2023 |
|------------------------------|----------------|-------------------|-------------------|-------------------|
| PureCycle Technologies, Inc. | \$ 100.00      | \$ 33.11          | \$ 23.39          | \$ 14.01          |
| Russell 2000                 | \$ 100.00      | \$ 96.88          | \$ 77.08          | \$ 90.13          |
| S&P Small Cap 600 Materials  | \$ 100.00      | \$ 102.88         | \$ 96.62          | \$ 115.92         |

**Securities Authorized for Issuance Under Equity Compensation Plans**

See Part III, Item 12 of this Form 10-K and Note 5, Equity-Based Compensation of the Notes to Consolidated Financial Statements included herein for additional information required.

**Recent Sales of Unregistered Securities**

None.

**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 fourth quarter of 2023.

| 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 |
|---------------------------|--|---|---|---|
| October 1 to October 31   | —  | \$ —  | —   | —   |
| November 1 to November 30 | 14,187   | 3.84  | —   | —   |
| December 1 to December 31 | 38,639   | 4.07  | —   | —   |
| <b>Total</b>              | <b>52,826</b>                                    | <b>\$ 4.01</b>                              | <b>—</b>  | <b>\$ —</b>   |

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

**Item 6. [Reserved]**

**Item 7. 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 consolidated results of operations and financial condition. The discussion should be read together with the audited consolidated financial statements, together with related notes thereto, included elsewhere in this 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. On June 28, 2023, the independent construction monitor reviewing construction and commissioning of the Ironton Facility issued its certification confirming commencement of production of post-industrial recycled pellets, which was required to achieve a key milestone in connection with the Ironton Facility financing. 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 UPR resin in 2023 but has not yet reached significant continuous operational volumes. 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. While these mechanical issues are not uncommon for first-of-its kind manufacturing facilities, the down-time needed to correct these issues is delaying the Ironton Facility reaching consistent sustainable production rates. We expect the Ironton Facility to be fully operational later in 2024.

As of December 31, 2023, PCT anticipates that up to \$12.5 million will be needed to complete the investment in the Ironton Facility, which relates to a performance guarantee payment due after successful completion of a performance testing milestone.

*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 December 31, 2023, PCT has invested approximately \$84.9 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 first phase of the Augusta Project during 2024 or risk losing certain future Incentive Benefits. 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 to obtain these permits, as well as potential legal 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, provided we obtain the financing necessary for operational readiness. 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.

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.

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 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 completion 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 late in 2023 but has not yet reached significant continuous (i) operational volumes at the Ironton Facility or (ii) significant revenue generation. The Ironton Facility is expected to be fully operational later in 2024.

### 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 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

The following table summarizes our operating results for the years ended December 31, 2023, 2022 and 2021:

| (in thousands, except %)                  | Years ended December 31, |                  |                  |             |                  |                 |             |
|---|--------------------------|------------------|------------------|-------------|------------------|-----------------|-------------|
|   | 2023                     | 2022             | \$<br>Change     | %<br>Change | 2021             | \$<br>Change    | %<br>Change |
| <b>Costs and expenses</b>                 |                          |                  |                  |             |                  |                 |             |
| Operating costs                           | \$ 52,392                | \$ 23,724        | \$ 28,668        | 121 %       | \$ 8,273         | \$ 15,451       | 187 %       |
| Research and development                  | 6,607                    | 4,350            | 2,257            | 52 %        | 3,692            | 658             | 18 %        |
| Selling, general and administrative       | 54,902                   | 53,244           | 1,658            | 3 %         | 57,615           | (4,371)         | (8)%        |
| <b>Total operating costs and expenses</b> | <b>113,901</b>           | <b>81,318</b>    | <b>32,583</b>    | <b>40 %</b> | <b>69,580</b>    | <b>11,738</b>   | <b>17 %</b> |
| Interest expense                          | 31,368                   | 2,312            | 29,056           | 1257 %      | 7,473            | (5,161)         | (69)%       |
| Interest Income                           | (10,863)                 | (4,953)          | (5,910)          | 119 %       | (821)            | (4,132)         | 503 %       |
| Change in fair value of warrants          | (33,824)                 | 5,842            | (39,666)         | (679)%      | 1,476            | 4,366           | 296 %       |
| Other expense (income)                    | 483                      | 227              | 256              | 113 %       | (206)            | 433             | (210)%      |
| Provision for income taxes                | 650                      | —                | 650              | N/A         | —                | —               | — %         |
| <b>Net loss</b>                           | <b>\$ 101,715</b>        | <b>\$ 84,746</b> | <b>\$ 16,969</b> | <b>20 %</b> | <b>\$ 77,502</b> | <b>\$ 7,244</b> | <b>9 %</b>  |



## **Comparison of the years ended December 31, 2023 and 2022**

### ***Operating Costs***

The increase was attributable to higher depreciation expense related to assets supporting operations of \$11.5 million due primarily to placing the Ironton Facility assets in service in the second quarter of 2023, increased operational site costs of \$8.0 million related to commissioning and operating the Ironton Facility, higher employee costs of \$5.5 million due primarily to increased headcount at the Ironton Facility, higher rent for operating facilities of \$2.6 million, \$0.5 million related to increased operational consulting due primarily to on-site third party assistance for Ironton Facility mechanical completion and commissioning activities, and \$0.6 million of other net increases.

### ***Research and Development Expenses***

The increase in research and development expenses was primarily due to \$1.1 million increased employee costs related to higher headcount of employees aligned to research and development activities, \$0.5 million increase in depreciation related to assets supporting research and development, and \$0.6 million increase in operational site costs related to facilities used in research and development.

### ***Selling, General and Administrative Expenses***

The increase was attributable to higher professional, legal, and public company expenses of \$3.5 million primarily related to bondholder waiver negotiations and the AEDA transaction, higher insurance expenses of \$1.4 million, and higher equity-based compensation of \$0.7 million related to issuance of additional awards in 2023 and continued vesting of awards from previous years, offset by decreased employee costs of \$3.6 million primarily due to reduction in bonus expense driven by lower expected attainment of organizational goals over the prior period, as well as a net \$0.3 million decrease in other SG&A costs.

### ***Interest expense***

The increase was attributable to additional financing incurred in the second and third quarters of 2023, including closing of \$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***

The increase was attributable to higher interest earned on PCT's investment portfolio and money market funds due to rising interest rates.

### ***Change in fair value of warrants***

The increased benefit 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.

## **Comparison of the years ended December 31, 2022 and 2021**

Refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" section contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for the results of operations discussion for the fiscal year ended December 31, 2022 compared to the fiscal year ended December 31, 2021. This comparison was immaterially impacted by certain reclassifications to conform with the report classifications for these prior periods.

## **Liquidity and Capital Resources**

In 2023, PCT commenced commercial operations and sold an immaterial amount of UPR 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. The Restricted Cash is restricted in terms of use primarily based on the

Loan Agreement and requires PureCycle: Ohio LLC, an Ohio limited liability company (“PCO”), to use the proceeds of the Revenue Bonds exclusively to construct and equip the Ironton Facility, fund a debt service reserve fund for the Series 2020A Bonds (as defined below), finance capitalized interest, and pay the costs of issuing the Revenue Bonds. On March 5, 2024, a subsidiary of the Company Purchased (as defined below) the majority of the outstanding Revenue Bonds. In connection with the Purchase, the Indenture (as defined below) was amended and supplemented and substantially all covenants and Events of Default (as defined below) contained in the Indenture, the Loan Agreement and certain of such other Financing Documents (as defined below) were eliminated. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Indebtedness – Revenue Bonds” for more information. Further, PCT placed funds in an escrow account to support certain initial construction commitments for the Augusta Facility. These funds are recorded in Restricted Cash below.

| (in millions)                             | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Cash                                      | \$ 73.4           | \$ 63.9           |
| Debt Securities Available for Sale        | 48.2              | 98.6              |
| Unrestricted Liquidity                    | \$ 121.6          | \$ 162.5          |
| Less: Other Ironton Set-aside             | —                 | 54.6              |
| Available Unrestricted Liquidity          | \$ 121.6          | \$ 107.9          |
| Ironton Facility Construction             | \$ —              | \$ 13.2           |
| Liquidity Reserve                         | 150.1             | 50.5              |
| Capitalized Interest and Debt Reserve     | 36.1              | 38.0              |
| Other Required Reserves Ironton           | 24.4              | 21.2              |
| Augusta Construction Escrow               | 14.4              | 39.4              |
| Letters of Credit and Other Collateral    | 4.1               | 1.3               |
| Restricted Cash (current and non-current) | \$ 229.1          | \$ 163.6          |
| Revenue Bonds                             | \$ 234.6          | \$ 233.5          |
| Green Convertible Notes                   | 220.7             | —                 |
| Equipment Financing Payable               | 21.6              | —                 |
| Pure Plastic Note Payable                 | 39.7              | —                 |
| Add: Discount and Issuance Costs          | 47.6              | 16.1              |
| Gross Bonds and Notes Payable             | \$ 564.2          | \$ 249.6          |

As of December 31, 2023, PCT had \$121.6 million of Available Unrestricted Liquidity and had Restricted Cash of \$229.1 million. On March 15, 2023, PCT entered into a \$150.0 million revolving credit facility with Sylebra Capital (the “Revolving Credit Facility”). Borrowings under the Revolving Credit Agreement may be used for working capital, capital expenditures and other general corporate purposes. There are currently no borrowings under the Revolving Credit Facility.

PCT sold an immaterial amount of UPR resin in 2023. Due to intermittent mechanical challenges during the commissioning process of the Ironton Facility, the Ironton Facility has not yet reached the point of producing significant continuous operational volumes. While these mechanical issues are not uncommon for a first-of-its-kind manufacturing facility, the downtime needed to correct these issues is a significant contributing factor to the delay of the Ironton Facility reaching the point of producing significant continuous operational volumes. We expect the Ironton Facility to be fully operational later in 2024.

In 2023, PCT negotiated the Second Limited Waiver (as defined below) with the Revenue Bondholders to remedy the September Milestone Event of Default (as defined below) related to the Ironton Facility’s failure to meet the September Milestone – see Note 3 (“Notes Payable and Debt Instruments”) to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K for additional information. Pursuant to the Second Limited Waiver, the September Milestone Event of Default was waived, various Milestones were amended and extended and certain additional requirements were imposed upon PCT and its subsidiaries. PCO was unable to produce 4.45 million pounds of pellets from its feedstock for thirty

consecutive days by December 31, 2023, and certain required performance testing of the Ironton Facility was not complete by February 28, 2024, each as required by the Second Limited Waiver, and therefore PCO entered a 90-day cure period after which point an Event of Default will be deemed to have occurred. Further, PCO expected to fail to meet certain annually calculated financial ratios as required. As described in further detail below, on March 5, 2024, a subsidiary of the Company Purchased the majority of the outstanding Revenue Bonds and, in connection with such Purchase substantially all covenants and Events of Default contained in the Indenture, including the potential Events of Defaults related to certain annually calculated financial ratios and missed milestones referenced herein, the Loan Agreement and certain of such other Financing Documents were eliminated. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Indebtedness - Revenue Bonds” for more information.

As of December 31, 2023, PCT anticipates that up to \$12.5 million will be needed to complete the investment in the Ironton Facility, which relates to a performance guarantee payment due after successful completion of a performance testing milestone. PCT also has other capital commitments of approximately \$53.8 million related to long-lead equipment and pre-construction work for the Augusta Facility and \$7.8 million for equipment and leases related to future Feed PreP and purification facilities, both in the U.S. and internationally. Moreover, there are interest payments of at least \$38.0 million, as well as other ongoing monthly costs associated with managing the Company.

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 Annual Report on Form 10-K 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 Available 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 Annual Report on Form 10-K.

In an effort to alleviate these conditions, PCT entered into two agreements. On March 5, 2024, a subsidiary of the Company Purchased 99% of the outstanding Revenue Bonds pursuant to the Purchase Agreement (as defined below). In connection with the Purchase, the Indenture was amended and supplemented and substantially all covenants and Events of Default contained in the Indenture, the Loan Agreement and certain of such other Financing Documents were eliminated. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Indebtedness – Revenue Bonds” for more information. The Purchase reduced unrestricted liquidity by \$74.5 million and restricted liquidity by \$184.6 million. Also, 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 Credit Agreement with the Company (the “Borrower”), PureCycle Technologies Holdings Corp. and PureCycle Technologies, 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”). Borrowings under the Revolving Credit Agreement may be used for working capital, capital expenditures and other general corporate purposes – see Note 3 (“Notes Payable and Debt Instruments”) to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K for additional information. Further, PCT intends to and has the ability to re-market some or all of the Purchased Revenue 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 Revenue Bonds. The ability to

re-market the Purchased Revenue Bonds with any such additional new covenants would require a further amendment to, or waiver of, provisions included within the Revolving Credit Facility and Term Loan Credit Agreement. After considering management's plans to mitigate these conditions, including adjustment of expenditure timing and execution of the amendment to the Sylebra Revolving Credit Facility, 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 Liquidity 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 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 %)                        | Years ended December 31, |                   |                  |             |                   |                  |             |  |
|---|--------------------------|-------------------|------------------|-------------|-------------------|------------------|-------------|--|
|   | 2023                     | 2022              | \$<br>Change     | %<br>Change | 2021              | \$<br>Change     | %<br>Change |  |
| Net cash used in operating activities           | \$ (94,906)              | \$ (65,478)       | \$ (29,428)      | 45 %        | \$ (54,507)       | \$ 10,971        | (20) %      |  |
| Net cash used in investing activities           | (102,103)                | (218,387)         | 116,284          | (53) %      | (305,575)         | (87,188)         | 29 %        |  |
| Net cash provided by financing activities       | 272,000                  | 247,530           | 24,470           | 10 %        | 293,366           | 45,836           | 16 %        |  |
| Cash and cash equivalents, beginning of period  | 227,523                  | 263,858           | (36,335)         | (14) %      | 330,574           | 66,716           | 20 %        |  |
| <b>Cash and cash equivalents, end of period</b> | <b>\$ 302,514</b>        | <b>\$ 227,523</b> | <b>\$ 74,991</b> | <b>33 %</b> | <b>\$ 263,858</b> | <b>\$ 36,335</b> | <b>14 %</b> |  |

### Comparison of the years ended December 31, 2023 and 2022

#### Cash Flows from Operating Activities

The \$29.4 million increase in net cash used in operating activities for the year ending December 31, 2023 compared to the same period in 2022 was primarily attributable to higher cash payments for production inventory of approximately \$5.0 million, higher cash paid related to employee costs of approximately \$4.5 million, increase in interest payments classified as operating cash flows of \$9.1 million due to ceasing of interest capitalization on the Revenue Bonds in June 2023, \$5.9 million in additional interest and security deposit payments related to an equipment financing liability, higher lease payments for operating facilities and

equipment rentals of approximately \$3.2 million, and an increase in cash payments related to operating expenses of \$7.1 million primarily driven by an increase in operational site costs at the Ironton Facility, and \$0.5 million other net operating cash outflows, partially offset by higher interest income of \$5.9 million driven primarily by interest earned on the Company's investment portfolio.

#### **Cash Flows from Investing Activities**

The \$116.3 million decrease in net cash used in investing activities for the year ending December 31, 2023 compared to the same period in 2022 was attributable to \$134.8 million lower investment purchases and \$133.3 million lower capital expenditure payments, offset by \$151.8 million of lower maturities and sales of investments.

#### **Cash Flows from Financing Activities**

The \$24.5 million increase in net cash provided by financing activities for the year ending December 31, 2023 related to the same period in 2022 was primarily attributable to \$285.1 million debt financing raised in 2023 compared to \$250.0 million raised in 2022 related to proceeds from the 2022 PIPE Offering, lower share repurchase activity related to withholding on equity vesting of \$0.3 million in 2023 compared to 2022, offset by \$11.1 million in debt issuance costs and LOC fees related to new financing arrangements incurred in 2023 compared to equity issuance costs in 2022 of \$0.8 million, as well as \$0.6 million higher repayments on equipment financing in 2023 compared to 2022.

#### **Indebtedness**

#### **Revenue Bonds**

On October 7, 2020, the Southern Ohio Port Authority ("SOPA") issued certain revenue bonds ("Revenue Bonds") 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 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 (i) acquire, construct and equip the Ironton Facility (referred to within the Loan Agreement as the "Ohio Phase II Facility" and, together with the FEU (referred to within the Loan Agreement as the "Phase I Facility"), the "Project"); (ii) fund a debt service reserve fund for the Series 2020A Bonds; (iii) finance capitalized interest; and (iv) pay the costs of issuing the Revenue Bonds. 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").

On March 15, 2023, SOPA, the Trustee, PCT, PCTO Holdco LLC (the pledgor under an Equity Pledge and Security Agreement (as defined in the Indenture), pursuant to which the pledgor pledged certain interests to secure obligations of PCO under various Financing Documents relating to the Revenue Bonds and PCO (collectively, the "Company Parties") entered into a Limited Waiver and First Supplemental Indenture (the "Limited Waiver"), supplementing the Indenture and amending the Loan Agreement and the amended and restated Guaranty (as defined in the Indenture), and pursuant to which the Holders (as defined in the Indenture) of a majority in aggregate principal amount of the Series 2020A Bonds outstanding (the "Majority Holders") consented to the Limited Waiver, based on stated conditions, of a Specified Event of Default (as defined below) under the Indenture and the Loan Agreement.

Under the terms of the Loan Agreement, PCO was required to cause the Ironton Facility to be completed by December 1, 2022. The Ironton Facility was not completed by that date due to a variety of challenges resulting from, among other things, the COVID-19 outbreak, the ongoing military conflict between Russia and Ukraine, and certain U.S. weather-related events (the "First Specified Event of Default").

Subject to the following conditions, the First Specified Event of Default is waived in exchange for PCO's agreement to meet certain milestones toward completing the Ironton Facility, to deposit additional equity aggregating approximately \$87.3 million with the Trustee for various purposes and to make certain other representations and warranties; provided, however, that any failure to comply with the terms of the Limited Waiver shall be an immediate Event of Default under the Indenture and Loan Agreement, which will be deemed

to have occurred on January 2, 2023 with respect to any requirements to pay accrued and unpaid interest at the Default Rate.

PCO has agreed to, among other things, achieve the following milestones (together, the "Milestones"): (i) closure by it or its direct or indirect parent entity of a financing transaction by March 31, 2023 that provides at least \$150 million of working capital which may be used to support the Ironton Facility (which is satisfied by the closing of the Revolving Credit Facility); (ii) mechanical completion of the Ironton Facility by June 30, 2023; (iii) meet certain targeted production and performance targets during 2023; (iv) completion of the Ironton Facility by December 31, 2023; and (v) meet certain Ironton Facility pellet production targets by January 31, 2024 up to the Ironton Facility's nameplate production capacity of 107 million pounds per year.

The additional approximate \$87.3 million of equity to be deposited with the Trustee is comprised of: (i) a deposit, by March 31, 2023, of \$50 million in an account controlled by the Trustee; (ii) a deposit of approximately \$25 million in the Equity Account of the Project Fund (as such terms are used in the Indenture) to fund remaining construction costs; (iii) an aggregate deposit of approximately \$12.3 million into the Capitalized Interest Accounts (as defined in the Indenture) for the Bonds to pay capitalized interest on the Revenue Bonds through June 30, 2024. The Limited Waiver also requires that the Liquidity Reserve of approximately \$50 million remain in the Liquidity Reserve Escrow Fund (as such term is used in the Indenture) for a period beyond the completion date of the Ironton Facility until certain production requirements have been met, and only thereafter may the balance in that fund be reduced based on certain conditions to \$25 million, which must remain therein as long as Series 2020A Bonds remain outstanding. The Trustee also released \$13.2 million from the Trustee account for the Revenue Bonds for use as part of the remaining investment in 2023 to complete the Ironton Facility in accordance with the Limited Waiver.

As of September 30, 2023, the Ironton Facility failed to meet one such Milestone related to certain targeted production and performance targets, specifically, it failed to produce 4.45 million pounds of pellets from its feedstock in a single month by that date ("September Milestone"). This created an Event of Default under the Limited Waiver (the "September Milestone Event of Default").

As a result of the September Milestone Event of Default, on November 8, 2023, the Limited Waiver parties entered into a Limited Waiver and Second Supplemental Indenture (the "Second Limited Waiver") pursuant to which the September Milestone Event of Default was waived, various Milestones were amended and extended and certain additional requirements were imposed upon PCT and its subsidiaries. The principal terms of the Second Limited Waiver, include, but are not limited to, the following:

- i. PCO will deposit an additional \$50,000,000 (the "Trustee Account Deposit") in the Trustee Account (as defined in the Limited Waiver), such that at least \$100,000,000 (the "Aggregate Trustee Deposit") shall be on deposit in the Trustee Account so long as any Revenue Bonds remain outstanding; provided, that if no Event of Default shall have occurred and be continuing, \$50,000,000 of funds in the Trustee Account shall be released back to PCO upon satisfaction of the conditions set forth in Section 4.11(a) of the amended and restated Guaranty.
- ii. subject to there being no default or event of default and compliance with the other terms of the Second Limited Waiver, once per quarter, PCO (and the Guarantor, if applicable) may request the release to PCO (or the Guarantor, as applicable) of any investment income or earnings with respect to amounts in the Trustee Account and the Liquidity Reserve Escrow Fund that have been invested pursuant to the terms of the Indenture or the Liquidity Reserve Escrow Agreement (as applicable).
- iii. PCO shall have produced 4.45 million pounds of pellets from its feedstock for thirty consecutive days by December 31, 2023, which shall be evidenced by a certificate signed by an Authorized Representative of PCO and by the Construction Monitor certifying thereto and delivered to the Trustee;
- iv. performance testing of the Ironton Facility shall be complete by no later than February 28, 2024, which shall be evidenced by a certificate signed by an Authorized Representative of PCO and by the Construction Monitor certifying thereto and delivered to the Trustee;
- v. completion of the Project, including the acquisition, construction and equipping of the Ironton Facility, shall occur by no later than March 31, 2024, which shall be evidenced by a Certificate of Completion delivered to the Trustee;

- vi. PCO shall have produced 8.90 million pounds of pellets from its feedstock for thirty consecutive days by April 30, 2024, which shall be evidenced by a certificate signed by an Authorized Representative of PCO and by the Construction Monitor certifying thereto and delivered to the Trustee; and PCO shall have fully-ramped production at the Ironton Facility to nameplate capacity of 107 million pounds per year produced from its feedstock by no later than April 30, 2024, which shall be evidenced by a certificate signed by an Authorized Representative of PCO and by the Construction Monitor certifying thereto and delivered to the Trustee; and
- vii. the milestones referenced in (iii) – (vi) above (each, a “Revised Milestone”), shall replace the corresponding Milestones in the Limited Waiver. If PCO fails to meet any of the Revised Milestones, no Event of Default shall have occurred until PCO has failed to meet such Revised Milestone on the date that is ninety days after such Revised Milestone date; provided, however, that during such ninety-day period, PCO will pay interest from the date of the Revised Milestone requirement until the date that the Revised Milestone is satisfied at the Default Rate, and notwithstanding anything to the contrary in the Indenture, the Loan Agreement, the First Limited Waiver or the other Financing Documents or Bond documents (each as defined in the Indenture), PCO shall not have any access to any funds in the Trust Estate or otherwise held with the Trustee or a third-party (including, without limitation, funds in the Operating Revenue Escrow Fund and the Liquidity Reserve Escrow Fund (terms used as defined in the Indenture) pursuant to the Financing Documents until the date that such Milestone is satisfied.

On February 10, 2024, PCO announced that it had agreed in principle with 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 of the Purchase (as defined below) 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, and other material terms and protections for the benefit of the Holders contained in the Indenture, the Loan Agreement, the Guaranty 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.

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 Third Supplemental Indenture amended and supplemented the Indenture and certain of the other Financing Documents by, among other things and without limitation, eliminating substantially all covenants and Events of Default contained in the Indenture, 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;
- 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 Senior Parity Coverage Requirement ratio ("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; and
- 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.

The Purchase closed on March 5, 2024, and was funded with funds released from the Trust Estate, the Liquidity Reserve Escrow Fund, and available cash from PCO or an affiliate thereof.



### **Sylebra Credit Facility**

On March 15, 2023, PCT entered into a \$150 million revolving credit facility (the "Revolving Credit Facility") pursuant to a Credit Agreement (the "Revolving Credit Agreement") dated as of March 15, 2023, with PureCycle Technologies Holdings Corp. and PureCycle Technologies, 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"), which had an original maturity on June 30, 2024 and was subsequently extended. The Lenders and their affiliates are greater than 5% beneficial owners of PCT.

Borrowings under the Revolving Credit Agreement may be used for working capital, capital expenditures and other general corporate purposes and satisfies the financing obligation imposed upon PCT by the First Limited Waiver.

Amounts outstanding under the Revolving Credit Agreement bear interest at a variable annual rate equal to Term SOFR (as defined in the Revolving Credit Agreement) in effect for such period plus an applicable margin. The applicable margin is equal to (i) 5.00% from the Closing Date through June 30, 2023, (ii) 10.00% from July 1, 2023 through September 30, 2023, (iii) 12.50% from October 1, 2023 through December 31, 2023, (iv) 15.00% from January 1, 2024 through March 31, 2024, and (v) 17.50% thereafter. PCT is also required to pay (i) an up-front fee equal to 0.75% times \$150 million—the total aggregate commitment for the Revolving Credit Facility—to the Lenders, payable at closing and (ii) a commitment fee equal to 0.25% per annum based on the actual daily unused amount of the Revolving Credit Facility, payable quarterly. Subject to timely prior written notice and payment of breakage fees, if any, PCT may at any time and from time to time (i) terminate all or any portion of the commitments under the Revolving Credit Agreement and/or (ii) prepay all or any portion of any outstanding borrowings.

The Revolving Credit Agreement contains representations, covenants and events of default that are customary for financing transactions of this nature. Events of default in the Revolving Credit Agreement include, among others: (a) non-payment of principal, interest, fees or other amounts; (b) default of specific covenants; (c) breach of representations and warranties; (d) cross-defaults to other indebtedness in an amount greater than \$1 million, subject to certain exceptions; (e) bankruptcy and insolvency proceedings; (f) inability to pay debts or attachment; (g) judgments; and (h) change of control. Upon the occurrence of an event of default, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders (as defined in the Revolving Credit Agreement) terminate the loan commitments, accelerate all loans and exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Revolving Credit Agreement and the other loan documents.

Amounts outstanding under the Revolving Credit Agreement are guaranteed by the Guarantors, and are secured by a security interest in substantially all of the assets of PCT. Any majority-owned direct or indirect subsidiaries of PCT formed after the closing date of the Revolving Credit Facility will also be required to guaranty the obligations under the Revolving Credit Agreement and grant security interests in substantially all of their respective assets.

On May 8, 2023, PCT entered into the First Amendment to Credit Agreement, by and among PCT, as borrower, PureCycle Technologies, LLC and PureCycle Technologies Holdings Corp., as Guarantors, the lenders party thereto, and Madison Pacific Trust Limited, as administrative agent and as security agent (the "Sylebra Amendment") in connection with PCT's \$150 million Revolving Credit Facility governed by the Revolving Credit Agreement. The Sylebra Amendment, among other things: (i) permits PCT's entry into the Term Loan Facility, (ii) provides for a new basket under the Revolving Credit Agreement's indebtedness negative covenant allowing for offerings of unsecured convertible promissory notes of up to \$200,000,000, (iii) provides for new baskets under the Revolving Credit Agreement's indebtedness and lien negative covenants of up to \$90,000,000 in additional equipment financings and (iv) exempts the proceeds of any such convertible notes offerings from the requirement for mandatory prepayments under the Revolving Credit Agreement.

On August 4, 2023, the Company entered into the Second Amendment to Credit Agreement, by and among the Company, as borrower, PureCycle Technologies, LLC and PureCycle Technologies Holdings Corp., as Guarantors, the lenders party thereto, and Madison Pacific Trust Limited, as administrative agent and as security agent (the "Second Amendment"), in connection with the Company's \$150 million Revolving Credit

Facility governed by the Revolving Credit Agreement, to extend the maturity date of the Revolving Credit Facility to March 31, 2025.

On August 21, 2023, the Company further amended the Revolving Credit Agreement to (i) increase the amount available to the Company under the indebtedness covenant basket for offerings of unsecured convertible notes from \$200,000,000 to \$250,000,000 and (ii) make certain changes to the restricted payments covenant and the events of default section in order to permit the Notes (as described below).

There were no funds drawn on the Revolving Credit Facility as of December 31, 2023. The up-front commitment fee and other related fees of \$2.1 million are being amortized over the term of the contract. During 2023 there were \$1.2 million and \$0.9 million recorded in prepaid expenses and other current assets during March and September 2023, respectively.

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 Credit Agreement with the Company (the "Borrower"), PureCycle Technologies Holdings Corp. and PureCycle Technologies, 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"). Borrowings under the Revolving Credit Agreement may be used for working capital, capital expenditures and other general corporate purposes – see Note 3 ("Notes Payable and Debt Instruments") to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K for additional information.

### **Equipment Financing**

#### **CSC Leasing Co.**

On May 8, 2023, the Company, through PureCycle PreP LLC, an indirect wholly-owned subsidiary of the Company, entered into a Master Lease Agreement (the "Master Lease Agreement") with CSC Leasing Co. ("CSC"). Pursuant to the Master Lease Agreement, the Company and CSC agreed to enter into schedules that establish the specific terms and conditions of leasing certain equipment, machines, devices, features and any other items listed in each equipment lease schedule. The Master Lease Agreement commenced on the date set forth above and continues in effect until the later time that it is terminated, either by CSC at the end of any lease term, or by the Company upon three months written notice prior to the expiration of a lease term.

Also on May 8, 2023, the Company, also through PureCycle PreP LLC, an indirect wholly-owned subsidiary of the Company, entered into an Equipment Procurement Agreement (the "Equipment Agreement") with CSC. Under the terms of the Equipment Agreement, CSC has agreed to finance, acquire and/or purchase certain equipment (the "Equipment") from third-party vendors and/or manufacturers (each, a "Vendor"), so that CSC may lease the Equipment to the Company pursuant to the terms and conditions of the Master Lease Agreement. Prior to entering into formal lease schedules under the Master Lease Agreement, the Company will lease from CSC certain Equipment pursuant to the terms of the Equipment Agreement.

In connection with the above, CSC has funded \$19.8 million for purposes of procuring equipment from a Vendor, which had previously been ordered by the Company prior to entering into these agreements with CSC. CSC will lease this equipment back to the Company under a 36 month lease, which will commence when 1) the Company accepts delivery of the equipment at its operating location and 2) all final bills from Vendor are paid. The Company has determined that it did not relinquish control of the assets to the buyer-lessor under these arrangements. Therefore, the Company has accounted for this transaction as a failed sale-leaseback transaction whereby it has continued recording these assets in the consolidated balance sheet and also recorded a financing obligation for the consideration paid by the buyer-lessor. The Company currently expects the lease term to commence in 2024, and the repayment schedule below assumes payments under the 36 month term commence on December 1, 2024.

The Company is also required to make monthly payments under the agreements during the period between funding of the construction obligation and delivery of the equipment, which began in June 2023 and are equal to a monthly lease rate factor of approximately 3.1% of the outstanding amount funded by CSC (the "Lease Rate Factor"). The Company has determined that these payments represent a cost of borrowing under the financing arrangement and has recorded the payments as interest expense in the consolidated statements of

comprehensive income (loss). The Company incurred \$4.6 million of interest expense related to these obligations for the year ended December 31, 2023. The Lease Rate Factor is indexed to the WSJ Prime Rate as published by the Wall Street Journal and may be increased for every five basis point change in the index prior to final commencement of the 36 month lease term. Upon commencement of the 36 month lease term, the payments will be characterized as repayment of debt, and the expected coupon rate for the 36 month term is 7.25%.

The Master Lease Agreement contains representations, covenants and events of default that are customary for financing transactions of this nature. Events of default in the Master Lease Agreement include, among others: (a) non-payment of principal, interest, fees or other amounts; (b) default of specific covenants; (c) breach of representations and warranties; (d) discontinuation of authorized electronic payments without CSC's consent; (e) failure to furnish proof of insurance; (f) bankruptcy and insolvency proceedings; and (g) any unauthorized conveyance or transfer of the Equipment to a third party. Upon the occurrence of an event of default, CSC may accelerate all unpaid rents and exercise all rights and remedies available to it under the Master Lease Agreement and Equipment Agreement. Amounts due under the lease are guaranteed by PCT.

#### ***Other Equipment Financing***

PCT has executed other equipment sale leasebacks which qualify as financing arrangements, with a total of \$1.8 million outstanding as of December 31, 2023.

#### ***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 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 Credit Agreement was amended on August 21, 2023. Affiliates of the Lender are greater than 5% beneficial owners of the Company. Balances related to the Term Loan Credit Agreement are recorded within related party note payable in the consolidated balance sheets and, in certain instances, the Term Loan Credit Agreement is referred to as the "Related party note payable."

Borrowings under the Term Loan Credit Agreement may be used to repay indebtedness for borrowed money of PCT, to pay fees and expenses associated with the Term Loan Credit Agreement and the other loan documents and for general corporate purposes not in contravention of any law or of any loan document.

The Term Loan Facility is structured as a single-draw, delayed draw term loan. The Lender funded the term loan on May 17, 2023 (the "Funding Date"). Amounts outstanding under the Term Loan Credit Agreement will bear interest at a variable annual rate equal to Term SOFR (as defined in the Term Loan Credit Agreement) in effect for such period plus an applicable margin. The applicable margin is equal to 7.5% and the interest rate for the outstanding term loan was 12.9% as of December 31, 2023. The Company is also required to pay, on the Funding Date, (i) a closing fee to the Lenders, equal to 2.00% times the aggregate principal amount of the term loans funded by the Lenders on the Funding Date, (ii) a commitment fee to the Lenders equal to 1.00% times the aggregate principal amount of each Lender's commitments on the Funding Date, (iii) a syndication fee to the Administrative Agent equal to 0.50% times the aggregate commitments of the Lenders on the Funding Date and (iv) a monitoring fee equal to \$200,000 to the Administrative Agent for the account of the Administrative Agent and the Security Agent on the Funding Date and each anniversary of the Funding Date until maturity of the term loan. Additionally, the term loan will be issued with a 5.00% original issue discount. Subject to timely prior written notice, payment of breakage fees, if any, and payment of a prepayment premium equal to (i) 12% if such prepayment occurs during the first year following the closing date or (ii) 8% thereafter, the Company may at any time and from time to time voluntarily prepay all or any portion of any outstanding borrowings. The Company incurred \$3.4 million of interest cost during the year ended December 31, 2023. The interest due to date of \$3.1 million was paid entirely in kind, which increased the principal amount of the Term Loan Facility by this amount (the "PIK Interest"). The Company has the contractual right to pay all interest payments in kind and may make this election for all interest payments for the duration of the Term Loan Facility. The repayment schedule presented in "Note 3 - Notes Payable and Debt Instruments" does not contemplate future PIK Interest.

The Term Loan Credit Agreement contains representations, covenants and events of default that are customary for financing transactions of this nature. Events of default in the Term Loan Credit Agreement include, among others: (a) non-payment of principal, interest, fees or other amounts; (b) default of specific covenants; (c) breach of representations and warranties; (d) cross-defaults to other indebtedness in an amount greater than \$1

million, subject to certain exceptions; (e) bankruptcy and insolvency proceedings; (f) inability to pay debts or attachment; (g) judgments; and (h) change of control. Upon the occurrence of an event of default, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders (as defined in the Term Loan Credit Agreement) accelerate all loans and exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Term Loan Credit Agreement and the other loan documents.

Amounts outstanding under the Term Loan Credit Agreement are guaranteed by the Guarantors, and are secured by a security interest in substantially all of the assets of the Company. Subject to certain limited exceptions, any majority-owned direct or indirect subsidiaries of the Company formed after the closing date of the Term Loan Facility will also be required to guaranty the obligations under the Term Loan Credit Agreement and grant security interests in substantially all of their respective assets.

On August 21, 2023, the Company amended the Term Loan Credit Agreement to (i) increase the amount available to the Company under the indebtedness covenant basket for offerings of unsecured convertible notes from \$200,000,000 to \$250,000,000 and (ii) make certain changes to the restricted payments definition and the restricted payments covenant in order to permit the Notes.

On March 1, 2024, PCT amended the Term Loan Credit Agreement to (i) increase the amount available to the Company under the permitted indebtedness covenant basket for the Revolving Credit Facility from \$150,000,000 to \$200,000,000 and (ii) obtain a carve out to permit the Company to purchase the Revenue Bonds.

### **Green Convertible Notes**

On August 24, 2023, the Company completed the private offering of \$250.0 million total aggregate principal amount of 7.25% Green Convertible Senior Notes due 2030 (the "Notes"). Each \$1,000 principal amount at maturity of the Notes was issued at a price of \$900. An amount equal to the difference between the issue price and the principal amount at maturity will accrete from the original issue date through August 15, 2027. The Notes are senior unsecured obligations of the Company. Entities affiliated with Sylebra Capital Management purchased \$50.0 million aggregate principal amount at maturity of Notes.

The net proceeds from this offering, excluding any offering expenses, were approximately \$218.5 million, after deducting the initial purchaser's discounts and fees paid to our financial advisor. The Company intends to allocate an amount equal to the net proceeds from this offering to the financing and refinancing of recently completed and future Eligible Green Projects (as defined below) in the United States. In particular, the Company intends to allocate the net proceeds from this offering to make payments on certain long-lead items and fund initial outside battery limits engineering design work, both associated with a multi-line purification facility to be built in Augusta, Georgia. Pending such allocation, the Company intends to use the remaining net proceeds for general corporate purposes. As of December 31, 2023, the Company has allocated \$209.0 million of the proceeds to Eligible Green Projects, which includes historical spend through December 31, 2023, related to Augusta purification lines 1 and 2, as well as the PreP facilities in process that will provide feedstock for the Augusta Facility. Funds remaining to allocate, as of December 31, 2023, are \$9.5 million.

"Eligible Green Projects" means: (i) investments in acquisitions of buildings; (ii) building developments or redevelopments; (iii) renovations in existing buildings; and (iv) tenant improvement projects, in each case, that have received, or are expected to receive, in the three years prior to the issuance of the Notes or during the term of the Notes, a Leadership in Energy and Environmental Design (LEED) Silver, Gold or Platinum certification (or environmentally equivalent successor standards).

In connection with the issuance of the Notes, the Company entered into an Indenture, dated August 24, 2023 (the "Indenture"), with U.S. Bank Trust Company, National Association, as trustee. The Indenture includes customary covenants and sets forth certain events of default after which the Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving the Company after which the Notes become automatically due and payable. The events of default, as set forth in the Indenture and subject in certain cases to customary grace and cure periods, include customary events including a default in the payment of principal or interest, failure to comply with the obligation to deliver amounts due upon conversion, failure to give certain notices, failure to comply with the obligations in respect of certain merger transactions, defaults under certain other indebtedness and certain events of bankruptcy and insolvency.

The Notes will mature on August 15, 2030, unless earlier repurchased, redeemed or converted. The Notes will bear interest at a rate of 7.25% per annum on the principal amount at maturity from August 24, 2023, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2024.

Holders of the Notes may convert all or any portion of their Notes at their option at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company's election. The conversion rate will initially be 67.4764 shares of common stock per \$1,000 principal amount at maturity of notes (equivalent to an initial conversion price of approximately \$14.82 per share of common stock), which represents a conversion premium of approximately 50% to the \$9.88 per share closing price of the Company's common stock on the Nasdaq Capital Market on August 21, 2023. The conversion rate will be subject to adjustment upon the occurrence of certain events. In addition, following certain corporate events described in the Indenture that occur prior to August 15, 2027, or upon the issuance of a notice of redemption (as described below) prior to August 15, 2027 for an optional redemption, the Company will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Notes in connection with such a corporate event or elects to convert its notes called (or deemed called) for optional redemption during the related redemption period.

Holders of the Notes have the right to require the Company to repurchase for cash all or any portion of their Notes on August 15, 2027 at a repurchase price equal to 100% of the principal amount at maturity of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, August 15, 2027. In addition, if the Company undergoes a fundamental change (as defined in the Indenture), holders of the Notes may require the Company to repurchase their Notes at a cash repurchase price equal to 100% of the accreted principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Company may not redeem the Notes prior to August 20, 2025. The Company may redeem for cash all or any portion of the Notes (subject to certain exceptions and restrictions specified in the Indenture), at its option, on or after August 20, 2025 and on or before the 40th scheduled trading day immediately before the maturity date, at a cash redemption price equal to 100% of the accreted principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, but only if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides a notice of redemption to the holders of the Notes. No sinking fund is provided for the Notes.

#### **Financial Assurance**

On March 14, 2023, PCT secured 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). On February 14, 2024, PCT renewed the surety bond in the amount of \$25.0 million and it will expire at the earlier of satisfaction of the obligation, termination of the related vendor contract, or one year from the renewal date, which is March 14, 2024.

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.

#### **Comparison of the years ended December 31, 2022 and 2021**

Refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" section contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for the liquidity and capital resources discussion for the fiscal year ended December 31, 2022 compared to the fiscal year ended December 31, 2021.

## **Critical Accounting Policies and Estimates**

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date, as well as the reported expenses incurred during the reporting period. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates, and such differences could be material to our financial statements.

We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

While our significant accounting policies are described in Note 2 ("Summary of Significant Accounting Policies") to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K, we believe that the following accounting policies require a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

### **Going Concern**

The accompanying consolidated financial statements have been prepared assuming that PCT will continue as a going concern; however, the conditions described above 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.

### **Long-Lived Assets Impairment Assessment**

The Company evaluates the recoverability of long-lived assets when events and circumstances indicate that the assets may be impaired and the undiscounted net cash flows estimated to be generated by those assets are less than their carrying value. If the net carrying value exceeds the fair value, an impairment loss exists and is calculated based on either estimated salvage value or estimated orderly liquidation value.

During 2023, PCT identified certain impairment triggers relating to our asset group, but the undiscounted pre-tax cash flow analysis did not result in an impairment. Refer to Note 2 Summary of Significant Accounting Policies in the Consolidated Financial Statements. The undiscounted pre-tax cash flows were based on significant assumptions including management's best estimates of the expected future cash flows, and the estimated useful lives of the asset group. These estimates required considerable judgment and are sensitive to changes in underlying assumptions such as future commodity prices, margins on UPR Resin, operating rates and capital expenditures including repairs and maintenance. As a result, there can be no assurance that the estimates and assumptions made for purposes of our impairment determination will prove to be an accurate prediction of the future.

### **Warrants**

The Company measures the warrants issued to nonemployees at the fair value of the equity instruments issued as of the warrant issuance date and recognizes that amount as selling, general, and administrative expense in accordance with the vesting terms of the warrant agreement. In the event that the terms of the warrants qualify as a liability, the Company accounts for the instrument as a liability recorded at fair value each reporting period through earnings.

The Company has determined that warrants issued to RTI ("RTI Warrants") and its private warrants are a Level 3 fair value measurement and has used the Black-Scholes option pricing model to value these warrants, which requires the input of the following subjective assumptions:

- a) The expected dividends,
- b) The volatility of our common stock price over the expected term,
- c) The length of time warrant holders will retain the warrants before exercising them ("expected

term”), and

- d) The risk-free interest rate over the warrant’s expected term.

A summary of how each significant assumption was developed for our warrant liabilities is as follows:

- Expected dividend yield: The dividend yield is assumed to be zero since PCT has not historically paid dividends
- Expected volatility: The expected volatility was based on PCT’s capital structure and volatility of PCT’s stock or publicly-traded warrants.
- Expected term: The expected term is determined based on the expected amount of time the warrants will be held before they are exercised.
- Risk-free interest rate: The risk-free interest rate was based upon quoted market yields for the United States Treasury instruments with terms that were consistent with the expected term of the warrants.

The Company has determined that the Series A Warrants are a level 2 fair value measurement with the only input being the market price of its publicly-traded warrants.

#### **RTI Warrants**

The Company initially determined the warrants issued to RTI (“RTI Warrants”) in connection with terms of a professional services agreement were equity classified. Accordingly, the warrant units were held at their initial fair value with no subsequent remeasurement.

In connection with the Business Combination discussed in Note 1 (“Organization”) to the Notes to the Consolidated Financial Statements, the Company modified the RTI warrant agreement to purchase 971.0 thousand shares of PCT common stock instead of Legacy PCT Class C Units on November 20, 2020. RTI can exercise these warrants upon the first anniversary of Closing of the Business Combination. The warrants expire on December 31, 2024. In connection with the closing of the Business Combination, the Company determined the warrants issued are liability classified under ASC 480. Accordingly, the warrants will be held at their initial fair value and remeasured at fair value at each subsequent reporting date with changes in the fair value presented in the statements of comprehensive loss.

A summary of the significant assumptions used to estimate the fair value of the RTI Warrants as of December 31, 2023 and 2022 is as follows:

|                                | December 31,<br>2023 | December 31,<br>2022 |
|--------------------------------|----------------------|----------------------|
| Expected annual dividend yield | — %                  | — %                  |
| Expected volatility            | 118.1 %              | 99.7 %               |
| Risk-free rate of return       | 4.7 %                | 4.4 %                |
| Expected option term (years)   | 1.0                  | 2.0                  |

The Company recognized \$2.2 million and \$1.5 million of benefit and \$5.2 million of expense related to the change in fair value of the RTI warrant liability for the years ended December 31, 2023, 2022 and 2021, respectively.

#### **Public and Private Warrants**

Upon the closing of the Business Combination, there were approximately 5.9 million outstanding public and private warrants to purchase shares of the Company’s common stock that were issued by ROCH prior to the Business Combination. 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 determined the private warrants are liability classified. Accordingly, the warrants were held at their initial fair value and remeasured at fair value at each subsequent reporting date with changes in the fair value presented in the statements of comprehensive loss.

A summary of the significant assumptions used to estimate the fair value of the private warrants as of December 31, 2023 and 2022 is as follows:

|                                | December 31,<br>2023 | December 31,<br>2022 |
|--------------------------------|----------------------|----------------------|
| Expected annual dividend yield | — %                  | — %                  |
| Expected volatility            | 100.2 %              | 105.1 %              |
| Risk-free rate of return       | 4.1 %                | 4.2 %                |
| Expected option term (years)   | 2.2                  | 3.2                  |

The Company recognized \$0.5 million, \$0.2 million and \$3.7 million of benefit related to the change in fair value of the private warrant liability for the years ended December 31, 2023, 2022 and 2021, respectively.

If factors change, and we utilize different assumptions, the calculated warrant liabilities and related change in fair value may differ significantly in future periods. Higher volatility and longer expected terms result in an increase to the warrant liabilities and related change in fair value at each measurement date. Future warrant liabilities will increase to the extent that we issue additional warrants, as well as any increase in the market price of PCT's common stock. If there are any modifications or cancellations, this may impact the warrant liabilities and related expense or benefit recognized. Change in fair value of warrant liabilities is presented as its own line item within the consolidated statements of comprehensive loss.

For further information regarding PCT's warrant liabilities, see Note 6 ("Warrants") to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K.

#### **Series A Warrants**

Upon closing of the 2022 Pipe Offering, there were approximately 17.9 million outstanding Series A Warrants to purchase shares of the Company's common stock, which were determined to be liability classified. Accordingly, the warrants were and will be 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 statements of comprehensive loss.

As these warrants have similar redemption features and the same exercise price as the Company's publicly-traded warrants, the market price of the publicly-traded warrants is utilized to value the Series A Warrants. Future warrant liabilities will increase to the extent that there are increases in the market price of the publicly-traded warrants. If there are any modifications or cancellations, this may impact the warrant liabilities and related expense or benefit recognized. Change in fair value of warrant liabilities is presented as its own line item within the consolidated statements of comprehensive loss. The Company recognized \$31.1 million of benefit and \$7.5 million of expense for the years ended December 31, 2023 and December 31, 2022, respectively.

For further information regarding PCT's warrant liabilities, see Note 6 ("Warrants") to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K.

#### **Recent Accounting Pronouncements**

See the audited consolidated financial statements and Note 2 to the audited consolidated financial statements and audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K 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.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

##### ***Inflation Risk***

The primary inflationary factors affecting our operations are labor, materials, and energy costs related to construction of our purification plants and Feed PreP facilities. Continued inflationary pressures could affect the global and U.S. economies and could have an adverse impact on our construction costs. While we expect to partially offset inflation and other changes in the costs of construction through our pricing strategies, coupled with more efficient purchasing practices, productivity improvements and greater economies of scale, there can be no assurance that these measures will be successful.



### ***Investments in Debt Securities***

Our investment policy is established by the Chief Executive Officer and Chief Financial Officer and is reviewed as needed. Pursuant to this investment policy, as of December 31, 2023, all investments were in debt securities and cash and cash equivalents, which are considered to be available-for-sale and are marked-to-market. We do not use any swaps, options, futures or forward contracts to hedge or enhance our investment portfolio. We manage the market risk related to these investments by holding only highly liquid, minimum "A" rated securities. The weighted average maturity of our investment portfolio is 0.07 years.

### ***Commodity Market Risk***

The plastics manufacturing industry is extremely price competitive because of the commodity-like nature of virgin polypropylene resin and its correlation to the price of crude oil. The demand for recycled plastics can also fluctuate with the price of crude oil. If crude oil prices materially decline for an extended period, the cost to manufacture our UPR resin may become comparatively higher than the cost to manufacture virgin polypropylene resin. We believe that the current shifting market expectations toward sustainable sourcing of consumer plastics provides some protection from the risk related to fluctuating commodity prices.

### ***Raw Material Price Risk***

We will purchase feedstock for our purification process from various sources. While many of the categories of feedstock we source are available from independent suppliers, feedstock containing high levels of polypropylene is subject to fluctuations in price and availability attributable to a number of factors, including general economic conditions, commodity price fluctuations, the demand by competitors and other industries for the same raw materials and the availability of complementary and substitute materials. The profitability of our business also depends on the availability and proximity of these raw materials to our Feed PreP facilities and purification plants. The choice of feedstock to be used at our facilities is determined primarily by the price, availability, and polypropylene purity and content of waste polypropylene procured. Additionally, the high cost of transportation could favor suppliers located in closer proximity to our facilities. If the quality and polypropylene content of the feedstock is lower, the quality of our UPR resin and efficiencies of our purification process may suffer. Changes in consumer behavior regarding consumption of products utilizing polypropylene, as well as consumer desire for UPR resin could also impact our business. Increases in feedstock and other raw material costs could have a material adverse effect on our business, financial condition or results of operations. Attempts to hedge against these raw material fluctuations may be insufficient, and our results could be materially impacted if the costs of materials increase. We believe our Feedstock+ pricing model, principally applicable to contracts signed for the Augusta Facility, provides certain protection from the risk of increased prices in obtaining and processing raw materials utilized in our purification process.

**Item 8. Financial Statements and Supplementary Data**

**PureCycle Technologies, Inc.**

**INDEX TO THE FINANCIAL STATEMENTS**

| <b>Contents</b>   | <b>Page</b> |
|---|-------------|
| Report of Independent Registered Public Accounting Firm – Consolidated Financial Statements (PCAOB ID Number 248) | 52          |
| Report of Independent Registered Public Accounting Firm – Internal Control Over Financial Reporting               | 54          |
| Consolidated Balance Sheets   | 55          |
| Consolidated Statements of Comprehensive Loss   | 56          |
| Consolidated Statements of Stockholders' Equity   | 57          |
| Consolidated Statements of Cash Flows   | 59          |
| Notes to the Consolidated Financial Statements  | 61          |

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
PureCycle Technologies, Inc.

### **Opinion on the financial statements**

We have audited the accompanying consolidated balance sheets of PureCycle Technologies, Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of comprehensive loss, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 6, 2024 expressed an unqualified opinion.

### **Going concern**

As discussed in Note 1 to the financial statements, the Company has sustained recurring losses from operations and has a net capital deficiency. Management’s evaluation of the events and conditions and management’s plans to mitigate these matters are also described in Note 1.

### **Basis for opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical audit matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### **Going concern analysis**

As described further in Note 1 to the financial statements, the Company has sustained recurring losses and negative cash flows from operations since inception. As of December 31, 2023, the Company has Available Unrestricted Liquidity of \$121.6 million, Restricted Cash of \$229.1 million and a positive working capital of

\$107.0 million. During the year ended December 31, 2023, the Company incurred a net loss of \$101.7 million and net cash used in operating activities was \$94.9 million. The conditions described in Note 1 raise substantial doubt regarding the Company's ability to continue as a going concern for a period of at least one year from the date of issuance of the financial statements; however, management believes its plans to mitigate these conditions alleviate substantial doubt and it believes the Company will be able to meet its obligations as they become due within one year after the date that the financial statements are issued.

We identified the going concern analysis and evaluation of the related disclosures as a critical audit matter. The principal considerations for our determination that the going concern analysis is a critical audit matter are the significant judgements and assumptions made by management in developing the cash flow forecast. There was a high degree of auditor judgement and subjectivity in performing our procedures to evaluate the reasonableness of the cash flow forecast.

Our audit procedures related to the going concern analysis included the following, among others:

- We tested the design and operating effectiveness of controls relating to management's going concern analysis.
- We obtained management's cash flow forecast covering the going concern assessment period to March 2025. We tested the accuracy of underlying data used in preparing the cash flow forecast by determining whether there was adequate support, including agreeing committed financing to contractual support.
- We evaluated the reasonableness of the cash flow forecast by comparing to historical operating results to consider management's ability to accurately forecast and performing sensitivity analysis on cash expenditures and commitments.
- We performed testing over the significant assumptions used in developing management's cash flow forecast to assess accuracy. The key assumptions evaluated by the audit team included the following:
  - the probability of marketing and reselling the Revenue Bonds repurchased by the Company and potential terms of such transactions
  - the probability of the Ironton Plant operating at a level to provide significant cash inflows in 2024
- We evaluated management's forecasted cash needs in the context of other audit evidence obtained, including but not limited to, Board of Director and committee minutes, presentations, and communications with investors and third parties, and significant contracts entered during 2023 and subsequent to year-end to determine whether the other audit evidence supported or contradicted the cash flow forecast.
- We tested the subsequent event activity including, but not limited to, the repurchase of the Revenue Bonds and additional financing arrangements entered through March 6, 2024.
- We assessed the appropriateness of the disclosures included within the consolidated financial statements relating to liquidity and going concern.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2019.

Southfield, Michigan  
March 6, 2024

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
PureCycle Technologies, Inc.

### Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of PureCycle Technologies, Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2023, and our report dated March 6, 2024 expressed an unqualified opinion on those financial statements.

### Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Other information

We do not express an opinion or any other form of assurance on management’s remediation of previously reported material weaknesses in internal control over financial reporting as of December 31, 2022.

/s/ GRANT THORNTON LLP

Southfield, Michigan  
March 6, 2024

## PureCycle Technologies, Inc.

### CONSOLIDATED BALANCE SHEETS

| <b>ASSETS</b>   | <b>December 31,</b> |                   |
|---|---------------------|-------------------|
| <i>(in thousands except per share data)</i>   | <b>2023</b>         | <b>2022</b>       |
| <b>CURRENT ASSETS</b>   |                     |                   |
| Cash and cash equivalents   | \$ 73,411           | \$ 63,892         |
| Debt securities available for sale  | 48,226              | 98,592            |
| Restricted cash and cash equivalents – current  | 25,692              | 68,850            |
| Prepaid expenses and other current assets   | 15,316              | 4,883             |
| <b>Total current assets</b>   | <b>162,645</b>      | <b>236,217</b>    |
| Restricted cash and cash equivalents – non-current  | 203,411             | 94,781            |
| Prepaid expenses and other non-current assets   | 4,772               | 5,483             |
| Operating lease right-of-use assets   | 29,799              | 19,136            |
| Property, plant and equipment, net  | 638,746             | 505,719           |
| <b>TOTAL ASSETS</b>   | <b>\$ 1,039,373</b> | <b>\$ 861,336</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                     |                   |
| <b>CURRENT LIABILITIES</b>  |                     |                   |
| Accounts payable  | \$ 2,881            | \$ 1,667          |
| Accrued expenses  | 35,391              | 35,102            |
| Current portion of long-term debt   | 9,148               | —                 |
| Accrued interest  | 8,190               | 1,532             |
| <b>Total current liabilities</b>  | <b>55,610</b>       | <b>38,301</b>     |
| <b>NON-CURRENT LIABILITIES</b>  |                     |                   |
| Deferred revenue  | 5,000               | 5,000             |
| Long-term debt, less current portion  | 467,708             | 233,513           |
| Related party note payable  | 39,696              | —                 |
| Warrant liability   | 22,059              | 55,883            |
| Operating lease right-of-use liabilities  | 27,253              | 16,620            |
| Other non-current liabilities   | 1,811               | 1,136             |
| <b>TOTAL LIABILITIES</b>  | <b>\$ 619,137</b>   | <b>\$ 350,453</b> |
| <b>COMMITMENT AND CONTINGENCIES</b>   |                     |                   |
| <b>STOCKHOLDERS' EQUITY</b>   |                     |                   |
| Common shares - \$0.001 par value, 450,000 shares authorized; 164,279 and 163,550 shares issued and outstanding as of December 31, 2023 and December 31, 2022 | 164                 | 164               |
| Additional paid-in capital  | 764,344             | 753,885           |
| Accumulated other comprehensive loss  | (32)                | (641)             |
| Accumulated deficit   | (344,240)           | (242,525)         |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>   | <b>420,236</b>      | <b>510,883</b>    |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>   | <b>\$ 1,039,373</b> | <b>\$ 861,336</b> |

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

## PureCycle Technologies, Inc.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

|  | Years ended December 31,   |                           |                           |
|--|----------------------------|---------------------------|---------------------------|
|  | 2023                       | 2022                      | 2021                      |
| <i>(in thousands except per share data)</i>                  |                            |                           |                           |
| <b>Costs and expenses</b>                                    |                            |                           |                           |
| Operating costs  | \$ 52,392                  | \$ 23,724                 | \$ 8,273                  |
| Research and development                                     | 6,607                      | 4,350                     | 3,692                     |
| Selling, general and administrative                          | 54,902                     | 53,244                    | 57,615                    |
| Total operating costs and expenses                           | <u>113,901</u>             | <u>81,318</u>             | <u>69,580</u>             |
| Interest expense   | 31,368                     | 2,312                     | 7,473                     |
| Interest (income)  | (10,863)                   | (4,953)                   | (821)                     |
| Change in fair value of warrants                             | (33,824)                   | 5,842                     | 1,476                     |
| Other expense (income)                                       | 483                        | 227                       | (206)                     |
| Total other (income) expense                                 | <u>(12,836)</u>            | <u>3,428</u>              | <u>7,922</u>              |
| Loss before income taxes                                     | \$ (101,065)               | \$ (84,746)               | \$ (77,502)               |
| Provision for income taxes                                   | 650                        | —                         | —                         |
| <b>Net Loss</b>  | <u><u>(101,715)</u></u>    | <u><u>(84,746)</u></u>    | <u><u>(77,502)</u></u>    |
| Loss per share   |                            |                           |                           |
| Basic  | \$ (0.62)                  | \$ (0.54)                 | \$ (0.75)                 |
| Diluted  | \$ (0.63)                  | \$ (0.55)                 | \$ (0.79)                 |
| Weighted average common shares                               |                            |                           |                           |
| Basic  | 163,865                    | 155,957                   | 102,913                   |
| Diluted  | 164,013                    | 156,152                   | 102,981                   |
| <b>Other comprehensive loss:</b>                             |                            |                           |                           |
| Unrealized gain (loss) on debt securities available for sale | \$ 623                     | \$ (404)                  | \$ (237)                  |
| Cumulative translation adjustment                            | \$ (14)                    | \$ —                      | \$ —                      |
| <b>Total comprehensive loss</b>                              | <u><u>\$ (101,106)</u></u> | <u><u>\$ (85,150)</u></u> | <u><u>\$ (77,739)</u></u> |

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

## PureCycle Technologies, Inc.

### CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

| For the Year ended December 31, 2023                  |                |               |                            |                                      |                     |                            |
|---|----------------|---------------|----------------------------|--------------------------------------|---------------------|----------------------------|
| <i>(in thousands)</i>                                 | Common stock   |               | Additional paid-in capital | Accumulated other comprehensive loss | Accumulated deficit | Total stockholders' equity |
|   | Shares         | Amount        |                            |                                      |                     |                            |
| <b>Balance, December 31, 2022</b>                     | 163,550        | \$ 164        | \$ 753,885                 | \$ (641)                             | \$ (242,525)        | \$ 510,883                 |
| Forfeiture of restricted stock                        | (1)            | —             | —                          | —                                    | —                   | —                          |
| Share repurchase                                      | (187)          | —             | (1,370)                    | —                                    | —                   | (1,370)                    |
| Equity based compensation                             | 917            | —             | 11,829                     | —                                    | —                   | 11,829                     |
| Unrealized gain on available for sale debt securities | —              | —             | —                          | 623                                  | —                   | 623                        |
| Cumulative translation adjustment                     | —              | —             | —                          | (14)                                 | —                   | (14)                       |
| Net loss  | —              | —             | —                          | —                                    | (101,715)           | (101,715)                  |
| <b>Balance, December 31, 2023</b>                     | <b>164,279</b> | <b>\$ 164</b> | <b>\$ 764,344</b>          | <b>\$ (32)</b>                       | <b>\$ (344,240)</b> | <b>\$ 420,236</b>          |

| For the Year ended December 31, 2022                  |                |               |                            |                                      |                     |                            |
|---|----------------|---------------|----------------------------|--------------------------------------|---------------------|----------------------------|
| <i>(in thousands)</i>                                 | Common stock   |               | Additional paid-in capital | Accumulated other comprehensive loss | Accumulated deficit | Total stockholders' equity |
|   | Shares         | Amount        |                            |                                      |                     |                            |
| <b>Balance, December 31, 2021</b>                     | 127,647        | \$ 128        | \$ 539,423                 | \$ (237)                             | \$ (157,779)        | \$ 381,535                 |
| Issuance of common stock                              | 35,714         | 35            | 205,261                    | —                                    | —                   | 205,296                    |
| Forfeiture of restricted stock                        | (33)           | —             | —                          | —                                    | —                   | —                          |
| Share repurchase                                      | (212)          | —             | (1,639)                    | —                                    | —                   | (1,639)                    |
| Equity based compensation                             | 434            | 1             | 10,840                     | —                                    | —                   | 10,841                     |
| Unrealized loss on available for sale debt securities | —              | —             | —                          | (404)                                | —                   | (404)                      |
| Net loss  | —              | —             | —                          | —                                    | (84,746)            | (84,746)                   |
| <b>Balance, December 31, 2022</b>                     | <b>163,550</b> | <b>\$ 164</b> | <b>\$ 753,885</b>          | <b>\$ (641)</b>                      | <b>\$ (242,525)</b> | <b>\$ 510,883</b>          |



## PureCycle Technologies, Inc.

### CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY – CONTINUED

|   | For the Year ended December 31, 2021 |               |          |             |                   |             |                     |             |          |             |                            |                                      |                     |                            |
|---|--------------------------------------|---------------|----------|-------------|-------------------|-------------|---------------------|-------------|----------|-------------|----------------------------|--------------------------------------|---------------------|----------------------------|
|   | Common stock                         |               | Class A  |             | Class B Preferred |             | Class B-1 Preferred |             | Class C  |             | Additional paid-in capital | Accumulated other comprehensive loss | Accumulated deficit | Total stockholders' equity |
|   | Shares                               | Amount        | Units    | Amount      | Units             | Amount      | Units               | Amount      | Units    | Amount      |                            |                                      |                     |                            |
| <i>(in thousands)</i>   |                                      |               |          |             |                   |             |                     |             |          |             |                            |                                      |                     |                            |
| <b>Balance, December 31, 2020</b>   | —                                    | \$ —          | 3,612    | \$ 88,081   | 1,938             | \$ 20,071   | 1,105               | \$ 41,162   | 775      | \$ 11,967   | \$ 31,182                  | \$ —                                 | \$ (80,714)         | \$ 111,749                 |
| Conversion of stock   | —                                    | —             | 34,386   | (88,043)    | 18,690            | (20,050)    | 15,217              | (41,146)    | 5,936    | (11,960)    | 161,199                    | —                                    | —                   | \$ —                       |
| <b>Balance at December 31, 2021, effect of reverse recapitalization conversion</b>                    | —                                    | \$ —          | 37,998   | \$ 38       | 20,628            | \$ 21       | 16,322              | \$ 16       | 6,711    | \$ 7        | \$ 192,381                 | \$ —                                 | \$ (80,714)         | \$ 111,749                 |
| Issuance of units upon vesting of Legacy PCT profits interests  | —                                    | —             | —        | —           | —                 | —           | —                   | —           | 116      | —           | 239                        | —                                    | —                   | 239                        |
| Redemption of vested profit units   | —                                    | —             | —        | —           | —                 | —           | —                   | —           | (5)      | —           | (36)                       | —                                    | —                   | (36)                       |
| Removal of beneficial conversion feature upon adoption of ASU 2020-06                                 | —                                    | —             | —        | —           | —                 | —           | —                   | —           | —        | —           | (31,075)                   | —                                    | 437                 | (30,638)                   |
| Merger Recapitalization   | 81,754                               | 82            | (37,998) | (38)        | (20,628)          | (21)        | (16,322)            | (16)        | (6,822)  | (7)         | —                          | —                                    | —                   | —                          |
| ROCH Shares Recapitalized, Net of Redemptions, Warrant Liability and Issuance Costs of \$27.9 million | 34,823                               | 35            | —        | —           | —                 | —           | —                   | —           | —        | —           | 293,931                    | —                                    | —                   | 293,966                    |
| Issuance of shares upon conversion of Convertible Notes   | 9,165                                | 9             | —        | —           | —                 | —           | —                   | —           | —        | —           | 61,787                     | —                                    | —                   | 61,796                     |
| Issuance of restricted stock awards   | 1,775                                | 2             | —        | —           | —                 | —           | —                   | —           | —        | —           | (2)                        | —                                    | —                   | —                          |
| Issuance of common stock  | 236                                  | 1             | —        | —           | —                 | —           | —                   | —           | —        | —           | 999                        | —                                    | —                   | 1,000                      |
| Exercise of warrants  | 17                                   | —             | —        | —           | —                 | —           | —                   | —           | —        | —           | 196                        | —                                    | —                   | 196                        |
| Forfeiture of restricted stock  | (23)                                 | (1)           | —        | —           | —                 | —           | —                   | —           | —        | —           | 1                          | —                                    | —                   | —                          |
| Share repurchase  | (131)                                | —             | —        | —           | —                 | —           | —                   | —           | —        | —           | (1,695)                    | —                                    | —                   | (1,695)                    |
| Reclassification of redeemable warrant to liability   | —                                    | —             | —        | —           | —                 | —           | —                   | —           | —        | —           | (33)                       | —                                    | —                   | (33)                       |
| Equity based compensation   | 31                                   | —             | —        | —           | —                 | —           | —                   | —           | —        | —           | 22,730                     | —                                    | —                   | 22,730                     |
| Unrealized loss on available for sale debt securities   | —                                    | —             | —        | —           | —                 | —           | —                   | —           | —        | —           | —                          | (237)                                | —                   | (237)                      |
| Net loss  | —                                    | —             | —        | —           | —                 | —           | —                   | —           | —        | —           | —                          | —                                    | (77,502)            | (77,502)                   |
| <b>Balance, December 31, 2021</b>   | <b>127,647</b>                       | <b>\$ 128</b> | <b>—</b> | <b>\$ —</b> | <b>—</b>          | <b>\$ —</b> | <b>—</b>            | <b>\$ —</b> | <b>—</b> | <b>\$ —</b> | <b>\$ 539,423</b>          | <b>\$ (237)</b>                      | <b>\$ (157,779)</b> | <b>\$ 381,535</b>          |

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

## PureCycle Technologies, Inc.

### CONSOLIDATED STATEMENTS OF CASH FLOWS

| <i>(in thousands)</i>  | Years ended December 31, |              |              |
|--|--------------------------|--------------|--------------|
|  | 2023                     | 2022         | 2021         |
| Cash flows from operating activities                                       |                          |              |              |
| Net loss   | \$ (101,715)             | \$ (84,746)  | \$ (77,502)  |
| Adjustments to reconcile net loss to net cash used in operating activities |                          |              |              |
| Equity-based compensation  | 11,829                   | 10,840       | 22,636       |
| Fair value change of warrants  | (33,824)                 | 5,842        | 1,476        |
| Depreciation expense   | 15,935                   | 3,613        | 2,281        |
| Amortization of debt instrument discounts and debt issuance costs          | 4,893                    | 1,004        | 2,612        |
| (Accretion) amortization of (discount) premium on debt securities          | (805)                    | (432)        | 584          |
| Operating lease amortization expense                                       | 2,923                    | 1,596        | —            |
| Deferred taxes   | 650                      | —            | —            |
| Other, net   | —                        | —            | 128          |
| Changes in operating assets and liabilities                                |                          |              |              |
| Prepaid expenses and other current assets                                  | (8,873)                  | (2,171)      | (2,265)      |
| Prepaid expenses and other non-current assets                              | 711                      | 52           | (2,645)      |
| Accounts payable   | 418                      | 85           | (293)        |
| Accrued expenses   | 4,045                    | 1,201        | (9,320)      |
| Accrued interest   | 11,207                   | —            | 2,801        |
| Deferred revenue   | —                        | —            | 5,000        |
| Operating right-of-use liabilities   | (2,300)                  | (2,362)      | —            |
| Net cash used in operating activities                                      | \$ (94,906)              | \$ (65,478)  | \$ (54,507)  |
| Cash flows from investing activities                                       |                          |              |              |
| Purchase of property, plant, and equipment                                 | (153,899)                | (287,189)    | (137,388)    |
| Purchase of debt securities, available for sale                            | (57,575)                 | (192,388)    | (229,183)    |
| Maturity of debt securities, available for sale                            | 21,000                   | 188,509      | 37,800       |
| Sale of debt securities, available for sale                                | 88,371                   | 72,681       | 23,196       |
| Net cash used in investing activities                                      | \$ (102,103)             | \$ (218,387) | \$ (305,575) |
| Cash flows from financing activities                                       |                          |              |              |
| Proceeds from issuance of convertible notes                                | 225,000                  | —            | —            |
| Proceeds from related party note payable                                   | 38,000                   | —            | —            |
| Proceeds from equipment lease financing                                    | 22,101                   | —            | —            |
| Convertible notes issuance costs   | (6,498)                  | —            | (480)        |
| Related party note payable issuance costs                                  | (2,100)                  | —            | —            |
| Debt issuance costs  | (2,450)                  | —            | (4,067)      |
| Payments to repurchase shares  | (1,370)                  | (1,639)      | (1,695)      |
| Payments on equipment financing  | (592)                    | —            | —            |
| Other (payments) proceeds for financing activities                         | (91)                     | (56)         | 147          |
| Proceeds from issuance of common stock                                     | —                        | 206,071      | 1,000        |
| Proceeds from issuance of warrants   | —                        | 43,929       | —            |
| Common stock issuance costs  | —                        | (775)        | —            |
| Proceeds from ROCH and PIPE financing, net of issuance costs               | —                        | —            | 298,461      |
| Net cash provided by financing activities                                  | \$ 272,000               | \$ 247,530   | \$ 293,366   |
| Net increase (decrease) in cash and restricted cash                        | 74,991                   | (36,335)     | (66,716)     |
| Cash and restricted cash, beginning of period                              | 227,523                  | 263,858      | 330,574      |
| Cash and restricted cash, end of period                                    | \$ 302,514               | \$ 227,523   | \$ 263,858   |
| Supplemental disclosure of cash flow information                           |                          |              |              |
| Non-cash operating activities  |                          |              |              |
| Interest paid during the period, net of capitalized interest               | \$ 13,862                | \$ 1,300     | \$ 1,495     |
| Non-cash investing activities  |                          |              |              |

**PureCycle Technologies, Inc.****CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED**

|   |    |         |    |         |    |         |
|---|----|---------|----|---------|----|---------|
| Additions to property, plant, and equipment in accrued expenses   | \$ | 21,947  | \$ | 26,386  | \$ | 29,797  |
| Additions to property, plant, and equipment in accounts payable   | \$ | 1,592   | \$ | 817     | \$ | 636     |
| Additions to property, plant, and equipment in accrued interest   | \$ | —       | \$ | 1,424   | \$ | 1,424   |
| Non-cash financing activities   |    |         |    |         |    |         |
| Issuance of common stock on conversion of convertible notes   | \$ | —       | \$ | —       | \$ | 61,796  |
| PIK interest on convertible notes   | \$ | —       | \$ | —       | \$ | 3,492   |
| Initial fair value of acquired warrant liability  | \$ | —       | \$ | —       | \$ | 4,604   |
| PIK interest on related party notes payable   | \$ | 3,125   | \$ | —       | \$ | —       |
| Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheet |    |         |    |         |    |         |
| Cash and cash equivalents   | \$ | 73,411  | \$ | 63,892  | \$ | 33,417  |
| Restricted cash and cash equivalents - current  |    | 25,692  |    | 68,850  |    | 141,855 |
| Restricted cash and cash equivalents - non-current  |    | 203,411 |    | 94,781  |    | 88,586  |
| Total cash, cash equivalents and restricted cash  | \$ | 302,514 | \$ | 227,523 | \$ | 263,858 |

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

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 - ORGANIZATION**

***Formation and Organization***

PureCycle Technologies, Inc. ("PureCycle", "PCT" or the "Company") was formed as a Delaware limited liability company ("LLC") on September 15, 2015 ("Date of Formation"), as Advanced Resin Technologies, LLC. In November 2016, the Company changed its name from Advanced Resin Technologies, LLC to PureCycle Technologies LLC ("PCT LLC" and "Legacy PCT").

PureCycle's wholly-owned subsidiaries are businesses whose planned principal operations are to conduct business as a polypropylene recycler using PureCycle's patented recycling process. PureCycle, Inc. is a holding company and all operations are conducted by its subsidiaries. Developed and licensed to PureCycle by Procter & Gamble ("P&G"), the patented recycling process separates color, odor and other contaminants from plastic waste feedstock to transform it into virgin-like resin. The Company is currently constructing its facility and conducting research and development activities to operationalize the licensed technology.

On November 16, 2020, the Company entered into a certain agreement and plan of merger (the "Merger Agreement and Plan of Merger"), by and among PCT, Roth CH Acquisition I Co. ("ROCH"), Merger Sub Corp., Merger Sub LLC, and Roth CH Acquisition I Co. Parent Corp. ("ParentCo").

***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 will 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 will be entitled to 2.0 million shares if after one 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 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 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**Private Placement Offering**

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. The Company received approximately \$ 250.0 million in gross proceeds from the 2022 PIPE Offering. The Company incurred approximately \$0.8 million of expenses primarily related to advisory fees in conjunction with the 2022 PIPE Offering.

Refer to Note 6 – Warrants for further information.

**Basis of Presentation**

The accompanying consolidated financial statements include the accounts of the Company. The consolidated financial statements are presented in U.S. Dollars. Intercompany balances and transactions were eliminated upon consolidation. The accompanying consolidated 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 periods presented.

**Reclassifications**

Certain amounts in prior periods have been reclassified to conform with the report classifications for the year ended December 31, 2023. Specifically, noting 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 Purification Plant assets (Machinery & Equipment) placed in service during the period presented herein. We evaluated the effect of this correction on the consolidated financial statements for the year ended December 31, 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 \$3.6 million and \$4.8 million for the three and nine months ended September 30, 2023. The revisions would have increased basic and diluted EPS by \$0.01 and \$0.01 for the three and six months ended June 30, 2023 and \$ 0.02 and \$0.03 for the three and nine months ended September 30, 2023.

**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.

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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                              |                          |
|--|------------------------------------|--------------------------|
|  | December 31, 2023                  | December 31, 2022        |
| Cash and cash equivalents                                      | \$ 73,411                          | \$ 63,892                |
| Debt securities available for sale                             | \$ 48,226                          | \$ 98,592                |
| Unrestricted liquidity   | \$ 121,637                         | \$ 162,484               |
| Less: Other Ironton set-aside                                  | \$ —                               | \$ 54,560                |
| Available unrestricted liquidity                               | \$ 121,637                         | \$ 107,924               |
| Restricted cash and cash equivalents (current and non-current) | \$ 229,103                         | \$ 163,631               |
| Working capital  | \$ 107,035                         | \$ 197,916               |
| Accumulated deficit  | \$ (344,240)                       | \$ (242,525)             |
|  | <b>For the twelve months ended</b> |                          |
|  | <b>December 31, 2023</b>           | <b>December 31, 2022</b> |
| Net loss   | (101,715) \$                       | (84,746)                 |

As of December 31, 2023, PCT had \$ 121.6 million of Available Unrestricted Liquidity and had Restricted Cash and Cash Equivalents of \$ 229.1 million. On March 15, 2023, PCT entered into a \$150.0 million revolving credit facility (the "Revolving Credit Facility"). Borrowings under the Revolving Credit Agreement may be used for working capital, capital expenditures and other general corporate purposes. There are currently no borrowings under the Revolving Credit Facility.

PCT sold an immaterial amount of UPR resin in 2023. Due to intermittent mechanical challenges during the commissioning process of the Ironton Facility, the Ironton Facility has not yet reached the point of producing significant continuous operational volumes. While these mechanical issues are not uncommon for a first-of-its kind manufacturing facility, the downtime needed to correct these issues is a significant contributing factor to the delay of the Ironton Facility reaching the point of producing significant continuous operational volumes. We expect the Ironton Facility to be fully operational later in 2024.

In 2023, PCT negotiated the Second Limited Waiver (as defined below) with the Revenue Bondholders to remedy the September Milestone Event of Default (as defined below) related to the Ironton Facility's failure to meet the September Milestone – see Note 3 ("Notes Payable and Debt Instruments") to the Notes to the Consolidated Financial Statements for additional information. Pursuant to the Second Limited Waiver, the September Milestone Event of Default was waived, various Milestones were amended and extended and certain additional requirements were imposed upon PCT and its subsidiaries. PCO was unable to produce 4.45 million pounds of pellets from its feedstock for thirty consecutive days by December 31, 2023, and certain required performance testing of the Ironton Facility was not complete by February 28, 2024, each as required by the Second Limited Waiver, and therefore PCO entered a 90-day cure period after which point an Event of Default will be deemed to have occurred. Further, PCO expected to fail to meet certain annually calculated financial ratios as required. As described in further detail below, on March 5, 2024, a subsidiary of the Company Purchased the majority of the outstanding Revenue Bonds and, in connection with such Purchase substantially all covenants and Events of Default contained in the Indenture, including the potential Events of Defaults related to certain annually calculated financial ratios and missed milestones referenced herein, the Loan Agreement

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

and certain of such other Financing Documents were eliminated. See Note 3 - Notes Payable and Debt for more information.

As of December 31, 2023, PCT anticipates that up to \$ 12.5 million will be needed to complete the investment in the Ironton Facility, which relates to a performance guarantee payment due after successful completion of a performance testing milestone. PCT also has other capital commitments of approximately \$53.8 million related to long-lead equipment and pre-construction work for the Augusta Facility and \$ 7.8 million for equipment and leases related to future Feed PreP and purification facilities, both in the U.S. and internationally. Moreover, there are interest payments of at least \$38.0 million, as well as other ongoing monthly costs associated with managing the Company.

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 Available 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.

In an effort to alleviate these conditions, PCT entered into two agreements. On March 5, 2024, a subsidiary of the Company Purchased 99% of the outstanding Revenue Bonds pursuant to the Purchase Agreement (as defined below). In connection with the Purchase, the Indenture was amended and supplemented and substantially all covenants and Events of Default contained in the Indenture, the Loan Agreement and certain of such other Financing Documents were eliminated. The Purchase reduced unrestricted liquidity by \$74.5 million and restricted liquidity by \$ 184.6 million. Also, 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 Credit Agreement with the Company (the "Borrower"), PureCycle Technologies Holdings Corp. and PureCycle Technologies, 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"). Borrowings under the Revolving Credit Agreement may be used for working capital, capital expenditures and other general corporate purposes – see Note 3 ("Notes Payable and Debt Instruments") to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K for additional information. Further, PCT intends to and has the ability to re-market some or all of the Purchased Revenue 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 Revenue Bonds. The ability to re-market the Purchased Revenue Bonds with any such additional new covenants would require a further amendment to, or waiver of, provisions included within the Revolving Credit Facility and Term Loan Credit Agreement. After considering management's plans to mitigate these conditions, including adjustment of expenditure timing and execution of the amendment to the Sylebra Revolving Credit Facility, PCT believes this substantial doubt has been alleviated and it has sufficient liquidity to continue as a going concern for the next twelve months.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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 Liquidity 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*****Going Concern***

Refer to Note 1 – Organization for further discussion.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with an original maturity of three months or less at date of inception to be cash and cash equivalents. As of December 31, 2023, the Company's cash and cash equivalents balance represents cash and money market funds deposited with financial institutions, as well as commercial paper and US treasuries with maturities of 90 days or less at acquisition. These balances may exceed federally insured limits; however, the Company believes the risk of loss is low. Actively traded money market funds are measured at their net asset value ("NAV") and classified as Level 1. The Company's remaining cash equivalents are classified as Level 2 and measured at amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization.

***Restricted Cash***

Proceeds from the issuance of revenue bonds are restricted for use in construction of the Ironton Facility. Amounts required by the Limited Waiver (refer to Note 3 – Notes Payable and Debt Instruments) were also placed in restricted cash for various future uses. Cash pledged as collateral for leased properties is also deemed restricted and included within this definition. 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.

***Investments***

The Company accounts for its investment in Debt Securities in accordance with ASC 320, *Investments – Debt Securities*. 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. All investment holdings as of December 31, 2023 and 2022 have been classified as Available for Sale. The Company classifies its Debt Securities investments as current assets as they are highly liquid and the related funds are available for use in current operations.

***Bond Issuance Costs***

The Company has incurred costs which are directly attributable to the Company's revenue bond financing. These costs include items such as document preparation costs, underwriting fees, and other external, incremental expenses paid to advisors that directly relate to the financing. Upon successful completion of the bond offering in 2020, these costs were reclassified to reduce the carrying amount of the bond liability and will



## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

be amortized ratably over the term of the bond using the effective interest method. During the years ended December 31, 2023, 2022 and 2021 the Company incurred \$0, \$0 and \$4.0 million, respectively, of capitalized bond issuance costs. As of December 31, 2023 and 2022, the Company has capitalized bond issuance costs totaling \$10.2 million and \$11.1 million, which are recorded as an offset to Bonds payable - non-current on the consolidated balance sheet.

**Property, Plant and Equipment**

As of December 31, 2023 and 2022, the Company's property, plant and equipment consists of building, land, office equipment and furniture, machinery and equipment, fixtures and furnishings and construction in progress. All property, plant and equipment are located within the United States. Property, plant and equipment are recorded at cost and are depreciated over their estimated useful lives, unless the useful life is indefinite, using the straight-line method over the following table:

|                                |             |
|--------------------------------|-------------|
| Building                       | 10-39 years |
| Land                           | Indefinite  |
| Office equipment and furniture | 3-5 years   |
| Machinery and equipment        | 3-30 years  |
| Fixtures and Furnishings       | 5-7 years   |

Construction in progress relates to costs capitalized in conjunction with major improvements that have not yet been placed in service, and accordingly are not currently being depreciated. The Company capitalizes interest cost incurred on funds used to construct property, plant and equipment. In accordance with ASC 835, *Interest*, the Company capitalizes all interest incurred on tax exempt project indebtedness. The capitalized interest is recorded as part of the asset to which it relates over the asset's estimated useful life. Interest cost capitalized as of December 31, 2023, 2022 and 2021 totaled \$ 7.1 million, \$17.1 mil and \$ 17.1 million, respectively.

The Company evaluates the recoverability of long-lived assets when events and circumstances indicate that the assets may be impaired and the undiscounted net cash flows estimated to be generated by those assets are less than their carrying value. If the net carrying value exceeds the fair value, an impairment loss exists and is calculated based on either estimated salvage value or estimated orderly liquidation value.

During 2023, the Company determined that there were indicators of impairment directly and indirectly related to not achieving reliably, consistent operations. Specifically, missed operational milestones and certain failed debt service coverage covenants related to the Revenue Bonds. After grouping the long-lived assets at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other assets and liabilities, PCT estimated the future undiscounted cash flows expected to be generated from the use of the long-lived asset group. PCT then compared the estimated undiscounted cash flows to the carrying amount of the long-lived asset group. Based on this test, it was determined that the estimated undiscounted cash flows were in excess of the carrying amount of the long-lived asset group and, accordingly, the long-lived asset group is fully recoverable as of December 31, 2023.

**Operating Costs**

Operating costs are expensed as incurred. Operating costs consist of facility employee personnel costs, expense for supplies and materials, depreciation, transportation and other operating related expense.

**Research and Development Costs**

Research and development costs are expensed as incurred. Research and development expenses consist of expenses for services provided by third parties, and payroll and benefits of those employees engaged in research, design and development activities, costs related to design tools, license expenses related to intellectual property, and supplies and services.

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**Selling, General, and Administrative Expenses**

Selling, general and administrative expenses are expensed as incurred. Selling, general, and administrative expenses consist of personnel costs, allocated facilities expenses, facility rent, repairs and utilities, office insurance, travel, sales and marketing costs.

**Income Taxes**

Prior to the Business Combination on March 17, 2021, the Company was a limited liability company (“LLC”) and had elected to be treated as a partnership for income tax purposes, with the Company’s taxable income or loss being allocated to its stockholders. As an LLC, the Company was not directly liable for income taxes for federal purposes. The Company was, however, subject to annual state LLC franchise taxes and state LLC fees. As of the date of the Business Combination, the operations of the Company ceased to be taxed as a partnership resulting in a change in tax status for federal and state income tax purposes.

Management has evaluated the Company’s tax positions, including its previous status as a pass-through entity for federal and state tax purposes, and has determined that the Company has taken no uncertain tax positions that require adjustment to the consolidated financial statements. The Company’s reserve for penalties and interest (“P&I”) related to uncertain tax positions was zero as of December 31, 2023 and 2022. As a policy election, the Company will accrue future P&I on unrecognized tax benefits through income tax expense in the consolidated statements of comprehensive loss.

**Net Loss Per Share**

The Company computes net loss per share in accordance with ASC 260, *Earnings per Share*. Basic (loss) earnings per share is computed by dividing (loss) income available to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing income available to common stockholders by the weighted- average number of shares of common shares outstanding during the period increased to include the number of additional common shares that would have been outstanding if the potentially dilutive securities had been issued, using the treasury stock method.

**Equity-Based Compensation**

The Company issues grants of incentive shares to select employees and service providers. The equity-based compensation cost for the incentive shares is measured at the grant date based on the fair value of the award and recognized on a straight-line basis over the requisite service period, which is the vesting period. The Company evaluates modifications in accordance with ASC 718, *Compensation – Stock Compensation* (“ASC 718”). The Company accounts for forfeitures as they occur for its equity-based awards.

**Warrants**

The Company evaluates all of its financial instruments, including issued warrants, to determine if such instruments are liability classified, pursuant to ASC 480, *Distinguishing Liabilities from Equity* (“ASC 480”) or derivatives or contain features that qualify as embedded derivatives pursuant to ASC 815, *Derivatives and Hedging* (“ASC 815”). The classification of instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Issuance costs incurred with the Business Combination that are attributable to liability classified warrants are expensed as incurred.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, related disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses for the period presented. The Company’s most significant estimates and judgments involve valuation of the Company’s liability-classified warrants and related fair value assumptions. Although these

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may be different from these estimates.

**Segment Information**

Under ASC 280, *Segment Reporting*, operating segments are defined as components of an enterprise where discrete financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), in deciding how to allocate resources and in assessing performance. The Company has one component. Therefore, the Company's Chief Executive Officer, who is also the CODM, makes decisions and manages the Company's operations as a single operating segment, which is conducting business as a plastic recycler. To date, the Company has limited operations and measures performance on a consolidated basis.

**Fair Value of Financial Instruments**

The Company applies fair value accounting in accordance with ASC 820, *Fair Value Measurements* ("ASC 820") for valuation of financial instruments. ASC 820 defines fair value and establishes a framework for measuring fair value and making disclosures about fair value measurements. This framework applies to all financial assets and liabilities that are being measured and reported at fair value and for disclosures of fair value.

**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 Financial Accounting Standards Board ("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 2025 and interim periods beginning in the first quarter of fiscal 2026. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments ("ASU 2016-13"), which, together with subsequent amendments, amends the requirement on the measurement and recognition of expected credit losses for financial assets held. The Company adopted the ASU during the first quarter of 2023 using a prospective approach. The adoption of the ASU did not have a material impact on the Company's consolidated financial statements.

There have been no other recent accounting pronouncements, changes in accounting pronouncements or recently adopted accounting guidance during fiscal 2023 that are of significance or potential significance to us.

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**NOTE 3 – NOTES PAYABLE AND DEBT INSTRUMENTS**

The Company's debt balances consist of the following at December 31, 2023 and 2022:

|  | Years ended December 31, |                   |
|--|--------------------------|-------------------|
|  | 2023                     | 2022              |
| Revenue Bonds  | \$ 249,550               | \$ 249,550        |
| Equipment Financing Payable  | 21,509                   | —                 |
| Green Convertible Notes  | 250,000                  | —                 |
|  | \$ 521,059               | \$ 249,550        |
| Less: Original issue discount and debt issuance costs classified as a reduction to long-term debt  | (44,203)                 | (16,037)          |
| Less: Current portion  | (9,148)                  | —                 |
| <b>Long-term debt, less current portion</b>  | <b>\$ 467,708</b>        | <b>\$ 233,513</b> |
| Pure Plastic Note Payable  | \$ 43,125                | \$ —              |
| Less: Original issuance discount and debt issuance costs classified as a reduction to note payable | (3,429)                  | —                 |
| <b>Related party note payable</b>  | <b>\$ 39,696</b>         | <b>\$ —</b>       |

**Revenue Bonds**

On October 7, 2020, the Southern Ohio Port Authority ("SOPA") issued certain revenue bonds ("Revenue Bonds") 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 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 (i) acquire, construct and equip the Ironton Facility (referred to within the Loan Agreement as the "Ohio Phase II Facility" and, together with the FEU (referred to within the Loan Agreement as the "Phase I Facility"), the "Project"); (ii) fund a debt service reserve fund for the Series 2020A Bonds; (iii) finance capitalized interest; and (iv) pay the costs of issuing the Revenue Bonds. 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"), each series in the aggregate principal amount, bearing interest and maturing as shown in the table below. The Series 2020A Bonds were issued at a total discount of \$5.5 million. The discount is amortized over the term of the Revenue Bonds using the effective interest method.

(in thousands)

| Bond Series | Term | Principal Amount | Interest Rate | Maturity Date    |
|-------------|------|------------------|---------------|------------------|
| 2020A       | A1   | \$ 12,370        | 6.25 %        | December 1, 2025 |
| 2020A       | A2   | \$ 38,700        | 6.50 %        | December 1, 2030 |
| 2020A       | A3   | \$ 168,480       | 7.00 %        | December 1, 2042 |
| 2020B       | B1   | \$ 10,000        | 10.00 %       | December 1, 2025 |
| 2020B       | B2   | \$ 10,000        | 10.00 %       | December 1, 2027 |
| 2020C       | C1   | \$ 10,000        | 13.00 %       | December 1, 2027 |

The proceeds of the Revenue Bonds and certain equity contributions have been placed in various trust funds and non-interest-bearing accounts established and administered by the Trustee under the Indenture. Before

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

each disbursement of amounts in the Project fund held by the Trustee under the Indenture, PCO is required to submit to the Trustee a requisition for funds to be disbursed outlining the specified purpose of the disbursement and substantiating the expenditure. In addition, 100% of revenue attributable to the production of the Ironton Facility must be deposited into an operating revenue escrow fund held by U.S. Bank National Association, as escrow agent. Funds in the trust accounts and operating revenue escrow account will be disbursed by the Trustee when certain conditions are met, and will be used to pay costs and expenditures related to the development of the Ironton Facility, make required interest and principal payments (including sinking fund redemption amounts) and any premium, in certain circumstances required under the Indenture, to redeem the Revenue Bonds.

As conditions for closing the Revenue Bonds, Legacy PCT contributed \$60.0 million in equity at closing and PureCycle and certain affiliates contributed an additional \$40.0 million in equity upon the Closing of the Business Combination. PureCycle provided the Liquidity Reserve for construction of the Ironton Facility of \$50.0 million and deposited the amount upon the Closing of the Business Combination. In addition, PureCycle must maintain at least \$75.0 million of cash on its balance sheet as of July 31, 2021 and \$100.0 million of cash on its balance sheet as of January 31, 2022, including the Liquidity Reserve. The Company has met this requirement and continues to maintain that cash balance at December 31, 2023.

The Revenue Bonds are recorded within Bonds payable in the consolidated balance sheet. The Company incurred \$19.3 million, \$19.4 million, and \$19.3 million of interest cost during the years ended December 31, 2023, 2022, and 2021 respectively. As the Revenue Bond proceeds were used to construct the Company's property, plant and equipment, the interest costs related to the tax-exempt portion of the Revenue Bonds have been capitalized within Property, Plant and Equipment. The Company capitalized \$7.1 million, \$17.1 million, and \$17.1 million of interest cost during the twelve months ended December 31, 2023, 2022, and 2021 respectively. As of December 31, 2023, the fair value of the Revenue Bonds was \$193.9 million, which was determined using inputs characteristic of a Level 2 fair value measurement. Although the Company has determined the estimated fair value using available market information and commonly accepted valuation methodologies, considerable judgment is required in interpreting the information and in developing the estimated fair value. Therefore, this estimate is not necessarily indicative of the amounts that the Company, or holders of the instruments, could realize in a current market exchange.

In connection with its obligations under that certain Security Agreement dated as of October 7, 2020, between PCO, as debtor, and the Trustee, as secured party, entered into when the Revenue Bonds were issued (the "Security Agreement"), PCO must deliver consent and agreements ("Consents") to the Trustee with respect to each agreement entered into in connection with the Project, each of which agreements is required under the Loan Agreement to be assigned to the Trustee. The forms of the Consents relating to a certain feedstock supply agreement from one supplier of feedstock to the Project (the "Supplier") and from two purchasers of offtake from the Project ("Offtaker 2" and "Offtaker 3" and together with the Supplier, the "Counterparties") delivered to the Trustee contained terms inconsistent with the form of the Consent required under the Security Agreement. On May 11, 2021, the Guaranty was amended and restated in an amended and restated guaranty of completion (the "ARG") executed by PureCycle and delivered to the Trustee, which broadens the purposes for which draws by the Trustee on the Liquidity Reserve may be utilized, extends the period during which the Liquidity Reserve must be maintained, includes conditions that would permit a reduction in the amount of the Liquidity Reserve required to be maintained by PureCycle, and includes conditions precedent to the elimination of the requirement that PureCycle replenish the Liquidity Reserve and to the termination of the ARG and the escrow agreement under which the Liquidity Reserve is held by the escrow agent (the "Escrow Agreement"), upon which termination, the balance of the Liquidity Reserve will be returned to PureCycle. So long as there are any Series 2020A Bonds outstanding under the Indenture, the ARG and the Escrow Agreement will remain in place upon the conditions stated in the ARG. The terms of the ARG are summarized as follows: The Liquidity Reserve shall be maintained in the amount of \$50.0 million, subject to replenishment by PureCycle until certain conditions stated in the ARG relating to the following have been met: (i) the completion of construction and acquisition of the Project, (ii) the payment of all Project costs, and (iii) the replacement of the assigned agreements of the Counterparties underlying the Consents which have expired or terminated, with one or more agreements between counterparties and PCO upon terms at least as favorable to PCO as the expired or terminated agreements of the Counterparties, (a) for which a Consent that conforms to the form of Consent required by the Security Agreement is executed by the counterparties and provided to the Trustee, (b) which, in the case of

**PureCycle Technologies, Inc.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

supply of feedstock to the Project, provide in the aggregate for the supply of at least the minimum and maximum volumes of feedstock meeting substantially similar feedstock specifications as the Supplier had committed to supply, and (c) which, in the case of purchase of offtake from the Project, provide in the aggregate for the purchase of the minimum and maximum volumes of offtake from the Project meeting substantially similar specifications as Offtaker 2 and Offtaker 3 had committed to purchase from PCO. When the conditions stated in (i), (ii) and (iii) above have been satisfied but so long as there are Series 2020A Bonds outstanding under the Indenture, the Escrow Agreement shall remain in place but the Liquidity Reserve amount shall be reduced to \$25 million and PureCycle shall no longer be required to replenish the amount of the reduced Liquidity Reserve if and when disbursements are made therefrom. If the conditions of (i) and (ii) have been met but only a portion of the feedstock and offtake contracted for by the Counterparties, respectively, has been replaced under replacement agreements as aforesaid in (iii) above, then the Liquidity Reserve amount may be reduced only by the applicable proportion of the amounts stated in the ARG which evidence the intent of the parties of the amount of value representing the supply or offtake of the agreements of the Counterparties. When the conditions precedent of (i), (ii), and (iii) have been satisfied and there are no longer any Series 2020A Bonds then outstanding, then PureCycle shall have no obligation to maintain the reduced Liquidity Reserve, the ARG and the Escrow Agreement shall terminate and the balance on deposit in the Liquidity Reserve escrow fund held by the escrow agent shall be returned to PureCycle.

As long as any Series 2020A Bonds remain outstanding under the Indenture, upon the occurrence of an Event of Default under the Loan Agreement or Indenture, if the Trustee takes control of the Liquidity Reserve held by the escrow agent, such funds may be used for any purpose, including the payment of debt service on the Series 2020A Bonds, as may be determined by the Trustee or directed by a majority of the holders of the Series 2020A Bonds then outstanding.

On March 15, 2023, SOPA, the Trustee, PCT, PCTO Holdco LLC (the pledgor under an Equity Pledge and Security Agreement (as defined in the Indenture), pursuant to which the pledgor pledged certain interests to secure obligations of PCO under various Financing Documents relating to the Revenue Bonds and PCO (collectively, the “Company Parties”) entered into a Limited Waiver and First Supplemental Indenture (the “Limited Waiver”), supplementing the Indenture and amending the Loan Agreement and the amended and restated Guaranty (as defined in the Indenture), and pursuant to which the Holders (as defined in the Indenture) of a majority in aggregate principal amount of the Series 2020A Bonds outstanding (the “Majority Holders”) consented to the Limited Waiver, based on stated conditions, of a Specified Event of Default (as defined below) under the Indenture and the Loan Agreement.

Under the terms of the Loan Agreement, PCO was required to cause the Ironton Facility to be completed by December 1, 2022. The Ironton Facility was not completed by that date due to a variety of challenges resulting from, among other things, the COVID-19 outbreak, the ongoing military conflict between Russia and Ukraine, and certain U.S. weather-related events (the “First Specified Event of Default”).

Subject to the following conditions, the First Specified Event of Default is waived in exchange for PCO’s agreement to meet certain milestones toward completing the Ironton Facility, to deposit additional equity aggregating approximately \$87.3 million with the Trustee for various purposes and to make certain other representations and warranties; provided, however, that any failure to comply with the terms of the Limited Waiver shall be an immediate Event of Default under the Indenture and Loan Agreement, which will be deemed to have occurred on January 2, 2023 with respect to any requirements to pay accrued and unpaid interest at the Default Rate.

PCO has agreed to, among other things, achieve the following milestones (together, the “Milestones”): (i) closure by it or its direct or indirect parent entity of a financing transaction by March 31, 2023 that provides at least \$150 million of working capital which may be used to support the Ironton Facility (which is satisfied by the closing of the Revolving Credit Facility); (ii) mechanical completion of the Ironton Facility by June 30, 2023; (iii) meet certain targeted production and performance targets during 2023; (iv) completion of the Ironton Facility by December 31, 2023; and (v) meet certain Ironton Facility pellet production targets by January 31, 2024 up to the Ironton Facility’s nameplate production capacity of 107 million pounds per year.

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The additional approximate \$87.3 million of equity to be deposited with the Trustee is comprised of: (i) a deposit, by March 31, 2023, of \$ 50 million in an account controlled by the Trustee; (ii) a deposit of approximately \$25 million in the Equity Account of the Project Fund (as such terms are used in the Indenture) to fund remaining construction costs; (iii) an aggregate deposit of approximately \$12.3 million into the Capitalized Interest Accounts (as defined in the Indenture) for the Series 2020A Bonds, Series 2020B Bonds and Series 2020C Bonds to pay capitalized interest on the Revenue Bonds through June 30, 2024. The Limited Waiver also requires that the Liquidity Reserve of approximately \$50 million remain in the Liquidity Reserve Escrow Fund (as such term is used in the Indenture) for a period beyond the completion date of the Ironton Facility until certain production requirements have been met, and only thereafter may the balance in that fund be reduced based on certain conditions to \$25 million, which must remain therein as long as Series 2020A Bonds remain outstanding. The Trustee also released \$13.2 million from the Trustee account for the Revenue Bonds for use as part of the remaining investment in 2023 to complete the Ironton Facility in accordance with the Limited Waiver.

As of September 30, 2023, the Ironton Facility failed to meet one such Milestone related to certain targeted production and performance targets, specifically, it failed to produce 4.45 million pounds of pellets from its feedstock in a single month by that date (“September Milestone”). This created an Event of Default under the Limited Waiver (the “September Milestone Event of Default”).

As a result of the September Milestone Event of Default, on November 8, 2023, the Limited Waiver parties entered into a Limited Waiver and Second Supplemental Indenture (the “Second Limited Waiver”) pursuant to which the September Milestone Event of Default was waived, various Milestones were amended and extended and certain additional requirements were imposed upon PCT and its subsidiaries. The principal terms of the Second Limited Waiver, include, but are not limited to, the following:

- i. PCO will deposit an additional \$50,000,000 (the “Trustee Account Deposit”) in the Trustee Account (as defined in the Limited Waiver), such that at least \$100,000,000 (the “Aggregate Trustee Deposit”) shall be on deposit in the Trustee Account so long as any Revenue Bonds remain outstanding; provided, that if no Event of Default shall have occurred and be continuing, \$50,000,000 of funds in the Trustee Account shall be released back to PCO upon satisfaction of the conditions set forth in Section 4.11(a) of the amended and restated Guaranty.
- ii. subject to there being no default or event of default and compliance with the other terms of the Second Limited Waiver, once per quarter, PCO (and the Guarantor, if applicable) may request the release to PCO (or the Guarantor, as applicable) of any investment income or earnings with respect to amounts in the Trustee Account and the Liquidity Reserve Escrow Fund that have been invested pursuant to the terms of the Indenture or the Liquidity Reserve Escrow Agreement (as applicable).
- iii. PCO shall have produced 4.45 million pounds of pellets from its feedstock for thirty consecutive days by December 31, 2023, which shall be evidenced by a certificate signed by an Authorized Representative of PCO and by the Construction Monitor certifying thereto and delivered to the Trustee;
- iv. performance testing of the Ironton Facility shall be complete by no later than February 28, 2024, which shall be evidenced by a certificate signed by an Authorized Representative of PCO and by the Construction Monitor certifying thereto and delivered to the Trustee;
- v. completion of the Project, including the acquisition, construction and equipping of the Ironton Facility, shall occur by no later than March 31, 2024, which shall be evidenced by a Certificate of Completion delivered to the Trustee;
- vi. PCO shall have produced 8.90 million pounds of pellets from its feedstock for thirty consecutive days by April 30, 2024, which shall be evidenced by a certificate signed by an Authorized Representative of PCO and by the Construction Monitor certifying thereto and delivered to the Trustee; and PCO shall have fully-ramped production at the Ironton Facility to nameplate capacity of 107 million pounds per year produced from its feedstock by no later than April 30, 2024, which shall be evidenced by a

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

certificate signed by an Authorized Representative of PCO and by the Construction Monitor certifying thereto and delivered to the Trustee; and

- vii. the milestones referenced in (iii) – (vi) above (each, a “Revised Milestone”), shall replace the corresponding Milestones in the Limited Waiver. If PCO fails to meet any of the Revised Milestones, no Event of Default shall have occurred until PCO has failed to meet such Revised Milestone on the date that is ninety days after such Revised Milestone date; provided, however, that during such ninety-day period, PCO will pay interest from the date of the Revised Milestone requirement until the date that the Revised Milestone is satisfied at the Default Rate, and notwithstanding anything to the contrary in the Indenture, the Loan Agreement, the First Limited Waiver or the other Financing Documents or Bond documents (each as defined in the Indenture), PCO shall not have any access to any funds in the Trust Estate or otherwise held with the Trustee or a third-party (including, without limitation, funds in the Operating Revenue Escrow Fund and the Liquidity Reserve Escrow Fund (terms used as defined in the Indenture) pursuant to the Financing Documents until the date that such Milestone is satisfied.

On February 10, 2024, PCO announced that it had agreed in principle with 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 of the Purchase (as defined below) 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, and other material terms and protections for the benefit of the Holders contained in the Indenture, the Loan Agreement, the Guaranty 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.

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 Third Supplemental Indenture amended and supplemented the Indenture and certain of the other Financing Documents by, among other things and without limitation, eliminating substantially all covenants and Events of Default contained in the Indenture, 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;



PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

- 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;
- 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 Senior Parity Coverage Requirement ratio (“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; and
- 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.

The Purchase closed on March 5, 2024, and was funded with funds released from the Trust Estate, the Liquidity Reserve Escrow Fund, and available cash from PCO or an affiliate thereof.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**Equipment Financing****CSC Leasing Co.**

On May 8, 2023, the Company, through PureCycle PreP LLC, an indirect wholly-owned subsidiary of the Company, entered into a Master Lease Agreement (the "Master Lease Agreement") with CSC Leasing Co. ("CSC"). Pursuant to the Master Lease Agreement, the Company and CSC agreed to enter into schedules that establish the specific terms and conditions of leasing certain equipment, machines, devices, features and any other items listed in each equipment lease schedule. The Master Lease Agreement commenced on the date set forth above and continues in effect until the later time that it is terminated, either by CSC at the end of any lease term, or by the Company upon three months written notice prior to the expiration of a lease term.

Also on May 8, 2023, the Company, also through PureCycle PreP LLC, an indirect wholly-owned subsidiary of the Company, entered into an Equipment Procurement Agreement (the "Equipment Agreement") with CSC. Under the terms of the Equipment Agreement, CSC has agreed to finance, acquire and/or purchase certain equipment (the "Equipment") from third-party vendors and/or manufacturers (each, a "Vendor"), so that CSC may lease the Equipment to the Company pursuant to the terms and conditions of the Master Lease Agreement. Prior to entering into formal lease schedules under the Master Lease Agreement, the Company will lease from CSC certain Equipment pursuant to the terms of the Equipment Agreement.

In connection with the above, CSC has funded \$ 19.8 million for purposes of procuring equipment from a Vendor, which had previously been ordered by the Company prior to entering into these agreements with CSC. CSC will lease this equipment back to the Company under a 36 month lease, which will commence when 1) the Company accepts delivery of the equipment at its operating location and 2) all final bills from Vendor are paid. The Company has determined that it did not relinquish control of the assets to the buyer-lessor under these arrangements. Therefore, the Company has accounted for this transaction as a failed sale-leaseback transaction whereby it has continued recording these assets in the consolidated balance sheet and also recorded a financing obligation for the consideration paid by the buyer-lessor. The Company currently expects the lease term to commence in 2024, and the repayment schedule below assumes payments under the 36 month term commence on December 1, 2024.

The Company is also required to make monthly payments under the agreements during the period between funding of the construction obligation and delivery of the equipment, which began in June 2023 and are equal to a monthly lease rate factor of approximately 3.1% of the outstanding amount funded by CSC (the "Lease Rate Factor"). The Company has determined that these payments represent a cost of borrowing under the financing arrangement and has recorded the payments as interest expense in the consolidated statements of comprehensive income (loss). The Company incurred \$4.6 million of interest related to these obligations for the twelve months ending December 31, 2023. The Lease Rate Factor is indexed to the WSJ Prime Rate as published by the Wall Street Journal and may be increased for every five basis point change in the index prior to final commencement of the 36 month lease term. Upon commencement of the 36 month lease term, the payments will be characterized as repayment of debt, and the expected coupon rate for the 36 month term is 7.25%.

The Master Lease Agreement contains representations, covenants and events of default that are customary for financing transactions of this nature. Events of default in the Master Lease Agreement include, among others: (a) non-payment of principal, interest, fees or other amounts; (b) default of specific covenants; (c) breach of representations and warranties; (d) discontinuation of authorized electronic payments without CSC's consent; (e) failure to furnish proof of insurance; (f) bankruptcy and insolvency proceedings; and (g) any unauthorized conveyance or transfer of the Equipment to a third party. Upon the occurrence of an event of default, CSC may accelerate all unpaid rents and exercise all rights and remedies available to it under the Master Lease Agreement and Equipment Agreement. Amounts due under the lease are guaranteed by PCT.

**Other Equipment Financing**

The Company has executed other equipment sale leasebacks which qualify as financing arrangements, with a total of \$ 1.8 million outstanding as of December 31, 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**Sylebra Credit Facility**

On March 15, 2023, PCT entered into a \$ 150 million revolving credit facility (the “Revolving Credit Facility”) pursuant to a Credit Agreement (the “Revolving Credit Agreement”) dated as of March 15, 2023, with PureCycle Technologies Holdings Corp. and PureCycle Technologies, 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”), which matures on June 30, 2024. The Lenders and their affiliates are greater than 5% beneficial owners of PCT.

Borrowings under the Revolving Credit Agreement may be used for working capital, capital expenditures and other general corporate purposes and satisfies the financing obligation imposed upon PCT by the Limited Waiver.

Amounts outstanding under the Revolving Credit Agreement bear interest at a variable annual rate equal to Term SOFR (as defined in the Revolving Credit Agreement) in effect for such period plus an applicable margin. The applicable margin is equal to (i) 5.00% from the Closing Date through June 30, 2023, (ii) 10.00% from July 1, 2023 through September 30, 2023, (iii) 12.50% from October 1, 2023 through December 31, 2023, (iv) 15.00% from January 1, 2024 through March 31, 2024, and (v) 17.50% thereafter. PCT is also required to pay (i) an up-front fee equal to 0.75% times \$ 150 million—the total aggregate commitment for the

Revolving Credit Facility—to the Lenders, payable at closing and (ii) a commitment fee equal to 0.25% per annum based on the actual daily unused amount of the Revolving Credit Facility, payable quarterly. Subject to timely prior written notice and payment of breakage fees, if any, PCT may at any time and from time to time (i) terminate all or any portion of the commitments under the Revolving Credit Agreement and/or (ii) prepay all or any portion of any outstanding borrowings.

The Revolving Credit Agreement contains representations, covenants and events of default that are customary for financing transactions of this nature. Events of default in the Revolving Credit Agreement include, among others: (a) non-payment of principal, interest, fees or other amounts; (b) default of specific covenants; (c) breach of representations and warranties; (d) cross-defaults to other indebtedness in an amount greater than \$1 million, subject to certain exceptions; (e) bankruptcy and insolvency proceedings; (f) inability to pay debts or attachment; (g) judgments; and (h) change of control. Upon the occurrence of an event of default, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders (as defined in the Revolving Credit Agreement) terminate the loan commitments, accelerate all loans and exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Revolving Credit Agreement and the other loan documents.

Amounts outstanding under the Revolving Credit Agreement are guaranteed by the Guarantors, and are secured by a security interest in substantially all of the assets of PCT. Any majority-owned direct or indirect subsidiaries of PCT formed after the closing date of the Revolving Credit Facility will also be required to guaranty the obligations under the Revolving Credit Agreement and grant security interests in substantially all of their respective assets.

On May 8, 2023, the Company entered into the First Amendment to Credit Agreement, by and among the Company, as borrower, PureCycle Technologies, LLC and PureCycle Technologies Holdings Corp., as Guarantors, the lenders party thereto, and Madison Pacific Trust Limited, as administrative agent and as security agent (the “Sylebra Amendment”) in connection with the Company’s \$150 million Revolving Credit Facility governed by the Revolving Credit Agreement. The Sylebra Amendment, among other things: (i) permits the Company’s entry into the Term Loan Facility (as defined below), (ii) provides for a new basket under the Revolving Credit Agreement’s indebtedness negative covenant allowing for offerings of unsecured convertible promissory notes of up to \$200,000,000, (iii) provides for new baskets under the Revolving Credit Agreement’s indebtedness and lien negative covenants of up to \$ 90,000,000 in additional equipment financings and (iv) exempts the proceeds of any such convertible notes offerings from the requirement for mandatory prepayments under the Revolving Credit Agreement.

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

On August 4, 2023, the Company entered into the Second Amendment to Credit Agreement, by and among the Company, as borrower, PureCycle Technologies, LLC and PureCycle Technologies Holdings Corp., as Guarantors, the lenders party thereto, and Madison Pacific Trust Limited, as administrative agent and as security agent (the “Second Amendment”), in connection with the Company’s \$150 million Revolving Credit Facility governed by the Revolving Credit Agreement, to extend the maturity date of the Revolving Credit Facility to March 31, 2025. PCT incurred a fee of \$0.9 million related to the extension.

On August 21, 2023, the Company further amended the Revolving Credit Agreement to (i) increase the amount available to the Company under the indebtedness covenant basket for offerings of unsecured convertible notes from \$200,000,000 to \$250,000,000 and (ii) make certain changes to the restricted payments covenant and the events of default section in order to permit the Notes (as defined below).

There were no funds drawn on the Revolving Credit Facility as of December 31, 2023. The up-front commitment fee and other related fees of \$ 2.1 million are being amortized over the term of the contract. During 2023 there were \$1.2 million and \$0.9 million recorded in prepaid expenses and other current assets during March and September 2023, respectively.

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 Credit Agreement with the Company (the “Borrower”), PureCycle Technologies Holdings Corp. and PureCycle Technologies, 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 Pure Plastic Term Loan Facility***

On May 8, 2023, the Company entered into a \$ 40 million Term Loan Facility pursuant to the Term Loan Credit Agreement dated as of May 8, 2023, among the Company, the Guarantors and Pure Plastic LLC (as Lender, Administrative Agent, and Security Agent), which matures on December 31, 2025 (the “Term Loan Facility”). Affiliates of the Lender are greater than 5% beneficial owners of the Company. Balances related to the Term Loan Credit Agreement are recorded within related party note payable in the consolidated balance sheets and, in certain instances, the Term Loan Credit Agreement is referred to as the “Related party note payable.”

Borrowings under the Term Loan Credit Agreement may be used to repay indebtedness for borrowed money of the Company, to pay fees and expenses associated with the Term Loan Credit Agreement and the other loan documents and for general corporate purposes not in contravention of any law or of any loan document.

The Term Loan Facility is structured as a single-draw, delayed draw term loan. The Lender funded the term loan on May 17, 2023 (the “Funding Date”). Amounts outstanding under the Term Loan Credit Agreement will bear interest at a variable annual rate equal to Term SOFR (as defined in the Term Loan Credit Agreement) in effect for such period plus an applicable margin. The applicable margin is equal to 7.5%, and the interest rate for the outstanding term loan was 12.9% as of December 31, 2023. The Company is also required to pay, on the Funding Date, (i) a closing fee to the Lenders, equal to 2.00% times the aggregate principal amount of the term loans funded by the Lenders on the Funding Date, (ii) a commitment fee to the Lenders equal to 1.00% times the aggregate principal amount of each Lender’s commitments on the Funding Date, (iii) a syndication fee to the Administrative Agent equal to 0.50% times the aggregate commitments of the Lenders on the Funding Date and (iv) a monitoring fee equal to \$200,000 to the Administrative Agent for the account of the Administrative Agent and the Security Agent on the Funding Date and each anniversary of the Funding Date until maturity of the term loan. Additionally, the term loan will be issued with a 5.00% original issue discount. Subject to timely prior written notice, payment of breakage fees, if any, and payment of a prepayment premium equal to (i) 12% if such prepayment occurs during the first year following the closing date or (ii) 8% thereafter, the Company may at any time and from time to time voluntarily prepay all or any portion of any outstanding borrowings. The Company incurred \$3.4 million of interest cost during the Twelve Months Ended December 31, 2023. The interest due to date of \$3.1 million was paid entirely in kind, which increased the principal amount of the Term Loan Facility by this amount (the “PIK Interest”). The Company has the contractual right to pay all interest payments in kind and

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

may make this election for all interest payments for the duration of the Term Loan Facility. The repayment schedule presented below does not contemplate future PIK Interest.

The Term Loan Credit Agreement contains representations, covenants and events of default that are customary for financing transactions of this nature. Events of default in the Term Loan Credit Agreement include, among others: (a) non-payment of principal, interest, fees or other amounts; (b) default of specific covenants; (c) breach of representations and warranties; (d) cross-defaults to other indebtedness in an amount greater than \$1 million, subject to certain exceptions; (e) bankruptcy and insolvency proceedings; (f) inability to pay debts or attachment; (g) judgments; and (h) change of control. Upon the occurrence of an event of default, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders (as defined in the Term Loan Credit Agreement) accelerate all loans and exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Term Loan Credit Agreement and the other loan documents.

Amounts outstanding under the Term Loan Credit Agreement are guaranteed by the Guarantors, and are secured by a security interest in substantially all of the assets of the Company. Subject to certain limited exceptions, any majority-owned direct or indirect subsidiaries of the Company formed after the closing date of the Term Loan Facility will also be required to guaranty the obligations under the Term Loan Credit Agreement and grant security interests in substantially all of their respective assets.

On August 21, 2023, the Company amended the Term Loan Credit Agreement to (i) increase the amount available to the Company under the indebtedness covenant basket for offerings of unsecured convertible notes from \$200,000,000 to \$250,000,000 and (ii) make certain changes to the restricted payments covenant and the events of default section in order to permit the Notes.

On March 1, 2024, PCT amended the Term Loan Credit Agreement to (i) increase the amount available to the Company under the permitted indebtedness covenant basket for the Revolving Credit Facility from \$150,000,000 to \$200,000,000 and (ii) obtain a carve out to permit the Company to purchase the Revenue Bonds.

**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.

On August 24, 2023, the Company completed the private offering of the Notes. Each \$1,000 principal amount at maturity of the Notes was issued at a price of \$900. An amount equal to the difference between the issue price and the principal amount at maturity will accrete from the original issue date through August 15, 2027. The Notes are senior unsecured obligations of the Company. Entities affiliated with Sylebra Capital Management purchased \$50.0 million aggregate principal amount at maturity of Notes.

The net proceeds from this offering were approximately \$218.50 million, after deducting the initial purchaser's discounts and fees paid to our financial advisor. The Company intends to allocate an amount equal to the net proceeds from this offering to the financing and refinancing of recently completed and future Eligible Green Projects (as defined below) in the United States. In particular, the Company intends to allocate the net proceeds from this offering to make payments on certain long-lead items and fund initial outside battery limits engineering design work, both associated with a multi-line purification facility to be built in Augusta, Georgia. Pending such allocation, the Company intends to use the remaining net proceeds for general corporate purposes. As of December 31, 2023, the Company has allocated \$209.0 million of the proceeds to Eligible Green Projects, which includes historical spend through December 31, 2023, related to Augusta purification lines 1 and 2, as well as the PreP facilities in process that will provide feedstock for the Augusta Facility. Funds remaining to allocate, as of December 31, 2023, are \$9.5 million.

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

“Eligible Green Projects” means: (i) investments in acquisitions of buildings; (ii) building developments or redevelopments; (iii) renovations in existing buildings; and (iv) tenant improvement projects, in each case, that have received, or are expected to receive, in the three years prior to the issuance of the Notes or during the term of the Notes, a Leadership in Energy and Environmental Design (LEED) Silver, Gold or Platinum certification (or environmentally equivalent successor standards).

In connection with the issuance of the Notes, the Company entered into an Indenture, dated August 24, 2023 (the “Indenture”), with U.S. Bank Trust Company, National Association, as trustee. The Indenture includes customary covenants and sets forth certain events of default after which the Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving the Company after which the Notes become automatically due and payable. The events of default, as set forth in the Indenture and subject in certain cases to customary grace and cure periods, include customary events including a default in the payment of principal or interest, failure to comply with the obligation to deliver amounts due upon conversion, failure to give certain notices, failure to comply with the obligations in respect of certain merger transactions, defaults under certain other indebtedness and certain events of bankruptcy and insolvency.

The Notes will mature on August 15, 2030 (the “Maturity Date”), unless earlier repurchased, redeemed or converted. The Notes will bear interest at a rate of 7.25% per annum on the principal amount at maturity from August 24, 2023, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2024.

Holders of the Notes may convert all or any portion of their Notes at their option at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company’s election. The conversion rate will initially be 67.4764 shares of common stock per \$1,000 principal amount at maturity of notes (equivalent to an initial conversion price of approximately \$14.82 per share of common stock), which represents a conversion premium of approximately 50% to the \$9.88 per share closing price of the Company’s common stock on the Nasdaq Capital Market on August 21, 2023. The conversion rate will be subject to adjustment upon the occurrence of certain events. In addition, following certain corporate events described in the Indenture that occur prior to August 15, 2027, or upon the issuance of a notice of redemption (as described below) prior to August 15, 2027 for an optional redemption, the Company will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Notes in connection with such a corporate event or elects to convert its notes called (or deemed called) for optional redemption during the related redemption period.

Holders of the Notes have the right to require the Company to repurchase for cash all or any portion of their Notes on August 15, 2027 at a repurchase price equal to 100% of the principal amount at maturity of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, August 15, 2027. In addition, if the Company undergoes a fundamental change (as defined in the Indenture), holders of the Notes may require the Company to repurchase their Notes at a cash repurchase price equal to 100% of the accreted principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Company may not redeem the Notes prior to August 20, 2025. The Company may redeem for cash all or any portion of the Notes (subject to certain exceptions and restrictions specified in the Indenture), at its option, on or after August 20, 2025 and on or before the 40th scheduled trading day immediately before the Maturity Date, at a cash redemption price equal to 100% of the accreted principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, but only if the last reported sale price per share of the Company’s common stock exceeds 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides a notice of redemption to the holders of the Notes. No sinking fund is provided for the Notes.

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The following provides a summary of the interest expense of PCT's convertible debt instruments (in thousands):

|  | December 31, |       |      |     |
|--|--------------|-------|------|-----|
|  | 2023         |       | 2022 |     |
| Contractual interest expense             | \$           | 6,394 | \$   | —   |
| Amortization of deferred financing costs | \$           | 2,237 | \$   | —   |
| Effective interest rate                  |              | 11.2  | %    | — % |

The following provides a summary of the convertible notes (in thousands):

|                                     | As of             |         |                   |   |
|-------------------------------------|-------------------|---------|-------------------|---|
|                                     | December 31, 2023 |         | December 31, 2022 |   |
| Unamortized deferred issuance costs | \$                | 29,261  | \$                | — |
| Net carrying amount                 | \$                | 220,739 | \$                | — |
| Fair value                          | \$                | 94,500  | \$                | — |
| Fair value level                    |                   | Level 3 |                   |   |

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 Note Payable |
|---|----------------|----------------------------|
| 2024  | \$ 9,230       | \$ —                       |
| 2025  | 22,879         | 43,125                     |
| 2026  | 14,181         | —                          |
| 2027  | 31,599         | —                          |
| 2028  | 7,710          | —                          |
| Thereafter  | 435,460        | —                          |
|   | \$ 521,059     | \$ 43,125                  |
| Less: Original issue discount and debt issuance costs classified as reduction to long-term debt | (44,203)       | (3,429)                    |
| Less: Current portion   | (9,148)        | —                          |
| <b>Total</b>  | \$ 467,708     | \$ 39,696                  |

**NOTE 4 - STOCKHOLDERS' EQUITY**

**Common Stock**

Holders of PCT common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. The holders do not have cumulative voting rights in the election of directors. Upon the Company's liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of the Company's common stock will be entitled to receive pro rata the Company's remaining assets available for distribution. Holders of the Company's common stock do not have preemptive, subscription, redemption or conversion rights. All shares of the Company's common stock are fully paid and non-assessable. The Company is authorized to issue 450.0 million shares of common stock with a par value of \$ 0.001. As of December 31, 2023 and December 31, 2022, 164.3 million and 163.6 million shares are issued and outstanding, respectively.

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**Preferred Stock**

As of December 31, 2023, the Company is authorized to issue 25.0 million shares of preferred stock with a par value of \$ 0.001, of which no shares are issued and outstanding.

**NOTE 5 - 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 December 31, 2023, approximately 17.0 million shares of common stock are authorized for issuance under the Plan, of which approximately 9.6 million remain available for issuance under the Plan (assuming maximum performance with respect to the applicable performance goals applicable to the issued Plan awards).

**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.

For RSUs issued prior to approval of 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. Fair value of the RSUs is estimated on the date of grant using the Black-Scholes option-pricing model using the following assumptions:

|                                | 2023 | 2022 |
|--------------------------------|------|------|
| Expected annual dividend yield | — %  | — %  |
| Expected volatility            | — %  | — %  |
| Risk-free rate of return       | — %  | — %  |
| Expected option term (years)   | 0    | 0    |

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 was based on the Company’s capital structure and volatility of similar entities referred to as guideline companies. In determining similar entities, the Company considered industry, stage of life cycle, size and financial leverage. 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 for the twelve months ending December, 2021 was determined using an initial public offering scenario.



PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

A summary of restricted stock activity for the years ended December 31, 2023 and 2022 is as follows (in thousands except per share data):

|  | Number of<br>RSU's | Weighted<br>average grant<br>date fair<br>value | Weighted<br>average<br>remaining<br>recognition<br>period |
|--|--------------------|---|---|
| <b>Non-vested at December 31, 2021</b> | <b>2,671</b>       | <b>14.33</b>                                    | <b>3.38</b>   |
| Granted                                | 1,525              | 7.49  |   |
| Vested                                 | (982)              | 5.89  |   |
| Forfeited                              | (454)              | 9.76  |   |
| <b>Non-vested at December 31, 2022</b> | <b>2,760</b>       | <b>11.92</b>                                    | <b>2.74</b>   |
| Granted                                | 1,540              | 5.90  |   |
| Vested                                 | (1,012)            | 11.52   |   |
| Forfeited                              | (441)              | 8.49  |   |
| <b>Non-vested at December 31, 2023</b> | <b>2,847</b>       | <b>9.31</b>                                     | <b>2.29</b>   |

Equity-based compensation cost is recorded within the selling, general and administrative expenses and operating costs in the consolidated statements of comprehensive loss, and totaled approximately \$11.0 million, \$11.2 million, and \$16.6 million for the years ended December 31, 2023, 2022, and 2021, respectively. As of December 31, 2023, there were \$17.0 million in compensation costs related to non-vested awards to be recognized over a weighted average remaining period of 2.29 years.

**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:

|                                | 2023   | 2022 |
|--------------------------------|--------|------|
| Expected annual dividend yield | — %    | — %  |
| Expected volatility            | 77.3 % | — %  |
| Risk-free rate of return       | 3.5 %  | — %  |
| Expected option term (years)   | 6.5    | 0    |

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 was based on the Company's capital structure and volatility of similar entities referred to as guideline companies. In determining similar entities, the Company considered industry, stage of life cycle, size and financial leverage. 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 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

A summary of stock option activity for the years ended December 31, 2023 and 2022 is as follows (in thousands except per share data):

|                                   | Number of<br>Options | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Term<br>(Years) |
|-----------------------------------|----------------------|--|--|
| <b>Balance, December 31, 2021</b> | 613                  | \$ 28.90                                 | 6.2  |
| Granted                           | —                    | —  |  |
| Exercised                         | —                    | —  |  |
| Forfeited                         | —                    | —  |  |
| <b>Balance, December 31, 2022</b> | <b>613</b>           | <b>\$ 28.90</b>                          | <b>4.0</b>   |
| Granted                           | 459                  | 5.72                                     | 10.0   |
| Exercised                         | —                    | —  |  |
| Forfeited                         | (89)                 | 5.72                                     |  |
| <b>Balance, December 31, 2023</b> | <b>983</b>           | <b>\$ 20.17</b>                          | <b>5.4</b>   |
| Exercisable                       | <b>630</b>           |  |  |

Equity-based compensation cost is recorded within the selling, general and administrative expenses within the consolidated statements of comprehensive income (loss). The Company recorded a benefit of approximately \$0.2 million for the year ended December 31, 2022 and expense of approximately \$ 0.4 million and \$1.6 million for the years ended December 31, 2023 and 2021, respectively. The weighted average grant-date fair values of options granted during the year ended December 31, 2023 and 2022 were \$4.07 and \$0, respectively. There were no stock options exercised during 2023 or 2022. As of December 31, 2023, there were \$1.1 million in compensation costs related to non-vested stock options to be recognized over a weighted average remaining period of 5.37 years.

**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”).

As of December 31, 2023, and 2022, the outstanding PSUs issued by the Company were 1.2 million and 1.1 million, respectively. As of December 31, 2023, the performance-based provisions have 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 is recognized 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.

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

A summary of the PSU activity for the years ended December 31, 2023 and 2022 is as follows (in thousands except per share data):

|                                   | Number of<br>PSUs | Weighted<br>Average<br>Grant Date<br>Fair Value | Weighted<br>average<br>remaining<br>recognition<br>period |
|-----------------------------------|-------------------|---|---|
| <b>Balance, December 31, 2021</b> | 424               | \$ 18.65  | 2.0   |
| Granted                           | 1,020             | 7.53  |   |
| Vested                            | —                 | —   |   |
| Forfeited                         | (384)             | 10.58   |   |
| <b>Balance, December 31, 2022</b> | <b>1,060</b>      | <b>\$ 10.87</b>                                 | <b>1.7</b>  |
| Granted                           | 416               | 6.08  |   |
| Vested                            | —                 | —   |   |
| Forfeited                         | (230)             | 13.10   |   |
| <b>Balance, December 31, 2023</b> | <b>1,246</b>      | <b>\$ 8.85</b>                                  | <b>1.4</b>  |

Equity-based compensation cost is recorded within selling, general and administrative expenses within the consolidated statements of comprehensive loss. The Company recognized expense of approximately \$0.4 million for the year ended December 31, 2023. For the years ended December 31, 2022 and 2021 the Company recognized a benefit of \$0.2 million and expense of \$4.4 million, respectively. As of December 31, 2023, there were \$ 1.1 million in compensation costs related to non-vested awards to be recognized over a weighted average remaining period of 1.39 years.

**NOTE 6 - WARRANTS**

**Warrants issued to purchase Legacy PCT Class C Units**

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 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 statements of comprehensive loss.

A summary of the RTI warrant activity for the years ended December 31, 2023 and 2022 is as follows (in thousands, except per share data, as adjusted to show the effect of the reverse recapitalization as described in Note 1):

|   | Number of<br>warrants | Weighted<br>average<br>exercise price | Weighted<br>average grant<br>date fair<br>value | Weighted<br>average<br>remaining<br>contractual<br>term (years) |
|---|-----------------------|---------------------------------------|---|---|
| <b>Outstanding at December 31, 2021</b> | <b>971</b>            | <b>\$ 5.56</b>                        | <b>\$ 0.03</b>                                  | <b>3.0</b>  |
| Granted                                 | —                     | —                                     | —   |   |
| Exercised                               | —                     | —                                     | —   |   |
| <b>Outstanding at December 31, 2022</b> | <b>971</b>            | <b>\$ 5.56</b>                        | <b>\$ 0.03</b>                                  | <b>2.0</b>  |
| Granted                                 | —                     | —                                     | —   |   |
| Exercised                               | —                     | —                                     | —   |   |
| <b>Outstanding at December 31, 2023</b> | <b>971</b>            | <b>\$ 5.56</b>                        | <b>\$ 0.03</b>                                  | <b>1.0</b>  |
| <b>Exercisable</b>                      | <b>971</b>            |                                       |   |   |

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The Company recognized \$2.2 million and \$ 1.5 million of benefit for the years ended December 31, 2023 and 2022, respectively and \$ 5.2 million of expense for the year ended December 31, 2021. Refer to Note 12 – 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 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-day 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 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 December 31, 2023 and 2022. The Company recognized \$0.5 million, \$0.2 million and \$3.7 million of benefit related to the change in fair value of the Private Warrants for the years ended December 31, 2023, 2022, and 2021, respectively. Refer to Note 12 – Fair Value of Financial Instruments for further information.

**Series A Warrants**

Upon the closing of the 2022 PIPE Offering, the Company issued approximately 17.9 million Series A Warrants to the 2022 PIPE Investors to purchase shares of the Company's 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

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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 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 has classified the Series A Warrants as a liability pursuant to ASC 815.

As of December 31, 2023, there were approximately 17.9 million Series A Warrants outstanding. The Company recognized \$ 31.1 million of benefit for the year ended December 31, 2023 and \$7.5 million of expense for the year ended December 31, 2022. Refer to Note 12 – Fair Value of Financial Instruments for further information.

**NOTE 7 - RELATED PARTY TRANSACTIONS*****Sylebra Credit Facility***

On March 15, 2023, PCT entered into the Revolving Credit Facility pursuant to the Revolving Credit Agreement with the Guarantors, Lenders, and the Administrative Agent, which matures on March 31, 2025. The Revolving Credit Facility was amended on May 8, 2023, August 4, 2023 and August 21, 2023. The Lenders and their affiliates are greater than 5% beneficial owners of PCT. Refer to Note 3 - Notes Payable and Debt Instruments for further information.

***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 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 Credit Agreement was amended on August 21, 2023. Affiliates of the Lender are greater than 5% beneficial owners of the Company. Balances related to the Term Loan Credit Agreement are recorded within related party note payable in the consolidated balance sheets and, in certain instances, the Term Loan Credit Agreement is referred to as the “Related party note payable.” Refer to Note 3 - Notes Payable and Debt Instruments for further information.

***Green Convertible Notes***

On August 24, 2023, the Company completed the private offering of the Notes. Entities affiliated with a greater than 5% beneficial owner of the Company purchased \$50.0 million aggregate principal amount at maturity of the Notes. Refer to Note 3 - Notes Payable and Debt Instruments for further information.

**NOTE 8 – 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.

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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 years ended December 31, 2023, 2022 and 2021 (in thousands, except per share data):

|  | Years ended December 31, |             |             |
|--|--------------------------|-------------|-------------|
|  | 2023                     | 2022        | 2021        |
| <b>Numerator:</b>  |                          |             |             |
| Net loss attributable to PureCycle                           | \$ (101,715)             | \$ (84,746) | \$ (77,502) |
| Less cumulative earnings to participating warrants           | —                        | —           | —           |
| Net loss attributable to common stockholders                 | \$ (101,715)             | \$ (84,746) | \$ (77,502) |
| <b>Denominator:</b>  |                          |             |             |
| Weighted average common shares outstanding, basic            | 163,865                  | 155,957     | 102,913     |
| Net loss per share attributable to common stockholder, basic | \$ (0.62)                | \$ (0.54)   | \$ (0.75)   |

Presented in the table below is a reconciliation of the numerator and denominator for the diluted EPS calculations for the years ended December 31, 2023, 2022 and 2021 (in thousands):

|  | Years ended December 31, |             |             |
|--|--------------------------|-------------|-------------|
|  | 2023                     | 2022        | 2021        |
| <b>Numerator:</b>  |                          |             |             |
| Net loss attributable to PureCycle                             | \$ (101,715)             | \$ (84,746) | \$ (77,502) |
| Less change in fair value of dilutive warrants                 | (2,233)                  | (1,505)     | (3,666)     |
| Less income attributable to participating warrants             | —                        | —           | —           |
| Net loss attributable to common shareholders                   | \$ (103,948)             | \$ (86,251) | \$ (81,168) |
| <b>Denominator:</b>  |                          |             |             |
| Weighted average common shares outstanding, basic              | 163,865                  | 155,957     | 102,913     |
| Add common equivalent shares from warrants                     | 148                      | 195         | 68          |
| Weighted average common shares outstanding, diluted            | 164,013                  | 156,152     | 102,981     |
| Net loss per share attributable to common stockholder, diluted | \$ (0.63)                | \$ (0.55)   | \$ (0.79)   |

Certain outstanding common share equivalents were excluded from the computation of diluted net income (loss) per share attributable to common stockholders for the periods presented as including them would have been anti-dilutive. For the years ended December 31, 2023, 2022 and 2021, the Company had outstanding instruments of approximately 23.8 million, 23.8 million and 6.7 million vested but not exercised warrants, 1.0 million, 0.6 million and 0.6 million issued but not exercised stock options, 2.8 million, 2.6 million and 2.3 million non-vested restricted stock units, 1.2 million, 1.1 million and 0.4 million non-vested performance stock units, 4.0 million, 4.0 million, and 4.0 million contingently-issuable shares related to the Earnout, and 16.9 million, 0 and 0 shares issuable upon conversion of the Green Convertible Notes (as described further in Note 3 – Notes Payable and Debt Instruments) which could be dilutive to the calculation in the future, respectively.

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**NOTE 9 – 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:

| <i>(in thousands)</i>                      | As of 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           |
| <b>Total property, plant and equipment</b> | <b>\$ 663,257</b>       | <b>\$ 24,511</b>         | <b>\$ 638,746</b> |

| <i>(in thousands)</i>                      | As of December 31, 2022 |                          |                   |
|--|-------------------------|--------------------------|-------------------|
|  | Cost                    | Accumulated Depreciation | Net Book Value    |
| Building                                   | \$ 12,534               | \$ 1,016                 | \$ 11,518         |
| Machinery and equipment                    | 23,728                  | 6,674                    | 17,054            |
| Leasehold improvements                     | 2,957                   | \$ 803                   | 2,154             |
| Fixtures and furnishings                   | 529                     | 83                       | 446               |
| Land improvements                          | 150                     | 22                       | 128               |
| Land                                       | 1,150                   | —                        | 1,150             |
| Construction in process                    | 473,269                 | —                        | 473,269           |
| <b>Total property, plant and equipment</b> | <b>\$ 514,317</b>       | <b>\$ 8,598</b>          | <b>\$ 505,719</b> |

Depreciation expense is recorded within operating costs in the consolidated statements of comprehensive loss and amounted to \$ 15.9 million, \$3.6 million, and \$2.3 million for the years ended December 31, 2023, 2022, and 2021, respectively, of which \$ 12.2 million, \$0.8 million, and \$0 is recorded as operating costs, respectively, \$3.0 million, \$2.5 million, and \$2.3 million is recorded as research and development expense, respectively, and \$ 0.7 million, \$0.3 million, and \$0 is recorded as selling, general, and administrative expense within the consolidated statements of comprehensive loss, respectively.

**NOTE 10 – DEVELOPMENT PARTNER ARRANGEMENTS**

**License Agreements**

On October 16, 2015, Legacy PCT entered into a patent license agreement with P&G (the “Original Patent License Agreement”). Legacy PCT and P&G entered into an Amended and Restated Patent License Agreement on July 28, 2020 (the “Amended and Restated Patent License Agreement”). PCT and P&G entered into a side letter agreement on February 12, 2021 amending certain provisions of the Amended and Restated License Agreement (the “Side Letter Agreement” and, together with the Original Patent License Agreement and the Amended and Restated Patent License Agreement, the “License Agreement”). The License Agreement outlines three phases with specific deliverables for each phase. During Phase 1 of the agreement, P&G provides Legacy PCT with up to one full-time employee to assist in the execution of Legacy PCT’s research and development activities. During Phase 2, P&G provides up to two full-time employees to assist in the execution of Legacy PCT’s research and development activities. In April 2019, Legacy PCT elected to enter into Phase 3 of the agreement and prepaid a royalty payment in the amount of \$2.0 million, which will be reduced against future royalties payable as sales occur. Phase 3 of the agreement relates to the commercial manufacture period for the manufacture of the licensed product. This phase includes the construction of the first commercial plant for

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

the manufacture of the licensed product, details on the commercial sales capacity and the pricing of the licensed product to P&G and to third parties. Where the Company has made royalty payments to its product development partners, the Company expenses such payments as incurred unless it has determined that it is probable that such prepaid royalties have future economic benefit to the Company. In such cases prepaid royalties will be reduced as royalties would otherwise be due to the partners.

Effective April 1, 2023, the Company and P&G executed a Second Side Letter, dated March 27, 2023, amending the date by which commercial sales must be maintained at 70% of nameplate capacity under Section 4.4 of the License Agreement from April 15, 2023 to December 31, 2024.

As of December 31, 2023, the Company is in Phase 3 of the agreement and has recorded \$ 2.0 million within prepaid expenses and other current assets in the consolidated balance sheets.

On November 13, 2019, Legacy PCT entered into a patent sublicense agreement with Impact Recycling Limited (“Impact”) through the term of the patents. The agreement outlines an initial license fee of \$2.5 million and royalties on production using the license. In 2020, Legacy PCT paid \$ 0.9 million of the initial license fee, and during the year ended December 31, 2021, the Company paid the remaining \$1.6 million of the initial fee. The initial license fee of \$ 2.5 million is recorded in prepaid expenses and other non-current assets in the consolidated balance sheets and will be ratably amortized over the term of the underlying patent using the straight-line method. In May 2021, the Company began using the technology covered by the Impact agreement and commenced amortization as of this date.

**Block and Release Agreement**

On June 23, 2020, Legacy PCT entered into a block and release agreement with Total Petrochemicals & Refining S.A./N.V. (“Total”). Upon execution of the agreement, Total made a prepayment consisting of a payment of \$5.0 million for future receipt of resin consisting of recycled polypropylene (“recycled PP”). The prepayment was placed in an escrow account until the “release condition” of the Company closing the bond offering and overall capital funding of at least \$370.0 million has occurred. After the Company successfully raised the required capital, the \$ 5.0 million was released to the Company in 2021 and recorded as deferred revenue in the consolidated balance sheets.

**NOTE 11 - INCOME TAXES**

Historically, Legacy PCT was a limited liability company which had elected to be treated as a partnership for income tax purposes. As such, the Company was not directly liable for income taxes for federal purposes. As of the date of the Business Combination (March 2021), the operations of the Company ceased to be taxed as a partnership resulting in a change in tax status for federal and state income tax purposes. This change in tax status requires immediate recognition of any deferred tax assets or liabilities as of the transaction date as the Company will now be directly liable for income taxes. The recognition of these initial deferred balances, if any, would be recorded as additional tax expense in the period of the transaction. In addition, the Company will accrue current and deferred tax expense based on ongoing activity from that date.

Loss from continuing operations before income taxes, classified by source of income, were as follows (in thousands):

|              | Years ended December 31, |                    |                    |
|--------------|--------------------------|--------------------|--------------------|
|              | 2023                     | 2022               | 2021               |
| Domestic     | \$ (100,432)             | \$ (84,746)        | \$ (77,502)        |
| Foreign      | (633)                    | —                  | —                  |
| <b>Total</b> | <b>\$ (101,065)</b>      | <b>\$ (84,746)</b> | <b>\$ (77,502)</b> |



## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The components of the provision (benefit) for income taxes were as follows (in thousands):

|   | Years ended December 31, |             |             |
|---|--------------------------|-------------|-------------|
|   | 2023                     | 2022        | 2021        |
| <b>Current:</b>                                   |                          |             |             |
| Federal   | \$ —                     | \$ —        | \$ —        |
| State and local                                   | —                        | —           | —           |
| Foreign   | —                        | —           | —           |
| <b>Total current provision (benefit)</b>          | <b>\$ —</b>              | <b>\$ —</b> | <b>\$ —</b> |
| <b>Deferred:</b>                                  |                          |             |             |
| Federal   | 650                      | —           | —           |
| State and local                                   | —                        | —           | —           |
| Foreign   | —                        | —           | —           |
| <b>Total deferred provision (benefit)</b>         | <b>\$ 650</b>            | <b>\$ —</b> | <b>\$ —</b> |
| <b>Total provision (benefit) for income taxes</b> | <b>\$ 650</b>            | <b>\$ —</b> | <b>\$ —</b> |

The effective tax rate differs from the statutory tax rates as follows (in thousands):

|   | Years ended December 31, |               |             |            |             |            |
|---|--------------------------|---------------|-------------|------------|-------------|------------|
|   | 2023                     |               | 2022        |            | 2021        |            |
| Tax at statutory federal rate               | \$ (21,224)              | 21.0 %        | \$ (17,797) | 21.0 %     | \$ (16,275) | 21.0 %     |
| Rates different than the statutory rate     | —                        | — %           | —           | — %        | 2,677       | (3.5)%     |
| State income tax                            | (3,114)                  | 3.1 %         | (1,433)     | 1.7 %      | —           | — %        |
| Compensation expense                        | 1,228                    | (1.2)%        | 805         | (0.9)%     | 2,973       | (3.8)%     |
| Warrant expense and other permanent items   | (6,920)                  | 6.8 %         | 1,247       | (1.5)%     | 241         | (0.3)%     |
| Change in tax status                        | —                        | — %           | —           | — %        | (4,100)     | 5.3 %      |
| Tax Credits                                 | (22,329)                 | 22.1 %        | (3,571)     | 4.2 %      | —           | — %        |
| Prior period adjustment                     | 1,083                    | (1.1)%        | (1,880)     | 2.2 %      | —           | — %        |
| Tax rate change                             | (474)                    | 0.5 %         | (712)       | 0.8 %      | —           | — %        |
| Valuation allowance                         | 52,399                   | (51.8)%       | 24,136      | (28.5)%    | 15,205      | (19.6)%    |
| Other                                       | 1                        | — %           | (795)       | 0.9 %      | (721)       | 0.9 %      |
| <b>Provision (benefit) for income taxes</b> | <b>\$ 650</b>            | <b>(0.6)%</b> | <b>\$ —</b> | <b>— %</b> | <b>\$ —</b> | <b>— %</b> |

Deferred income tax assets and liabilities result primarily from temporary differences in the recognition of various expenses for tax and financial statement purposes, and from the recognition of the tax benefits of net operating loss carryforwards.

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The components of the deferred income tax assets and liabilities were as follows (in thousands):

|   | Years ended December 31, |                    |
|---|--------------------------|--------------------|
|   | 2023                     | 2022               |
| <b>Deferred tax assets:</b>                       |                          |                    |
| Net operating losses and tax credit carry-forward | \$ 104,625               | \$ 32,918          |
| Stock-based compensation                          | 2,292                    | 1,837              |
| Start-up expenses                                 | 9,950                    | 10,301             |
| Property, plant, and equipment                    | —                        | —                  |
| Interest expense carryforwards                    | —                        | —                  |
| Deferred revenue                                  | 1,391                    | 1,370              |
| Lease liabilities                                 | 4,092                    | 4,604              |
| Other   | 946                      | 859                |
| <b>Gross deferred tax asset</b>                   | <b>\$ 123,296</b>        | <b>\$ 51,889</b>   |
| Less valuation allowance                          | (91,739)                 | (39,340)           |
| <b>Net deferred tax asset</b>                     | <b>\$ 31,557</b>         | <b>\$ 12,549</b>   |
| <b>Deferred tax liabilities:</b>                  |                          |                    |
| Research and experimental expenses                | —                        | (1,662)            |
| Property, plant, and equipment                    | (27,437)                 | (5,821)            |
| Right of use assets                               | (4,056)                  | (4,415)            |
| Other accruals                                    | (714)                    | (651)              |
| <b>Total deferred tax liability</b>               | <b>\$ (32,207)</b>       | <b>\$ (12,549)</b> |
| <b>Net deferred tax asset (liability)</b>         | <b>\$ (650)</b>          | <b>\$ —</b>        |

As of December 31, 2023, the Company has \$ 340.4 million of gross U.S. federal net operating loss carryforward, \$ 8.7 million post apportioned gross state net of operating loss carryforwards, and \$26.2 million of research and development tax credit carryforwards. As of December 31, 2022, the Company had \$ 128.8 million of gross U.S. federal net operating loss carryforward, \$2.0 million post apportioned gross state net of operating loss carryforwards, and \$ 3.9 million of research and development tax credit carryforwards. The attributes will be available to offset future income tax liabilities. The U.S. federal net operating losses can be carried forward indefinitely, the state net operating losses in certain jurisdictions can be carried forward indefinitely while certain jurisdictions expire at various dates, and the research and development tax credit can be carried forward for up to 20 years.

Valuation allowances are established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The valuation allowance on our deferred tax assets was \$91.7 million as of December 31, 2023 and 39.3 million as of December 31, 2022, resulting in a net change of \$ 52.4 million year-over-year. The valuation allowance mainly relates to U.S. federal and state net operating loss carryforwards, credit carryforwards, and start-up expenses. As the Company has generated nominal revenue from inception, insufficient projected taxable income and lack of other sources of taxable income gives rise to need of a valuation allowance.

As of December 31, 2023, the Company has reported a minimal foreign loss which resulted in unbenefited accumulated losses for foreign operations. As a result there is no potential deferred tax liability on the outside basis of foreign investments as of December 31, 2023. The Company did not perform any activities in foreign locations prior to 2023.

As of December 31, 2023 and 2022, the Company has not recorded an amount of gross unrecognized tax benefits for uncertain tax positions for the current or prior year planned tax filing positions. No unrecognized tax benefits are applicable for prior periods.

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The Company files returns in the U.S. federal jurisdiction and in various state jurisdictions based on existing tax laws. The Company remains generally subject to examination in the U.S. for year beginning on or after January 1, 2019, however, for any tax years prior to March 2021, such audits are not expected to impact the Company while the Company operated as a flow-through entity. The Company is not currently under audit in any jurisdiction.

The Company actively monitors domestic and global tax law changes to account for the effects in the period the legislation is enacted, as applicable.

**NOTE 12 – 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.

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**Liabilities measured and recorded at Fair Value on a recurring basis**

As of December 31, 2023 and December 31, 2022, 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 follow (in thousands):

|  | December 31, 2023 |                  |                 |                  | December 31, 2022 |                  |                 |                  |
|--|-------------------|------------------|-----------------|------------------|-------------------|------------------|-----------------|------------------|
|  | Level 1           | Level 2          | Level 3         | Total            | Level 1           | Level 2          | Level 3         | Total            |
| <b>Assets</b>                            |                   |                  |                 |                  |                   |                  |                 |                  |
| Cash equivalents                         | \$ 36,277         | \$ 35,215        | \$ —            | \$ 71,492        | \$ 4,271          | \$ 46,979        | \$ —            | \$ 51,250        |
| Restricted cash equivalents - current    | \$ 25,692         | \$ —             | \$ —            | \$ 25,692        | \$ 68,850         | \$ —             | \$ —            | \$ 68,850        |
| Restricted cash equivalents - noncurrent | \$ 203,411        | \$ —             | \$ —            | \$ 203,411       | \$ 94,781         | \$ —             | \$ —            | \$ 94,781        |
| <b>Investments:</b>                      |                   |                  |                 |                  |                   |                  |                 |                  |
| Commercial paper, available for sale     | \$ —              | \$ 46,049        | \$ —            | \$ 46,049        | \$ —              | \$ 32,756        | \$ —            | \$ 32,756        |
| Corporate Bonds, available for sale      | \$ —              | \$ —             | \$ —            | \$ —             | \$ —              | \$ 58,442        | \$ —            | \$ 58,442        |
| US Treasury Notes, available for sale    | 2,177             | —                | —               | 2,177            | —                 | —                | —               | —                |
| Municipal bonds, available for sale      | —                 | —                | —               | —                | —                 | 7,394            | —               | 7,394            |
| <b>Total investments</b>                 | <b>\$ 2,177</b>   | <b>\$ 46,049</b> | <b>\$ —</b>     | <b>\$ 48,226</b> | <b>\$ —</b>       | <b>\$ 98,592</b> | <b>\$ —</b>     | <b>\$ 98,592</b> |
| <b>Liabilities</b>                       |                   |                  |                 |                  |                   |                  |                 |                  |
| <b>Warrant liability:</b>                |                   |                  |                 |                  |                   |                  |                 |                  |
| RTI warrants                             | \$ —              | \$ —             | \$ 1,437        | \$ 1,437         | \$ —              | \$ —             | \$ 3,670        | \$ 3,670         |
| Private warrants                         | —                 | —                | 265             | 265              | —                 | —                | 784             | 784              |
| Series A Warrants                        | —                 | 20,357           | —               | 20,357           | —                 | 51,429           | —               | 51,429           |
| <b>Total warrant liability</b>           | <b>\$ —</b>       | <b>\$ 20,357</b> | <b>\$ 1,702</b> | <b>\$ 22,059</b> | <b>\$ —</b>       | <b>\$ 51,429</b> | <b>\$ 4,454</b> | <b>\$ 55,883</b> |

The Company determined that cash equivalents of \$ 46.9 million, related to December 31, 2022, should be reclassified from Level 1 to Level 2 classification, as these were commercial paper assets with maturity dates less than 90 days.

**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 for both initial measurement upon close of the Business Combination and subsequent measurement using the following assumptions:

|                                | December 31, 2023 | December 31, 2022 |
|--------------------------------|-------------------|-------------------|
| Expected annual dividend yield | — %               | — %               |
| Expected volatility            | 100.2 %           | 105.1 %           |
| Risk-free rate of return       | 4.1 %             | 4.2 %             |
| Expected option term (years)   | 2.2               | 3.2               |

The expected term of the warrants granted are 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

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

grant. The expected volatility was 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 \$ 0.3 million and \$0.8 million on December 31, 2023 and December 31, 2022, respectively.

A summary of the private warrants activity from December 31, 2022 to December 31, 2023 is as follows (in thousands):

|                              | Fair value<br>(Level 3) |
|------------------------------|-------------------------|
| Balance at December 31, 2022 | \$ 784                  |
| Change in fair value         | (519)                   |
| Balance at December 31, 2023 | \$ 265                  |

Refer to Note 6 – Warrants for further information.

**Measurement of the RTI warrants**

Significant changes in any of the significant unobservable inputs in isolation would not result in a materially different fair value estimate. The interrelationship between these inputs is insignificant.

The Company has determined its warrant to be a Level 3 fair value measurement and has remeasured using the Black-Scholes option pricing model to calculate its fair value as of December 31, 2023 using the following assumptions:

|                                | December 31, 2023 | December 31, 2022 |
|--------------------------------|-------------------|-------------------|
| Expected annual dividend yield | — %               | — %               |
| Expected volatility            | 118.1 %           | 99.7 %            |
| Risk-free rate of return       | 4.7 %             | 4.4 %             |
| Expected option term (years)   | 1.0               | 2.0               |

The expected term of the warrants granted are 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. For December 31, 2023, the expected volatility was calculated based on the specific volatility of PCT's publicly-traded common stock. For December 31, 2022, the expected volatility was based on the Company's capital structure and volatility of similar entities referred to as guideline companies. 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 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 December 31, 2022 are as follows (in thousands):

|                              | Fair value<br>(Level 3) |
|------------------------------|-------------------------|
| Balance at December 31, 2022 | \$ 3,670                |
| Change in fair value         | \$ (2,233)              |
| Balance at December 31, 2023 | \$ 1,437                |

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**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. The Series A Warrants were initially valued at \$43.9 million upon closing of the 2022 PIPE Offering.

**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 cash equivalents 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 13 - AVAILABLE-FOR-SALE INVESTMENTS**

The Company classifies its investments in debt securities as available-for-sale. Debt securities are comprised of highly liquid investments with minimum "A" rated securities and, as of December 31, 2023, consist of corporate entity commercial paper and securities and municipal bonds. The debt securities are reported at fair value with unrealized gains or losses recorded in accumulated other comprehensive income in the consolidated balance sheets. Refer to Note 12, "Fair Value of Financial Instruments," for information related to the fair value measurements and valuation methods utilized.

The following table represents the Company's available-for-sale investments by major security type as of December 31, 2023 and December 31, 2022 (in thousands):

|                   | December 31, 2023 |                        |                         |                  |
|-------------------|-------------------|------------------------|-------------------------|------------------|
|                   | Amortized Cost    | Gross Unrealized Gains | Gross Unrealized Losses | Total Fair Value |
| Commercial Paper  | \$ 46,069         | \$ —                   | \$ (20)                 | \$ 46,049        |
| US Treasury Notes | 2,175             | 2                      | —                       | 2,177            |
| Corporate Bonds   | —                 | —                      | —                       | —                |
| Municipal Bonds   | —                 | —                      | —                       | —                |
| Total             | \$ 48,244         | \$ 2                   | \$ (20)                 | \$ 48,226        |

|                  | December 31, 2022 |                        |                         |                  |
|------------------|-------------------|------------------------|-------------------------|------------------|
|                  | Amortized Cost    | Gross Unrealized Gains | Gross Unrealized Losses | Total Fair Value |
| Commercial Paper | \$ 32,997         | \$ —                   | \$ (241)                | \$ 32,756        |
| Corporate Bonds  | 58,791            | —                      | (349)                   | 58,442           |
| Municipal Bonds  | 7,446             | —                      | (52)                    | 7,394            |
| Total            | \$ 99,234         | \$ —                   | \$ (642)                | \$ 98,592        |

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The following table summarizes the fair value and amortized cost bases of the Company’s available-for-sale investments by contractual maturity of December 31, 2023 and December 31, 2022 (in thousands):

|                                    | December 31, 2023 |            | December 31, 2022 |            |
|------------------------------------|-------------------|------------|-------------------|------------|
|                                    | Amortized Cost    | Fair Value | Amortized Cost    | Fair Value |
| Due within one year                | \$ 48,244         | \$ 48,226  | \$ 92,253         | \$ 91,669  |
| Due after one year through 5 years | —                 | —          | 6,981             | 6,923      |
| Total                              | \$ 48,244         | \$ 48,226  | \$ 99,234         | \$ 98,592  |

Debt securities as of December 31, 2023 had an average remaining maturity of 0.07 years.

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 years ended December 31, 2023 and 2022, 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.

**NOTE 14 – CONTINGENCIES**

**Financial Assurance**

On March 14, 2023, PCT secured 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). PCT may issue additional surety bonds in the future to provide financial assurance regarding performance under contracts with other parties.

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 December 31, 2023.

**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 “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 Theodore

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

and Tennenbaum Lawsuits (consolidated as the “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 Cieccko and Robert Cieccko as Co-Lead Plaintiffs (“Lead Plaintiffs”) and Pomerantz LLP as Lead Counsel.

On September 27, 2021, the Lead Plaintiffs filed a consolidated amended complaint. The consolidated amended complaint seeks to represent a class of investors who purchased or otherwise acquired PCT’s securities between November 16, 2020, and May 5, 2021, certification of the alleged class, as well as compensatory and punitive damages. The consolidated amended complaint relies on information included in a research report published by Hindenburg Research LLC.

On November 12, 2021, PCT and the individual defendants affiliated with PCT (“PCT Defendants”) and Byron Roth each filed separate motions to dismiss Lead Plaintiffs’ amended complaint. Additional submissions by the parties were filed in December 2021 and January 2022.

On August 4, 2022, the U.S. District Court for the Middle District of Florida dismissed the Theodore Lawsuit, without prejudice. Plaintiffs filed their second amended complaint on August 18, 2022 in which they seek to represent a class of investors who purchased or otherwise acquired PCT’s securities between November 16, 2020, and November 10, 2021, and alleged violations of Section 10(b) and Section 14(a) of the Exchange Act. On September 15, 2022, the PCT Defendants and Byron Roth each filed a motion to dismiss the second amended complaint, and the parties filed additional responsive pleadings in October 2022. On June 15, 2023, the U.S. District Court for the Middle District of Florida granted the PCT Defendants’ motion solely with regard to named defendant Tamsin Etefagh, but denied the motion as to all other defendants. On June 30, 2023, the PCT Defendants filed a Motion for Reconsideration. Further, on July 14, 2023, each of the PCT and Roth Defendants filed their respective Answers and Counterclaims. The Motion for Reconsideration remains pending.

On November 30, 2023 Lead Plaintiffs filed their motion to certify two classes: a Section 14(a) class and a Section 10(b) class. On January 17, 2024, Lead Plaintiffs amended their motion for class certification to seek certification of only the Section 10(b) class. On January 23, 2024, PCT, the Individual Defendants and Bryon Roth submitted a joint opposition to Lead Plaintiffs’ motion for class certification. Plaintiffs’ reply in support of their motion for class certification is due on February 21, 2024. The parties are engaged in discovery, which is currently scheduled to close in July 2024.

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 complaints generally allege that the applicable defendants made false and/or 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 have filed motions to be appointed lead plaintiff in the action, which remain pending. At this stage of the litigation, neither PCT nor the Individual Southgate Defendants have answered the complaint, moved to dismiss the complaint, or otherwise responded to the complaint.

PCT, the PCT Defendants and the individual Southgate Defendants intend to vigorously defend against the Theodore Lawsuit and the Southgate Lawsuits. 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 unresolved Theodore and Southgate Lawsuits.

**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



## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

bringing claims for unjust enrichment and waste of corporate assets (“Han Derivative Suit”). The Han Derivative Suit generally alleges that the Individual Han Defendants made materially false and misleading statements in press releases, webinars and other public filings regarding the Technology, PCT’s business, PCT’s prospects, and the background and experience of the Individual Han Defendants. The Han Derivative Suit seeks unspecified monetary damages, reform of the company’s corporate governance and internal procedures, unspecified restitution from the Individual Han Defendants, and costs and fees associated with bringing the action. On January 19, 2022, the court in the Han Derivative Suit granted the parties’ joint stipulation to stay the Han Derivative Suit and administratively closed the matter pending the disposition of the motions to dismiss in the Class Action Lawsuits.

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 Suit”). The Ayers Derivative Suit generally alleges that the Individual Ayers Defendants made materially false and misleading statements in press releases, webinars and other public filings regarding the Technology, PCT’s business, PCT’s prospects, and the background and experience of the Individual Ayers Defendants. The Ayers Derivative Suit seeks unspecified monetary damages, declaratory relief, unspecified disgorgement and restitution from the Individual Ayers 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 Ayers’ complaint, moved to dismiss the complaint, or otherwise responded to the complaint. On March 17, 2022, the court granted the parties’ joint stipulation to stay the Ayers Derivative Suit and administratively closed the matter pending the disposition of the motions to dismiss in the Class Action Lawsuits. Should the Ayers Derivative Suit be reopened in the future, the Individual Ayers Defendants intend to vigorously defend against the Ayers Derivative Suit. 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 unresolved Ayers Derivative Suit.

After the court in the 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. Derivative Litigation, Lead Case No. 21-1569-RGA (D. Del.) (“Consolidated Derivative Litigation”). In light of the Motion for Reconsideration in the 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. Because the Motion for Reconsideration in the Theodore Lawsuit remains pending, the stay of the Consolidated Derivative Litigation remains in effect.

Should the Consolidated Derivative Litigation be reopened in the future, the Individual Derivative Defendants intend to vigorously defend against the Consolidated Derivative Litigation. 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 unresolved Consolidated Derivative Litigation.

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.

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

**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. In an order dated December 7, 2023, the AAA granted DB’s request to join ThermalTech Engineering, Inc., and ThermalTech Turnkey Solutions LLC.

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.

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. We are currently unable to predict the outcome of this matter.

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. We are currently unable to predict the outcome of this matter.

**NOTE 15 - Leases**

Under ASC Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (i.e., an identified asset) for a period of time in exchange for consideration. The Company’s contracts determined to be, or contain, a lease include explicitly or implicitly identified assets where the Company has the right to substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term. Leases are classified as either operating or financing. For operating leases, the Company has recognized a lease liability equal to the present value of the remaining lease payments, and a right of use asset equal to the lease liability, subject to certain adjustments, such as for prepaid rents. The Company used its incremental borrowing rate to

**PureCycle Technologies, Inc.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

determine the present value of the lease payments. The Company's incremental borrowing rate is the rate of interest that it would have to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The Company determined the incremental borrowing rates for its leases by applying its applicable borrowing rate, with adjustment as appropriate for lease currency and lease term.

The Company enters into contracts to lease real estate, equipment and vehicles. The Company's most individually significant lease liability relates to a real estate lease with an initial contract lease term of 30 years. The Company's most significant lease liabilities in aggregate value relate to real estate leases that have initial contract lease terms ranging from 1 to 30 years. Under ASC Topic 842, the lease term at the lease commencement date is determined based on the non-cancellable period for which the Company has the right to use the underlying asset, together with any periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option, periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option, and periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. The Company considered a number of factors when evaluating whether the options in its lease contracts were reasonably certain of exercise, such as length of time before option exercise, expected value of the leased asset at the end of the initial lease term, importance of the lease to overall operations, costs to negotiate a new lease, and any contractual or economic penalties.

Operating leases result in a straight-line lease expense, while finance leases result in a front-loaded expense pattern. The assets associated with financing leases have been included in property, plant and equipment in the consolidated balance sheet. Depreciation on financing lease assets is included in operating costs on the consolidated statement of comprehensive loss. The Company does not sublease any of its material leased assets to third parties and the Company is not party to any lease contracts with related parties. The Company's lease agreements do not contain any residual value guarantees or restrictive covenants.

The Company has made an accounting policy election not to recognize right of use assets and lease liabilities for leases with a lease term of 12 months or less, including renewal options that are reasonably certain to be exercised, that also do not include an option to purchase the underlying asset that is reasonably certain of exercise. Instead, lease payments for these leases are recognized as lease cost on a straight-line basis over the lease term.

ASC Topic 842 includes a number of reassessment and re-measurement requirements for lessees based on certain triggering events or conditions, including whether a contract is or contains a lease, assessment of lease term and purchase options, measurement of lease payments, assessment of lease classification and assessment of the discount rate. The Company reviewed the reassessment and re-measurement requirements and did not identify any events or conditions during the year ended December 31, 2023 that required a reassessment or re-measurement. For the year ended December 31, 2023, PCT included the Company's right-of-use assets and other long-lived assets in its overall impairment analysis. Refer to Note 2 - Summary of Significant Accounting Policies for further information regarding the Company's assessment of impairment indicators related to its property, plant and equipment.

Certain of the Company's leases include variable lease costs to reimburse the lessor for real estate tax and insurance expenses, and certain non-lease components that transfer a distinct service to the Company, such as common area maintenance services. The Company has elected not to separate the accounting for lease components and non-lease components, for all classes of leased assets.

On August 24, 2022, the Company signed a real estate lease for a future feedstock preprocessing facility in Denver, Pennsylvania with an initial term of 15 years and total minimum lease payments of \$52.3 million. The lease is expected to commence mid to late 2024.

In January 2023, the Company signed a real estate lease at the Port of Antwerp-Bruges' NextGen District, where it plans to build its first purification facility in Europe, with an initial term of 30 years and total minimum lease payments of € 27.7 million, subject to annual inflation adjustments. This lease commenced at the end of June 2023.

## PureCycle Technologies, Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The components of lease expense and supplemental cash flow information related to leases for the period are as follows (in thousands):

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| <b>Lease Cost</b>  |                   |                   |
| Operating lease cost   | \$ 4,171          | \$ 2,227          |
| Short-term lease cost  | 1,175             | 360               |
| <b>Total lease cost</b>  | <b>\$ 5,346</b>   | <b>\$ 2,587</b>   |
| <b>Other Information</b>   |                   |                   |
| Cash paid for amounts included in the measurement of lease liabilities       |                   |                   |
| Operating cash flows from operating leases                                   | \$ 3,772          | \$ 2,895          |
| Right-of-use assets obtained in exchange for new operating lease liabilities | \$ 13,578         | \$ 8,427          |
| Weighted-average remaining lease term (in years) - operating leases          | 15.4              | 7.7               |
| <b>Discount Rates</b>  |                   |                   |
| Weighted-average discount rate - operating leases                            | 6.1 %             | 4.7 %             |

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The supplemental balance sheet information related to leases for the period is as follows (in thousands):

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| <b>Operating Leases</b>                  |                   |                   |
| Operating lease right-of-use assets      | \$ 29,799         | \$ 19,136         |
| Accrued expenses                         | \$ 2,535          | \$ 2,188          |
| Operating lease right-of-use liabilities | 27,253            | 16,620            |
| Total operating lease liabilities        | \$ 29,788         | \$ 18,808         |

Maturities of the Company's lease liabilities are as follows (in thousands):

| Year Ending                         | Operating Leases |
|-------------------------------------|------------------|
| 2024                                | \$ 4,187         |
| 2025                                | 4,596            |
| 2026                                | 4,502            |
| 2027                                | 4,098            |
| 2028                                | 2,857            |
| Thereafter                          | 30,381           |
| Total future minimum lease payments | \$ 50,621        |
| Less: Imputed interest              | (20,833)         |
| Present value of lease liabilities  | \$ 29,788        |

**AEDA Sale-leaseback Transaction**

On June 30, 2023, PCT entered into a series of agreements with The Development Authority of Augusta, Georgia (the "AEDA") to construct phase one ("Phase One") of its first U.S. multi-line facility in Augusta, Georgia. 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. PCT anticipates that the first portion of Phase One will consist of one purification line and commenced in December 2023. PCT is obligated to spend at least \$440 million toward the construction of Phase One. Construction of the first purification line must be completed by December 31, 2026, but PCT expects that it will be completed sooner. Through December 31, 2023, PCT has invested approximately \$84.9 million for pre-construction engineering and long-lead equipment for the benefit of Phase One investments.

The legal sale-leaseback structure provides local property tax incentives 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.

**NOTE 16 - SUBSEQUENT EVENTS**

In connection with the preparation of the consolidated financial statements for the period ended December 31, 2023, management has evaluated events through March 6, 2024 to determine whether any events required recognition or disclosure in the consolidated financial statements. The following subsequent events were identified through the date of these consolidated financial statements:

PureCycle Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

On March 14, 2023, PCT secured 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). On February 14, 2024, PCT renewed the surety bond in the amount of \$ 25.0 million and it will expire at the earlier of satisfaction of the obligation, termination of the related vendor contract, or one year from the renewal date, which is March 14, 2024.

On March 5, 2024, a subsidiary of the Company repurchased 99% of the outstanding Revenue Bonds with \$ 74.5 million of unrestricted cash and \$ 184.6 million of restricted cash. See Note 3 - Notes Payable and Debt Instruments for further details.

On March 1, 2024 PCT amended the Revolving Credit Facility to increase the Facility to \$ 200.0 million, extend the maturity to September 30, 2025, and to obtain a carve out to permit the Company to purchase the Revenue Bonds.

On March 1, 2024, PCT amended the Term Loan Credit Agreement to (i) increase the amount available to the Company under the permitted indebtedness covenant basket for the Revolving Credit Facility from \$150,000,000 to \$200,000,000 and (ii) obtain a carve out to permit the Company to purchase the Revenue Bonds.

## **ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

## **ITEM 9A. Controls and Procedure**

### **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, as amended, 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 December 31, 2023 (the end of the period covered by this Annual Report on Form 10-K), our principle executive and financial officers have concluded that the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K, present fairly, in all material respects, our financial position, results of operations, and cash flows for the periods presented in conformity with GAAP.

### **Remediation of Previously Reported Material Weaknesses**

As previously reported in PCT's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, management identified certain material weaknesses in PCT's internal control over financial reporting, described as follows:

- PCT's lack of formal processes and controls resulted in an ineffective control environment, which led to an inadequate review of the financial statements and financial reporting; and
- PCT did not design and maintain effective controls over certain information technology ("IT") controls for certain information systems that are relevant to the preparation of its financial statements, specifically with respect to user access, to ensure appropriate segregation of duties that adequately restrict user access to financial applications, programs, and data to appropriate company personnel.

Prior to becoming a public company in March 2021, management began taking steps to identify and implement changes to PCT's internal controls over financial reporting to remediate the control deficiencies described above that led to the material weaknesses, with continued improvements being introduced throughout 2022 and 2023. These measures include:

- Designing and implementing formal controls over certain IT processes (including improved internal and external resources) to aid us in limiting user access, as well as improving monitoring and review of change management over IT systems that are relevant to the financial activities of PCT.
- Designed and implementing formal controls for preparation and review of financial statements and disclosures, including more rigorous review and evaluation of disclosure requirements that may be applicable to PCT's reporting.

These actions resulted in an improved internal control environment that was in place for a sufficient period of time to allow for PCT's management to conclude, based on evidence obtained in validating the design and implementation of these controls, that these material weaknesses have been fully remediated as of December 31, 2023.

### **Management's Annual Report on Internal Control Over Financial Reporting and Attestation Report of the Registered Public Accounting Firm**

Management of the Company, including the principal executive and financial officers, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, which requires that internal controls are designed to provide reasonable assurance as to the reliability of the Company's financial reporting and the preparation of the consolidated

financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company assessed the effectiveness of PCT's internal control over financial reporting as of December 31, 2023, based on the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this evaluation, management of the Company has concluded that PCT's internal control over financial reporting was effective as of December 31, 2023. The effectiveness of PCT's internal control over financial reporting as of December 31, 2023 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in its report which is included herein.

#### **Changes in Internal Control Over Financial Reporting**

There have been no changes in PCT's internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, PCT's internal control over financial reporting.

#### **ITEM 9B. 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 arrangements," as each term is defined in Item 408 of Regulation S-K, during the Company's fiscal quarter ended December 31, 2023.

##### Entry into a Material Definitive Agreement

###### *Amendment to Sylebra Credit Agreement*

On March 1, 2024, the Company entered into that certain Fourth Amendment to Credit Agreement (the "Fourth Sylebra Amendment"), which amended that certain Credit Agreement, dated as of March 15, 2023 (as previously amended by that certain First Amendment to Credit Agreement, dated as of May 8, 2023, that certain Second Amendment to Credit Agreement, dated as of August 4, 2023, and that certain Third Amendment to Credit Agreement, dated as of August 21, 2023), by and among the Company, as borrower, PureCycle Technologies Holdings Corp. and PureCycle Technologies, LLC, as guarantors, Sylebra Capital Partners Master Fund, LTD, Sylebra Capital PARC Master Fund and Sylebra Capital Menlo Master Fund, as lenders, and Madison Pacific Trust Limited, as administrative agent and security agent. The Fourth Sylebra Amendment 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. Each of PureCycle Technologies Holdings Corp. and PureCycle Technologies, LLC are subsidiaries of the Company. The lenders and their affiliates are greater than 5% beneficial owners of the Company. See Note 3 ("Notes Payable and Debt Instruments") to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K for additional information.



*Amendment to the Pure Plastic Term Loan Facility*

On March 1, 2024, the Company entered into that certain Second Amendment to Credit Agreement (the “Second Pure Plastic Amendment”), which amended that certain Credit Agreement, dated as of May 8, 2023 (as previously amended by that certain First Amendment to Credit Agreement, dated as of August 21, 2023), by and among the Company, as borrower, PureCycle Technologies Holdings Corp. and PureCycle Technologies, LLC, as guarantors and Pure Plastic LLC, as lender, administrative agent and security agent. The Second Pure Plastic Amendment (i) increases the amount available to the Company under the permitted indebtedness covenant basket for the Revolving Credit Facility from \$150,000,000 to \$200,000,000 and (ii) obtains a carve out to permit the Company to purchase the Revenue Bonds. Each of PureCycle Technologies Holdings Corp. and PureCycle Technologies, LLC are subsidiaries of the Company. See Note 3 (“Notes Payable and Debt Instruments”) to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K for additional information.

*Bond Purchase Agreement and Consent*

On March 5, 2024, PCO, PureCycle Technologies LLC, as the guarantor and purchaser, and the consenting Holders of the Revenue Bonds, as sellers, entered into the Purchase Agreement and Consent (the “Purchase Agreement”) whereby 99% of the outstanding Revenue Bonds were Purchased at a price of \$1,050 per \$1,000 principal amount of Revenue Bonds purchased. In connection with the Purchase, the Indenture was amended and supplemented and substantially all covenants and Events of Default contained in the Indenture, the Loan Agreement and certain of such other Financing Documents were eliminated. Each of PCO and PureCycle Technologies, LLC are subsidiaries of the Company. See Note 3 (“Notes Payable and Debt Instruments”) to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K for additional information.

*Third Supplemental Indenture*

On March 5, 2024, SOPA, as issuer, PCO, PureCycle Technologies LLC, as the guarantor, PCTO Holdco LLC (the pledgor under an Equity Pledge and Security Agreement (as defined in the Indenture)), and the Trustee entered into the Third Supplemental Indenture (the “Third Supplemental Indenture”) which amended and supplemented the Indenture and certain of the other Financing Documents by, among other things and without limitation, eliminating substantially all covenants and Events of Default contained in the Indenture, the Loan Agreement and certain of such other financing documents. Each of PCO, PureCycle Technologies, LLC and PCTO Holdco LLC are subsidiaries of the Company. See Note 3 (“Notes Payable and Debt Instruments”) to the Notes to the Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K for additional information.

The foregoing descriptions of the Fourth Sylebra Amendment, Second Pure Plastic Amendment, Purchase Agreement and Third Supplemental Indenture are not complete and are qualified in their entirety by reference to the full text of the agreements, which are attached hereto as Exhibits 10.46, 10.45, 10.47 and 10.48 and incorporated herein by reference.

Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information contained under the section above entitled “Entry into a Material Definitive Agreement” is incorporated here by reference.

**ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item will be included in the Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023 (the "Proxy Statement") and is incorporated herein by reference.

**Item 11. Executive Compensation**

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services**

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

**PART IV**

**ITEM 15. Exhibit and Financial Statement Schedules.**

(a) List of documents filed as part of this Annual Report on Form 10-K :

1. *Financial Statements of the Registrant*: See “Index to Consolidated Financial Statements” at “Item 8. Financial Statements and Supplementary Data” herein.
2. *Financial Statement Schedules*: All schedules are omitted for the reason that the information is included in the financial statements or the notes thereto or that they are not required or are not applicable.

(b) Exhibits:

The exhibits listed in the following index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

| Exhibit Number | Description of Exhibit  |
|----------------|---|
| 2.1            | <a href="#">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)) †</a>                 |
| 3.1            | <a href="#">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))</a>  |
| 3.2            | <a href="#">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)</a>  |
| 3.3            | <a href="#">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)</a>  |
| 3.4            | <a href="#">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)</a>  |
| 4.1            | <a href="#">Description of Registrant’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934*</a>  |
| 4.2            | <a href="#">Specimen Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to the Company’s Registration Statement on Form S-4, as amended (File No. 333-250847))</a>   |
| 4.3            | <a href="#">Specimen Unit Certificate (incorporated herein by reference to Exhibit 4.14 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-251034))</a>  |
| 4.4            | <a href="#">Specimen Warrant Certificate (included in Exhibit 4.2) (incorporated herein by reference to Exhibit 4.2 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-251034))</a>  |
| 4.5            | <a href="#">Warrant Agreement between Continental Stock Transfer &amp; Trust Company and Roth CH Acquisition I Co. (incorporated herein by reference to Exhibit 4.3 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-251034))</a>  |
| 4.6            | <a href="#">The Indenture of Trust, dated as of October 1, 2020, between Southern Ohio Port Authority and UMB Bank, N.A. (incorporated herein by reference to Exhibit 4.6 to the Company’s Registration Statement on Form S-4, as amended (File No. 333-250847)) †</a>  |
| 4.7            | <a href="#">Form of Series 2020A Bond (included as Exhibit A-1 to the Indenture of Trust filed as Exhibit 4.6 to this Annual Report) (incorporated herein by reference to Exhibit 4.7 to the Company’s Registration Statement on Form S-4, as amended (File No. 333-250847))</a>  |
| 4.8            | <a href="#">Form of Series 2020B Bond (included as Exhibit A-2 to the Indenture of Trust filed as Exhibit 4.6 to this Annual Report) (incorporated herein by reference to Exhibit 4.8 to the Company’s Registration Statement on Form S-4, as amended (File No. 333-250847))</a>  |
| 4.9            | <a href="#">Form of Series 2020C Bond (included as Exhibit A-3 to the Indenture of Trust filed as Exhibit 4.6 to this Annual Report) (incorporated herein by reference to Exhibit 4.9 to the Company’s Registration Statement on Form S-4, as amended (File No. 333-250847))</a>  |
| 4.10           | <a href="#">Redeemable Conditional Warrant to Purchase Securities of Roth CH Acquisition I Co. Parent Corp., dated November 16, 2020, by and between Roth CH Acquisition I Co. Parent Corp., PureCycle Technologies LLC, and Recycled Resin Investors, LLC (incorporated herein by reference to Exhibit 4.10 to the Company’s Registration Statement on Form S-4, as amended (File No. 333-250847))</a> |

- 4.11 [Amended and Restated Guaranty of Completion, made and entered into as of May 11, 2021 and effective as of October 7, 2020, by PureCycle Technologies LLC, a Delaware limited liability company \(the "Guarantor"\), in favor of UMB Bank, N.A., a national banking association, as trustee \(incorporated herein by reference to Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q filed on May 19, 2021\)\\*\\*](#)
- 4.12 [Form of Series A Warrant \(incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 9, 2022\)](#)
- 4.13 [Indenture, dated as of August 24, 2023, between PureCycle Technologies, Inc. and U.S. Bank Trust Company, National Association, as trustee \(incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 24, 2023\)](#)
- 4.14 [Form of 7.25% Green Convertible Senior Notes due 2030 \(incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 24, 2023\)](#)
- 10.1 [PIPE Registration Rights Agreement \(incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on November 16, 2020\)](#)
- 10.2 [Form of Investor Rights Agreement \(incorporated herein by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1, as amended \(File No. 333-251034\)\)](#)
- 10.3 [Loan Agreement, dated as of October 1, 2020, by and between Purecycle: Ohio LLC and Southern Ohio Port Authority \(incorporated herein by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\) †](#)
- 10.4 [Form of the Series 2020A Promissory Note \(included as Exhibit A-1 to the Loan Agreement filed as Exhibit 10.3 to this Registration Statement\) \(incorporated herein by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)](#)
- 10.5 [Form of the Series 2020B Promissory Note \(included as Exhibit A-2 to the Loan Agreement filed as Exhibit 10.3 to this Registration Statement\) \(incorporated herein by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)](#)
- 10.6 [Form of the Series 2020C Promissory Note \(included as Exhibit A-3 to the Loan Agreement filed as Exhibit 10.3 to this Registration Statement\) \(incorporated herein by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)](#)
- 10.7 [Guaranty of Completion, dated as of October 7, 2020, by PureCycle Technologies LLC in favor of UMB Bank, N.A. \(incorporated herein by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\) †](#)
- 10.8 [Security Agreement, dated as of October 7, 2020, by and between Purecycle: Ohio LLC and UMB Bank, N.A. \(incorporated herein by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\) †](#)
- 10.9 [Side Letter Agreement, dated as of October 5, 2020, by and between PureCycle Technologies LLC and Pure Crown LLC \(incorporated herein by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\) †](#)
- 10.10 [Amended and Restated Patent License Agreement, dated July 28, 2020, by and between PureCycle Technologies LLC and The Procter & Gamble Company \(incorporated herein by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)\\*\\*](#)
- 10.11 [PureCycle Technologies, Inc. 2021 Equity and Incentive Compensation Plan \(incorporated herein by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)](#)
- 10.12 [Form of PureCycle Technologies, Inc. Restricted Stock Agreement \(incorporated herein by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)](#)
- 10.13 [Amended and Restated Purchase Option Agreement, dated November 20, 2020, by and between PureCycle Technologies LLC, Roth CH Acquisition Co. Parent Corp., and AptarGroup, Inc. \(incorporated herein by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-1, as amended \(File No. 333-251034\)\)](#)
- 10.14 [Form of PureCycle Technologies LLC Restrictive Covenants Agreement \(incorporated herein by reference to Exhibit 10.27 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)](#)
- 10.15 [Technology Sublicense Agreement, dated November 13, 2019, by and between PureCycle Technologies LLC and Impact Laboratories Limited \(incorporated herein by reference to Exhibit 10.28 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)](#)
- 10.16 [Amendment and Addendum to Technology Sublicense Agreement, dated May 27, 2020, by and between PureCycle Technologies LLC and Impact Laboratories Limited \(incorporated herein by reference to Exhibit 10.29 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)](#)

- 10.17 [Second Amendment and Addendum to Technology Sublicense Agreement, dated December 15, 2020, by and between PureCycle Technologies LLC and Impact Laboratories Limited \(incorporated herein by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-4, as amended \(File No. 333-250847\)\)](#)
- 10.18 [Nonqualified Stock Option Agreement, dated March 17, 2021, by and between PureCycle Technologies, Inc. and Michael Dee \(incorporated herein by reference to Exhibit 10.31 to the Company's Registration Statement on Form S-1, as amended \(File No. 333-251034\)\)](#)
- 10.19 [Amendment, dated May 10, 2021, to Nonqualified Stock Option Agreement, dated March 17, 2021, by and between PureCycle Technologies, Inc. and Michael Dee \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 14, 2021\)](#)
- 10.20 [Form of Indemnification Agreement \(incorporated herein by reference to Exhibit 10.32 to the Company's Registration Statement on Form S-1, as amended \(File No. 333-251034\)\)](#)
- 10.21 [Side Letter agreement, dated February 12, 2021, by and between PureCycle Technologies, Inc. and The Procter & Gamble Company amending certain provisions of the Amended and Restated Patent License Agreement, dated July 28, 2020, by and between PureCycle Technologies LLC and The Procter & Gamble Company \(incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q filed on May 19, 2021\)\\*\\*](#)
- 10.22 [PureCycle Technologies, Inc. Executive Severance Plan, dated May 10, 2021 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 14, 2021\)](#)
- 10.23 [Form of Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement for Employees \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 14, 2021\)](#)
- 10.24 [Form of Notice of Grant of Performance-Based Restricted Stock Units and Performance-Based Restricted Stock Units Award Agreement for Employees \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 14, 2021\)](#)
- 10.25 [Form of Notice of Grant of Restricted Stock and Restricted Stock Agreement for CFO \(incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 14, 2021\)](#)
- 10.26 [Form of Notice of Grant of Performance-Based Restricted Stock Units and Performance-Based Restricted Stock Units Agreement for CFO \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 14, 2021\)](#)
- 10.27 [Form of Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement for Directors \(incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on August 12, 2021\)](#)
- 10.28 [Separation Agreement, dated December 11, 2021, by and between PureCycle Technologies, Inc. and Michael E. Dee \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as amended, filed on December 15, 2021\)](#)
- 10.29 [Form of Subscription Agreement \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 9, 2022\)](#)
- 10.30 [Board of Representation Agreement \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 9, 2022\)](#)
- 10.31 [Separation Agreement, dated May 11, 2022, by and between PureCycle Technologies, Inc. and David Brenner \(incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 11, 2022\)](#)
- 10.32 [Separation Agreement, dated August 7, 2022, by and between PureCycle Technologies, Inc. and Michael Otworth \(incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 11, 2022\)](#)
- 10.33 [Form of Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement for Executive Chairman \(incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 11, 2022\)](#)
- 10.34 [Limited Waiver and First Supplemental Indenture, dated as of March 15, 2023, among the Southern Ohio Port Authority, UMB Bank, N.A., as Trustee, PureCycle Technologies, Inc., PCTO Holdco LLC and PureCycle: Ohio LLC \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 15, 2023\)](#)
- 10.35 [Revolving Credit Agreement, dated as of March 15, 2023, among PureCycle Technologies, Inc., as the Borrower, PureCycle Technologies Holdings Corp. and PureCycle Technologies, LLC, as Guarantors, Sylebra Capital Partners Master Fund, LTD, Sylebra Capital Parc Master Fund, and Sylebra Capital Menlo Master Fund, as Lenders and Madison Pacific Trust Limited, as the Administrative Agent \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 15, 2023\)](#)

- 10.36 [Second Side Letter, dated March 27, 2023, by and between PureCycle Technologies, LLC and The Procter & Gamble Company \(incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2023\)](#)
- 10.37 [Credit Agreement, dated as of May 8, 2023, among PureCycle Technologies, Inc., as the Borrower, PureCycle Technologies Holdings Corp. and PureCycle Technologies, LLC, as Guarantors, Pure Plastic LLC, as the Lender and Pure Plastic LLC, as the Administrative Agent and Security Agent \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 9, 2023\)](#)
- 10.38 [First Amendment to Credit Agreement, Dated as of May 8, 2023, 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 as Security Agent \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 9, 2023\)](#)
- 10.39 [Second Amendment to Credit Agreement, dated as of August 4, 2023, 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 as Security Agent \(incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2023\)](#)
- 10.40 [First Amendment to Credit Agreement, dated as of August 21, 2023, among PureCycle Technologies, Inc., as the Borrower, PureCycle Technologies Holdings Corp. and PureCycle Technologies, LLC, as Guarantors, Pure Plastic LLC, as the Lender and Pure Plastic LLC, as the Administrative Agent and Security Agent \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 21, 2023\)](#)
- 10.41 [Third Amendment to Credit Agreement, dated as of August 21, 2023, 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 as Security Agent \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 21, 2023\)](#)
- 10.42 [Limited Waiver and Second Supplemental Indenture, dated as of November 8, 2023, among the Southern Ohio Port Authority, UMB Bank, N.A., as Trustee, PureCycle Technologies, Inc., PCTO Holdco LLC and PureCycle: Ohio LLC, \(incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on November 9, 2023\)](#)
- 10.43 [Independent Contractor Agreement by and between PureCycle Technologies, Inc. and Jeff Fieger, dated December 1, 2023 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 1, 2023\)](#)
- 10.44 [Separation Agreement by and between PureCycle Technologies, Inc. and Lawrence C. Somma, dated December 1, 2023 \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 1, 2023\)](#)
- 10.45 [Second Amendment to Credit Agreement, dated as of March 1, 2024, among PureCycle Technologies, Inc., as the Borrower, PureCycle Technologies Holdings Corp. and PureCycle Technologies, LLC, as Guarantors, Pure Plastic LLC, as the Lender and Pure Plastic LLC, as the Administrative Agent and Security Agent.\\*](#)
- 10.46 [Fourth Amendment to Credit Agreement, dated as of March 1, 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.\\*](#)
- 10.47 [Bond Purchase Agreement and Consent, dated as of March 5, 2024, by and among PureCycle: Ohio LLC, PureCycle Technologies LLC, as the Guarantor and Purchaser, and the consenting Holders of the Bonds, as Sellers.\\*](#)
- 10.48 [Third Supplemental Indenture, dated as of March 5, 2024, among the Southern Ohio Port Authority, PureCycle: Ohio LLC, PureCycle Technologies LLC, PCTO Holdco LLC and UMB Bank, N.A., as Trustee.\\*](#)
- 21.1 [Subsidiaries of the Registrant. \\*](#)
- 23.1 [Consent of Grant Thornton LLP. \\*](#)
- 31.1 [Rule 13a - 14\(a\) Certification by Dustin Olson, Chief Executive Officer, for the fiscal year ended December 31, 202 3.\\*](#)
- 31.2 [Rule 13a - 14\(a\) Certification by Jaime Vasquez, Chief Financial Officer, for the fiscal year ended December 31, 2023.\\*](#)
- 32.1 [Section 1350 Certification by Dustin Olson, Chief Executive Officer, for the fiscal year ended December 31, 202 3. \\*](#)

32.2 [Section 1350 Certification by Jaime Vasquez, Chief Financial Officer, for the fiscal year ended December 31, 2023.](#) \*

97.1 [PureCycle Technologies, Inc., Compensation Clawback Policy, Effective July 2023\\*](#)

\* Filed herewith.

\*\* Certain portions of the exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

† 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.

**ITEM 16. Form 10-K Summary**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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

Date: March 6, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| <u>Signature</u>  | <u>Title</u>  | <u>Date</u>   |
|---|---|---------------|
| <u>    /s/ Dustin Olson    </u><br>Dustin Olson         | Chief Executive Officer and Director<br>(Principal Executive Officer) | March 6, 2024 |
| <u>    /s/ Jaime Vasquez    </u><br>Jaime Vasquez       | Chief Financial Officer<br>(Principal Financial Officer)              | March 6, 2024 |
| <u>    /s/ Melissa Trednick    </u><br>Melissa Trednick | Corporate Controller<br>(Principal Accounting Officer)                | March 6, 2024 |
| <u>    /s/ Dan Coombs    </u><br>Dan Coombs             | Executive Chairman and Director                                       | March 6, 2024 |
| <u>    /s/ Tanya Burnell    </u><br>Tanya Burnell       | Director  | March 6, 2024 |
| <u>    /s/ Jeffrey Fieler    </u><br>Jeffrey Fieler     | Director  | March 6, 2024 |
| <u>    /s/ Fernando Musa    </u><br>Fernando Musa       | Director  | March 6, 2024 |
| <u>    /s/ Allen Jacoby    </u><br>Allen Jacoby         | Director  | March 6, 2024 |
| <u>    /s/ Steven Bouck    </u><br>Steven Bouck         | Director  | March 6, 2024 |



**Description of Registrant's Securities Registered  
Pursuant to Section 12 of the Securities and Exchange Act of 1934**

The following description of capital stock of PureCycle Technologies, Inc. (the "Company", "PCT", "we", "our" and "us") is intended as a summary only and is qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation (as amended, the "Amended and Restated Certificate of Incorporation") and Second Amended and Restated Bylaws ("Second Amended and Restated Bylaws"), which are filed as Exhibits 3.1 through 3.4 to our Annual Report on Form 10-K of which this Exhibit 4.1 is a part. We encourage you to read these documents and the applicable portion of the Delaware General Corporation Law, as amended (the "DGCL"), and our Amended and Restated Certificate of Incorporation and our Second Amended and Restated Bylaws carefully and in their entirety because they describe your rights as a holder of shares of our Common Stock.

**Common Stock**

Our authorized capital stock consists of 450,000,000 shares of common stock, par value \$0.001 per share ("Common Stock"), and 25,000,000 shares of undesignated preferred stock, par value \$0.001 per share.

Holders of the Company's Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. The holders of the Company's Common Stock do not have cumulative voting rights in the election of directors. Upon the Company's liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of the Company's Common Stock will be entitled to receive pro rata the Company's remaining assets available for distribution. Holders of the Company's Common Stock do not have preemptive, subscription, redemption or conversion rights. The Company's Common Stock will not be subject to further calls or assessment by the Company. There will be no redemption or sinking fund provisions applicable to the Company's Common Stock. All shares of the Company's Common Stock that are outstanding are fully paid and non-assessable. The rights, powers, preferences and privileges of holders of the Company's Common Stock will be subject to those of the holders of any shares of the Company's preferred stock the Company may authorize and issue in the future.

When a quorum is present at any meeting, any matter other than the election of directors to be voted upon by the stockholders at such meeting will be decided by the affirmative vote of the holders of a majority of shares of stock present or represented at the meeting and entitled to vote (meaning that of the shares present or represented at the meeting and entitled to vote, a majority of them must be voted "for" the proposal for it to be approved).

At all meetings of stockholders for the election of directors at which a quorum is present, directors shall be elected by the affirmative vote of the majority of the votes cast (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee). If any nominee for director in an uncontested election receives a greater number of votes "against" his or her election than votes "for" such election, such person must promptly tender his or her resignation to the Board of Directors following certification of the vote. If the number of nominees for election at any such meeting exceeds the number of directors to be elected at such meeting, however, directors shall be elected by a plurality of the votes cast (meaning that the number of director nominees who receive the highest number of shares voted "for" their election are elected).

---

## Preferred Stock

The Amended and Restated Certificate of Incorporation authorizes the Company's board of directors to establish one or more series of preferred stock. Unless required by law or by the Nasdaq Capital Market ("NASDAQ"), the authorized shares of preferred stock will be available for issuance without further action by you. The Company's board of directors is authorized to fix from time to time before issuance the number of preferred shares to be included in any such series and the designation, powers, preferences and relative participating, optional or other rights, if any, and the qualifications, limitations or restrictions thereof. The authority of the Company's board of directors with respect to each such series will include, without limiting the generality of the foregoing, the determination of any or all of the following:

- the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;
- the voting powers, if any, and whether such voting powers are full or limited in such series;
- the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;
- whether dividends, if any, will be cumulative or noncumulative, the dividend rate of such series, and the dates and preferences of dividends on such series;
- the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Company;
- the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Company or any other corporation or other entity, and the rates or other determinants of conversion or exchange applicable thereto;
- the right, if any, to subscribe for or to purchase any securities of the Company or any other corporation or other entity;
- the provisions, if any, of a sinking fund applicable to such series; and
- any other relative, participating, optional, or other special powers, preferences or rights and qualifications, limitations, or restrictions thereof;
- all as may be determined from time to time by the Company's board of directors and stated or expressed in the resolution or resolutions providing for the issuance of such preferred stock (collectively, a "Preferred Stock Designation").

The Company could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of the Company's Common Stock might believe to be in their best interests or in which the holders of the Company's Common Stock might receive a premium for their Company Common Stock over its market price. Additionally, the issuance of preferred stock may adversely affect the rights of holders of the Company's Common Stock by restricting dividends on the Company's Common Stock, diluting the voting power of the Company's Common Stock or subordinating the liquidation rights of the Company's Common Stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of the Company's Common Stock. The Company has no current plans to issue any series of preferred stock.

## Warrants

As of December 31, 2023, we had 5,877,313 warrants issued and outstanding (the "Warrants"). Pursuant to the Warrant Agreement (as defined below), a warrant holder may exercise its Warrants only for a whole number of shares of Common Stock. This means that only a whole Warrant may be exercised at any given time by a warrant holder. No fractional Warrants

---

were issued upon separation of the Units (as defined below) and only whole Warrants trade on NASDAQ. Each Warrant became exercisable on May 4, 2021 and will expire five years after the completion of the Business Combination (as defined in the Merger Agreement), or earlier upon redemption. The shares of Company Common Stock issuable upon exercise of the Warrants have been registered under the Company's registration statement on Form S-1, as amended (File No. 333-251034), which was declared effective by the Securities and Exchange Commission on July 1, 2021 (the "Form S-1), and, on April 1, 2022, a Company registration statement on Form S-3 (File Nos. 333-251034 and 333-257423) was declared effective by the Securities and Exchange Commission and serves as a post-effective amendment to the Form S-1 pursuant to Rule 429 under the Securities Act.

The outstanding Warrants may be called for redemption, in whole and not in part, at a price of \$.01 per Warrant:

- at any time after the Warrants become exercisable,
- upon not less than 30 days' prior written notice of redemption to each Warrant holder,
- if, and only if, the reported last sale price of the shares of Common Stock equals or exceeds \$18.00 per share, for any 20 trading days within a 30-day trading period commencing after the Warrants become exercisable and ending on the third business day prior to the notice of redemption to Warrant holders, and
- if, and only if, there is a current registration statement in effect with respect to the shares of Common Stock underlying such Warrants at the time of redemption and for the entire 30-day trading period referred to above and continuing each day thereafter until the date of redemption.

The right to exercise will be forfeited unless the Warrants are exercised prior to the date specified in the notice of redemption. On and after the redemption date, a record holder of a Warrant will have no further rights except to receive the redemption price for such holder's Warrant upon surrender of such Warrant.

The redemption criteria for the Warrants have been established at a price which is intended to provide Warrant holders a reasonable premium to the initial exercise price and provide a sufficient differential between the then-prevailing share price and the Warrant exercise price so that if the share price declines as a result of a redemption call, the redemption will not cause the share price to drop below the exercise price of the Warrants.

If the Warrants are called for redemption as described above, management will have the option to require all holders that wish to exercise Warrants to do so on a "cashless basis." In such event, each holder would pay the exercise price by surrendering the Warrants for that number of shares of Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Common Stock underlying the Warrants, multiplied by the difference between the exercise price of the Warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" for this purpose shall mean the average reported last sale price of the Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Warrants. Whether we will exercise our option to require all holders to exercise their Warrants on a "cashless basis" will depend on a variety of factors including the price of the Common Stock at the time the Warrants are called for redemption, ongoing cash needs at such time and concerns regarding dilutive share issuances.

The Warrants have been issued in registered form under a warrant agreement (the "Warrant Agreement") between Continental Stock Transfer & Trust Company, as warrant agent, and Roth CH Acquisition I Co. ("ROCH"). The Warrant Agreement provides that the terms of the Warrants may be amended without the consent of any holder to cure any ambiguity or correct

---

any defective provision, but requires the approval, by written consent or vote, of the holders of a majority of the then outstanding Warrants in order to make any change that adversely affects the interests of the registered holders.

The exercise price and number of shares of common stock issuable on exercise of the Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, the Warrants will not be adjusted for issuances of shares of Common Stock at a price below the applicable exercise price.

The Warrants may be exercised upon surrender of the Warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the Warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified or official bank check, for the number of Warrants being exercised. The Warrant holders do not have the rights or privileges of holders of shares of Common Stock and any voting rights until they exercise their warrants and receive shares of common stock. After the issuance of shares of Common Stock upon exercise of the Warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

Warrant holders may elect to be subject to a restriction on the exercise of their Warrants such that an electing Warrant holder would not be able to exercise their Warrants to the extent that, after giving effect to such exercise, such holder would beneficially own in excess of 9.9% of the shares of Common Stock outstanding.

No fractional shares will be issued upon exercise of the Warrants. If, upon exercise of the Warrants, a holder would be entitled to receive a fractional interest in a share, upon exercise, the number of shares of Common Stock to be issued to the Warrant holder will be rounded down to the nearest whole number.

### **Units**

As of December 31, 2023, we had 56,364 units issued and outstanding (the “Units”). All Units outstanding reflect a unit consisting of one share of Common Stock and three-quarters of one redeemable Warrant to purchase Common Stock.

### **Dividends**

We have not declared or paid any cash dividends on our Common Stock and do not presently intend to pay any cash dividends in the foreseeable future. The payment of dividends is subject to the discretion of the Company’s board of directors. Our board of directors bases its decisions regarding dividends on, among other things, general business conditions, our financial results, contractual, legal and regulatory restrictions regarding dividend payments and any other factors that the board may consider relevant.

### **Listing**

Our Common Stock, Warrants and Units trade on NASDAQ under the symbols “PCT,” “PCTTW” and “PCTTU,” respectively.

---

## **Annual Stockholder Meetings**

The Second Amended and Restated Bylaws provide that annual stockholder meetings will be held wholly or partially by means of remote communication or at such place, within or without the State of Delaware, on such date and at such time as may be determined by the Company's board of directors, the Chief Executive Officer of the Company (the "Chief Executive Officer") or the chairman of the board of directors of the Company (the "Chairman") and as will be designated in the notice of the annual meeting.

## **Anti-Takeover Effects of the Company's Amended and Restated Certificate of Incorporation and Second Amended and Restated Bylaws and Certain Provisions of Delaware Law**

The Amended and Restated Certificate of Incorporation and Second Amended and Restated Bylaws contain and the DGCL contains provisions, which are summarized in the following paragraphs, that are intended to enhance the likelihood of continuity and stability in the composition of the Company's board of directors. These provisions are intended to avoid costly takeover battles, reduce the Company's vulnerability to a hostile change of control and enhance the ability of the Company's board of directors to maximize stockholder value in connection with any unsolicited offer to acquire the Company. However, these provisions may have an anti-takeover effect and may delay, deter or prevent a merger or acquisition of the Company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of the Company's Common Stock held by stockholders.

### *Authorized but Unissued Capital Stock*

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of NASDAQ, which would apply if and so long as the Company's Common Stock remains listed on NASDAQ, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of common stock. Additional shares that may be used in the future may be issued for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

The Company's board of directors may generally issue preferred shares on terms calculated to discourage, delay or prevent a change of control of the Company or the removal of the Company's management. Moreover, the Company's authorized but unissued shares of preferred stock will be available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, to facilitate acquisitions and employee benefit plans.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable the Company's board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of the Company's management and possibly deprive the Company's stockholders of opportunities to sell their shares of the Company's Common Stock at prices higher than prevailing market prices.

---

### *Removal of Directors; Vacancies*

Subject to the rights, if any, of the holders of any series of preferred stock to elect additional directors under circumstances specified in a Preferred Stock Designation, any director may be removed from office by the stockholders at any time, with or without cause and, in each case, only by the affirmative vote of the holders of a majority of the voting power of the outstanding voting stock, voting together as a single class, at any annual meeting or special meeting of the stockholders where the notice of which states that the removal of a director or directors is among the purposes of the meeting and identifies the director or directors proposed to be removed.

Subject to the rights, if any, of the holders of any future series of preferred stock to elect additional directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the number of directors and any vacancies on the board of directors resulting from death, disability, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the board of directors, or by a sole remaining director. Any director elected in accordance with the preceding sentence will hold office until the next annual meeting of stockholders and until such director's successor is duly elected and qualified or until his or her earlier death, disability, resignation, disqualification or removal. No decrease in the number of directors constituting the board of directors may shorten the term of any incumbent director.

### *Special Stockholder Meetings*

Subject to the rights of the holders of any future series of preferred stock, special meetings of stockholders may be called only (i) by the Chairman, (ii) by the Chief Executive Officer, or (iii) by the Secretary of the Company (the "Secretary") acting at the request of the Chairman, the Chief Executive Officer or a majority of the total number of directors that the Company would have if there were no vacancies on its board of directors. At any annual meeting or special meeting of stockholders, only such business will be conducted or considered as has been brought before such meeting in the manner provided in the Second Amended and Restated Bylaws.

### *Requirements for Advance Notification of Director Nominations and Stockholder Proposals*

The Second Amended and Restated Bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be properly brought before a meeting, a stockholder will have to comply with advance notice requirements and provide the Company with certain information. Generally, to be timely, a stockholder's notice relating to any nomination or other business to be brought before an annual meeting must be delivered to the Secretary at the Company's principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of stockholders. Notwithstanding the foregoing, in the event that the number of directors to be elected to the board of directors at the annual meeting is increased effective after the time period for which nominations would otherwise be due and there is no public announcement by the Company naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice will also be considered timely, but only with respect to nominees for the additional directorships, if it will be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the 10th day following the day on which such public announcement is first made by the Company.

---

To be timely, a stockholder's notice relating to the nomination of a director to the Company's board of directors to be brought before a special meeting, if permitted, will be delivered to the Secretary at the principal executive offices of the Company not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting. The Second Amended and Restated Bylaws also specify requirements as to the form and content of a stockholder's notice. Notwithstanding the foregoing notice requirements, the notice requirements will not apply to director nominations pursuant the Pure Crown Side Letter (as defined in the Second Amended and Restated Bylaws).

These notice provisions may defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of the Company.

#### *Consent of Stockholders in Lieu of Meeting*

Subject to the rights of the holders of any series of preferred stock, any action required or permitted to be taken by the stockholders may be taken only at a duly called annual or special meeting of stockholders and may not be taken without a meeting by means of any consent in writing of such stockholder.

#### *Dissenters' Rights of Appraisal and Payment*

Under the DGCL, with certain exceptions, the Company's stockholders will have appraisal rights in connection with a merger or consolidation of the Company. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

#### *Stockholders' Derivative Actions*

Under the DGCL, any of the Company's stockholders may bring an action in the Company's name to procure a judgment in the Company's favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of the Company's shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

#### *Amendment of the Amended and Restated Certificate of Incorporation*

The Amended and Restated Certificate of Incorporation provides that the Company reserves the right at any time from time to time to amend, alter, change or repeal any provision contained in the Amended and Restated Certificate of Incorporation. Notwithstanding any inconsistent provision of the Amended and Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of preferred stock required by law, (a) until the date (the "Sunset Date") of the first annual meeting of the stockholders that is held after March 17, 2026, the affirmative vote of the holders of at least 66 2/3% of the voting power, and (b) following the Sunset Date, the affirmative vote of the holders of a majority of the voting power, in the case of each of (a) and (b), of the outstanding capital stock entitled to vote, voting together as a single class, will be required to amend, alter, change or repeal, or adopt any provision inconsistent with, certain provisions, as noted in the Amended and Restated Certificate of Incorporation, or the definition of any capitalized terms used therein or any successor provision.

---

### *Amendment of the Second Amended and Restated Bylaws*

The Second Amended and Restated Bylaws may be amended in any respect or repealed at any time, either (a) at any meeting of stockholders, provided that any amendment or supplement proposed to be acted upon at any such meeting has been properly described or referred to in the notice of such meeting, or (b) by the Company's board of directors, provided that no amendment adopted by the board of directors may vary or conflict with any amendment adopted by the stockholders in accordance with the Amended and Restated Certificate of Incorporation and the Second Amended and Restated Bylaws. Notwithstanding the foregoing and anything contained in the Second Amended and Restated Bylaws, certain provisions of the Second Amended and Restated Bylaws may not be amended or repealed by the stockholders, and no provision inconsistent therewith may be adopted by the stockholders, without (a) until the Sunset Date, the affirmative vote of the holders of at least 66 2/3% of the Company's outstanding capital stock entitled to vote, voting together as a single class and (b) following the Sunset Date, the affirmative vote of the holders of a majority of the Company's outstanding capital stock entitled to vote, voting together as a single class.

### *Exclusive Forum Selection*

The Amended and Restated Certificate of Incorporation provides that, unless the Company consents in writing to the selection of an alternative forum, (a) the Court of Chancery (the "Chancery Court") of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action, suit or proceeding brought on behalf of the Company, (ii) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or stockholder of the Company to the Company or to the Company's stockholders, (iii) any action, suit or proceeding arising pursuant to any provision of the DGCL or the Second Amended and Restated Bylaws or the Amended and Restated Certificate of Incorporation (as either may be amended and/or restated from time to time) or as to which the DGCL confers jurisdiction on the Chancery Court, or (iv) any action, suit or proceeding asserting a claim against the Company governed by the internal affairs doctrine; and (b) subject to the preceding provisions, the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act. If any action the subject matter of which is within the scope of clause (a) of the immediately preceding sentence is filed in a court other than the courts in the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder will be deemed to have consented to (1) the personal jurisdiction of the state and federal courts in the State of Delaware in connection with any action brought in any such court to enforce the provisions of clause (a) of the immediately preceding sentence and (2) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring or holding any interest in any security of the Company will be deemed to have notice of and consented to such provisions of the Amended and Restated Certificate of Incorporation. Notwithstanding the foregoing, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Securities Act the Exchange Act, or any other claim for which the federal courts of the United States have exclusive jurisdiction. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

---



## **Limitations on Liability and Indemnification of Officers and Directors**

The DGCL authorizes corporations to limit or eliminate the personal liability of directors and certain officers to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. The Amended and Restated Certificate of Incorporation includes a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of the Company and its stockholders, through stockholders' derivative suits on the Company's behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director for any breach of the director's duty of loyalty to the Company or its stockholders, or if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director.

The Amended and Restated Certificate of Incorporation provides that the Company must indemnify and advance expenses to the Company's directors and officers to the fullest extent authorized by the DGCL. The Company also is expressly authorized to maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the DGCL. The Company believes that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability, advancement and indemnification provisions in the Amended and Restated Certificate of Incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit the Company and its stockholders. In addition, your investment may be adversely affected to the extent the Company pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

**SECOND AMENDMENT TO CREDIT AGREEMENT**

This **SECOND AMENDMENT TO CREDIT AGREEMENT**, dated as of March 1, 2024 (this “**Amendment**”), is entered into by and among (a) **PURECYCLE TECHNOLOGIES, INC.**, a Delaware corporation (the “**Borrower**”), (b) the Guarantors (as defined herein), (c) the Lenders (as defined herein), (d) **PURE PLASTIC LLC**, as Administrative Agent (in such capacity, the “**Administrative Agent**”), and (e) **PURE PLASTIC LLC**, as Security Agent (in such capacity, the “**Security Agent**”).

**PRELIMINARY STATEMENTS:**

**WHEREAS**, the Borrower, the Guarantors, the Lenders, the Administrative Agent and the Security Agent are party to that certain Credit Agreement, dated as of May 8, 2023, as amended by that certain First Amendment to Credit Agreement dated as of August 21, 2023 (the “**Credit Agreement**”) and, the Credit Agreement as amended and modified by this Amendment, the “**Amended Credit Agreement**”). Capitalized terms used herein and not otherwise defined in this Amendment shall have the same meanings as specified in the Amended Credit Agreement.

**WHEREAS**, the Borrower has requested that the Lenders amend the Credit Agreement to (i) increase the amount available under the permitted Indebtedness basket for the Sylebra Credit Agreement from \$150,000,000 to \$200,000,000 and (ii) add an additional permitted Investments basket to permit the purchase (or repurchase) of Ironton Bonds in an aggregate amount of up to \$262,500,000; and

**WHEREAS**, the Lenders are willing to so amend the Credit Agreement solely on the terms and subject to conditions set forth in this Amendment and the Lenders authorize and instruct the Administrative Agent and the Security Agent to enter into this Amendment.

**NOW, THEREFORE**, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

**SECTION 1. Amendments to Credit Agreement.**

(a) Section 1.01 (Defined Terms) of the Credit Agreement is hereby amended by amending and restating the following definitions contained therein in their entirety to provide as follows:

“Permitted Transfers” means (a) Dispositions of inventory in the ordinary course of business; (b) Dispositions of property to the Borrower or any Subsidiary; provided, that if the transferor of such property is a Loan Party then the transferee thereof must be a Loan Party; (c) Dispositions of accounts receivable in connection with the collection or compromise thereof; (d) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of the Borrower and its Subsidiaries; (e) any Disposition constituting an Investment otherwise permitted hereunder; (f) the sale or disposition of Cash Equivalents and the investments set forth on Schedule 7.03 for fair market value; and (g) Dispositions of the Ironton Bonds, as in effect immediately following the proposed amendments thereto as of March 1, 2024.

(b) Section 7.02 (*Indebtedness*) of the Credit Agreement is hereby amended (i) by adding “, other than with respect to any Ironton Bonds,” after the phrase “listed on Schedule 7.02 and” in clause (b) and (ii) by amending and restating clause (l) thereof in its entirety to provide as follows:

(l) Indebtedness under the Sylebra Credit Agreement in an aggregate principal amount not to exceed \$200,000,000;

---

(c) Section 7.03 (*Investments*) of the Credit Agreement is hereby amended by (i) deleting the “and” at the end of clause (h), (ii) deleting the period at the end of clause (i) and replacing it with “; and” and (iii) adding a new clause (j) to provide as follows:

(j) Investments in Ironton Bonds in an aggregate amount not to exceed \$262,500,000.

**SECTION 2. Conditions of Effectiveness.** The amendments to the Credit Agreement contained in Section 1 hereof shall become effective as of the date (the “**Effective Date**”) on which the following conditions shall have been satisfied (or waived):

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Borrower, the Guarantors, the Lenders, the Administrative Agent and the Security Agent.

(b) The Administrative Agent shall have received a fully executed copy of the Fourth Amendment to Credit Agreement, dated as of the date hereof, relating to the Sylebra Credit Agreement.

(c) The Administrative Agent (for the ratable benefit of each Lender) shall have received from the Borrower the Amendment Fee, which such fee is fully earned upon the date hereof and non-refundable under any circumstances.

(d) The Borrower shall have paid in full all expenses described in Section 9 of this Amendment that have been invoiced on or prior to the date hereof.

(e) Each of the representations and warranties set forth in Section 3 of this Amendment shall be true and correct in all respects.

**SECTION 3. Representations and Warranties.** The Borrower and each Guarantor hereby represents and warrants to the Administrative Agent:

(a) The representations and warranties of the Borrower and each Guarantor contained in the Credit Agreement or any other Loan Document are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date and except that for purposes of this Section 3, the representations and warranties contained in Sections 5.05(a) and (b) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b) of the Credit Agreement, respectively.

(b) The execution, delivery and performance by the Borrower and each Guarantor of this Amendment are within the Borrower’s and such Guarantor’s corporate or other organizational powers and have been duly authorized by all necessary corporate or other organizational action and, if required, action by any holders of its Equity Interests.

(c) This Amendment constitutes the legal, valid and binding obligations of the Borrower and each Guarantor, enforceable against the Borrower and each Guarantor in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or limiting creditors’ rights generally or by equitable principles relating to enforceability.

(d) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

**SECTION 4. Amendment Fee.** On the Effective Date, the Borrower agrees to pay to each Lender an amendment fee equal to 50 basis points (0.50%) times the aggregate Commitment of such Lender as of the Effective Date (the “Amendment Fee”), which such fee is fully earned on such date and non-refundable under any circumstances.

**SECTION 5. Ratification and Reaffirmation; Effect of this Amendment.**

(a) Each Loan Party hereby consents to the amendments effected hereby and confirms and agrees that, notwithstanding the effectiveness of this Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Credit Agreement and in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case as amended by this Amendment. For greater certainty and without limiting the foregoing, each Loan Party hereby (I) confirms that (i) the existing security interests granted by such Loan Party in favor of the Administrative Agent for the benefit of the Secured Parties pursuant to the Loan Documents (as defined in the Credit Agreement) in the Collateral described therein shall continue to secure the obligations of the Loan Parties under the Credit Agreement and the other Loan Documents as and to the extent provided therein and (ii) neither the modifications effected pursuant to this Amendment nor the execution, delivery, performance or effectiveness of this Amendment (A) impairs the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all Obligations, whether heretofore or hereafter incurred or (B) requires that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens and (II) ratifies its guarantee of the Obligations as provided in any Guaranty that is effective immediately prior to the date hereof.

(b) Except as expressly set forth or referenced herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver or novation of, or otherwise affect the rights and remedies of the Lenders, the Administrative Agent or the Security Agent under, the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document or any other provision of the Credit Agreement or of any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any party hereto to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances.

(c) Unless the context otherwise requires, from and after the date hereof, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import, and each reference to the “Credit Agreement” or words of like import in any other Loan Document shall be deemed a reference to the Amended Credit Agreement. This Amendment shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

**SECTION 6. GOVERNING LAW.** THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. Section 11.14 and Section 11.15 of the Credit Agreement shall apply to this Amendment, *mutatis mutandis*.

**SECTION 7. Headings.** Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Amendment.

**SECTION 8. Execution in Counterparts; Effectiveness.** This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging (including in .pdf format) means shall be effective as delivery of a manually executed counterpart of this Amendment. The words “execution,” “signed,” “signature,” and words of like import in this Amendment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Except as provided in Section 2, this Amendment shall become effective by and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto.

**SECTION 9. Payment of Expenses.** The Borrower agrees to pay or reimburse the Administrative Agent, the Security Agent and each of the Lenders, in each case, for its out-of-pocket costs and expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, in each case, in accordance with Section 11.04 of the Credit Agreement.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective authorized officers as of the date first above written.

**BORROWER:**

**PURECYCLE TECHNOLOGIES, INC.**

By: /s/ Dustin Olson  
Name: Dustin Olson  
Title: Chief Executive Officer

**GUARANTORS:**

**PURECYCLE TECHNOLOGIES HOLDINGS CORP.**

By: /s/ Dustin Olson  
Name: Dustin Olson  
Title: Chief Executive Officer

**PURECYCLE TECHNOLOGIES, LLC**

By: /s/ Dustin Olson  
Name: Dustin Olson  
Title: Chief Executive Officer

**AGENTS:**

**PURE PLASTIC LLC, as Administrative Agent**

By: /s/ Daniel Gibson  
Name: Daniel Gibson  
Title: Member

**PURE PLASTIC LLC, as Security Agent**

By: /s/ Daniel Gibson  
Name: Daniel Gibson  
Title: Member

**LENDERS:**

**PURE PLASTIC LLC**, as a Lender

By: /s/ Daniel Gibson  
Name: Daniel Gibson  
Title: Member

[Signature Page to Second Amendment to Credit Agreement]



**FOURTH AMENDMENT TO CREDIT AGREEMENT**

This **FOURTH AMENDMENT TO CREDIT AGREEMENT**, dated as of March 1, 2024 (this "**Amendment**"), is entered into by and among (a) **PURECYCLE TECHNOLOGIES, INC.**, a Delaware corporation (the "**Borrower**"), (b) the Guarantors (as defined herein), (c) the Lenders (as defined herein), (d) **MADISON PACIFIC TRUST LIMITED**, as Administrative Agent (in such capacity, the "**Administrative Agent**"), and (e) **MADISON PACIFIC TRUST LIMITED**, as Security Agent (in such capacity, the "**Security Agent**").

**PRELIMINARY STATEMENTS:**

**WHEREAS**, the Borrower, the Guarantors, the Lenders, the Administrative Agent and the Security Agent are party to that certain Credit Agreement, dated as of March 15, 2023, as amended by that certain First Amendment to Credit Agreement dated as of May 8, 2023, that certain Second Amendment to Credit Agreement dated as of August 4, 2023 and that Third Amendment dated as of August 21, 2023 (the "**Credit Agreement**" and, the Credit Agreement as amended and modified by this Amendment, the "**Amended Credit Agreement**"). Capitalized terms used herein and not otherwise defined in this Amendment shall have the same meanings as specified in the Amended Credit Agreement.

**WHEREAS**, the Borrower has requested that the Lenders amend the Credit Agreement to (i) increase the Lenders' Aggregate Commitments from \$150,000,000 to \$200,000,000, (ii) extend the Maturity Date from March 31, 2025 to September 30, 2025 and (iii) add an additional permitted Investments basket to permit the purchase (or repurchase) of Ironton Bonds in an aggregate amount of up to \$262,500,000; and

**WHEREAS**, the Lenders are willing to so amend the Credit Agreement solely on the terms and subject to conditions set forth in this Amendment and the Lenders authorize and instruct the Administrative Agent and the Security Agent to enter into this Amendment.

**NOW, THEREFORE**, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

**SECTION 1. Amendments to Credit Agreement.**

(a) Section 1.01 (*Defined Terms*) of the Credit Agreement is hereby amended by amending and restating the following definitions contained therein in their entirety to provide as follows:

"**Maturity Date**" means September 30, 2025.

"**Commitment**" means as to each Lender, its obligation to make Revolving Loans to the Borrower pursuant to Section 2.01, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on **Schedule 1.01(b)** under the caption "**Commitment**" or opposite such caption in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate Commitment of all of the Lenders as of the Fourth Amendment Date is \$200,000,000.

"**Permitted Transfers**" means (a) Dispositions of inventory in the ordinary course of business; (b) Dispositions of property to the Borrower or any Subsidiary; provided, that if the transferor of such property is a Loan Party then the transferee thereof must be a Loan Party; (c) Dispositions of accounts receivable in connection with the collection or compromise thereof; (d) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of the Borrower and its Subsidiaries; (e) any Disposition constituting an Investment otherwise permitted hereunder; (f) the sale or disposition of Cash Equivalents and the

---

investments set forth on Schedule 7.03 for fair market value; and (g) Dispositions of the Ironton Bonds, as in effect immediately following the proposed amendments thereto as of March 1, 2024.

(b) Section 1.01 (*Defined Terms*) of the Credit Agreement is hereby further amended by adding the following new definitions in alphabetical order to provide as follows:

“Fourth Amendment Date” means March 1, 2024.

(c) Section 7.02 (*Indebtedness*) of the Credit Agreement is hereby amended by adding “, other than with respect to any Ironton Bonds,” after the phrase “listed on Schedule 7.02 and” in clause (b).

(d) Section 7.03 (*Investments*) of the Credit Agreement is hereby amended by (i) deleting the “and” at the end of clause (h), (ii) deleting the period at the end of clause (i) and replacing it with “; and” and (iii) adding a new clause (j) to provide as follows:

(j) Investments in Ironton Bonds in an aggregate principal amount not to exceed \$262,500,000; provided, however, in no event shall any such Investments in Ironton Bonds be made using the proceeds of the Loans hereunder.

(e) Schedule 1.01(b) (*Initial Commitments and Applicable Percentages*) is hereby amended and restated in its entirety to read as set forth on Schedule 1.01(b) attached hereto.

**SECTION 2. Conditions of Effectiveness.** The amendments to the Credit Agreement contained in Section 1 hereof shall become effective as of the date (the “**Effective Date**”) on which the Administrative Agent has notified the Borrower, the Guarantors and the Lenders upon being satisfied that it has received or waived receipt of all the documents and evidence referred to in this Section (*Conditions of Effectiveness*) of this Amendment in form and substance satisfactory to the Administrative Agent (acting on the instructions of all Lenders):

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Borrower, the Guarantors, the Lenders, the Administrative Agent and the Security Agent.

(b) Each Lender shall have received an amended and restated Revolving Note, substantially in the form attached hereto as Exhibit A, executed by the Borrower.

(c) The Administrative Agent shall have received a fully executed copy of that the Second Amendment to Credit Agreement, dated as of the date hereof, relating to the Plastic Credit Agreement.

(d) The Administrative Agent (for the ratable benefit of each Lender) shall have received from the Borrower the Amendment Fees, which such fees are fully earned upon the date hereof and non-refundable under any circumstances.

(e) The Borrower shall have paid in full all expenses described in Section 9 of this Amendment that have been invoiced on or prior to the date hereof.

(f) Each of the representations and warranties set forth in Section 3 of this Amendment shall be true and correct in all respects.

**SECTION 3. Representations and Warranties.** The Borrower and each Guarantor hereby represents and warrants to the Administrative Agent:

(a) The representations and warranties of the Borrower and each Guarantor contained in the Credit Agreement or any other Loan Document are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date and except that for purposes of this Section 3, the representations and warranties contained in Sections 5.05(a) and (b) of the Credit Agreement shall be

deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b) of the Credit Agreement, respectively.

(b) The execution, delivery and performance by the Borrower and each Guarantor of this Amendment are within the Borrower's and such Guarantor's corporate or other organizational powers and have been duly authorized by all necessary corporate or other organizational action and, if required, action by any holders of its Equity Interests.

(c) This Amendment constitutes the legal, valid and binding obligations of the Borrower and each Guarantor, enforceable against the Borrower and each Guarantor in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(d) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

**SECTION 4. Amendment Fees.** On the Effective Date, the Borrower agrees to pay to each Lender (i) a maturity extension fee equal to 25 basis points (0.25%) times the aggregate Commitment of such Lender as of the Effective Date (the "Maturity Extension Fee"), and (ii) a facility increase fee equal to 75 basis points (0.75%) times the sum of (y) the aggregate Commitment of such Lender as of the Effective Date, minus (z) the aggregate Commitment of such Lender immediately prior to the Effective Date (the "Facility Increase Fee") and, together with the Maturity Extension Fee, collectively, the "Amendment Fees"), in each case, which such fees are fully earned on the Effective Date and non-refundable under any circumstances.

**SECTION 5. Ratification and Reaffirmation; Effect of this Amendment.**

(a) Each Loan Party hereby consents to the amendments effected hereby and confirms and agrees that, notwithstanding the effectiveness of this Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Credit Agreement and in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case as amended by this Amendment. For greater certainty and without limiting the foregoing, each Loan Party hereby (I) confirms that (i) the existing security interests granted by such Loan Party in favor of the Administrative Agent for the benefit of the Secured Parties pursuant to the Loan Documents (as defined in the Credit Agreement) in the Collateral described therein shall continue to secure the obligations of the Loan Parties under the Credit Agreement and the other Loan Documents as and to the extent provided therein and (ii) neither the modifications effected pursuant to this Amendment nor the execution, delivery, performance or effectiveness of this Amendment (A) impairs the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all Obligations, whether heretofore or hereafter incurred or (B) requires that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens and (II) ratifies its guarantee of the Obligations as provided in any Guaranty that is effective immediately prior to the date hereof.

(b) Except as expressly set forth or referenced herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver or novation of, or otherwise affect the rights and remedies of the Lenders, the Administrative Agent or the Security Agent under, the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document or any other provision of the Credit Agreement or of any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any party hereto to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances.

(c) Unless the context otherwise requires, from and after the date hereof, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import, and each reference to the "Credit Agreement" or words of like import in any other Loan Document shall be

deemed a reference to the Amended Credit Agreement. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

**SECTION 6. GOVERNING LAW.** THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. Section 11.14 and Section 11.15 of the Credit Agreement shall apply to this Amendment, *mutatis mutandis*.

**SECTION 7. Headings.** Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Amendment.

**SECTION 8. Execution in Counterparts; Effectiveness.** This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging (including in .pdf format) means shall be effective as delivery of a manually executed counterpart of this Amendment. The words "execution," "signed," "signature," and words of like import in this Amendment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Except as provided in Section 2, this Amendment shall become effective by and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto.

**SECTION 9. Payment of Expenses.** The Borrower agrees to pay or reimburse the Administrative Agent, the Security Agent and each of the Lenders, in each case, for its out-of-pocket costs and expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, in each case, in accordance with Section 11.04 of the Credit Agreement.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective authorized officers as of the date first above written.

**BORROWER:**

**PURECYCLE TECHNOLOGIES, INC.**

By: /s/ Dustin Olson  
Name: Dustin Olson  
Title: Chief Executive Officer

**GUARANTORS:**

**PURECYCLE TECHNOLOGIES HOLDINGS CORP.**

By: /s/ Dustin Olson  
Name: Dustin Olson  
Title: Chief Executive Officer

**PURECYCLE TECHNOLOGIES, LLC**

By: /s/ Dustin Olson  
Name: Dustin Olson  
Title: Chief Executive Officer

**AGENTS:**

**MADISON PACIFIC TRUST LIMITED**, as Administrative Agent

By: /s/ Cassandra Ho  
Name: Cassandra Ho  
Title: Managing Director

**MADISON PACIFIC TRUST LIMITED**, as Security Agent

By: /s/ Cassandra Ho  
Name: Cassandra Ho  
Title: Managing Director

**LENDERS:**

**SYLEBRA CAPITAL PARTNERS MASTER FUND, LTD**, as a Lender

By: /s/ Matthew Whitehead  
Name: Matthew Whitehead  
Title: Authorized Signatory

**SYLEBRA CAPITAL PARC MASTER FUND**, as a Lender

By: /s/ Matthew Whitehead  
Name: Matthew Whitehead  
Title: Authorized Signatory

**SYLEBRA CAPITAL MENLO MASTER FUND**, as a Lender

By: /s/ Matthew Whitehead  
Name: Matthew Whitehead  
Title: Authorized Signatory

[Signature Page to Fourth Amendment to Credit Agreement]

---

**SCHEDULE 1.01(b)**

**Commitments and Applicable Percentages as of Fourth Amendment Date**

| <b>Lender</b>                              | <b>“Revolving Commitment”<br/>Commitment</b> | <b>Applicable Percentage</b> |
|--|--|------------------------------|
| Sylebra Capital Partners Master Fund, Ltd  | \$144,000,000.00                             | 72.00%                       |
| Sylebra Capital PARC Master Fund           | \$48,000,000.00                              | 24.00%                       |
| Sylebra Capital Menlo Master Fund          | \$8,000,000.00                               | 3.00%                        |
| <b>Total Revolving Credit Commitments:</b> | <b>\$200,000,000.00</b>                      | <b>100%</b>                  |

---



**EXHIBIT A**

**FORM OF AMENDED AND RESTATED REVOLVING NOTE**

\$\_[\_\_\_\_\_]

[\_\_\_\_\_] , [\_\_\_\_]

FOR VALUE RECEIVED, PURECYCLE TECHNOLOGIES, INC. (the "Borrower"), hereby promises to pay to [\_\_\_\_\_] or its registered assigns (the "Lender"), the principal amount of [\_\_\_\_\_] Dollars (\$[\_\_\_\_\_]), or, if less, the aggregate unpaid principal amount of Revolving Loans made by the Lender to the Borrower under that certain Credit Agreement, dated as of March 15, 2023 (as amended by that certain First Amendment to Credit Agreement dated as of May 8, 2023, that certain Second Amendment to Credit Agreement dated as of August 4, 2023, that Third Amendment dated as of August 21, 2023, that Fourth Amendment dated as of [\_\_\_\_\_] , 2024 and as further amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement;" the terms defined therein being used herein as therein defined), among the Borrower, the Guarantors, the Lenders from time to time party thereto, MADISON PACIFIC TRUST LIMITED, as Administrative Agent, and MADISON PACIFIC TRUST LIMITED, as Security Agent.

The Borrower promises to pay interest on the unpaid principal amount of each Revolving Loan from the date of such Revolving Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement.

This Amended and Restated Revolving Note is one of the Revolving Notes referred to in the Credit Agreement, and the holder is entitled to the benefits thereof. Revolving Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Amended and Restated Revolving Note and endorse thereon the date, amount and maturity of its Revolving Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Amended and Restated Revolving Note.

Delivery of an executed counterpart of a signature page of this Amended and Restated Revolving Note by fax transmission or other electronic mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amended and Restated Revolving Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

This Amended and Restated Revolving Note amends and restates in its entirety that certain Revolving Note dated March 15, 2023 in the principal amount of \$[\_\_\_\_\_] made by the Borrower in favor of the Lender (the "Prior Note"). The Borrower hereby acknowledges and agrees that this Amended and Restated Note as given is substitution for, and not as payment of, the Prior Note. The Borrower hereby further acknowledges and agrees that this Amended and Restated Revolving Note does not constitute a novation of the obligations and liabilities existing under the Prior Note and such obligations and liabilities shall remain in full force and effect in accordance with the terms thereof as modified hereby.

---

IN WITNESS HEREOF, the undersigned has caused this Amended and Restated Revolving to be duly executed and delivered as of the date first written above.

PURECYCLE TECHNOLOGIES, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page to Amended and Restated Revolving Note]

**PURCHASE AGREEMENT AND CONSENT**

This PURCHASE AGREEMENT AND CONSENT (this “*Agreement*”) is entered into as of March 5, 2024, by and among PureCycle: Ohio LLC, an Ohio limited liability company (the “*Company*”), PureCycle Technologies LLC, a Delaware limited liability company (the “*Guarantor*” or the “*Purchaser*”), and each of the other signatories hereto (each, a “*Seller*” and collectively, the “*Sellers*,” and, together with the Company and the Purchaser, 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 the \$219,550,000 Southern Ohio Port Authority Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A (the “*Series 2020A Bonds*”), the \$20,000,000 Southern Ohio Port Authority Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020B (the “*Series 2020B Bonds*”), and the \$10,000,000 Southern Ohio Port Authority Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C (the “*Series 2020C Bonds*”), and together with the Series 202A Bonds and the Series 2020B Bonds, the “*Bonds*”);

WHEREAS, the Issuer and 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 Purchaser 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 Purchaser, as Guarantor, has provided a guaranty with respect to Obligations of the Company on the terms set forth therein in favor of the Trustee;

WHEREAS, as of the date hereof, the Sellers constitute Majority Holders of the Series 2020A Bonds;

WHEREAS, the Company agreed in principle with Sellers constituting Majority Holders that the Company, or an affiliate of the Company, will purchase from Sellers for cash, upon the terms and conditions to be set forth in a purchase agreement by and among the Company (and/or an affiliate of the Company) and any Holder of Bonds that elects to be a party to such agreement, any and all Bonds held by Sellers at a purchase price of \$1,050 per \$1,000 principal amount of the Bonds purchased (the “*Purchase Price*”);

WHEREAS, the Sellers are electing to sell their Bonds, in the amounts set forth on Exhibit A hereto (collectively, the “*Purchased Bonds*”) and for the Cash Consideration (defined below) set forth in Exhibit A hereto;

WHEREAS, the Company and the Sellers agree that the Purchase Price has been calculated in part to compensate the Sellers for default interest accruing from January 2, 2023 through December 31, 2023, and any other accrued and unpaid interest from the last interest payment up to the Closing Date (as defined below), which Purchase Price shall not include any default or penalty interest accruing from January 1, 2024, that would otherwise be owed to the Sellers and each Seller will waive its respective right to such default or penalty interest as additional consideration, in the amounts set forth on Exhibit A hereto (the “*Cash Consideration*”); and

---

WHEREAS, the Company and the Majority Holders determined that each Seller will deliver to the Company and the Trustee a consent to certain proposed amendments to the Indenture, the Loan Agreement, that certain Escrow Agreement, dated as of October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Operating Revenue Escrow Agreement*”), among the Company, as depositor, the Trustee, and U.S. Bank National Association, as escrow agent (in such capacity, the “*Operating Revenue Escrow Agent*”), that certain Escrow Agreement, dated as of October 7, 2020 (as amended restated, supplemented or otherwise modified from time to time, the “*Liquidity Reserve Escrow Agreement*”), between the Purchaser, as depositor, the Trustee, and U.S. Bank National Association, as escrow agent (in such capacity, the “*Liquidity Reserve Escrow Agent*”), that certain Security Agreement, dated October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Security Agreement*”), from the Company to the Trustee, and the Guaranty (collectively, with the Indenture, Loan Agreement, the Operating Revenue Escrow Agreement, the Liquidity Reserve Escrow Agreement, and the Security Agreement, the “*Amendment Documents*”), and to permit the release of funds on deposit in accounts in the Trust Estate (as defined in the Indenture) in a proportionate amount to the percentage of the aggregate principal amount of the Bonds that are submitted for purchase by the Purchaser (each, a “*Consent*” and, collectively, the “*Consents*”), and that such Consents will become effective as of the Closing Date.

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. Closing Date. The “*Closing Date*” shall be the earliest date on which the Closing Conditions set forth in Section 2 are satisfied.

2. Conditions to Purchase of Bonds and Effectiveness of Consents.

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

- i. Each Seller shall have performed and complied in all material respects with the covenants and agreements required to be performed or complied with by such Seller hereunder on or prior to the Closing Date.
- ii. Each Seller shall have validly delivered or caused to be delivered to the Purchaser the Purchased Bonds in accordance with the methods of and restrictions on transfer set forth in the Indenture.
- iii. The Company and Purchaser shall have received this Purchase Agreement, duly executed by Sellers representing Holders of no less than a majority in aggregate principal amount of the Series 2020A Bonds Outstanding, constituting Majority Holders.

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

- i. The Company and 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.
- ii. The Company and Purchaser shall deliver, or cause to be delivered, to the Trustee the Cash Consideration by wire transfer of immediately available funds to such account or accounts as are set forth in Exhibit B hereto.
- iii. Each Seller shall have received this Purchase Agreement, duly executed by the Company and the Purchaser.

- iv. The Company or the Purchaser shall have reimbursed the Trustee and the Sellers for all reasonable and documented out-of-pocket costs and expenses (including attorneys' fees) incurred by the Trustee and such Sellers in connection with the transactions described herein or otherwise incurred in connection with prior transactions or the general enforcement of rights and remedies under the Indenture, the Loan Agreement, or other Financing Documents or Bond Documents.

3. Purchase of Bonds and Effectiveness of Consents.

On the Closing Date, upon the satisfaction of the conditions set forth in Section 2:

- (a) The Purchaser shall acquire the Purchased Bonds from the Sellers, free and clear of all taxes, liens, security interests, options, purchase rights or other encumbrances of any kind;
  - (b) Each Seller shall be deemed to have consented to the execution and delivery of the Third Supplemental Indenture, by and among the Issuer, the Company, the Purchaser, PCTO Holdco LLC, a Delaware limited liability company, and the Trustee, in the form attached hereto as Exhibit C, and the amendments to the Amendment Documents set forth therein; and
  - (c) The Trustee shall deliver to each Seller the Cash Consideration allocable to such Seller in the amounts set forth opposite such Seller's name in Exhibit A hereto.
4. Amendment and Waiver. No modification, amendment or waiver of any provision of this Agreement shall be effective against the Sellers, the Company, or the Purchaser unless such modification, amendment or waiver is approved in writing by the Sellers, the Company, and the Purchaser.
5. 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 NEW YORK, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAW OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.
6. 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 Company, the Purchaser, and the Sellers, 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.
7. 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]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**COMPANY:**

PureCycle: Ohio LLC

By: /s/Brad S. Kalter  
Name: Brad S. Kalter  
Title: Secretary

**PURCHASER:**

PureCycle Technologies LLC

By: /s/Brad S. Kalter  
Name: Brad S. Kalter  
Title: Secretary

*[Signature Page to Purchase Agreement and Consent]*

---

**SELLERS:**

[\*\*\*]

By: \*\*\*  
Name: [\*\*\*]  
Title: [\*\*\*]

[\*\*\*]

By: \*\*\*  
Name: [\*\*\*]  
Title: [\*\*\*]

[\*\*\*]

By: \*\*\*  
Name: [\*\*\*]  
Title: [\*\*\*]

[\*\*\*]

By: \*\*\*  
Name: [\*\*\*]  
Title: [\*\*\*]

[\*\*\*]

By: \*\*\*  
Name: [\*\*\*]  
Title: [\*\*\*]

[\*\*\*]

By: \*\*\*  
Name: [\*\*\*]  
Title: [\*\*\*]

*[Signature Page to Purchase Agreement and Consent]*

---



**Exhibit A**  
**Sellers' Bonds and Cash Consideration**

[\*\*\*]

---

**Exhibit B**  
**Wire Instructions**

[\*\*\*]

**Exhibit C**  
**Form of Supplemental Indenture**

[Attached.]

### **THIRD SUPPLEMENTAL INDENTURE**

This THIRD SUPPLEMENTAL INDENTURE, dated as of March 5, 2024 (this “*Third Supplemental Indenture*”), is entered into by and among 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*”), PURECYCLE: OHIO LLC, a limited liability company organized and existing under the laws of the State of Ohio (the “*Company*”), PURECYCLE TECHNOLOGIES LLC, a Delaware limited liability company (the “*Guarantor*”), PCTO HOLDCO LLC, a Delaware limited liability company (the “*Pledgor*”; and together with the Company and the Guarantor, the “*Company Parties*”), and UMB BANK, N.A., a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under the laws of the United States and having a corporate trust office in Minneapolis, Minnesota, as trustee (the “*Trustee*”). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indenture (as defined below).

#### **WITNESSETH:**

**WHEREAS**, the Issuer and 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 Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A, its \$20,000,000 Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020B, and its \$10,000,000 Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C;

**WHEREAS**, the Issuer and 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, among other things, assist the Company in financing the acquisition, construction, equipping and installation of a portion of a plastics recycling facility located in Lawrence County, Ohio;

**WHEREAS**, the Guarantor 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 Guarantor has provided a guaranty with respect to the Obligations (as defined in the Guaranty) of the Company on the terms set forth therein in favor of the Trustee;

**WHEREAS**, the Pledgor is party to that certain Equity Pledge and Security Agreement, dated as of October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Equity Pledge and Security Agreement*”), pursuant to which the Pledgor has secured the Company’s obligations under the Financing Documents and Bond Documents by, among other things, pledging the Pledged Interests (as defined in the Equity Pledge and Security Agreement) to the Trustee on the terms set forth therein;

**WHEREAS**, the Company, as debtor, is party to that certain Security Agreement, dated October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Security Agreement*”), in favor of the Trustee, as secured party;

**WHEREAS**, the Company is party to that certain Escrow Agreement, dated as of October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Operating Revenue Escrow Agreement*”), among the Company, the Trustee, and U.S. Bank

National Association, as escrow agent (in such capacity, the “*Operating Revenue Escrow Agent*”);

**WHEREAS**, the Guarantor is party to that certain Escrow Agreement, dated as of October 7, 2020 (as amended restated, supplemented or otherwise modified from time to time, the “*Liquidity Reserve Escrow Agreement*”), between the Guarantor, the Trustee, and U.S. Bank National Association, as escrow agent (in such capacity, the “*Liquidity Reserve Escrow Agent*”);

**WHEREAS**, the Issuer, the Company, the Guarantor, the Pledgor, and the Trustee are party to that certain Limited Waiver and First Supplemental Indenture, dated as of March 15, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the “*Limited Waiver and First Supplemental Indenture*”);

**WHEREAS**, the Issuer, the Company, the Guarantor, the Pledgor, and the Trustee are party to that certain Limited Waiver and Second Supplemental Indenture, dated as of November 8, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the “*Limited Waiver and Second Supplemental Indenture*”);

**WHEREAS**, the Company has requested that the Trustee, with the consent of the Majority Holders, amend certain provisions of the Indenture and other Financing Documents; and

**WHEREAS**, pursuant to such request, Holders constituting the Majority Holders are willing to amend certain provisions of the Indenture and other Financing Documents, subject to the terms and conditions set forth herein, and as such have directed the Trustee to execute this Third Supplemental Indenture.

**NOW THEREFORE**, in consideration of the foregoing recitals, mutual agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**Section 1. Amendments to the Indenture.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(i) Section 1.01 of the Indenture is hereby amended by adding the following defined terms in appropriate alphabetical order:

““Overall Coverage Requirement” means a ratio of at least 110% of (a) Net Income Available for Debt Service to (b) all obligations of the Company which are charges, liens, Indebtedness or encumbrances upon or payable from Gross Revenue, including but not limited to Senior Bonds, Parity Indebtedness and Subordinate Bonds, calculated at the end of each Fiscal Year, based upon the Audited Annual Financial Statements of the Company.”

“Senior Parity Coverage Requirement” means a Senior Debt Service Coverage Ratio equal to at least 150% for such Fiscal Year, calculated at the end of each Fiscal Year, based upon the Audited Annual Financial Statements of the Company.””

(ii) The definition of “Senior Parity Indebtedness” in Section 1.01 of the Indenture is hereby amended by deleting “and which satisfies the conditions set forth in Section 2.4(b)(i) of the Loan Agreement,” and replacing said clause with, “and which satisfies the Senior Parity Coverage Requirement and the Overall Coverage Requirement.”

(iii) The definition of “Outside Completion Date” in Section 1.01 of the Indenture is hereby amended by replacing “December 1, 2022” therein with “December 31, 2030.”

(iv) The definition of each of “Outstanding,” “Bonds Outstanding,” and “Outstanding Bonds” in Section 1.01 of the Indenture is hereby amended by deleting the following sentence therein:

“For purposes of approval voting or consent by Holders, “Outstanding” shall not include any Bonds owned by or on behalf of the Company or an affiliate of the Company or the Issuer or an affiliate of the Issuer (unless, in each case, all of the Outstanding Bonds are so owned).”

(v) Section 4.02(h) of the Indenture is hereby amended and restated in its entirety to read as follows:

“(h) in the Contingency Account of the Project Fund, an additional \$21,153,011.00 equity deposit of the Company to be made no later than January 31, 2021 (the “Contingency Requirement”), which Contingency Requirement, after Mechanical Completion (as defined in the Construction Contract) of the Project, may be reduced either by payment of requisitions under the Indenture or by the release of funds in the Contingency Account in proportion to the percentage of aggregate principal amount of Bonds purchased by the Company from time to time, and said Contingency Account shall thereafter not be replenished by withdrawals from the Liquidity Reserve Escrow Fund or otherwise; *provided*, that the minimum Contingency Requirement shall be \$1 million (the “Reduced Contingency Requirement”) until payment of the final requisition has been made under Section 4.04 hereof, to which said final requisition, the balance in the Contingency Account may be applied.”

(vi) Section 4.04(b) of the Indenture is hereby amended and restated in its entirety to read as follows:

“(b) [Reserved].”

(vii) Section 4.04(i) of the Indenture is hereby amended and restated in its entirety to read as follows:

“(i) [Reserved].”

(viii) Section 4.05 of the Indenture is hereby amended and restated in its entirety to read as follows:

“Section 4.05. Payments into the Revenue Fund. There shall be deposited by the Trustee into the Revenue Fund when and as received any and all payments received by the Trustee under Sections 5.1(b) and 7.3 of the Loan Agreement.”

(ix) Section 8.01(c) of the Indenture is hereby amended and restated in its entirety to read as follows:

“(c) [Reserved]; or”

- (x) Section 8.01(f) of the Indenture is hereby amended and restated in its entirety to read as follows:  
“(f) the occurrence of an “Event of Default” under the Loan Agreement, the Mortgage or the Tax Compliance Agreement.”
- (xi) Section 8.03(a)(vii) is hereby amended and restated in its entirety to read as follows:  
“[Reserved];”

**Section 2. Amendments to the Loan Agreement.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

- (i) Sections 2.4(a)(i) and 2.4(a)(ii) of the Loan Agreement are hereby amended and restated in their entirety to read as follows:  
“(i) [Reserved].  
(ii) [Reserved].”
- (ii) Sections 2.4(b)(i)(A)(II), 2.4(b)(i)(A)(III), and 2.4(b)(i)(A)(IV) of the Loan Agreement shall each be deleted in their entirety.
- (iii) Sections 2.4(b)(ii)(A)(II) and 2.4(b)(ii)(A)(III) of the Loan Agreement shall each be deleted in their entirety.
- (iv) The first sentence of Section 2.4(b)(iii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:  
“The Company may incur unsecured Indebtedness and Indebtedness subordinate to the obligations under this Loan Agreement, including Short-Term Indebtedness, Subordinate Debt and Contingent Debt Liabilities, for working capital purposes, solely for use at the Project, in an amount not more than \$5,000,000.”
- (v) Section 2.4(b)(v)(A) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:  
“(A) Liens arising from acquisition or leasing of equipment;”
- (vi) Clause (1) of Section 2.4(b)(vi)(C)(I) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:  
“(1) [reserved], and”
- (vii) Section 2.4(b)(vi)(C)(II) of the Loan Agreement is hereby amended by deleting (i) the phrases “and December 31, 2020 with respect to the Guarantor,” “and the Guarantor,” and “and the Guarantor, as applicable,” each time such phrases appear therein, and (ii) the phrase “shall be unqualified as to going concern and scope of audit and contain no other material qualification or exception, and” where such phrase appears in clause (3) thereof.
- (viii) Section 2.4(b)(vi)(C)(III) of the Loan Agreement is hereby amended by (i) deleting (i) the phrases “and the Guarantor (which may be separate certificates)” and “or the

Guarantor, as applicable,” each time such phrases appear therein, and (ii) amending and restating clause (3) thereof to read “(3) [reserved].”

(ix) Section 2.4(b)(vi)(C)(VII) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(VII) [Reserved].”

(x) Clause (a) of Section 2.4(b)(vi)(C)(VIII) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(a) [reserved],”

(xi) Section 2.4(b)(vi)(C)(IX) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(IX) [Reserved].”

(xii) Section 2.4(b)(vii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(vii) [Reserved].”

(xiii) Section 2.4(b)(viii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(viii) [Reserved].”

(xiv) Section 2.5 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Section 2.5. [Reserved].”

(xv) Section 2.9 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“2.9. [Reserved].”

(xvi) Section 2.10 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Section 2.10. [Reserved].”

(xvii) Section 2.11 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Section 2.11. [Reserved].”

(xviii) Section 2.13 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Section 2.13. [Reserved].”



(xix) Section 4.1(a) of the Loan Agreement is hereby amended by deleting “December 1, 2022 (the “Outside Completion Date”)” therein and replacing it with “December 31, 2030 (the “Outside Completion Date”)”.

(xx) Section 4.1(b) of the Loan Agreement is hereby deleted in its entirety.

(xxi) Section 10.1(a)(ii) of the Loan Agreement is hereby amended by deleting the references to Sections 2.4(a)(i), 2.4(a)(ii), 2.4(b)(vii) and 2.4(b)(viii) therein.

(xxii) Section 10.1(a)(iii)(A) of the Loan Agreement is hereby amended by deleting the phrase, “(except obligations referred to in subsection (a)(i) and (ii) above and subsection (vii) below for which no cure period shall apply)” therein.

(xxiii) Section 10.1(a)(iii)(B)(1) of the Loan Agreement is hereby amended by deleting the text, “or other obligations referred to in subsection (a)(i) or (ii) above or subsection (vii) below” therein.

(xxiv) Section 10.1(a)(v) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(v) The occurrence of an “Event of Default” under the Indenture, this Loan Agreement, the Mortgage or the Tax Compliance Agreement.”

(xxv) Section 10.1(a)(vii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(vii) [Reserved].”

(xxvi) Clause (a) of Section 10.2(a)(ii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(a) [reserved], and”

(xxvii) Section 10.2(e) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(e) [Reserved].”

**Section 3. Amendments to the Limited Waiver and First Supplemental Indenture.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(i) The third sentence in Section 2(c) of the Limited Waiver and First Supplemental Indenture shall be amended and restated as follows: “All amounts in the Trustee Account shall remain in the Trustee Account so long as any Bonds remain Outstanding and, notwithstanding anything to the contrary in the Indenture, the Loan Agreement or any other Financing Document or Bond Document, shall not be available for any withdrawals or transfers to other funds or accounts with the Trustee or any other uses by the Issuer or the Company for any purpose; *provided*, that amounts in the Trustee Account may be released to the Company for the purpose only of the Company or an affiliate thereof purchasing Bonds Outstanding (other than, for the avoidance of doubt, any Bonds purchased from the Company or an affiliate thereof), in an amount proportionate to that percentage of aggregate principal amount of Bonds purchased to the

Aggregate Trustee Deposit (as defined in the Limited Waiver and Second Supplemental Indenture).”

(ii) Sections 2(e)(vii), 2(e)(viii), 2(e)(ix), 2(e)(x) and 2(e)(xi) of the Limited Waiver and First Supplemental Indenture shall be deleted in their entirety.

(iii) Section 2(f) of the Limited Waiver and First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“(f) [Reserved].”

(iv) Section 2(h) of the Limited Waiver and First Supplemental Indenture shall be deleted in its entirety.

(v) Section 13 of the Limited Waiver and First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“Section 13. [Reserved].”

**Section 4. Amendments to the Limited Waiver and Second Supplemental Indenture.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(i) Section 2(a) of the Limited Waiver and Second Supplemental Indenture is hereby amended by deleting the following sentence in its entirety:

“Notwithstanding the foregoing, \$50,000,000 of funds in the Trustee Account shall be released back to the Company upon satisfaction of the conditions set forth in Section 4.11(a) of the Guaranty.”

(ii) Section 2(c) of the Limited Waiver and Second Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“(c) [Reserved].”

(iii) The first sentence of Section 7(a) of the Limited Waiver and Second Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“Notwithstanding anything to the contrary in the Indenture, the Loan Agreement, the Limited Waiver and First Supplemental Indenture or any other Financing Document or Bond Document (including Section 2(c) of the Limited Waiver and First Supplemental Indenture providing that investment income or earnings on amounts invested from the Trustee Account shall be deposited in the Earnings Fund pursuant to Section 4.10 of the Indenture), no more than one time in any three month period, the Company may submit a written request in the form attached as Exhibit A-1 hereto (each, a “*Trustee Account Excess Funds Request*”) to the Trustee for the release to the Company of any amounts in the Trustee Account in excess of that balance in the Trustee Account after the release of funds therein (in such amounts as permitted under the Financing Documents) to the Company for the payment of a portion of the purchase price of any Bonds purchased by the Company or an affiliate of the Company from time to time at such time (any such excess funds being referred to herein as, “*Trustee Account Excess Funds*”).”

(iv) References in Exhibit A-1 to the Limited Waiver and Second Supplemental Indenture shall hereafter be references to Exhibit A-1 to the Limited Waiver and Second Supplemental Indenture, as amended, restated, supplemented or otherwise modified, including, without limitation, as amended by this Third Supplemental Indenture. The second paragraph of Exhibit A-1 to the Limited Waiver and Second Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“Pursuant to Section 7(a) of the Limited Waiver and Second Supplemental Indenture, the Company hereby requests that the Trustee release to the Company any amounts in the Trustee Account in excess of that balance in the Trustee Account after the release of funds therein (in such amounts as permitted under the Financing Documents) to the Company for the payment of a portion of the purchase price of any Bonds purchased by the Company or an affiliate of the Company from time to time, if any.”

(v) Section 14 of the Limited Waiver and Second Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“Section 14. [Reserved].”

**Section 5. Amendments to the Guaranty.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(i) Section 3.01 of the Guaranty is hereby amended by deleting clauses (iii) and (iv) from the first paragraph thereof and by deleting subsection (e) therein.

(ii) Section 3.01 of the Guaranty is hereby amended by deleting all references to Section 4.11(b) and Section 4.11(c) therein.

(i) Subsections (b), (c), and (d) of Section 3.02 of the Guaranty are hereby amended and restated in their entirety to read as follows:

“(b) [Reserved].”

“(c) [Reserved].”

“(d) [Reserved].”

(ii) The first sentence of subsection (a) of Section 3.10 of the Guaranty is hereby amended and restated to read in its entirety as follows:

“Not later than January 31, 2021, the Guarantor shall deposit \$50,000,000 (the “**Liquidity Reserve Amount**”) in a segregated account of the Guarantor to be used by the Trustee to secure Guarantor’s obligations hereunder (the “**Liquidity Reserve Escrow Fund**”). In the event that the Company or an affiliate of the Company purchases Bonds Outstanding from time to time (other than, for the avoidance of doubt, any Bonds purchased from the Company or an affiliate thereof), a percentage of funds in the Liquidity Reserve Escrow Fund at such time that is proportionate to the aggregate principal amount of Bonds Outstanding being so purchased by the Company or an affiliate at such time may be released at such time; provided, that any such funds so released shall be applied to the payment of a portion of the purchase price of such purchased Bonds. The Liquidity Reserve Escrow Fund shall remain in existence until the conditions in Section 4.11(a) hereof have been met, whereupon the balance in the Liquidity Reserve Escrow Fund shall be returned to the Guarantor.”

(iii) Section 3.10 of the Guaranty is hereby amended by deleting all references to Section 4.11(b) and Section 4.11(c) therein.

(iv) Section 3.11 of the Guaranty is hereby amended and restated in its entirety to read as follows:

“**Section 3.11 [Reserved].**”

(v) Clause (a) of Section 4.11 of the Guaranty is hereby amended and restated in its entirety to read as follows:

“Guarantor shall be released from its Obligations under Section 3.02(a) hereof upon (A) the completion of all Obligations set forth in Section 3.01 hereof, and (B) the expiration of the twelfth month following the completion of thirty (30) consecutive days of full name plate operations of the Project.”

(c) Section 4.11 of the Guaranty is hereby amended by deleting subsections (b), (c), and (d) thereof and such subsections are amended and restated to read in their entirety as follows:

“(b) [Reserved].”

“(c) [Reserved].”

“(d) [Reserved].”

(d) Section 4.11(e) of the Guaranty is hereby amended by deleting the words “The foregoing provision notwithstanding.”.

(c) Section 4.12 of the Guaranty is hereby amended and restated in its entirety to read as follows:

“**Section 4.12 [Reserved].**”

**Section 6. Amendments to the Security Agreement.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(i) Exhibit B of the Security Agreement is hereby amended by deleting the Operating Revenue Escrow Account therefrom.

(ii) Exhibit J of the Security Agreement is hereby amended by (i) deleting “Circular Polymers LLC” and “Ravago Americas LLC” from the list of Feedstock Supply Agreements listed therein, (ii) deleting “Ravago Americas, LLC” from the list of Offtake Agreements listed therein, (iii) adding “CellMark USA” and “iSustain Inc.” to the list of Feedstock Supply Agreements listed therein and (iv) adding “Formerra, LLC” to the list of Offtake Agreements listed therein.

**Section 7. Representations And Warranties Of Company Parties.** In order to induce the Trustee to enter into this Third Supplemental Indenture, each Company Party hereby represents and warrants that:

(i) Each Company Party (i) is a corporation, partnership or limited liability company duly organized, validly existing, and in active status or good standing under the laws of its state

of incorporation or formation, (ii) has the corporate or limited liability company power and authority to own or lease and operate its properties and to carry on its business as now being and hereafter proposed to be conducted, and (iii) is duly qualified and is in active status or good standing as a foreign corporation or limited liability company, and authorized to do business, in each jurisdiction in which the character of its properties or the nature of its business requires such qualification or authorization, except with respect to this clause (iii) where the failure to qualify, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(ii) Each Company Party has the power and has taken all necessary action, corporate or otherwise, to authorize it to execute, deliver, and perform its obligations under this Third Supplemental Indenture and each of the other Financing Documents and Bond Documents to which it is a party in accordance with the terms thereof and to consummate the transactions contemplated hereby and thereby. Each of this Third Supplemental Indenture and each other Financing Document and Bond Document to which a Company Party is a party has been duly executed and delivered by such Company Party, and is a legal, valid and binding obligation of such Company Party, enforceable against it in accordance with its terms except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditor's rights generally or by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

(iii) The execution, delivery, and performance of this Third Supplemental Indenture and each of the other Financing Documents and Bond Documents in accordance with their respective terms and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate any applicable law, except where any such violation could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (ii) conflict with, result in a breach of or constitute a default under the certificate of incorporation or formation, by-laws, partnership agreement, operating agreement or other governing documents of any Company Party or under any contract to which any Company Party is a party or by which any Company Party or any of its properties may be bound, or (iii) result in or require the creation or imposition of any Lien upon or with any assets or property of any Company Party except Permitted Liens.

(d) All of the representations and warranties of the Company Parties under this Third Supplemental Indenture and the other Financing Documents and Bond Documents (after giving effect to this Third Supplemental Indenture, and the Second Amendment to the Liquidity Reserve Escrow Agreement (as defined herein)) are true and correct in all material respects (without duplication of any materiality qualifier contained herein or therein, as applicable), and there exists no Default or Event of Default, in each case after giving effect to this Third Supplemental Indenture.

**Section 8. Representations And Warranties Of Issuer.** In order to induce the Trustee to enter into this Third Supplemental Indenture, the Issuer hereby represents and warrants that:

(i) The Issuer is a port authority and body corporate and politic validly existing under the laws of the State.

(ii) The Issuer has the necessary power under the Act and has duly taken all action on its part required to execute and deliver this Third Supplemental Indenture, to undertake the

transactions contemplated by this Third Supplemental Indenture and to carry out its obligations hereunder.

(iii) Neither the execution and delivery of this Third Supplemental Indenture, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Third Supplemental Indenture will conflict with or result in a breach by the Issuer of any of the terms, conditions or provisions of the Act or any restriction, agreement, instrument, order or judgment to which the Issuer is a party or by which it is bound, or will constitute a default by the Issuer under any of the foregoing.

(iv) Pursuant to a Resolution Authorizing Supplemental Indenture and Authorizing and Approving Related Matters passed by its Board of Directors (the “*Amending Resolution*”) on February 28, 2024, the Issuer has duly authorized the execution and delivery of this Third Supplemental Indenture.

(v) When duly executed and delivered on behalf of the Issuer, and assuming the due authorization, execution and delivery by the other parties hereto, this Third Supplemental Indenture shall constitute a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms; *provided*, that the enforceability of this Third Supplemental Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors’ rights generally and the application of general principles of equity.

(vi) To the best knowledge of the Issuer, as of this date, there is no action, suit or proceeding at law or in equity, pending or threatened against the Issuer to restrain or enjoin the execution and delivery of this Third Supplemental Indenture or in any way contesting the validity or affecting the power of the Issuer with respect to the documents or instruments executed by the Issuer in connection herewith or the existence of the Issuer or the power or the right of the Issuer to enter into this Third Supplemental Indenture.

(vii) The Amending Resolution was duly passed by the Issuer at a public meeting of the Board of Directors of the Issuer held in accordance with all applicable laws and at which a quorum was present and acting throughout, and the Amending Resolution remains in full force and effect and has not been repealed, amended, modified or superseded.

(h) The Issuer has no knowledge of (i) any existing Event of Default under the Indenture, or (ii) any event, fact or circumstance that, with the passage of time, the giving of notice or both, could constitute an Event of Default under the Indenture.

**Section 9. Conditions Precedent To Effectiveness.** This Third Supplemental Indenture shall be effective upon the satisfaction of each of the following conditions:

(i) The Trustee shall have received this Third Supplemental Indenture, duly executed by each of the Issuer, the Company, the Guarantor, the Pledgor, and the Trustee.

(ii) The representations and warranties of the Company Parties contained herein shall be true and correct in all material respects (without duplication of any materiality qualifier), and there shall exist no Default or Event of Default, in each case after giving effect to this Third Supplemental Indenture (and the Trustee shall have received a certificate of an Authorized Representative of the Company, the Guarantor and the Pledgor certifying as to the matters set forth in this clause (b)).

(iii) The representations and warranties of the Issuer contained herein shall be true and correct in all material respects (and the Trustee shall have received a certificate of the Issuer certifying as to the matters set forth in this clause (c)).

(iv) The Trustee shall have received an Officer's Certificate and opinion of Independent Counsel covering such matters as required pursuant to the Indenture and such other matters as are reasonably requested by the Trustee or the Majority Holders.

(v) The Trustee shall have received a customary legal opinion of Locke Lord LLP, counsel to the Company Parties, in form and substance reasonably satisfactory to the Trustee and the Majority Holders.

(vi) The Company shall have reimbursed the Trustee for all reasonable and documented out-of-pocket costs and expenses, including the reasonable fees and disbursements of (i) Arnold & Porter Kaye Scholer LLP and (ii) Ballard Spahr LLP, in each case in connection with the enforcement of rights and remedies under the Indenture, Loan Agreement, the Guaranty, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture and the other Financing Documents and Bond Documents and the negotiation, preparation and execution of this Third Supplemental Indenture.

(vii) The Trustee shall have received a certificate of the secretary or assistant secretary of each of the Company, the Guarantor and the Pledgor, certifying (A) that attached thereto is a true and complete copy of each organizational document of such applicable party certified (to the extent applicable) as of a recent date by the Secretary of State of the state of its organization, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of such applicable party authorizing the execution, delivery and performance of this Third Supplemental Indenture, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, and (C) as to the incumbency and specimen signature of each officer executing this Third Supplemental Indenture or any other document delivered in connection herewith on behalf of such applicable party (together with a certificate of another officer as to the incumbency and specimen signature of the secretary or assistant secretary executing the certificate required by this clause (g)).

(viii) The Trustee shall have received an amendment to the Liquidity Reserve Escrow Agreement in the form attached as Exhibit A hereto (the "*Second Amendment to Liquidity Reserve Escrow Agreement*"), duly executed by each of the Guarantor, the Liquidity Reserve Escrow Agent and the Trustee.

(ix) The Trustee shall have executed a termination of the Operating Revenue Escrow Agreement in the form attached as Exhibit B hereto.

(x) The Trustee shall have received a certificate as to the good standing (to the extent such concept is legally recognized in the applicable jurisdiction) of each of the Company, the Guarantor and the Pledgor (in so-called "long-form" if available) as of a recent date, from the Secretary of State of the state of its organization.

(xi) The Trustee shall have received a certificate of the Issuer covering such matters as are reasonably requested by the Trustee or the Majority Holders.

(xii) The Trustee shall have received the Purchase Funds (as defined below).

**Section 10. Release of Funds; Payment Direction.**

(i) Notwithstanding anything to the contrary in the Indenture, the Loan Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture (including, without limitation, Section 2(a) thereof) or any other Financing Document or Bond Document, upon the effectiveness of this Third Supplemental Indenture (i) an amount equal to (A) \$99,674,277.24 shall be released from the Trustee Account (as defined in the Limited Waiver and First Supplemental Indenture, the “**Trustee Account**”), (B) \$20,153,011 shall be released from the Contingency Account of the Project Fund, (C) \$286,337.66 shall be released from the Earnings Fund, (D) \$10,524,293.91 shall be released from the subaccounts of the Capitalized Interest Account within the Project Fund, including (1) \$8,613,655.99 from the Senior Tax-Exempt Capitalized Interest Subaccount, (2) \$1,129,130.52 from the Subordinate Tax-Exempt Capitalized Interest Subaccount, and (3) \$781,507.40 from the Taxable Capitalized Interest Subaccount and (E) \$4,088,923.81 shall be released from Bond Fund, including (1) \$2,955,138.05 from Senior Interest Subaccount, (2) \$972,991.54 from the Senior Principal Subaccount, (3) \$2,094.72 from the Subordinate Interest Subaccount and (4) \$158,699.50 from the Subordinate Principal Subaccount (collectively, the “**UMB Released Funds**”), and (ii) the Trustee shall execute and submit a Recipient Direction (as defined in the Liquidity Reserve Escrow Agreement, a “**Recipient Direction**”) in the form attached as Exhibit C hereto to the Liquidity Reserve Escrow Agent pursuant to the Liquidity Reserve Escrow Agreement directing the Liquidity Reserve Escrow Agent to release \$49,852,710.09 from the Liquidity Reserve Escrow Fund and disburse such funds to the Trustee (the “**Liquidity Reserve Released Funds**” and, together with the UMB Released Funds, the “**Released Funds**”). The Released Funds shall be used by the Guarantor (it being understood that the UMB Released Funds shall be deemed to have been distributed by the Company to the Guarantor for such purpose) (together with cash on hand from the Guarantor) to consummate the transactions contemplated by that certain Purchase Agreement and Consent, dated as of even date herewith (the “**Purchase Agreement**”), by and among the Company, the Guarantor as Purchaser, and each of the Holders signatory thereto (the “**Specified Purchase Transactions**”). In addition, in the event that the Company or any affiliate thereof purchases Bonds from any Holder at any time following the effectiveness of this Third Supplemental Indenture (other than, for the avoidance of doubt, (x) the Specified Purchase Transactions and (y) in the event any Bonds are purchased from the Company or an affiliate thereof), a percentage of the funds then remaining in the accounts of the Trust Estate referenced in clauses (i) and (ii) above that is equal to the percentage of the aggregate principal amount of then Outstanding Bonds that are being purchased by the Company or such affiliate at such time shall be released from such accounts in order to consummate such purchase transaction. Except as expressly set forth herein and Section 7(a) of the Limited Waiver and Second Supplemental Indenture, all amounts in the Trustee Account shall remain in the Trustee Account so long as any Bonds remain Outstanding and, notwithstanding anything to the contrary in the Indenture, the Loan Agreement or any other Financing Document or Bond Document, shall not be available for any withdrawals or transfers to other funds or accounts with the Trustee or any other uses by the Issuer or the Company for any purpose. Notwithstanding the foregoing, if an Event of Default shall have occurred and is continuing and the Outstanding principal amount of the Bonds shall have been declared due and payable, the entire balance remaining in the Trustee Account shall be applied as directed by the Majority Holders.

(ii) As a condition to the effectiveness of this Third Supplemental Indenture, the Guarantor shall wire to the Trustee funds in the amount of \$74,507,946.29 (the “**Specified Guarantor Cash**” and, together with the Released Funds, the “**Purchase Funds**”) pursuant to wire instructions provided to the Guarantor by the Trustee. Following the receipt of the Specified Guarantor Cash and the Liquidity Reserve Released Funds, the Company and the Guarantor hereby authorize and direct the Trustee to (a) disburse the Purchase Funds in amounts equal to the payments listed on Exhibit A to the Purchase Agreement (the “**Funds Flow**”).



*Exhibit*") in order to consummate the Specified Purchase Transactions and (b) apply such Purchase Funds as set forth in the Funds Flow Exhibit. Each of the Company and the Guarantor hereby agree that the payments made in accordance with the Funds Flow Exhibit are made for the administrative convenience of the Company and the Guarantor and that the legal effect thereof is the same as if the Purchase Funds were distributed by the Company and/or the Guarantor. Each of the Company and the Guarantor hereby acknowledges and agrees that the disbursements are being made strictly on the basis of the information set forth in the Funds Flow Exhibit and in the event such information is inaccurate, the Company and the Guarantor shall be jointly and severally liable for any and all losses, costs, taxes, fees and expenses incurred by the Trustee arising out of or as a result of the Trustee's compliance with the information set forth in the Funds Flow Exhibit; *provided*, that such indemnity shall not be available to the extent such losses, costs, taxes, fees and expenses have resulted from the gross negligence or willful misconduct of the Trustee as determined by a final and non-appealable decision of a court of competent jurisdiction.

**Section 11. Reference To And Effect Upon The Financing Documents.**

(i) Except as expressly modified hereby, all terms, conditions, covenants, representations and warranties contained in the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, and the other Financing Documents and Bond Documents, and all rights of the Trustee and the Holders and all of the obligations of the Company Parties, shall remain in full force and effect. Each of the Company Parties hereby confirms that the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, and the other Financing Documents and Bond Documents are in full force and effect and that, as of the date hereof, no Company Party has any right of setoff, recoupment or other offset or any defense, claim or counterclaim with respect to any of the obligations of the Company Parties pursuant to the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, and the other Financing Documents and Bond Documents.

(ii) Except as expressly provided herein, the execution, delivery and effectiveness of this Third Supplemental Indenture shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, and the other Financing Documents and Bond Documents, or (ii) amend, modify, or operate as a waiver of any provision of the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, and the other Financing Documents and Bond Documents or any right, power, or remedy of the Trustee or any Holder.

(iii) From and after the date on which this Third Supplemental Indenture shall be effective, (i) all references to the Indenture, the Loan Agreement, the Guaranty, the Security Agreement, or the Operating Revenue Escrow Agreement in any Financing Document or Bond Document, shall mean such agreement, as modified hereby, and (ii) the term "Financing Documents" or "Bond Documents" in the Indenture, the Loan Agreement, the Guaranty, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, the Security Agreement, or the Operating Revenue Escrow Agreement and the other

Financing Documents and Bond Documents shall include, without limitation, this Third Supplemental Indenture and any agreements, instruments and other documents executed and/or delivered in connection herewith.

(iv) This Third Supplemental Indenture shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, the Security Agreement, or any other Financing Document or Bond Document.

(v) From and after the date on which this Third Supplemental Indenture shall be effective, all references to the Liquidity Reserve Escrow Agreement in the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, and the other Financing Documents and Bond Documents shall mean such agreement, as modified by the Second Amendment to Liquidity Reserve Escrow Agreement.

**Section 12. Costs And Expenses.** Notwithstanding anything to the contrary in the Indenture, Loan Agreement, the Guaranty, and the other Financing Documents and Bond Documents, the Company shall pay promptly after written demand therefor from and after the date of this Third Supplemental Indenture (i) all reasonable and documented, out-of-pocket legal costs of the Trustee and the Holders, in connection with the preparation and administration of the Indenture, Loan Agreement, the Guaranty, and the other Financing Documents and Bond Documents and any amendments, modifications or waivers thereof and in connection with the enforcement or protection of their rights in connection with the Indenture, Loan Agreement, the Guaranty, and the other Financing Documents and Bond Documents or in connection with the Bonds, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect thereof.

**Section 13. Issuer and Company Party Confirmations.** Each of the Issuer and the Company Parties hereby confirm that all actions required to be taken by the Issuer, the Company, the Guarantor, the Pledgor, the Holders, and the Trustee pursuant to the Indenture, the Loan Agreement, and the other Financing Documents and Bond Documents have been taken in accordance with such documents. Each of the Issuer and the Company Parties confirm that entry into this Third Supplemental Indenture is permitted under the Indenture, the Loan Agreement, and the other Financing Documents and Bond Documents.

**Section 14. Reaffirmation.** Except as expressly modified by this Third Supplemental Indenture, each of the Company Parties hereby (i) acknowledges and agrees that all of its pledges, grants of security interests and Liens and other obligations under the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, the Security Agreement, the Liquidity Reserve Escrow Agreement, or any other Financing Document or Bond Document to which it is a party are reaffirmed and remain in full force and effect on a continuous basis, (ii) reaffirms (x) each Lien granted by it to the Trustee, and (y) in the case of the Guarantor, the guarantees made by it pursuant to the Guaranty, and (iii) acknowledges and agrees that the grants of security interests and Liens and other obligations and guarantees, as applicable, are, and shall remain, in full force and effect on and after the effective date of this Third Supplemental Indenture. Except as specifically modified herein, the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental

Indenture, the Security Agreement, the Liquidity Reserve Escrow Agreement, and the other Financing Documents and Bond Documents and the obligations of the Company Parties thereunder are in all respects ratified and confirmed (*mutatis mutandis*) and shall remain in full force and effect in accordance with their terms.

**Section 15. Release.** The Company, the Guarantor and the Pledgor (collectively, the “**Releasing Parties**”) hereby release, acquit and forever discharge the Trustee, the Holders, and their respective investment advisors and Affiliates, and any of their and their investment advisors’ and Affiliates’ respective officers, directors, agents, employees, attorneys, consultants, or representatives, or any of the respective predecessors, successors or assigns of any of the foregoing (collectively, the “**Released Parties**”) from and against any and all manner of actions, causes of action, suits, debts, controversies, damages, judgments, executions, claims (including, without limitation, crossclaims, counterclaims and rights of set-off and recoupment) and demands whatsoever, whether known or unknown, whether asserted or unasserted, in contract, tort, law or equity, which any Releasing Party may have against any of the Released Parties by reason of any action, failure to act, matter or thing whatsoever arising from or based on facts occurring on or prior to the date hereof that relate to the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, the Second Amendment to the Liquidity Reserve Escrow Agreement, the other Financing Documents or Bond Documents or the transactions contemplated thereby or hereby (except to the extent arising from the willful misconduct or gross negligence of any Released Parties), including but not limited to any such claim or defense to the extent that it relates to (a) any covenants, agreements, duties or obligations set forth in the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, the Purchase Agreement, or the other Financing Documents or Bond Documents, or (b) any actions or omissions of any of the Released Parties in connection with the initiation or continuing exercise of any right or remedy contained in the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, or the other Financing Documents or Bond Documents or at law or in equity with respect to the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, or the other Financing Documents or Bond Documents.

**Section 16. Trustee.** For the avoidance of doubt, with respect to all matters contained in this Third Supplemental Indenture, the Trustee shall have all rights, protections, indemnities and exculpations set forth in the Indenture, the Loan Agreement, or any other Financing Document or Bond Document, and such rights, protections, indemnities and exculpations are hereby incorporated by reference herein.

**Section 17. GOVERNING LAW; Jurisdiction.**

(i) Governing Law. This Third Supplemental Indenture shall be governed exclusively by the applicable laws of the State of Ohio.

(ii) Jurisdiction. To the fullest extent permitted by applicable law, the parties hereto irrevocably submit to the jurisdiction of the United States District Court or the United States Bankruptcy Court for the Southern District of Ohio or any State court located in Scioto County, Ohio or Lawrence County, Ohio, in any suit, action or proceeding based on or arising out of or

relating to this Third Supplemental Indenture and irrevocably agree that all claims in respect of such suit or proceeding may be determined in any such court. The parties hereto irrevocably waive, to the fullest extent permitted by law, any objection which they may have to the laying of the venue in any such court. Any final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the parties hereto and may be enforced in any courts to the jurisdiction of which each such party is subject by a suit upon such judgment; *provided*, that service of process is effected upon such party in the manner specified herein or as otherwise permitted by law.

(iii) Waiver of Jury Trial. EACH OF THE COMPANY, THE ISSUER, THE HOLDERS, AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE BONDS, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**Section 18. Headings.** Section headings in this Third Supplemental Indenture are included herein for convenience of reference only and shall not constitute a part of this Third Supplemental Indenture for any other purposes.

**Section 19. Severability.** The illegality or unenforceability of any provision of this Third Supplemental Indenture or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Third Supplemental Indenture or any instrument or agreement required hereunder.

**Section 20. Counterparts.** This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same agreement. In proving this Third Supplemental Indenture or any other Financing Document in any judicial proceedings, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom such enforcement is sought. Any signatures hereto delivered by Electronic Transmission shall be deemed an original signature hereto.

(signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

ISSUER:  
SOUTHERN OHIO PORT AUTHORITY

By: \_\_\_\_\_  
Name:  
Title:

COMPANY:  
PURECYCLE: OHIO LLC

By: \_\_\_\_\_  
Name:  
Title:

GUARANTOR:  
PURECYCLE TECHNOLOGIES LLC

By: \_\_\_\_\_  
Name:  
Title:

PLEDGOR:  
PCTO HOLDCO LLC

By: \_\_\_\_\_  
Name:  
Title:

TRUSTEE:  
UMB BANK, N.A., as Trustee

By: \_\_\_\_\_  
Name:  
Title:

**Exhibit A**

Form of Second Amendment to Liquidity Reserve Escrow Agreement

**SECOND AMENDMENT TO ESCROW AGREEMENT**

**THIS SECOND AMENDMENT TO ESCROW AGREEMENT**, dated as of March 5, 2024 (“Second Amendment”), is by and among PURECYCLE TECHNOLOGIES LLC, a Delaware limited liability company (“Depositor”), UMB BANK, N.A, a national banking association, as trustee (“Recipient”, and sometimes referred to as “Trustee” or “Secured Party”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as escrow agent hereunder (“Escrow Agent”), and amends that certain Escrow Agreement, dated as of October 7, 2020, as amended by that certain First Amendment to Escrow Agreement dated as of November 8, 2023, each by and among the Depositor, the Recipient, and the Escrow Agent (the “Original Escrow Agreement” and as amended by this Second Amendment, the “Agreement”). Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Original Escrow Agreement.

**RECITALS**

A. Depositor and Recipient have entered into a Guaranty of Completion dated as of October 7, 2020, which was amended and restated by that certain Amended and Restated Guaranty of Completion made as of May 11, 2021, and effective as of October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, including as amended by that certain Limited Waiver and First Supplemental Agreement dated as of March 15, 2023 (the “First Limited Waiver”), that certain Limited Waiver and Second Supplemental Indenture dated as of November 8, 2023 (the “Second Limited Waiver”) and that certain Third Supplemental Indenture of even date herewith (the “Third Supplemental Indenture”), the “Guaranty” or the “Underlying Agreement”), pursuant to which Depositor guaranteed certain obligations of PureCycle: Ohio LLC, an Ohio limited liability company and an indirect wholly owned subsidiary of Depositor (the “Company”), under (i) that certain Loan Agreement, dated as of October 1, 2020, between Southern Ohio Port Authority (the “Issuer”) and the Company (as amended, restated, supplemented or otherwise modified from time to time, including as amended by the First Limited Waiver, the Second Limited Waiver and the Third Supplemental Indenture, the “Loan Agreement”), (ii) that certain Bond Purchase Agreement, dated September 23, 2020, by and among the Issuer, Piper Sandler & Co., as underwriter, and the Company (the “Bond Purchase Agreement”), and (iii) that certain Indenture of Trust, dated as of October 1, 2020, by and between the Issuer and Trustee (as amended, restated, supplemented or otherwise modified from time to time, including as amended by the First Limited Waiver, the Second Limited Waiver and the Third Supplemental Indenture, the “Indenture”). The Underlying Agreement provides that Depositor shall deposit on behalf of Recipient the Escrow Funds in a segregated escrow account to be held by Escrow Agent for the purpose of making payments from time to time to Recipient under and as required by the Underlying Agreement. Depositor has made said deposit of Escrow Funds on behalf of Recipient, which Escrow Funds remain on deposit in the Escrow Account held by the Escrow Agent pursuant to the terms of the Original Agreement.

B. Escrow Agent has agreed to act as a “securities intermediary” as defined in Section 8-102(a)(14) of the Uniform Commercial Code as adopted in the State of Ohio (the “UCC”) and in such capacity as agent for Recipient, as secured party, to accept, hold, and disburse the funds and other “financial assets” (as such term is defined in Section 8-102(a)(9) of the UCC) deposited with Escrow Agent and all investments made therewith, and all any earnings, proceeds and profits thereon in accordance with the terms of the Agreement as collateral for the benefit of Recipient as Secured Party as contemplated by Section 9-313(c) of the UCC.

C. Depositor and Recipient have appointed the Representatives for all purposes relating to the funds deposited with Escrow Agent pursuant to the Agreement.

D. Depositor and Recipient acknowledge that (i) Escrow Agent is not a party to and has no duties or obligations under the Underlying Agreement, and (ii) Escrow Agent shall have no implied duties beyond the express duties set forth in the Agreement.

E. Depositor, Recipient and Escrow Agent wish to amend certain provisions of the Original Escrow Agreement, subject to the terms and conditions set forth herein.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their successors and assigns, intending to be bound hereby agree as follows:

1. The Original Agreement is hereby amended such that all references in the Original Agreement to the “Guaranty” or the “Underlying Agreement”, the “Loan Agreement” or the “Indenture” shall be deemed to refer to such agreements as defined in this Second Amendment.

2. Section 4(e) of the Original Agreement is hereby amended and restated in its entirety to read as follows:

“(e) The Escrow Agent shall rely at all times exclusively on the written direction of the Recipient in a Recipient Direction. Depositor and Recipient each agree that absent contrary instructions contained in a Recipient Direction the Escrow Agent is authorized to use the following funds transfer instructions to disburse to Depositor, solely at the direction of the Recipient, (i) any Escrow Funds in excess of an amount specified in an express direction of the Recipient, and (ii) the balance of the Escrow Funds at such time when such Escrow Funds are no longer required to be maintained in accordance with the terms of the Indenture, the Loan Agreement, the Guaranty, the First Limited Waiver and the Second Limited Waiver:

Bank Name: \*\*\*\*\*.  
Bank Address: \*\*\*\*\*  
ABA No.: \*\*\*\*\*  
Account Name: \*\*\*\*\*  
Account No.: \*\*\*\*\*

3. Section 15 of the Original Agreement is hereby amended by replacing the notice information set forth therein for the Recipient or Recipient Representative with the following:

If to Recipient or Recipient Representative, at:

UMB Bank, N.A.  
2 South Broadway



St. Louis, MO 63102  
Telephone: (314) 612-8484  
Facsimile: (314)-612-8499  
E-mail: Laura.Roberson@umb.com

4. Schedule C attached to this Second Amendment shall replace Schedule C attached to the Original Agreement.
5. Attachment 1 to the Original Agreement, setting forth the Standard Disbursement Instructions From Recipient, is hereby amended in its entirety and replaced by Attachment 1 to this Second Amendment.

6. Representations and Warranties. Depositor and Recipient each, severally and not jointly, and solely as to itself, respectively make the following representations and warranties to Escrow Agent (it being understood that the representation and warranty in clause (e) below is made only by Depositor and not Recipient):

(a) it has full power and authority to execute and deliver this Second Amendment and to perform its obligations hereunder; and this Second Amendment has been duly approved by all necessary action and constitutes its valid and binding agreement enforceable in accordance with its terms.

(b) each of the applicable persons designated on Schedule C attached to this Second Amendment has been duly appointed to act as its authorized representative hereunder and under the Agreement and individually has full power and authority on its behalf to execute and deliver any instruction or direction, to amend, modify or waive any provision of this Second Amendment and the Agreement and to take any and all other actions as its authorized representative under this Second Amendment and the Agreement and no change in designation of such authorized representatives shall be effective until written notice of such change is delivered to each other party to this Second Amendment and the Agreement pursuant to Section 15 of the Agreement and the Escrow Agent has had reasonable time to act upon it.

(c) it will not claim any immunity from jurisdiction of any court, suit or legal process, whether from service of notice, injunction, attachment, execution or enforcement of any judgment or otherwise.

(d) there is no security interest in the cash fund or any part thereof other than in favor of the Recipient as Secured Party under the Underlying Agreement; no financing statement under the Uniform Commercial Code is on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Escrow Funds or any part thereof other than in favor of the Recipient as Secured Party under the Underlying Agreement.

7. Amendment and Assignment. None of the terms or conditions of this Second Amendment or the Agreement may be changed, waived, modified, discharged, terminated or varied in any manner whatsoever unless in writing duly signed by each party to the Agreement. Oral amendments, oral waivers and purported oral terminations are void. No course of conduct shall constitute a waiver of any of the terms and conditions of the Agreement, unless such waiver is specified in writing, and then only to the extent so specified. No party may assign the Agreement or any of its rights or obligations hereunder without the written consent of the other parties, provided that if (i) Escrow Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the escrow contemplated by the Agreement) to another entity, the successor or transferee entity without any further act shall be the successor Escrow Agent and (ii) if Recipient resigns or is replaced as trustee under the Underlying Agreement pursuant to the provisions thereof, Recipient shall assign all of its rights

hereunder by an authenticated writing delivered to the Escrow Agent, and if it fails to do so, then the successor trustee appointed under the Underlying Agreement shall automatically succeed to the right, duties, powers and obligations of the Recipient hereunder upon notice from the Depositor or the Recipient to the Escrow Agent.

8. Governing Law, Jurisdiction and Venue. This Second Amendment and the Agreement shall be construed and interpreted in accordance with the internal laws of the State of Ohio without giving effect to the conflict of laws principles thereof that would require the application of any other laws. Escrow Agent states that Escrow Agent's jurisdiction (determined in accordance with Sections 9-305 and Section 8-110(e) of the UCC) for purposes of this Agreement is the State of Ohio. Each of the parties hereto irrevocably (a) consents to the exclusive jurisdiction and venue of the state and federal courts in the State of Ohio sitting in Cincinnati, Ohio, in connection with any matter arising out of this Second Amendment or the Agreement, (b) waives any objection to such jurisdiction or venue (c) agrees not to commence any legal proceedings related hereto except in such courts, (d) consents to and agrees to accept service of process to vest personal jurisdiction over it in any such courts made as set forth in Section 15 of the Agreement and (e) waives any right to trial by jury in any action in connection with this Second Amendment and the Agreement.

9. Entire Agreement, No Third-Party Beneficiaries. Except as amended or modified by this Second Amendment, the signatory parties hereby confirm and acknowledge the validity of the Original Agreement and the Original Agreement as amended by this Second Amendment constitutes the entire agreement between the signatory parties hereto relating to the holding, investment and disbursement of Escrow Funds and sets forth in their entirety the obligations and duties of Escrow Agent with respect to Escrow Funds. This Second Amendment and the Agreement and any Written Direction may be executed (manually or by digital or electronic signature) in two or more counterparts, which when so executed shall constitute one and the same agreement or direction. Transmission by telefax, digital or electronic means of an executed copy this Second Amendment or of any Recipient Direction authorized hereby shall constitute delivery of the originally executed counterpart for all purposes. To the extent any provision of this Second Amendment or the Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Second Amendment or the Agreement. The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and conditions of this Second Amendment. Nothing in this Second Amendment or the Agreement, express or implied, is intended to or shall confer upon any person other than the signatory parties hereto and the Indemnified Parties any right, benefit or remedy of any nature whatsoever under or by reason of the Agreement.

10. Rights and Protections of Trustee. This Second Amendment and the Agreement are for the benefit of the Trustee under the Indenture. The Trustee shall be entitled to all of the same rights, benefits, privileges, immunities, disclaimers, exculpations, indemnitees and protections with respect to any action or omission as the Trustee hereunder as are set forth in the Indenture with respect to actions or omissions of the Trustee thereunder, and the Agreement shall secure all obligations and liabilities owing to the Trustee, as Trustee under the Indenture. The Trustee may rely (and shall be fully protected in so relying) on the direction of the Majority Holders (as such term is given meaning in the Indenture) with respect to any action taken or the exercise of any right, remedy or discretion or the giving of any consent or approval as the Trustee under this Second Amendment or the Agreement, and Trustee may refrain from giving any consent, approval, or direction, from making any demand, or from taking any other action or

exercising any remedy, unless and until directed to do so by the Majority Holders and receipt of indemnification satisfactory to it as and to the extent provided under the Indenture.

*The balance of this page is intentionally left blank.  
The signature page immediately follows this page.*

Signature Page

To

Second Amendment to Escrow Agreement dated as of March 5, 2024

among

PureCycle Technologies LLC, as "Depositor", UMB BANK, N.A, a national banking association, as trustee as "Recipient", and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as "Escrow Agent".

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date first above written.

**PureCycle Technologies LLC, as Depositor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**UMB Bank, N.A, as Trustee**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION  
as Escrow Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE C**

Each of the following person(s) is a **Depositor Representative** authorized to execute documents and direct Escrow Agent as to all matters, including fund transfers, address changes and contact information changes, on Depositor's behalf (only one signature required):

|      |                    |               |  |
|------|--------------------|---------------|--|
| Name | Specimen signature | Telephone No. |  |
| Name | Specimen signature | Telephone No. |  |
| Name | Specimen signature | Telephone No. |  |

If only one person is identified above, the following person is authorized for call-back confirmations:

|      |                  |
|------|------------------|
| Name | Telephone Number |
|------|------------------|

Each of the following person(s) is a **Recipient Representative** authorized to execute documents and direct Escrow Agent as to all matters, including fund transfers, address changes and contact information changes, on Recipient's behalf (only one signature required):

|      |                    |               |  |
|------|--------------------|---------------|--|
| Name | Specimen signature | Telephone No. |  |
| Name | Specimen signature | Telephone No. |  |
| Name | Specimen signature | Telephone No. |  |

If only one person is identified above, the following person is authorized for call-back confirmations:

|      |                  |
|------|------------------|
| Name | Telephone Number |
|------|------------------|

---

**FORM OF RECIPIENT DIRECTION**

U.S. Bank National Association, as Escrow Agent  
ATTN: Global Corporate Trust Services  
Address: \_\_\_\_\_

RE: ESCROW AGREEMENT made and entered into as of the 7th day of October, 2020, as amended by that certain First Amendment to Escrow Agreement dated as of November 8, 2023, and that certain Second Amendment to Escrow Agreement dated as of March 5, 2024 (collectively, the "Escrow Agreement"), each by and among PureCycle Technologies LLC (the "Depositor"), UMB Bank, N.A. (the "Recipient") and U.S. Bank National Association, in its capacity as escrow agent (the "Escrow Agent").

Pursuant to Section 4 of the above-referenced Escrow Agreement, Recipient hereby instructs Escrow Agent to disburse the amount of [\$ \_\_\_\_\_] from the Escrow Account to [Depositor][Recipient][Other], as provided below:

[Depositor] OR [Recipient]

Bank Name: \_\_\_\_\_ Bank Name: \_\_\_\_\_  
Bank Address: \_\_\_\_\_ Bank Address: \_\_\_\_\_  
ABA No.: \_\_\_\_\_ ABA No.: \_\_\_\_\_  
Account Name: \_\_\_\_\_ Account Name: \_\_\_\_\_  
Account No.: \_\_\_\_\_ Account No.: \_\_\_\_\_ ]

OTHER [SPECIFY AS APPROPRIATE]

Bank Name: \_\_\_\_\_ Bank Name: \_\_\_\_\_  
ABA No.: \_\_\_\_\_ ABA No.: \_\_\_\_\_  
Account Name: \_\_\_\_\_ Account Name: \_\_\_\_\_  
Account No.: \_\_\_\_\_ Account No.: \_\_\_\_\_

UMB Bank, N.A, as Trustee and Recipient

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**ATTACHMENT 1**  
**Standing Disbursement Instructions**  
**From Recipient**

- I. Escrow Agent shall deposit to and disburse funds from the Escrow Account only to make permitted investments and otherwise as follows:
1. Upon receipt of a Recipient Direction from the Recipient to Escrow Agent to pay to Depositor an amount stated in the Recipient Direction comprised of investment earnings and profits relating to the Escrow Funds for a stated period, after giving effect to any disbursement made during the stated period pursuant to a Recipient Direction to release Escrow Funds to the Depositor or at the direction of the Depositor in an amount proportionate to that percentage of aggregate principal amount of Bonds purchased by the Depositor or an affiliate of Depositor (other than Bonds purchased from the Depositor or an affiliate of Depositor).
  2. Upon receipt of a Recipient Direction from the Recipient to Escrow Agent to pay to Depositor an amount stated in the Recipient Direction comprised of an amount proportionate to that percentage of aggregate principal amount of Bonds purchased by the Depositor or an affiliate of Depositor (other than Bonds purchased from the Depositor or an affiliate of Depositor).
  3. Upon receipt of a Recipient Direction from the Recipient to Escrow Agent to make payment to Recipient of an amount stated in the Recipient Direction for deposit by Recipient in an account designated in the Recipient Direction as permitted under the Indenture, the Loan Agreement, the Guaranty, the First Limited Waiver, the Second Limited Waiver and the Third Supplemental Indenture.
  4. Upon receipt of a Recipient Direction from Recipient to Escrow Agent to pay to Depositor all remaining funds in the Escrow Account at such time when such funds are no longer required to be maintained in accordance with the terms of the Indenture, the Loan Agreement, the Guaranty, the First Limited Waiver, the Second Limited Waiver and the Third Supplemental Indenture.

The mechanics and requirement for Recipient Directions and deposits to the Escrow Account, as between Depositor and the Recipient are set forth in the Guaranty, the Loan Agreement and the Indenture, as necessary to authorize the Recipient to issue these Recipient Directions, but Escrow Agent shall only be required to act upon receipt of the Recipient Directions as set forth above and shall have no obligation to review the terms thereof set forth in the Guaranty, Loan Agreement, or Indenture.

**Exhibit B**

Form of Termination of Operating Revenue Escrow Agreement

**TERMINATION OF ESCROW AGREEMENT**

This Termination of Escrow Agreement (the "Termination") is entered into as of March 5, 2024 (the "Effective Date"), by and among PURECYCLE: OHIO LLC, an Ohio limited liability company ("Depositor"), UMB BANK, N.A, a national banking association, as trustee ("Recipient", and sometimes referred to as "Trustee" or "Secured Party"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as escrow agent ("Escrow Agent") under that certain ESCROW AGREEMENT, dated as of October 7, 2020, by and among the Depositor, the Recipient and the Escrow Agent, also known as the Operating Revenue Escrow Agreement (the "Agreement").

WHEREAS, Depositor, Recipient, and Escrow Agent entered into the Agreement in connection with that certain Loan Agreement between the Southern Ohio Port Authority (the "Issuer") and Depositor, dated as of October 1, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), pursuant to which the Issuer made a loan to Depositor of the net proceeds from the sale of bonds (the "Bonds") issued by the Issuer pursuant to that certain Indenture of Trust, dated as of October 1, 2020, between the Issuer and the Recipient, as Trustee (as amended, restated, supplemented or otherwise modified from time to time, the "Indenture"); and

WHEREAS, Recipient, at the direction of the Majority Holders (as defined in the Indenture), and Depositor have agreed to terminate the Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties to the Agreement, the Depositor, Recipient, and Escrow Agent agree as follows:

Section 1. Pursuant to Section 16 of the Agreement, the Agreement shall be terminated as of the Effective Date.

Section 2. On the Effective Date, the balance of Escrow Funds on deposit in the Escrow Account, less an amount of Escrow Funds necessary to pay any fees and expenses due and owing from the Depositor to the Escrow Agent, as permitted under Section 12 of the Agreement (which amount shall be \$0), shall be disbursed by the Escrow Agent to Depositor, pursuant to the following wire instruction.

Bank Name: \_\_\_\_\_  
Bank Address: \_\_\_\_\_  
ABA No.: \_\_\_\_\_  
Account Name: \_\_\_\_\_  
Account No.: \_\_\_\_\_

Section 3. This Termination of Escrow Agreement shall be governed exclusively by the applicable laws of the State of Ohio.

*The signature page immediately follows this page.*

---



*Signature Page*

To  
TERMINATION OF ESCROW AGREEMENT  
among

PURECYCLE: OHIO LLC, as “Depositor”, UMB BANK, N.A, a national banking association, as trustee as “Recipient”, and U.S.  
BANK NATIONAL ASSOCIATION, a national banking association, as “Escrow Agent”

IN WITNESS WHEREOF, the parties hereto have caused this Termination of Escrow Agreement to be executed as of the Effective Date.

**PURECYCLE: OHIO LLC, as Depositor**  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**UMB BANK, N.A, as Trustee**  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION  
as Escrow Agent**  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

---

**Exhibit C**

Form of Recipient Direction

**THIRD SUPPLEMENTAL INDENTURE**

This THIRD SUPPLEMENTAL INDENTURE, dated as of March 5, 2024 (this “*Third Supplemental Indenture*”), is entered into by and among 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*”), PURECYCLE: OHIO LLC, a limited liability company organized and existing under the laws of the State of Ohio (the “*Company*”), PURECYCLE TECHNOLOGIES LLC, a Delaware limited liability company (the “*Guarantor*”), PCTO HOLDCO LLC, a Delaware limited liability company (the “*Pledgor*”; and together with the Company and the Guarantor, the “*Company Parties*”), and UMB BANK, N.A., a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under the laws of the United States and having a corporate trust office in Minneapolis, Minnesota, as trustee (the “*Trustee*”). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indenture (as defined below).

**WITNESSETH:**

**WHEREAS**, the Issuer and 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 Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A, its \$20,000,000 Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020B, and its \$10,000,000 Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C;

**WHEREAS**, the Issuer and 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, among other things, assist the Company in financing the acquisition, construction, equipping and installation of a portion of a plastics recycling facility located in Lawrence County, Ohio;

**WHEREAS**, the Guarantor 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 Guarantor has provided a guaranty with respect to the Obligations (as defined in the Guaranty) of the Company on the terms set forth therein in favor of the Trustee;

**WHEREAS**, the Pledgor is party to that certain Equity Pledge and Security Agreement, dated as of October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Equity Pledge and Security Agreement*”), pursuant to which the Pledgor has secured the Company’s obligations under the Financing Documents and Bond Documents by, among other things, pledging the Pledged Interests (as defined in the Equity Pledge and Security Agreement) to the Trustee on the terms set forth therein;

**WHEREAS**, the Company, as debtor, is party to that certain Security Agreement, dated October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Security Agreement*”), in favor of the Trustee, as secured party;

**WHEREAS**, the Company is party to that certain Escrow Agreement, dated as of October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the

---

“*Operating Revenue Escrow Agreement*”), among the Company, the Trustee, and U.S. Bank National Association, as escrow agent (in such capacity, the “*Operating Revenue Escrow Agent*”);

WHEREAS, the Guarantor is party to that certain Escrow Agreement, dated as of October 7, 2020 (as amended restated, supplemented or otherwise modified from time to time, the “*Liquidity Reserve Escrow Agreement*”), between the Guarantor, the Trustee, and U.S. Bank National Association, as escrow agent (in such capacity, the “*Liquidity Reserve Escrow Agent*”);

WHEREAS, the Issuer, the Company, the Guarantor, the Pledgor, and the Trustee are party to that certain Limited Waiver and First Supplemental Indenture, dated as of March 15, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the “*Limited Waiver and First Supplemental Indenture*”);

WHEREAS, the Issuer, the Company, the Guarantor, the Pledgor, and the Trustee are party to that certain Limited Waiver and Second Supplemental Indenture, dated as of November 8, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the “*Limited Waiver and Second Supplemental Indenture*”);

WHEREAS, the Company has requested that the Trustee, with the consent of the Majority Holders, amend certain provisions of the Indenture and other Financing Documents; and

WHEREAS, pursuant to such request, Holders constituting the Majority Holders are willing to amend certain provisions of the Indenture and other Financing Documents, subject to the terms and conditions set forth herein, and as such have directed the Trustee to execute this Third Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing recitals, mutual agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**Section 1. Amendments to the Indenture.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(a) Section 1.01 of the Indenture is hereby amended by adding the following defined terms in appropriate alphabetical order:

““Overall Coverage Requirement” means a ratio of at least 110% of (a) Net Income Available for Debt Service to (b) all obligations of the Company which are charges, liens, Indebtedness or encumbrances upon or payable from Gross Revenue, including but not limited to Senior Bonds, Parity Indebtedness and Subordinate Bonds, calculated at the end of each Fiscal Year, based upon the Audited Annual Financial Statements of the Company.”

“Senior Parity Coverage Requirement” means a Senior Debt Service Coverage Ratio equal to at least 150% for such Fiscal Year, calculated at the end of each Fiscal Year, based upon the Audited Annual Financial Statements of the Company.””

(b) The definition of “Senior Parity Indebtedness” in Section 1.01 of the Indenture is hereby amended by deleting “and which satisfies the conditions set forth in Section 2.4(b)(i) of

the Loan Agreement,” and replacing said clause with, “and which satisfies the Senior Parity Coverage Requirement and the Overall Coverage Requirement.”

(c) The definition of “Outside Completion Date” in Section 1.01 of the Indenture is hereby amended by replacing “December 1, 2022” therein with “December 31, 2030.”

(d) The definition of each of “Outstanding,” “Bonds Outstanding,” and “Outstanding Bonds” in Section 1.01 of the Indenture is hereby amended by deleting the following sentence therein:

“For purposes of approval voting or consent by Holders, “Outstanding” shall not include any Bonds owned by or on behalf of the Company or an affiliate of the Company or the Issuer or an affiliate of the Issuer (unless, in each case, all of the Outstanding Bonds are so owned).”

(e) Section 4.02(h) of the Indenture is hereby amended and restated in its entirety to read as follows:

“(h) in the Contingency Account of the Project Fund, an additional \$21,153,011.00 equity deposit of the Company to be made no later than January 31, 2021 (the “Contingency Requirement”), which Contingency Requirement, after Mechanical Completion (as defined in the Construction Contract) of the Project, may be reduced either by payment of requisitions under the Indenture or by the release of funds in the Contingency Account in proportion to the percentage of aggregate principal amount of Bonds purchased by the Company from time to time, and said Contingency Account shall thereafter not be replenished by withdrawals from the Liquidity Reserve Escrow Fund or otherwise; *provided*, that the minimum Contingency Requirement shall be \$1 million (the “Reduced Contingency Requirement”) until payment of the final requisition has been made under Section 4.04 hereof, to which said final requisition, the balance in the Contingency Account may be applied.”

(f) Section 4.04(b) of the Indenture is hereby amended and restated in its entirety to read as follows:

“(b) [Reserved].”

(g) Section 4.04(i) of the Indenture is hereby amended and restated in its entirety to read as follows:

“(i) [Reserved].”

(h) Section 4.05 of the Indenture is hereby amended and restated in its entirety to read as follows:

“Section 4.05. Payments into the Revenue Fund. There shall be deposited by the Trustee into the Revenue Fund when and as received any and all payments received by the Trustee under Sections 5.1(b) and 7.3 of the Loan Agreement.”

(i) Section 8.01(c) of the Indenture is hereby amended and restated in its entirety to read as follows:

“(c) [Reserved]; or”

(j) Section 8.01(f) of the Indenture is hereby amended and restated in its entirety to read as follows:

“(f) the occurrence of an “Event of Default” under the Loan Agreement, the Mortgage or the Tax Compliance Agreement.”

(k) Section 8.03(a)(vii) is hereby amended and restated in its entirety to read as follows:

“[Reserved];”

**Section 2. Amendments to the Loan Agreement.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(a) Sections 2.4(a)(i) and 2.4(a)(ii) of the Loan Agreement are hereby amended and restated in their entirety to read as follows:

“(i) [Reserved].  
(ii) [Reserved].”

(b) Sections 2.4(b)(i)(A)(II), 2.4(b)(i)(A)(III), and 2.4(b)(i)(A)(IV) of the Loan Agreement shall each be deleted in their entirety.

(c) Sections 2.4(b)(ii)(A)(II) and 2.4(b)(ii)(A)(III) of the Loan Agreement shall each be deleted in their entirety.

(d) The first sentence of Section 2.4(b)(iii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“The Company may incur unsecured Indebtedness and Indebtedness subordinate to the obligations under this Loan Agreement, including Short-Term Indebtedness, Subordinate Debt and Contingent Debt Liabilities, for working capital purposes, solely for use at the Project, in an amount not more than \$5,000,000.”

(e) Section 2.4(b)(v)(A) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(A) Liens arising from acquisition or leasing of equipment;”

(f) Clause (1) of Section 2.4(b)(vi)(C)(I) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(1) [reserved], and”

(g) Section 2.4(b)(vi)(C)(II) of the Loan Agreement is hereby amended by deleting (i) the phrases “and December 31, 2020 with respect to the Guarantor,” “and the Guarantor,” and “and the Guarantor, as applicable,” each time such phrases appear therein, and (ii) the phrase “shall be unqualified as to going concern and scope of audit and contain no other material qualification or exception, and” where such phrase appears in clause (3) thereof.

(h) Section 2.4(b)(vi)(C)(III) of the Loan Agreement is hereby amended by (i) deleting (i) the phrases “and the Guarantor (which may be separate certificates)” and “or the Guarantor, as applicable,” each time such phrases appear therein, and (ii) amending and restating clause (3) thereof to read “(3) [reserved].”

(i) Section 2.4(b)(vi)(C)(VII) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(VII) [Reserved].”

(j) Clause (a) of Section 2.4(b)(vi)(C)(VIII) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(a) [reserved],”

(k) Section 2.4(b)(vi)(C)(IX) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(IX) [Reserved].”

(l) Section 2.4(b)(vii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(vii) [Reserved].”

(m) Section 2.4(b)(viii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(viii) [Reserved].”

(n) Section 2.5 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Section 2.5. [Reserved].”

(o) Section 2.9 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“2.9. [Reserved].”

(p) Section 2.10 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Section 2.10. [Reserved].”

(q) Section 2.11 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Section 2.11. [Reserved].”

(r) Section 2.13 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Section 2.13. [Reserved].”

(s) Section 4.1(a) of the Loan Agreement is hereby amended by deleting “December 1, 2022 (the “Outside Completion Date”)” therein and replacing it with “December 31, 2030 (the “Outside Completion Date”).”

(t) Section 4.1(b) of the Loan Agreement is hereby deleted in its entirety.

(u) Section 10.1(a)(ii) of the Loan Agreement is hereby amended by deleting the references to Sections 2.4(a)(i), 2.4(a)(ii), 2.4(b)(vii) and 2.4(b)(viii) therein.

(v) Section 10.1(a)(iii)(A) of the Loan Agreement is hereby amended by deleting the phrase, “(except obligations referred to in subsection (a)(i) and (ii) above and subsection (vii) below for which no cure period shall apply)” therein.

(w) Section 10.1(a)(iii)(B)(1) of the Loan Agreement is hereby amended by deleting the text, “or other obligations referred to in subsection (a)(i) or (ii) above or subsection (vii) below” therein.

(x) Section 10.1(a)(v) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(v) The occurrence of an “Event of Default” under the Indenture, this Loan Agreement, the Mortgage or the Tax Compliance Agreement.”

(y) Section 10.1(a)(vii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(vii) [Reserved].”

(z) Clause (a) of Section 10.2(a)(ii) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(a) [reserved], and”

(aa) Section 10.2(e) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“(e) [Reserved].”

**Section 3. Amendments to the Limited Waiver and First Supplemental Indenture.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(a) The third sentence in Section 2(c) of the Limited Waiver and First Supplemental Indenture shall be amended and restated as follows: “All amounts in the Trustee Account shall remain in the Trustee Account so long as any Bonds remain Outstanding and, notwithstanding anything to the contrary in the Indenture, the Loan Agreement or any other Financing Document or Bond Document, shall not be available for any withdrawals or transfers to other funds or accounts with the Trustee or any other uses by the Issuer or the Company for any purpose; *provided*, that amounts in the Trustee Account may be released to the Company for the purpose only of the Company or an affiliate thereof purchasing Bonds Outstanding (other than, for the



avoidance of doubt, any Bonds purchased from the Company or an affiliate thereof), in an amount proportionate to that percentage of aggregate principal amount of Bonds purchased to the Aggregate Trustee Deposit (as defined in the Limited Waiver and Second Supplemental Indenture).”

(b) Sections 2(e)(vii), 2(e)(viii), 2(e)(ix), 2(e)(x) and 2(e)(xi) of the Limited Waiver and First Supplemental Indenture shall be deleted in their entirety.

(c) Section 2(f) of the Limited Waiver and First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“(f) [Reserved].”

(d) Section 2(h) of the Limited Waiver and First Supplemental Indenture shall be deleted in its entirety.

(e) Section 13 of the Limited Waiver and First Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“Section 13. [Reserved].”

**Section 4. Amendments to the Limited Waiver and Second Supplemental Indenture.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(a) Section 2(a) of the Limited Waiver and Second Supplemental Indenture is hereby amended by deleting the following sentence in its entirety:

“Notwithstanding the foregoing, \$50,000,000 of funds in the Trustee Account shall be released back to the Company upon satisfaction of the conditions set forth in Section 4.11(a) of the Guaranty.”

(b) Section 2(c) of the Limited Waiver and Second Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“(c) [Reserved].”

(c) The first sentence of Section 7(a) of the Limited Waiver and Second Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“Notwithstanding anything to the contrary in the Indenture, the Loan Agreement, the Limited Waiver and First Supplemental Indenture or any other Financing Document or Bond Document (including Section 2(c) of the Limited Waiver and First Supplemental Indenture providing that investment income or earnings on amounts invested from the Trustee Account shall be deposited in the Earnings Fund pursuant to Section 4.10 of the Indenture), no more than one time in any three month period, the Company may submit a written request in the form attached as Exhibit A-1 hereto (each, a “**Trustee Account Excess Funds Request**”) to the Trustee for the release to the Company of any amounts in the Trustee Account in excess of that balance in the Trustee Account after the release of funds therein (in such amounts as permitted under the Financing Documents) to the Company for the payment of a portion of the purchase price of any Bonds purchased by

the Company or an affiliate of the Company from time to time at such time (any such excess funds being referred to herein as, “**Trustee Account Excess Funds**”).”

(d) References in Exhibit A-1 to the Limited Waiver and Second Supplemental Indenture shall hereafter be references to Exhibit A-1 to the Limited Waiver and Second Supplemental Indenture, as amended, restated, supplemented or otherwise modified, including, without limitation, as amended by this Third Supplemental Indenture. The second paragraph of Exhibit A-1 to the Limited Waiver and Second Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“Pursuant to Section 7(a) of the Limited Waiver and Second Supplemental Indenture, the Company hereby requests that the Trustee release to the Company any amounts in the Trustee Account in excess of that balance in the Trustee Account after the release of funds therein (in such amounts as permitted under the Financing Documents) to the Company for the payment of a portion of the purchase price of any Bonds purchased by the Company or an affiliate of the Company from time to time, if any.”

(e) Section 14 of the Limited Waiver and Second Supplemental Indenture is hereby amended and restated in its entirety to read as follows:

“Section 14. [Reserved].”

**Section 5. Amendments to the Guaranty.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(a) Section 3.01 of the Guaranty is hereby amended by deleting clauses (iii) and (iv) from the first paragraph thereof and by deleting subsection (e) therein.

(b) Section 3.01 of the Guaranty is hereby amended by deleting all references to Section 4.11(b) and Section 4.11(c) therein.

(a) Subsections (b), (c), and (d) of Section 3.02 of the Guaranty are hereby amended and restated in their entirety to read as follows:

“(b) [Reserved].”

“(c) [Reserved].”

“(d) [Reserved].”

(b) The first sentence of subsection (a) of Section 3.10 of the Guaranty is hereby amended and restated to read in its entirety as follows:

“Not later than January 31, 2021, the Guarantor shall deposit \$50,000,000 (the “**Liquidity Reserve Amount**”) in a segregated account of the Guarantor to be used by the Trustee to secure Guarantor’s obligations hereunder (the “**Liquidity Reserve Escrow Fund**”). In the event that the Company or an affiliate of the Company purchases Bonds Outstanding from time to time (other than, for the avoidance of doubt, any Bonds purchased from the Company or an affiliate thereof), a percentage of funds in the Liquidity Reserve Escrow Fund at such time that is proportionate to the aggregate principal amount of Bonds Outstanding being so purchased by the Company or an affiliate at such time may be released at such time; provided, that any such funds so released shall be applied to the payment of a portion of the purchase price of such

purchased Bonds. The Liquidity Reserve Escrow Fund shall remain in existence until the conditions in Section 4.11(a) hereof have been met, whereupon the balance in the Liquidity Reserve Escrow Fund shall be returned to the Guarantor.”

- (c) Section 3.10 of the Guaranty is hereby amended by deleting all references to Section 4.11(b) and Section 4.11(c) therein.
- (d) Section 3.11 of the Guaranty is hereby amended and restated in its entirety to read as follows:

“Section 3.11 [Reserved].”

- (e) Clause (a) of Section 4.11 of the Guaranty is hereby amended and restated in its entirety to read as follows:

“Guarantor shall be released from its Obligations under Section 3.02(a) hereof upon (A) the completion of all Obligations set forth in Section 3.01 hereof, and (B) the expiration of the twelfth month following the completion of thirty (30) consecutive days of full name plate operations of the Project.”

(c) Section 4.11 of the Guaranty is hereby amended by deleting subsections (b), (c), and (d) thereof and such subsections are amended and restated to read in their entirety as follows:

“(b) [Reserved].”

“(c) [Reserved].”

“(d) [Reserved].”

(d) Section 4.11(e) of the Guaranty is hereby amended by deleting the words “The foregoing provision notwithstanding.”

(c) Section 4.12 of the Guaranty is hereby amended and restated in its entirety to read as follows:

“Section 4.12 [Reserved].”

**Section 6. Amendments to the Security Agreement.** Subject to the satisfaction or waiver of the conditions precedent set forth in Section 9 hereof:

(a) Exhibit B of the Security Agreement is hereby amended by deleting the Operating Revenue Escrow Account therefrom.

(b) Exhibit J of the Security Agreement is hereby amended by (i) deleting “Circular Polymers LLC” and “Ravago Americas LLC” from the list of Feedstock Supply Agreements listed therein, (ii) deleting “Ravago Americas, LLC” from the list of Offtake Agreements listed therein, (iii) adding “CellMark USA” and “iSustain Inc.” to the list of Feedstock Supply Agreements listed therein and (iv) adding “Formerra, LLC” to the list of Offtake Agreements listed therein.

**Section 7. Representations And Warranties Of Company Parties.** In order to induce the Trustee to enter into this Third Supplemental Indenture, each Company Party hereby represents and warrants that:

(a) Each Company Party (i) is a corporation, partnership or limited liability company duly organized, validly existing, and in active status or good standing under the laws of its state of incorporation or formation, (ii) has the corporate or limited liability company power and authority to own or lease and operate its properties and to carry on its business as now being and hereafter proposed to be conducted, and (iii) is duly qualified and is in active status or good standing as a foreign corporation or limited liability company, and authorized to do business, in each jurisdiction in which the character of its properties or the nature of its business requires such qualification or authorization, except with respect to this clause (iii) where the failure to qualify, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) Each Company Party has the power and has taken all necessary action, corporate or otherwise, to authorize it to execute, deliver, and perform its obligations under this Third Supplemental Indenture and each of the other Financing Documents and Bond Documents to which it is a party in accordance with the terms thereof and to consummate the transactions contemplated hereby and thereby. Each of this Third Supplemental Indenture and each other Financing Document and Bond Document to which a Company Party is a party has been duly executed and delivered by such Company Party, and is a legal, valid and binding obligation of such Company Party, enforceable against it in accordance with its terms except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditor's rights generally or by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

(c) The execution, delivery, and performance of this Third Supplemental Indenture and each of the other Financing Documents and Bond Documents in accordance with their respective terms and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate any applicable law, except where any such violation could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (ii) conflict with, result in a breach of or constitute a default under the certificate of incorporation or formation, by-laws, partnership agreement, operating agreement or other governing documents of any Company Party or under any contract to which any Company Party is a party or by which any Company Party or any of its properties may be bound, or (iii) result in or require the creation or imposition of any Lien upon or with any assets or property of any Company Party except Permitted Liens.

(d) All of the representations and warranties of the Company Parties under this Third Supplemental Indenture and the other Financing Documents and Bond Documents (after giving effect to this Third Supplemental Indenture, and the Second Amendment to the Liquidity Reserve Escrow Agreement (as defined herein)) are true and correct in all material respects (without duplication of any materiality qualifier contained herein or therein, as applicable), and there exists no Default or Event of Default, in each case after giving effect to this Third Supplemental Indenture.

**Section 8. Representations And Warranties Of Issuer.** In order to induce the Trustee to enter into this Third Supplemental Indenture, the Issuer hereby represents and warrants that:

(a) The Issuer is a port authority and body corporate and politic validly existing under the laws of the State.

(b) The Issuer has the necessary power under the Act and has duly taken all action on its part required to execute and deliver this Third Supplemental Indenture, to undertake the transactions contemplated by this Third Supplemental Indenture and to carry out its obligations hereunder.

(c) Neither the execution and delivery of this Third Supplemental Indenture, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Third Supplemental Indenture will conflict with or result in a breach by the Issuer of any of the terms, conditions or provisions of the Act or any restriction, agreement, instrument, order or judgment to which the Issuer is a party or by which it is bound, or will constitute a default by the Issuer under any of the foregoing.

(d) Pursuant to a Resolution Authorizing Supplemental Indenture and Authorizing and Approving Related Matters passed by its Board of Directors (the "**Amending Resolution**") on February 28, 2024, the Issuer has duly authorized the execution and delivery of this Third Supplemental Indenture.

(e) When duly executed and delivered on behalf of the Issuer, and assuming the due authorization, execution and delivery by the other parties hereto, this Third Supplemental Indenture shall constitute a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms; *provided*, that the enforceability of this Third Supplemental Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally and the application of general principles of equity.

(f) To the best knowledge of the Issuer, as of this date, there is no action, suit or proceeding at law or in equity, pending or threatened against the Issuer to restrain or enjoin the execution and delivery of this Third Supplemental Indenture or in any way contesting the validity or affecting the power of the Issuer with respect to the documents or instruments executed by the Issuer in connection herewith or the existence of the Issuer or the power or the right of the Issuer to enter into this Third Supplemental Indenture.

(g) The Amending Resolution was duly passed by the Issuer at a public meeting of the Board of Directors of the Issuer held in accordance with all applicable laws and at which a quorum was present and acting throughout, and the Amending Resolution remains in full force and effect and has not been repealed, amended, modified or superseded.

(h) The Issuer has no knowledge of (i) any existing Event of Default under the Indenture, or (ii) any event, fact or circumstance that, with the passage of time, the giving of notice or both, could constitute an Event of Default under the Indenture.

**Section 9. Conditions Precedent To Effectiveness.** This Third Supplemental Indenture shall be effective upon the satisfaction of each of the following conditions:

(a) The Trustee shall have received this Third Supplemental Indenture, duly executed by each of the Issuer, the Company, the Guarantor, the Pledgor, and the Trustee.

(b) The representations and warranties of the Company Parties contained herein shall be true and correct in all material respects (without duplication of any materiality qualifier), and

there shall exist no Default or Event of Default, in each case after giving effect to this Third Supplemental Indenture (and the Trustee shall have received a certificate of an Authorized Representative of the Company, the Guarantor and the Pledgor certifying as to the matters set forth in this clause (b)).

(c) The representations and warranties of the Issuer contained herein shall be true and correct in all material respects (and the Trustee shall have received a certificate of the Issuer certifying as to the matters set forth in this clause (c)).

(d) The Trustee shall have received an Officer's Certificate and opinion of Independent Counsel covering such matters as required pursuant to the Indenture and such other matters as are reasonably requested by the Trustee or the Majority Holders.

(e) The Trustee shall have received a customary legal opinion of Locke Lord LLP, counsel to the Company Parties, in form and substance reasonably satisfactory to the Trustee and the Majority Holders.

(f) The Company shall have reimbursed the Trustee for all reasonable and documented out-of-pocket costs and expenses, including the reasonable fees and disbursements of (i) Arnold & Porter Kaye Scholer LLP and (ii) Ballard Spahr LLP, in each case in connection with the enforcement of rights and remedies under the Indenture, Loan Agreement, the Guaranty, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture and the other Financing Documents and Bond Documents and the negotiation, preparation and execution of this Third Supplemental Indenture.

(g) The Trustee shall have received a certificate of the secretary or assistant secretary of each of the Company, the Guarantor and the Pledgor, certifying (A) that attached thereto is a true and complete copy of each organizational document of such applicable party certified (to the extent applicable) as of a recent date by the Secretary of State of the state of its organization, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of such applicable party authorizing the execution, delivery and performance of this Third Supplemental Indenture, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, and (C) as to the incumbency and specimen signature of each officer executing this Third Supplemental Indenture or any other document delivered in connection herewith on behalf of such applicable party (together with a certificate of another officer as to the incumbency and specimen signature of the secretary or assistant secretary executing the certificate required by this clause (g)).

(h) The Trustee shall have received an amendment to the Liquidity Reserve Escrow Agreement in the form attached as Exhibit A hereto (the "***Second Amendment to Liquidity Reserve Escrow Agreement***"), duly executed by each of the Guarantor, the Liquidity Reserve Escrow Agent and the Trustee.

(i) The Trustee shall have executed a termination of the Operating Revenue Escrow Agreement in the form attached as Exhibit B hereto.

(j) The Trustee shall have received a certificate as to the good standing (to the extent such concept is legally recognized in the applicable jurisdiction) of each of the Company, the Guarantor and the Pledgor (in so-called "long-form" if available) as of a recent date, from the Secretary of State of the state of its organization.

(k) The Trustee shall have received a certificate of the Issuer covering such matters as are reasonably requested by the Trustee or the Majority Holders.

(l) The Trustee shall have received the Purchase Funds (as defined below).

**Section 10. Release of Funds; Payment Direction.**

(a) Notwithstanding anything to the contrary in the Indenture, the Loan Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture (including, without limitation, Section 2(a) thereof) or any other Financing Document or Bond Document, upon the effectiveness of this Third Supplemental Indenture (i) an amount equal to (A) \$99,674,277.24 shall be released from the Trustee Account (as defined in the Limited Waiver and First Supplemental Indenture, the “*Trustee Account*”), (B) \$20,153,011 shall be released from the Contingency Account of the Project Fund, (C) \$286,337.66 shall be released from the Earnings Fund, (D) \$10,524,293.91 shall be released from the subaccounts of the Capitalized Interest Account within the Project Fund, including (1) \$8,613,655.99 from the Senior Tax-Exempt Capitalized Interest Subaccount, (2) \$1,129,130.52 from the Subordinate Tax-Exempt Capitalized Interest Subaccount, and (3) \$781,507.40 from the Taxable Capitalized Interest Subaccount and (E) \$4,088,923.81 shall be released from Bond Fund, including (1) \$2,955,138.05 from Senior Interest Subaccount, (2) \$972,991.54 from the Senior Principal Subaccount, (3) \$2,094.72 from the Subordinate Interest Subaccount and (4) \$158,699.50 from the Subordinate Principal Subaccount (collectively, the “*UMB Released Funds*”), and (ii) the Trustee shall execute and submit a Recipient Direction (as defined in the Liquidity Reserve Escrow Agreement, a “*Recipient Direction*”) in the form attached as Exhibit C hereto to the Liquidity Reserve Escrow Agent pursuant to the Liquidity Reserve Escrow Agreement directing the Liquidity Reserve Escrow Agent to release \$49,852,710.09 from the Liquidity Reserve Escrow Fund and disburse such funds to the Trustee (the “*Liquidity Reserve Released Funds*” and, together with the UMB Released Funds, the “*Released Funds*”). The Released Funds shall be used by the Guarantor (it being understood that the UMB Released Funds shall be deemed to have been distributed by the Company to the Guarantor for such purpose) (together with cash on hand from the Guarantor) to consummate the transactions contemplated by that certain Purchase Agreement and Consent, dated as of even date herewith (the “*Purchase Agreement*”), by and among the Company, the Guarantor as Purchaser, and each of the Holders signatory thereto (the “*Specified Purchase Transactions*”). In addition, in the event that the Company or any affiliate thereof purchases Bonds from any Holder at any time following the effectiveness of this Third Supplemental Indenture (other than, for the avoidance of doubt, (x) the Specified Purchase Transactions and (y) in the event any Bonds are purchased from the Company or an affiliate thereof), a percentage of the funds then remaining in the accounts of the Trust Estate referenced in clauses (i) and (ii) above that is equal to the percentage of the aggregate principal amount of then Outstanding Bonds that are being purchased by the Company or such affiliate at such time shall be released from such accounts in order to consummate such purchase transaction. Except as expressly set forth herein and Section 7(a) of the Limited Waiver and Second Supplemental Indenture, all amounts in the Trustee Account shall remain in the Trustee Account so long as any Bonds remain Outstanding and, notwithstanding anything to the contrary in the Indenture, the Loan Agreement or any other Financing Document or Bond Document, shall not be available for any withdrawals or transfers to other funds or accounts with the Trustee or any other uses by the Issuer or the Company for any purpose. Notwithstanding the foregoing, if an Event of Default shall have occurred and is continuing and the Outstanding principal amount of the Bonds shall have been declared due and payable, the entire balance remaining in the Trustee Account shall be applied as directed by the Majority Holders.

(b) As a condition to the effectiveness of this Third Supplemental Indenture, the Guarantor shall wire to the Trustee funds in the amount of \$74,507,946.29 (the “*Specified Guarantor Cash*” and, together with the Released Funds, the “*Purchase Funds*”) pursuant to wire instructions provided to the Guarantor by the Trustee. Following the receipt of the Specified Guarantor Cash and the Liquidity Reserve Released Funds, the Company and the Guarantor hereby authorize and direct the Trustee to (a) disburse the Purchase Funds in amounts equal to the payments listed on Exhibit A to the Purchase Agreement (the “*Funds Flow Exhibit*”) in order to consummate the Specified Purchase Transactions and (b) apply such Purchase Funds as set forth in the Funds Flow Exhibit. Each of the Company and the Guarantor hereby agree that the payments made in accordance with the Funds Flow Exhibit are made for the administrative convenience of the Company and the Guarantor and that the legal effect thereof is the same as if the Purchase Funds were distributed by the Company and/or the Guarantor. Each of the Company and the Guarantor hereby acknowledges and agrees that the disbursements are being made strictly on the basis of the information set forth in the Funds Flow Exhibit and in the event such information is inaccurate, the Company and the Guarantor shall be jointly and severally liable for any and all losses, costs, taxes, fees and expenses incurred by the Trustee arising out of or as a result of the Trustee’s compliance with the information set forth in the Funds Flow Exhibit; *provided*, that such indemnity shall not be available to the extent such losses, costs, taxes, fees and expenses have resulted from the gross negligence or willful misconduct of the Trustee as determined by a final and non-appealable decision of a court of competent jurisdiction.

**Section 11. Reference To And Effect Upon The Financing Documents.**

(a) Except as expressly modified hereby, all terms, conditions, covenants, representations and warranties contained in the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, and the other Financing Documents and Bond Documents, and all rights of the Trustee and the Holders and all of the obligations of the Company Parties, shall remain in full force and effect. Each of the Company Parties hereby confirms that the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, and the other Financing Documents and Bond Documents are in full force and effect and that, as of the date hereof, no Company Party has any right of setoff, recoupment or other offset or any defense, claim or counterclaim with respect to any of the obligations of the Company Parties pursuant to the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, and the other Financing Documents and Bond Documents.

(b) Except as expressly provided herein, the execution, delivery and effectiveness of this Third Supplemental Indenture shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, and the other Financing Documents and Bond Documents, or (ii) amend, modify, or operate as a waiver of any provision of the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, and the other Financing Documents and Bond Documents or any right, power, or remedy of the Trustee or any Holder.



(c) From and after the date on which this Third Supplemental Indenture shall be effective, (i) all references to the Indenture, the Loan Agreement, the Guaranty, the Security Agreement, or the Operating Revenue Escrow Agreement in any Financing Document or Bond Document, shall mean such agreement, as modified hereby, and (ii) the term “Financing Documents” or “Bond Documents” in the Indenture, the Loan Agreement, the Guaranty, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, the Security Agreement, or the Operating Revenue Escrow Agreement and the other Financing Documents and Bond Documents shall include, without limitation, this Third Supplemental Indenture and any agreements, instruments and other documents executed and/or delivered in connection herewith.

(d) This Third Supplemental Indenture shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, the Security Agreement, or any other Financing Document or Bond Document.

(e) From and after the date on which this Third Supplemental Indenture shall be effective, all references to the Liquidity Reserve Escrow Agreement in the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, and the other Financing Documents and Bond Documents shall mean such agreement, as modified by the Second Amendment to Liquidity Reserve Escrow Agreement.

**Section 12. Costs And Expenses.** Notwithstanding anything to the contrary in the Indenture, Loan Agreement, the Guaranty, and the other Financing Documents and Bond Documents, the Company shall pay promptly after written demand therefor from and after the date of this Third Supplemental Indenture (i) all reasonable and documented, out-of-pocket legal costs of the Trustee and the Holders, in connection with the preparation and administration of the Indenture, Loan Agreement, the Guaranty, and the other Financing Documents and Bond Documents and any amendments, modifications or waivers thereof and in connection with the enforcement or protection of their rights in connection with the Indenture, Loan Agreement, the Guaranty, and the other Financing Documents and Bond Documents or in connection with the Bonds, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect thereof.

**Section 13. Issuer and Company Party Confirmations.** Each of the Issuer and the Company Parties hereby confirm that all actions required to be taken by the Issuer, the Company, the Guarantor, the Pledgor, the Holders, and the Trustee pursuant to the Indenture, the Loan Agreement, and the other Financing Documents and Bond Documents have been taken in accordance with such documents. Each of the Issuer and the Company Parties confirm that entry into this Third Supplemental Indenture is permitted under the Indenture, the Loan Agreement, and the other Financing Documents and Bond Documents.

**Section 14. Reaffirmation.** Except as expressly modified by this Third Supplemental Indenture, each of the Company Parties hereby (i) acknowledges and agrees that all of its pledges, grants of security interests and Liens and other obligations under the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, the Security Agreement, the Liquidity Reserve Escrow Agreement, or any other Financing Document or Bond Document to which it is a party are reaffirmed and remain in full force and

effect on a continuous basis, (ii) reaffirms (x) each Lien granted by it to the Trustee, and (y) in the case of the Guarantor, the guarantees made by it pursuant to the Guaranty, and (iii) acknowledges and agrees that the grants of security interests and Liens and other obligations and guarantees, as applicable, are, and shall remain, in full force and effect on and after the effective date of this Third Supplemental Indenture. Except as specifically modified herein, the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, the Security Agreement, the Liquidity Reserve Escrow Agreement, and the other Financing Documents and Bond Documents and the obligations of the Company Parties thereunder are in all respects ratified and confirmed (*mutatis mutandis*) and shall remain in full force and effect in accordance with their terms.

**Section 15. Release.** The Company, the Guarantor and the Pledgor (collectively, the “*Releasing Parties*”) hereby release, acquit and forever discharge the Trustee, the Holders, and their respective investment advisors and Affiliates, and any of their and their investment advisors’ and Affiliates’ respective officers, directors, agents, employees, attorneys, consultants, or representatives, or any of the respective predecessors, successors or assigns of any of the foregoing (collectively, the “*Released Parties*”) from and against any and all manner of actions, causes of action, suits, debts, controversies, damages, judgments, executions, claims (including, without limitation, crossclaims, counterclaims and rights of set-off and recoupment) and demands whatsoever, whether known or unknown, whether asserted or unasserted, in contract, tort, law or equity, which any Releasing Party may have against any of the Released Parties by reason of any action, failure to act, matter or thing whatsoever arising from or based on facts occurring on or prior to the date hereof that relate to the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, the Second Amendment to the Liquidity Reserve Escrow Agreement, the other Financing Documents or Bond Documents or the transactions contemplated thereby or hereby (except to the extent arising from the willful misconduct or gross negligence of any Released Parties), including but not limited to any such claim or defense to the extent that it relates to (a) any covenants, agreements, duties or obligations set forth in the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, the Purchase Agreement, or the other Financing Documents or Bond Documents, or (b) any actions or omissions of any of the Released Parties in connection with the initiation or continuing exercise of any right or remedy contained in the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, or the other Financing Documents or Bond Documents or at law or in equity with respect to the Indenture, the Loan Agreement, the Guaranty, the Equity Pledge and Security Agreement, the Limited Waiver and First Supplemental Indenture, the Limited Waiver and Second Supplemental Indenture, this Third Supplemental Indenture, or the other Financing Documents or Bond Documents.

**Section 16. Trustee.** For the avoidance of doubt, with respect to all matters contained in this Third Supplemental Indenture, the Trustee shall have all rights, protections, indemnities and exculpations set forth in the Indenture, the Loan Agreement, or any other Financing Document or Bond Document, and such rights, protections, indemnities and exculpations are hereby incorporated by reference herein.

**Section 17. GOVERNING LAW: Jurisdiction.**

(a) Governing Law. This Third Supplemental Indenture shall be governed exclusively by the applicable laws of the State of Ohio.

(b) Jurisdiction. To the fullest extent permitted by applicable law, the parties hereto irrevocably submit to the jurisdiction of the United States District Court or the United States Bankruptcy Court for the Southern District of Ohio or any State court located in Scioto County, Ohio or Lawrence County, Ohio, in any suit, action or proceeding based on or arising out of or relating to this Third Supplemental Indenture and irrevocably agree that all claims in respect of such suit or proceeding may be determined in any such court. The parties hereto irrevocably waive, to the fullest extent permitted by law, any objection which they may have to the laying of the venue in any such court. Any final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the parties hereto and may be enforced in any courts to the jurisdiction of which each such party is subject by a suit upon such judgment; *provided*, that service of process is effected upon such party in the manner specified herein or as otherwise permitted by law.

(c) Waiver of Jury Trial. EACH OF THE COMPANY, THE ISSUER, THE HOLDERS, AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE BONDS, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**Section 18. Headings.** Section headings in this Third Supplemental Indenture are included herein for convenience of reference only and shall not constitute a part of this Third Supplemental Indenture for any other purposes.

**Section 19. Severability.** The illegality or unenforceability of any provision of this Third Supplemental Indenture or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Third Supplemental Indenture or any instrument or agreement required hereunder.

**Section 20. Counterparts.** This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same agreement. In proving this Third Supplemental Indenture or any other Financing Document in any judicial proceedings, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom such enforcement is sought. Any signatures hereto delivered by Electronic Transmission shall be deemed an original signature hereto.

(signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

ISSUER:

SOUTHERN OHIO PORT AUTHORITY

By: /s/ Robert Horton  
Name: Robert Horton  
Title: Chair, Board of Directors

COMPANY:

PURECYCLE: OHIO LLC

By: /s/ Brad S. Kalter  
Name: Brad S. Kalter  
Title: Secretary

GUARANTOR:

PURECYCLE TECHNOLOGIES LLC

By: /s/ Brad S. Kalter  
Name: Brad S. Kalter  
Title: Secretary

PLEDGOR:

PCTO HOLDCO LLC

By: /s/ Brad S. Kalter  
Name: Brad S. Kalter  
Title: Secretary

TRUSTEE:  
UMB BANK, N.A., as Trustee

By: /s/ Michael G. Slade  
Name: Michael G. Slade  
Title: Senior Vice President

**Exhibit A**

Form of Second Amendment to Liquidity Reserve Escrow Agreement

**SECOND AMENDMENT TO ESCROW AGREEMENT**

**THIS SECOND AMENDMENT TO ESCROW AGREEMENT**, dated as of March 5, 2024 (“Second Amendment”), is by and among PURECYCLE TECHNOLOGIES LLC, a Delaware limited liability company (“Depositor”), UMB BANK, N.A, a national banking association, as trustee (“Recipient”, and sometimes referred to as “Trustee” or “Secured Party”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as escrow agent hereunder (“Escrow Agent”), and amends that certain Escrow Agreement, dated as of October 7, 2020, as amended by that certain First Amendment to Escrow Agreement dated as of November 8, 2023, each by and among the Depositor, the Recipient, and the Escrow Agent (the “Original Escrow Agreement” and as amended by this Second Amendment, the “Agreement”). Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Original Escrow Agreement.

**RECITALS**

A. Depositor and Recipient have entered into a Guaranty of Completion dated as of October 7, 2020, which was amended and restated by that certain Amended and Restated Guaranty of Completion made as of May 11, 2021, and effective as of October 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time, including as amended by that certain Limited Waiver and First Supplemental Agreement dated as of March 15, 2023 (the “First Limited Waiver”), that certain Limited Waiver and Second Supplemental Indenture dated as of November 8, 2023 (the “Second Limited Waiver”) and that certain Third Supplemental Indenture of even date herewith (the “Third Supplemental Indenture”), the “Guaranty” or the “Underlying Agreement”), pursuant to which Depositor guaranteed certain obligations of PureCycle: Ohio LLC, an Ohio limited liability company and an indirect wholly owned subsidiary of Depositor (the “Company”), under (i) that certain Loan Agreement, dated as of October 1, 2020, between Southern Ohio Port Authority (the “Issuer”) and the Company (as amended, restated, supplemented or otherwise modified from time to time, including as amended by the First Limited Waiver, the Second Limited Waiver and the Third Supplemental Indenture, the “Loan Agreement”), (ii) that certain Bond Purchase Agreement, dated September 23, 2020, by and among the Issuer, Piper Sandler & Co., as underwriter, and the Company (the “Bond Purchase Agreement”), and (iii) that certain Indenture of Trust, dated as of October 1, 2020, by and between the Issuer and Trustee (as amended, restated, supplemented or otherwise modified from time to time, including as amended by the First Limited Waiver, the Second Limited Waiver and the Third Supplemental Indenture, the “Indenture”). The Underlying Agreement provides that Depositor shall deposit on behalf of Recipient the Escrow Funds in a segregated escrow account to be held by Escrow Agent for the purpose of making payments from time to time to Recipient under and as required by the Underlying Agreement. Depositor has made said deposit of Escrow Funds on behalf of Recipient, which Escrow Funds remain on deposit in the Escrow Account held by the Escrow Agent pursuant to the terms of the Original Agreement.

B. Escrow Agent has agreed to act as a "securities intermediary" as defined in Section 8-102(a)(14) of the Uniform Commercial Code as adopted in the State of Ohio (the "UCC") and in such capacity as agent for Recipient, as secured party, to accept, hold, and disburse the funds and other "financial assets" (as such term is defined in Section 8-102(a)(9) of the UCC) deposited with Escrow Agent and all investments made therewith, and all any earnings, proceeds and profits thereon in accordance with the terms of the Agreement as collateral for the benefit of Recipient as Secured Party as contemplated by Section 9-313(c) of the UCC.

C. Depositor and Recipient have appointed the Representatives for all purposes relating to the funds deposited with Escrow Agent pursuant to the Agreement.

D. Depositor and Recipient acknowledge that (i) Escrow Agent is not a party to and has no duties or obligations under the Underlying Agreement, and (ii) Escrow Agent shall have no implied duties beyond the express duties set forth in the Agreement.

E. Depositor, Recipient and Escrow Agent wish to amend certain provisions of the Original Escrow Agreement, subject to the terms and conditions set forth herein.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their successors and assigns, intending to be bound hereby agree as follows:

1. The Original Agreement is hereby amended such that all references in the Original Agreement to the "Guaranty" or the "Underlying Agreement", the "Loan Agreement" or the "Indenture" shall be deemed to refer to such agreements as defined in this Second Amendment.

2. Section 4(e) of the Original Agreement is hereby amended and restated in its entirety to read as follows:

"(e) The Escrow Agent shall rely at all times exclusively on the written direction of the Recipient in a Recipient Direction. Depositor and Recipient each agree that absent contrary instructions contained in a Recipient Direction the Escrow Agent is authorized to use the following funds transfer instructions to disburse to Depositor, solely at the direction of the Recipient, (i) any Escrow Funds in excess of an amount specified in an express direction of the Recipient, and (ii) the balance of the Escrow Funds at such time when such Escrow Funds are no longer required to be maintained in accordance with the terms of the Indenture, the Loan Agreement, the Guaranty, the First Limited Waiver and the Second Limited Waiver:

Bank Name: \*\*\*\*\*  
Bank Address: \*\*\*\*\*  
ABA No.: \*\*\*\*\*  
Account Name: \*\*\*\*\*  
Account No.: \*\*\*\*\*

3. Section 15 of the Original Agreement is hereby amended by replacing the notice information set forth therein for the Recipient or Recipient Representative with the following:

If to Recipient or Recipient Representative, at:

UMB Bank, N.A.  
2 South Broadway

St. Louis, MO 63102  
Telephone: (314) 612-8484  
Facsimile: (314)-612-8499  
E-mail: Laura.Roberson@umb.com

4. Schedule C attached to this Second Amendment shall replace Schedule C attached to the Original Agreement.

5. Attachment 1 to the Original Agreement, setting forth the Standard Disbursement Instructions From Recipient, is hereby amended in its entirety and replaced by Attachment 1 to this Second Amendment.

6. Representations and Warranties. Depositor and Recipient each, severally and not jointly, and solely as to itself, respectively make the following representations and warranties to Escrow Agent (it being understood that the representation and warranty in clause (e) below is made only by Depositor and not Recipient):

(a) it has full power and authority to execute and deliver this Second Amendment and to perform its obligations hereunder; and this Second Amendment has been duly approved by all necessary action and constitutes its valid and binding agreement enforceable in accordance with its terms.

(b) each of the applicable persons designated on Schedule C attached to this Second Amendment has been duly appointed to act as its authorized representative hereunder and under the Agreement and individually has full power and authority on its behalf to execute and deliver any instruction or direction, to amend, modify or waive any provision of this Second Amendment and the Agreement and to take any and all other actions as its authorized representative under this Second Amendment and the Agreement and no change in designation of such authorized representatives shall be effective until written notice of such change is delivered to each other party to this Second Amendment and the Agreement pursuant to Section 15 of the Agreement and the Escrow Agent has had reasonable time to act upon it.

(c) it will not claim any immunity from jurisdiction of any court, suit or legal process, whether from service of notice, injunction, attachment, execution or enforcement of any judgment or otherwise.

(d) there is no security interest in the cash fund or any part thereof other than in favor of the Recipient as Secured Party under the Underlying Agreement; no financing statement under the Uniform Commercial Code is on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Escrow Funds or any part thereof other than in favor of the Recipient as Secured Party under the Underlying Agreement.

7. Amendment and Assignment. None of the terms or conditions of this Second Amendment or the Agreement may be changed, waived, modified, discharged, terminated or varied in any manner whatsoever unless in writing duly signed by each party to the Agreement. Oral amendments, oral waivers and purported oral terminations are void. No course of conduct shall constitute a waiver of any of the terms and conditions of the Agreement, unless such waiver is specified in writing, and then only to the extent so specified. No party may assign the Agreement or any of its rights or obligations hereunder without the written consent of the other parties, provided that if (i) Escrow Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the escrow contemplated by the Agreement) to another entity, the successor or transferee entity without any further act shall be the successor Escrow Agent and (ii) if Recipient resigns or is replaced as trustee under the Underlying Agreement pursuant to the provisions thereof, Recipient shall assign all of its rights



hereunder by an authenticated writing delivered to the Escrow Agent, and if it fails to do so, then the successor trustee appointed under the Underlying Agreement shall automatically succeed to the right, duties, powers and obligations of the Recipient hereunder upon notice from the Depositor or the Recipient to the Escrow Agent.

8 . Governing Law, Jurisdiction and Venue. This Second Amendment and the Agreement shall be construed and interpreted in accordance with the internal laws of the State of Ohio without giving effect to the conflict of laws principles thereof that would require the application of any other laws. Escrow Agent states that Escrow Agent's jurisdiction (determined in accordance with Sections 9-305 and Section 8-110(e) of the UCC) for purposes of this Agreement is the State of Ohio. Each of the parties hereto irrevocably (a) consents to the exclusive jurisdiction and venue of the state and federal courts in the State of Ohio sitting in Cincinnati, Ohio, in connection with any matter arising out of this Second Amendment or the Agreement, (b) waives any objection to such jurisdiction or venue (c) agrees not to commence any legal proceedings related hereto except in such courts, (d) consents to and agrees to accept service of process to vest personal jurisdiction over it in any such courts made as set forth in Section 15 of the Agreement and (e) waives any right to trial by jury in any action in connection with this Second Amendment and the Agreement.

9. Entire Agreement, No Third-Party Beneficiaries. Except as amended or modified by this Second Amendment, the signatory parties hereby confirm and acknowledge the validity of the Original Agreement and the Original Agreement as amended by this Second Amendment constitutes the entire agreement between the signatory parties hereto relating to the holding, investment and disbursement of Escrow Funds and sets forth in their entirety the obligations and duties of Escrow Agent with respect to Escrow Funds. This Second Amendment and the Agreement and any Written Direction may be executed (manually or by digital or electronic signature) in two or more counterparts, which when so executed shall constitute one and the same agreement or direction. Transmission by telefax, digital or electronic means of an executed copy this Second Amendment or of any Recipient Direction authorized hereby shall constitute delivery of the originally executed counterpart for all purposes. To the extent any provision of this Second Amendment or the Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Second Amendment or the Agreement. The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and conditions of this Second Amendment. Nothing in this Second Amendment or the Agreement, express or implied, is intended to or shall confer upon any person other than the signatory parties hereto and the Indemnified Parties any right, benefit or remedy of any nature whatsoever under or by reason of the Agreement.

10. Rights and Protections of Trustee. This Second Amendment and the Agreement are for the benefit of the Trustee under the Indenture. The Trustee shall be entitled to all of the same rights, benefits, privileges, immunities, disclaimers, exculpations, indemnitees and protections with respect to any action or omission as the Trustee hereunder as are set forth in the Indenture with respect to actions or omissions of the Trustee thereunder, and the Agreement shall secure all obligations and liabilities owing to the Trustee, as Trustee under the Indenture. The Trustee may rely (and shall be fully protected in so relying) on the direction of the Majority Holders (as such term is given meaning in the Indenture) with respect to any action taken or the exercise of any right, remedy or discretion or the giving of any consent or approval as the Trustee under this Second Amendment or the Agreement, and Trustee may refrain from giving any consent, approval, or direction, from making any demand, or from taking any other action or

exercising any remedy, unless and until directed to do so by the Majority Holders and receipt of indemnification satisfactory to it as and to the extent provided under the Indenture.

*The balance of this page is intentionally left blank.  
The signature page immediately follows this page.*

Signature Page  
To

Second Amendment to Escrow Agreement dated as of March 5, 2024  
among

PureCycle Technologies LLC, as "Depositor", UMB BANK, N.A, a national banking association, as trustee as "Recipient", and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as "Escrow Agent".

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date first above written.

**PureCycle Technologies LLC, as Depositor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**UMB Bank, N.A, as Trustee**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION  
as Escrow Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE C**

Each of the following person(s) is a **Depositor Representative** authorized to execute documents and direct Escrow Agent as to all matters, including fund transfers, address changes and contact information changes, on Depositor's behalf (only one signature required):

|      |                    |               |  |
|------|--------------------|---------------|--|
| Name | Specimen signature | Telephone No. |  |
| Name | Specimen signature | Telephone No. |  |
| Name | Specimen signature | Telephone No. |  |

If only one person is identified above, the following person is authorized for call-back confirmations:

|      |                  |
|------|------------------|
| Name | Telephone Number |
|------|------------------|

Each of the following person(s) is a **Recipient Representative** authorized to execute documents and direct Escrow Agent as to all matters, including fund transfers, address changes and contact information changes, on Recipient's behalf (only one signature required):

|      |                    |               |  |
|------|--------------------|---------------|--|
| Name | Specimen signature | Telephone No. |  |
| Name | Specimen signature | Telephone No. |  |
| Name | Specimen signature | Telephone No. |  |

If only one person is identified above, the following person is authorized for call-back confirmations:

|      |                  |
|------|------------------|
| Name | Telephone Number |
|------|------------------|

---

**FORM OF RECIPIENT DIRECTION**

U.S. Bank National Association, as Escrow Agent  
ATTN: Global Corporate Trust Services  
Address: \_\_\_\_\_

RE: ESCROW AGREEMENT made and entered into as of the 7th day of October, 2020, as amended by that certain First Amendment to Escrow Agreement dated as of November 8, 2023, and that certain Second Amendment to Escrow Agreement dated as of March 5, 2024 (collectively, the "Escrow Agreement"), each by and among PureCycle Technologies LLC (the "Depositor"), UMB Bank, N.A. (the "Recipient") and U.S. Bank National Association, in its capacity as escrow agent (the "Escrow Agent").

Pursuant to Section 4 of the above-referenced Escrow Agreement, Recipient hereby instructs Escrow Agent to disburse the amount of [\$ \_\_\_\_\_] from the Escrow Account to [Depositor][Recipient][Other], as provided below:

[Depositor] OR [Recipient]

Bank Name: \_\_\_\_\_ Bank Name: \_\_\_\_\_  
Bank Address: \_\_\_\_\_ Bank Address: \_\_\_\_\_  
ABA No.: \_\_\_\_\_ ABA No.: \_\_\_\_\_  
Account Name: \_\_\_\_\_ Account Name: \_\_\_\_\_  
Account No.: \_\_\_\_\_ Account No.: \_\_\_\_\_ ]

OTHER [SPECIFY AS APPROPRIATE]

Bank Name: \_\_\_\_\_ Bank Name: \_\_\_\_\_  
ABA No.: \_\_\_\_\_ ABA No.: \_\_\_\_\_  
Account Name: \_\_\_\_\_ Account Name: \_\_\_\_\_  
Account No.: \_\_\_\_\_ Account No.: \_\_\_\_\_

UMB Bank, N.A, as Trustee and Recipient

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**ATTACHMENT 1**  
**Standing Disbursement Instructions**  
**From Recipient**

- I. Escrow Agent shall deposit to and disburse funds from the Escrow Account only to make permitted investments and otherwise as follows:
  1. Upon receipt of a Recipient Direction from the Recipient to Escrow Agent to pay to Depositor an amount stated in the Recipient Direction comprised of investment earnings and profits relating to the Escrow Funds for a stated period, after giving effect to any disbursement made during the stated period pursuant to a Recipient Direction to release Escrow Funds to the Depositor or at the direction of the Depositor in an amount proportionate to that percentage of aggregate principal amount of Bonds purchased by the Depositor or an affiliate of Depositor (other than Bonds purchased from the Depositor or an affiliate of Depositor).
  2. Upon receipt of a Recipient Direction from the Recipient to Escrow Agent to pay to Depositor an amount stated in the Recipient Direction comprised of an amount proportionate to that percentage of aggregate principal amount of Bonds purchased by the Depositor or an affiliate of Depositor (other than Bonds purchased from the Depositor or an affiliate of Depositor).
  3. Upon receipt of a Recipient Direction from the Recipient to Escrow Agent to make payment to Recipient of an amount stated in the Recipient Direction for deposit by Recipient in an account designated in the Recipient Direction as permitted under the Indenture, the Loan Agreement, the Guaranty, the First Limited Waiver, the Second Limited Waiver and the Third Supplemental Indenture.
  4. Upon receipt of a Recipient Direction from Recipient to Escrow Agent to pay to Depositor all remaining funds in the Escrow Account at such time when such funds are no longer required to be maintained in accordance with the terms of the Indenture, the Loan Agreement, the Guaranty, the First Limited Waiver, the Second Limited Waiver and the Third Supplemental Indenture.

The mechanics and requirement for Recipient Directions and deposits to the Escrow Account, as between Depositor and the Recipient are set forth in the Guaranty, the Loan Agreement and the Indenture, as necessary to authorize the Recipient to issue these Recipient Directions, but Escrow Agent shall only be required to act upon receipt of the Recipient Directions as set forth above and shall have no obligation to review the terms thereof set forth in the Guaranty, Loan Agreement, or Indenture.

**Exhibit B**

Form of Termination of Operating Revenue Escrow Agreement

**TERMINATION OF ESCROW AGREEMENT**

This Termination of Escrow Agreement (the "Termination") is entered into as of March 5, 2024 (the "Effective Date"), by and among PURECYCLE: OHIO LLC, an Ohio limited liability company ("Depositor"), UMB BANK, N.A, a national banking association, as trustee ("Recipient", and sometimes referred to as "Trustee" or "Secured Party"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as escrow agent ("Escrow Agent") under that certain ESCROW AGREEMENT, dated as of October 7, 2020, by and among the Depositor, the Recipient and the Escrow Agent, also known as the Operating Revenue Escrow Agreement (the "Agreement").

WHEREAS, Depositor, Recipient, and Escrow Agent entered into the Agreement in connection with that certain Loan Agreement between the Southern Ohio Port Authority (the "Issuer") and Depositor, dated as of October 1, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), pursuant to which the Issuer made a loan to Depositor of the net proceeds from the sale of bonds (the "Bonds") issued by the Issuer pursuant to that certain Indenture of Trust, dated as of October 1, 2020, between the Issuer and the Recipient, as Trustee (as amended, restated, supplemented or otherwise modified from time to time, the "Indenture"); and

WHEREAS, Recipient, at the direction of the Majority Holders (as defined in the Indenture), and Depositor have agreed to terminate the Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties to the Agreement, the Depositor, Recipient, and Escrow Agent agree as follows:

Section 1. Pursuant to Section 16 of the Agreement, the Agreement shall be terminated as of the Effective Date.

Section 2. On the Effective Date, the balance of Escrow Funds on deposit in the Escrow Account, less an amount of Escrow Funds necessary to pay any fees and expenses due and owing from the Depositor to the Escrow Agent, as permitted under Section 12 of the Agreement (which amount shall be \$0), shall be disbursed by the Escrow Agent to Depositor, pursuant to the following wire instruction.

Bank Name: \_\_\_\_\_  
Bank Address: \_\_\_\_\_  
ABA No.: \_\_\_\_\_  
Account Name: \_\_\_\_\_  
Account No.: \_\_\_\_\_

Section 3. This Termination of Escrow Agreement shall be governed exclusively by the applicable laws of the State of Ohio.

*The signature page immediately follows this page.*

---

*Signature Page*

To  
TERMINATION OF ESCROW AGREEMENT  
among

PURECYCLE: OHIO LLC, as "Depositor", UMB BANK, N.A, a national banking association, as trustee as "Recipient", and U.S.  
BANK NATIONAL ASSOCIATION, a national banking association, as "Escrow Agent"

IN WITNESS WHEREOF, the parties hereto have caused this Termination of Escrow Agreement to be executed as of the Effective Date.

**PURECYCLE: OHIO LLC, as Depositor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**UMB BANK, N.A, as Trustee**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION  
as Escrow Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

---



**Exhibit C**

Form of Recipient Direction

LIST OF SUBSIDIARIES OF PURECYCLE TECHNOLOGIES, INC.  
 (As of December 31, 2023)

| <b>Subsidiary</b>                        | <b>State of Jurisdiction Of Incorporation</b> |
|--|---|
| PureCycle Technologies Holdings Corp.    | Delaware                                      |
| PureCycle Technologies LLC               | Delaware                                      |
| PureCycle Managed Services, LLC          | Delaware                                      |
| PCTO Holdco, LLC                         | Delaware                                      |
| PureCycle: Ohio, LLC                     | Ohio  |
| PureCycle Technologies Holdings II Corp. | Delaware                                      |
| PureCycle Augusta, LLC                   | Delaware                                      |
| PureCycle PreP, LLC                      | Delaware                                      |
| PureCycle Belgium, BV                    | Belgium                                       |

-

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our reports dated March 6, 2024, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of PureCycle Technologies, Inc. and subsidiaries on Form 10-K for the year ended December 31, 2023. We consent to the incorporation by reference of said reports in the Registration Statements of PureCycle Technologies, Inc. on Form S-8 (File No. 333-257472) and on Forms S-3 (File No. 333-264580, File No. 333-264581, File No. 333-251034 and File No. 333-257423.)

/s/ GRANT THORNTON LLP

Southfield, Michigan  
March 6, 2024

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Dustin Olson, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 6, 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 Annual Report on Form 10-K 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: March 6, 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 Annual Report of PureCycle Technologies, Inc. (the "Company") on Form 10-K for the year ended December 31, 2023 (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: March 6, 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 Annual Report of PureCycle Technologies, Inc. (the "Company") on Form 10-K for the year ended December 31, 2023 (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: March 6, 2024

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

**PURECYCLE TECHNOLOGIES, INC.****Compensation Clawback Policy  
Effective July 26, 2023****Purpose**

As required pursuant to the listing standards of the Nasdaq Stock Market (the “*Stock Exchange*”), Section 10D of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and Rule 10D-1 under the Exchange Act, the Board of Directors (the “*Board*”) of PureCycle Technologies, Inc. (the “*Company*”) has adopted this Compensation Clawback Policy (the “*Policy*”) to empower the Company to recover Covered Compensation (as defined below) erroneously awarded to a Covered Officer (as defined below) in the event of an Accounting Restatement (as defined below).

Notwithstanding anything in this Policy to the contrary, at all times, this Policy remains subject to interpretation and operation in accordance with the final rules and regulations promulgated by the U.S. Securities and Exchange Commission (the “*SEC*”), the final listing standards adopted by the Stock Exchange, and any applicable SEC or Stock Exchange guidance or interpretations issued from time to time regarding such Covered Compensation recovery requirements (collectively, the “*Final Guidance*”). Questions regarding this Policy should be directed to the Company’s **General Counsel**.

**Policy Statement**

Unless a Clawback Exception (as defined below) applies, the Company will recover reasonably promptly from each Covered Officer the Covered Compensation Received (as defined below) by such Covered Officer in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (each, an “*Accounting Restatement*”). If a Clawback Exception applies with respect to a Covered Officer, the Company may forgo such recovery under this Policy from such Covered Officer.

**Covered Officers**

For purposes of this Policy, “*Covered Officer*” is defined as any current or former “Section 16 officer” of the Company within the meaning of Rule 16a-1(f) under the Exchange Act, as determined by the Board or the Compensation Committee of the Board (the “*Committee*”). Covered Officers include, at a minimum, “executive officers” as defined in Rule 3b-7 under the Exchange Act and identified under Item 401(b) of Regulation S-K.

**Covered Compensation**

For purposes of this Policy:

- “*Covered Compensation*” is defined as the amount of Incentive-Based Compensation (as defined below) Received during the applicable Recovery Period (as defined below) that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received during such Recovery Period had it been
-



determined based on the relevant restated amounts, and computed without regard to any taxes paid.

Incentive-Based Compensation Received by a Covered Officer will only qualify as Covered Compensation if: (i) it is Received on or after October 2, 2023; (ii) it is Received after such Covered Officer begins service as a Covered Officer; (iii) such Covered Officer served as a Covered Officer at any time during the performance period for such Incentive-Based Compensation; and (iv) it is Received while the Company has a class of securities listed on a national securities exchange or a national securities association.

For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of erroneously awarded Covered Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount of such Incentive-Based Compensation that is deemed to be Covered Compensation will be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and the Company will maintain and provide to the Stock Exchange documentation of the determination of such reasonable estimate.

- “***Incentive-Based Compensation***” is defined as any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (as defined below). For purposes of clarity, Incentive-Based Compensation includes compensation that is in any plan, other than tax-qualified retirement plans, including long term disability, life insurance, and supplemental executive retirement plans, and any other compensation that is based on such Incentive-Based Compensation, such as earnings accrued on notional amounts of Incentive-Based Compensation contributed to such plans.
- “***Financial Reporting Measure***” is defined as a measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures.
- Incentive-Based Compensation is deemed “***Received***” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

## **Recovery Period**

For purposes of this Policy, the applicable “***Recovery Period***” is defined as the three completed fiscal years immediately preceding the Trigger Date (as defined below) and, if applicable, any transition period resulting from a change in the Company’s fiscal year within or immediately following those three completed fiscal years (provided, however, that if a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year comprises a period of nine to 12 months, such period would be deemed to be a completed fiscal year).

For purposes of this Policy, the “*Trigger Date*” as of which the Company is required to prepare an Accounting Restatement is the earlier to occur of: (i) the date that the Board, applicable Board committee, or officers authorized to take action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare the Accounting Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare the Accounting Restatement.

### **Clawback Exceptions**

The Company is required to recover all Covered Compensation Received by a Covered Officer in the event of an Accounting Restatement unless (i) one of the following conditions are met and (ii) the Committee has made a determination that recovery would be impracticable in accordance with Rule 10D-1 under the Exchange Act (under such circumstances, a “*Clawback Exception*” applies):

- the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered (and the Company has already made a reasonable attempt to recover such erroneously awarded Covered Compensation from such Covered Officer, has documented such reasonable attempt(s) to recover, and has provided such documentation to the Stock Exchange);
- recovery would violate home country law that was adopted prior to November 28, 2022 (and the Company has already obtained an opinion of home country counsel, acceptable to the Stock Exchange, that recovery would result in such a violation, and provided such opinion to the Stock Exchange); or
- recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code and regulations thereunder. For purposes of clarity, this Clawback Exception only applies to tax-qualified retirement plans and does not apply to other plans, including long term disability, life insurance, and supplemental executive retirement plans, or any other compensation that is based on Incentive-Based Compensation in such plans, such as earnings accrued on notional amounts of Incentive-Based Compensation contributed to such plans.

### **Prohibitions**

The Company is prohibited from paying or reimbursing the cost of insurance for, or indemnifying, any Covered Officer against the loss of erroneously awarded Covered Compensation.

### **Administration and Interpretation**

The Committee will administer this Policy in accordance with the Final Guidance, and will have full and exclusive authority and discretion to supplement, amend, repeal, interpret, terminate, construe, modify, replace and/or enforce (in whole or in part) this Policy, including the authority to correct any defect, supply any omission or reconcile any ambiguity, inconsistency or conflict in the Policy, subject to the Final Guidance. The Committee will review the Policy from time to time and will have full and exclusive authority to take any action it deems appropriate.

The Committee will have the authority to offset any compensation or benefit amounts that become due to the applicable Covered Officers to the extent permissible under Section 409A of the Internal Revenue Code of 1986, as amended, and as it deems necessary or desirable to recover any Covered Compensation.

Each Covered Officer, upon being so designated or assuming such position, is required to execute and deliver to the Company's General Counsel an acknowledgment of and consent to this Policy, in a form reasonably acceptable to and provided by the Company from time to time, (i) acknowledging and consenting to be bound by the terms of this Policy, (ii) agreeing to fully cooperate with the Company in connection with any of such Covered Officer's obligations to the Company pursuant to this Policy, and (iii) agreeing that the Company may enforce its rights under this Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under this Policy.

#### **Disclosure**

This Policy, and any recovery of Covered Compensation by the Company pursuant to this Policy that is required to be disclosed in the Company's filings with the SEC, will be disclosed as required by the Securities Act of 1933, as amended, the Exchange Act, and related rules and regulations, including the Final Guidance.

**PURECYCLE TECHNOLOGIES, INC.**

**Compensation Clawback Policy Acknowledgment and Consent**

The undersigned hereby acknowledges that he or she has received and reviewed a copy of the Compensation Clawback Policy (the "**Policy**") of PureCycle Technologies, Inc. (the "**Company**"), effective as of July 26, 2023, as adopted by the Company's Board of Directors.

Pursuant to such Policy, the undersigned hereby:

- acknowledges that he or she has been designated as (or assumed the position of) a "Covered Officer" as defined in the Policy;
- acknowledges and consents to the Policy;
- acknowledges and consents to be bound by the terms of the Policy;
- agrees to fully cooperate with the Company in connection with any of the undersigned's obligations to the Company pursuant to the Policy; and
- agrees that the Company may enforce its rights under the Policy through any and all reasonable means permitted under applicable law as the Company deems necessary or desirable under the Policy.

**ACKNOWLEDGED AND AGREED:**

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Date:

*[Compensation Clawback Policy Acknowledgment and Consent]*