

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022
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 **86-2293091**
Delaware (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:

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

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

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

As of August 11, 2022, there were approximately 163,509,971 shares of the registrant's common stock, par value \$0.001 per share, outstanding.

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

PART I - FINANCIAL INFORMATION

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

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

The forward-looking statements are based on the current expectations of the management of PCT and are inherently subject to uncertainties and changes in circumstances and their potential effects and speak only as of the date of this Quarterly Report on Form 10-Q. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in the section of PCT's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "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 meet, and to continue to meet, applicable regulatory requirements for the use of PCT's UPR resin (as defined below) in food grade applications (both in the United States and abroad);
- PCT's ability to comply on an ongoing basis with the numerous regulatory requirements applicable to the UPR resin and PCT's facilities (both in the United States and abroad);
- expectations and changes regarding PCT's strategies and future financial performance, including its future business plans, expansion plans or objectives, prospective performance and opportunities and competitors, revenues, products and services, pricing, operating expenses, market trends, liquidity, cash flows and uses of cash, capital expenditures, and PCT's ability to invest in growth initiatives;
- PCT's ability to scale and build its first commercial-scale recycling facility in Lawrence County, Ohio (the "Ironton Facility") in a timely and cost-effective manner;
- PCT's ability to complete the necessary funding with respect to, and complete the construction of, its first U.S. multi-site facility, located in Augusta, Georgia (the "Augusta Facility"), in a timely and cost-effective manner;
- PCT's ability to sort and process polypropylene plastic waste at its plastic waste prep ("Feed PreP") facilities;
- PCT's ability to maintain exclusivity under the Procter & Gamble Company ("P&G") license (as described below);
- the implementation, market acceptance and success of PCT's business model and growth strategy;
- the success or profitability of PCT's offtake arrangements;
- the ability to source feedstock with a high polypropylene content;
- PCT's future capital requirements and sources and uses of cash;

PureCycle Technologies, Inc.
PART I - FINANCIAL INFORMATION — CONTINUED

- PCT's ability to obtain funding for its operations and future growth;
- 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 recently filed securities class action case;
- geopolitical risk and changes in applicable laws or regulations;
- the possibility that PCT may be adversely affected by other economic, business, and/or competitive factors;
- turnover or increases in employees and employee-related costs;
- changes in the prices and availability of labor (including labor shortages), transportation and materials, including significant inflation, supply chain conditions and its related impact on energy and raw materials, and PCT's ability to obtain them in a timely and cost-effective manner;
- any business disruptions due to political or economic instability, pandemics, armed hostilities (including the ongoing conflict between Russia and Ukraine);
- the potential impact of climate change on the company, including physical and transition risks, higher regulatory and compliance costs, reputational risks, and availability of capital on attractive terms;
- operational risk; and
- the risk that the COVID-19 pandemic ("COVID-19"), including any new and emerging variants and the efficacy and distribution of vaccines, and local, state, federal and international responses to addressing the pandemic may have an adverse effect on PCT's business operations, as well as PCT's financial condition and results of operations.

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

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

PureCycle Technologies, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	(Unaudited)	
<i>(in thousands except per share data)</i>	June 30, 2022	December 31, 2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 118,499	\$ 33,417
Debt securities available for sale	231,331	167,365
Restricted cash – current	72,763	141,855
Prepaid expenses and other current assets	6,284	2,712
Total current assets	428,877	345,349
Restricted cash – non-current	93,788	88,586
Prepaid expenses and other non-current assets	6,410	5,535
Operating lease right-of-use assets	11,846	—
Property, plant and equipment, net	345,591	225,214
TOTAL ASSETS	\$ 886,512	\$ 664,684
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 5,126	\$ 1,401
Accrued expenses	26,728	35,526
Accrued interest	1,532	1,532
Total current liabilities	33,386	38,459
NON-CURRENT LIABILITIES		
Deferred revenue	5,000	5,000
Bonds payable	233,000	232,508
Warrant liability	51,381	6,113
Operating lease right-of-use liabilities	11,656	—
Other non-current liabilities	1,122	1,069
TOTAL LIABILITIES	\$ 335,545	\$ 283,149
COMMITMENT AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common shares - \$0.001 par value, 250,000 shares authorized; 163,282 and 127,647 shares issued and outstanding as of June 30, 2022 and December 31, 2021	\$ 163	\$ 128
Additional paid-in capital	750,056	539,423
Accumulated other comprehensive loss	(1,037)	(237)
Accumulated deficit	(198,215)	(157,779)
TOTAL STOCKHOLDERS' EQUITY	550,967	381,535
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 886,512	\$ 664,684

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

PureCycle Technologies, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(in thousands except per share data)</i>				
Costs and expenses				
Operating costs	\$ 6,449	\$ 2,411	\$ 10,497	\$ 4,541
Research and development	250	224	589	771
Selling, general and administrative	12,954	7,259	27,701	14,883
Total operating costs and expenses	19,653	9,894	38,787	20,195
Interest (income) expense	(176)	1,836	268	3,879
Change in fair value of warrants	(4,495)	(359)	1,340	13,262
Other expense (income)	22	(312)	41	(203)
Total other expense	(4,649)	1,165	1,649	16,938
Net loss	\$ (15,004)	\$ (11,059)	\$ (40,436)	\$ (37,133)
Loss per share				
Basic and diluted	\$ (0.09)	\$ (0.09)	\$ (0.27)	\$ (0.44)
Weighted average common shares				
Basic and diluted	163,249	117,346	148,413	84,284
Other comprehensive loss				
Unrealized loss on debt securities available for sale	\$ (460)	\$ (106)	\$ (800)	\$ (106)
Total comprehensive loss	\$ (15,464)	\$ (11,165)	\$ (41,236)	\$ (37,239)

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

PureCycle Technologies, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

For the Three and Six Months Ended June 30, 2022														
	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>														
Balance, December 31, 2021	127,647	\$ 128	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ 539,423	\$ (237)	\$ (157,779)	\$ 381,535
Issuance of common stock	35,714	35	—	—	—	—	—	—	—	—	205,261	—	—	205,296
Share repurchase	(130)	—	—	—	—	—	—	—	—	—	(1,049)	—	—	(1,049)
Equity based compensation	3	—	—	—	—	—	—	—	—	—	3,171	—	—	3,171
Unrealized loss on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	—	(340)	—	(340)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(25,432)	(25,432)
Balance, March 31, 2022	163,234	\$ 163	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ 746,806	\$ (577)	\$ (183,211)	\$ 563,181
Share repurchase	(2)	—	—	—	—	—	—	—	—	—	(17)	—	—	(17)
Equity based compensation	50	—	—	—	—	—	—	—	—	—	3,267	—	—	3,267
Unrealized loss on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	—	(460)	—	(460)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(15,004)	(15,004)
Balance, June 30, 2022	163,282	\$ 163	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ 750,056	\$ (1,037)	\$ (198,215)	\$ 550,967

PureCycle Technologies, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

For the Three and Six Months Ended June 30, 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
<i>(in thousands)</i>	Shares	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount				
Balance, December 31, 2020	—	—	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 \$28.0 million	34,823	35	—	—	—	—	—	—	—	—	293,931	—	—	293,966
Issuance of restricted stock awards	775	1	—	—	—	—	—	—	—	—	(1)	—	—	—
Forfeiture of restricted stock	(3)	(1)	—	—	—	—	—	—	—	—	1	—	—	—
Reclassification of redeemable warrant to liability	—	—	—	—	—	—	—	—	—	—	(33)	—	—	(33)
Equity based compensation	—	—	—	—	—	—	—	—	—	—	68	—	—	68
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(26,074)	(26,074)
Balance, March 31, 2021	117,349	\$ 117	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ 455,475	\$ —	\$ (106,351)	\$ 349,241
Forfeiture of restricted stock	(10)	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity based compensation	—	—	—	—	—	—	—	—	—	—	835	—	—	835
Unrealized loss on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	—	(106)	—	(106)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(11,059)	(11,059)
Balance, June 30, 2021	117,339	117	—	—	—	—	—	—	—	—	456,310	(106)	(117,410)	338,911

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

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

<i>(in thousands)</i>	Six months ended June 30,	
	2022	2021
Cash flows from operating activities		
Net loss	\$ (40,436)	\$ (37,133)
Adjustments to reconcile net loss to net cash used in operating activities		
Equity-based compensation	6,438	1,142
Fair value change of warrants	1,340	13,262
Depreciation expense	1,693	985
Amortization of debt issuance costs and debt discounts	492	1,508
Amortization of premium on debt securities	20	165
Operating lease amortization expense	531	—
Issuance costs attributable to warrants	—	109
Gain on extinguishment of secured term loan	—	(314)
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	(3,572)	(2,899)
Prepaid expenses and other non-current assets	(875)	(1,485)
Accounts payable	1,094	(725)
Accrued expenses	(1,649)	(13,082)
Accrued interest	—	(1,251)
Deferred revenue	—	5,000
Operating right-of-use liabilities	(166)	—
Net cash used in operating activities	\$ (35,090)	\$ (34,718)
Cash flows from investing activities		
Construction of plant	(127,067)	(50,493)
Purchase of debt securities, available for sale	(177,755)	(200,703)
Sale and maturity of debt securities, available for sale	112,968	—
Net cash used in investing activities	\$ (191,854)	\$ (251,196)
Cash flows from financing activities		
Proceeds from issuance of common stock	206,071	—
Proceeds from issuance of warrants	43,929	—
Payments to repurchase shares	(1,066)	—
Common stock issuance costs	(775)	—
Other (payments) proceeds from financing activities	(23)	—
Proceeds from ROCH and PIPE financing, net of issuance costs	—	298,461
Bond issuance costs	—	(4,067)
Convertible notes issuance costs	—	(480)
Net cash provided by financing activities	\$ 248,136	\$ 293,914
Net increase in cash and restricted cash	21,192	8,000
Cash and restricted cash, beginning of period	263,858	330,574
Cash and restricted cash, end of period	\$ 285,050	\$ 338,574
Supplemental disclosure of cash flow information		
Non-cash operating activities		
Interest paid during the period, net of capitalized interest	\$ 650	\$ 845
Non-cash investing activities		
Additions to property, plant, and equipment in accrued expenses	\$ 22,059	\$ 26,404
Additions to property, plant, and equipment in accounts payable	\$ 3,267	\$ 268
Additions to property, plant, and equipment in accrued interest	\$ —	\$ 277
Non-cash financing activities		
Initial fair value of acquired warrant liability	\$ —	\$ 4,604
PIK interest on convertible notes	\$ —	\$ 1,680

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

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 - ORGANIZATION

Formation and Organization

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

Business Combination

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

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

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.

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 condensed consolidated interim financial statements include the accounts of the Company. The condensed consolidated interim financial statements are presented in U.S. Dollars. Certain information in footnote disclosures normally included in annual financial statements was condensed or omitted for the interim periods presented in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC")

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

and accounting principles generally accepted in the United States of America ("U.S. GAAP"). Intercompany balances and transactions were eliminated upon consolidation. The results of operations for the six months ended June 30, 2022 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2022. The accompanying condensed consolidated interim financial statements reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary to present a fair statement of the results for the interim periods presented.

Reclassifications

Certain amounts in prior periods have been reclassified to conform with the report classifications of the six months ended June 30, 2022 and 2021.

Potential Impact of COVID-19 on the Company's Business

The extent to which the COVID-19 pandemic and the restrictions resulting from the pandemic will continue to impact the Company's business, financial condition or results of operations will depend on future developments, which are highly uncertain and cannot be accurately predicted. The Company has implemented certain policies and procedures to continue its operations in light of the COVID-19 pandemic and the restrictions resulting from the pandemic.

Liquidity

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

	As of	
	June 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 118,499	\$ 33,417
Debt securities available for sale	\$ 231,331	\$ 167,365
Unrestricted liquidity	\$ 349,830	\$ 200,782
Restricted Cash	\$ 166,551	\$ 230,441
Working capital	\$ 395,491	\$ 306,890
Accumulated deficit	\$ 198,215	\$ 157,779
	For the six months ended	
	June 30, 2022	June 30, 2021
Net loss	\$ 40,436	\$ 37,133

Our future capital requirements will depend on many factors, including actual construction costs for the Ironton Facility, the construction of the Augusta Facility and others outside the United States, build-out of multiple Feed PreP facilities, funding needs to support other business opportunities, and challenges or unforeseen circumstances. For this future growth and investment, we expect to seek additional debt financing from outside sources, which we may not be able to raise on terms favorable to us, or at all. If we are unable to raise additional debt when desired, our business, financial condition and results of operations would be adversely affected.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Emerging Growth Company

At June 30, 2022, we qualified as an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and we have taken and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have opted to take advantage of such extended transition period available to emerging growth companies which means that when a standard is issued or revised and it has different application dates for public or private companies, we can adopt the new or revised standard at the time private companies adopt the new or revised standard.

PCT will become a large accelerated filer for the fiscal year ending December 31, 2022, and as such PCT will lose emerging growth status on December 31, 2022. As of December 31, 2022, PCT will be required to adopt new or revised accounting standards when they are applicable to public companies that are not emerging growth companies and will be required to comply with, among other things, the auditor attestation requirements Section 404(b) of the Sarbanes-Oxley Act of 2002. For as long as PCT continues to be an emerging growth company, however, PCT intends to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act.

Immaterial Corrections Related to Prior Periods

We have identified immaterial corrections to prior periods related to capitalization of interest associated with the tax-exempt revenue bonds. We evaluated the effects of these corrections on the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2021 individually and in the aggregate, in accordance with the guidance in ASC Topic 250, Accounting Changes and Error Corrections, ASC Topic 250-10-S99-1, Assessing Materiality, and ASC Topic 250-10-S99-2, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements. We have concluded that no period is materially misstated. Accordingly, we have reflected the prior period impacts and associated revisions for these periods presented herein. The revision increased property, plant and equipment, net and decreased interest expense by \$4.2 million and \$8.3 million for the three and six months ended June 30, 2021, as well as reclassified \$11.1 million from net cash used in operating activities to cash paid for construction of plant for the six months ended June 30, 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**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 June 30, 2022, the Company's cash and cash equivalents balance represents cash and money market funds deposited with financial institutions, as well as commercial paper with maturities of 90 days or less at acquisition. As of December 31, 2021, the Company's cash and cash equivalents balance represents cash and money market funds deposited with financial institutions. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

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 June 30, 2022 and December 31, 2021 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.

Income Taxes

To calculate the interim tax provision, at the end of each interim period the Company estimates the annual effective tax rate and applies that to its ordinary quarterly earnings. The effect of changes in the enacted tax laws or rates is recognized in the interim period in which the change occurs. The computation of the annual estimated effective tax rate at each interim period requires certain estimates and judgments including, but not limited to, the expected operating income for the year, projections of the proportion of income earned and taxed in other jurisdictions, permanent differences between book and tax amounts, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained, or the tax environment changes.

Furthermore, in December 2019, the FASB issued ASU No. 2019-12, *Income Taxes: Simplifying the Accounting for Income Taxes* (“ASU 2019-12”). The new guidance affects general principles within Topic 740, *Income Taxes*. The amendments of ASU 2019-12 are meant to simplify and reduce the cost of accounting for income taxes. The Company adopted the ASU during the first quarter of 2021 using a prospective approach. The adoption of the ASU did not have a material impact on the Company’s condensed consolidated financial statements.

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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) (“ASU 2016-02”), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In July 2018, ASU 2018-10, *Codification Improvements to Topic 842, Leases*, was issued to provide more detailed guidance and additional clarification for implementing ASU 2016-02. Furthermore, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method in addition to the existing modified retrospective transition method by allowing a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. Furthermore, on June 3, 2020, the FASB deferred by one year the effective date of the new leases standard for private companies, private not-for-profits (“NFPs”) and public NFPs that have not yet issued (or made available for issuance) financial statements reflecting the new standard. The Company adopted Topic 842 and applicable technical updates as of January 1, 2022 using the modified retrospective transition method. See Note 14 for further details.

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. ASU 2016-13 is effective for the Company for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. The Company is currently in the process of evaluating the effects of this pronouncement on the Company’s financial statements and does not expect it to have a material impact on the consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

NOTE 3 – NOTES PAYABLE AND DEBT INSTRUMENTS

Convertible Notes

On October 6, 2020, Legacy PCT entered into a Senior Notes Purchase Agreement (the “Agreement”) with certain investors. The Agreement provides for the issuance of Senior Convertible Notes (the “Notes” or “Convertible Notes”), which have an interest rate of 5.875% and mature on October 15, 2022 (the “Maturity Date”). The initial closing took place on the date of the Indenture on October 7, 2020 (the “First Closing”), upon which \$48.0 million in aggregate principal of Notes were issued to the Investors (“the Magnetar Investors”). The Agreement also includes an obligation for the Company to issue and sell, and for each of the Magnetar Investors to purchase, Notes in the principal amount of \$12.0 million within 45 days after the Company enters into the Merger Agreement as defined in Note 1 (“Second Closing Obligation”). On December 29, 2020, the remaining Notes were purchased in accordance with the Agreement. The first and second interest payments of \$1.7 million and \$1.8 million, respectively, were due on April 15, 2021 and October 15, 2021, respectively, and were paid entirely in kind, which increased the principal amount of the Notes by \$3.5 million (“PIK Interest”). The Notes were convertible through the Maturity Date at the option of the holder. During the fourth quarter of 2021, the entire \$63.5 million principal balance of the Notes was converted into 9.2 million shares of common stock. The conversion increased common stock and Additional paid-in capital by \$61.8 million, which represents the converted principal \$63.5 million and forfeited interest of \$0.1 million, offset by remaining capitalized issuance costs of \$1.8 million.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Contractual interest expense	\$ —	\$ 902	\$ —	\$ 1,783
Amortization of deferred financing costs	—	439	—	1,080
Effective interest rate	— %	9.0 %	— %	9.0 %

Revenue Bonds

On October 7, 2020, the Southern Ohio Port Authority (“SOPA”) issued certain revenue bonds (“Bonds” or “Revenue Bonds”) pursuant to an Indenture of Trust dated as of October 1, 2020 (“Indenture”), between SOPA and UMB Bank, N.A., as trustee (“Trustee”), and loaned the proceeds from their sale to PureCycle: Ohio LLC, an Ohio limited liability company (“PCO”), pursuant to a loan agreement dated as of October 1, 2020 between SOPA and PCO (“Loan Agreement”), to be used to (i) acquire, construct and equip the Ironton Facility; (ii) fund a debt service reserve fund for the Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020A Bonds (“Series 2020A Bonds”); (iii) finance capitalized interest; and (iv) pay the costs of issuing the Bonds. The Bonds were offered in three series, including (i) Series 2020A Bonds; (ii) Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Tax-Exempt Series 2020B; and (iii) Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C.

The proceeds of the 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 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 Trust Company, 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 pay any premium, in certain circumstances required under the Indenture, to redeem the Bonds.

At closing of the Bonds, Legacy PCT contributed \$60.0 million in equity and executed a Guaranty of Completion dated as of October 1, 2020 (“Guaranty”) and PureCycle and certain affiliates contributed an additional \$40.0 million in equity upon the Closing of the Business Combination. Under the Guaranty, PureCycle funded a \$50.0 million liquidity reserve for the Ironton Facility (“Liquidity Reserve”) and deposited that amount upon the Closing of the

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Business Combination in an escrow account held by U.S. Bank Trust Company, National Association, as escrow agent. In addition, the Guaranty requires that PureCycle 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, in each case, including the Liquidity Reserve. The Company met these requirements and continues to maintain that cash balance at June 30, 2022. The Guaranty was amended and restated in May 2021 (“ARG”) to include a requirement, among others, that PureCycle replenish the Liquidity Reserve at the level of \$50.0 million until completion of the Ironton Facility and the payment of all Project costs and until conditions relating to certain supply and offtake agreements have been met. Thereafter, the Liquidity Reserve amount will be reduced as provided in the ARG and PureCycle will not be required to replenish the reduced Liquidity Reserve. When all conditions to reducing the Liquidity Reserve to \$25.0 million have been met, the reduced Liquidity Reserve without the obligation of replenishment will remain in place so long as any Series 2020A Bonds remain outstanding under the Indenture.

The Bonds are recorded within Bonds payable in the condensed consolidated balance sheet. The Company incurred \$4.9 million and \$4.8 million of interest cost during the three months ended June 30, 2022 and 2021, respectively, and \$9.7 million and \$9.6 million of interest cost during the six months ended June 30, 2022 and 2021, respectively. As the Bond proceeds will be 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 \$4.2 million and \$4.2 million of interest cost during the three months ended June 30, 2022 and 2021, respectively, and \$8.5 million and \$8.5 million of interest cost during the six months ended June 30, 2022 and 2021. Management believes the fair value of the Revenue Bonds is not materially different than the carrying amount.

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 250.0 million shares of common stock with a par value of \$0.001. As of June 30, 2022, and December 31, 2021, 163.28 million and 127.65 million shares are issued and outstanding, respectively.

Preferred Stock

As of June 30, 2022, 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 of the Company.

As of June 30, 2022, approximately 12.1 million shares of common stock are currently authorized for issuance under the Plan, of which approximately 5.7 million shares remain available for issuance under the Plan (assuming maximum performance with respect to the applicable performance goals applicable to the issued Plan awards).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Restricted Stock Agreements

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

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:

	June 30, 2022	June 30, 2021
Expected annual dividend yield	— %	— %
Expected volatility	— %	49.1 %
Risk-free rate of return	— %	0.1 %
Expected option term (years)	0	0.2

The expected term of the shares granted was determined based on the period of time the shares are expected to be outstanding. The risk-free rate was 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 six months ending June 30, 2021 was determined using an initial public offering scenario.

On December 11, 2021, the Company and Michael Dee entered into a separation agreement (the "Separation Agreement"), which sets forth the terms of his transition and certain benefits he is eligible to receive, including continued vesting of 667.0 thousand RSU awards from his July 8, 2021 RSU Agreement, 50% of which vested on March 17, 2022 with the other 50% vesting upon commissioning of the Company's first commercial plant. This was accounted for as an equity award modification under ASC 718, which resulted in adjustment of the award value to reflect the fair value at the modification date and acceleration of the recognition schedule to match his remaining service period, which ended on January 15, 2022 (the "Separation Date").

A summary of restricted stock activity for the six months ended June 30, 2022 and 2021 is as follows (in thousands except per share data):

	Number of RSU's	Weighted average grant date fair value	Weighted average remaining recognition period
Non-vested at December 31, 2020	762	\$ 1.39	2.12
Granted	143	11.90	
Vested	(245)	1.20	
Forfeited	(26)	3.92	
Non-vested at June 30, 2021	634	\$ 2.10	2.08

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

	Number of RSU's	Weighted average grant date fair value	Weighted average remaining recognition period
Non-vested at December 31, 2021	2,671	\$ 14.33	3.38
Granted	1,211	7.45	
Vested	(543)	8.31	
Forfeited	(23)	17.58	
Non-vested at June 30, 2022	3,316	\$ 12.53	3.17

Equity-based compensation cost is recorded within the selling, general and administrative expenses in the condensed consolidated statements of comprehensive loss, and totaled approximately \$3.0 million and \$0.2 million for the three months ended June 30, 2022 and 2021, respectively, and \$6.3 million and \$0.5 million for the six months ended June 30, 2022 and 2021, respectively.

Stock Options

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

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

	June 30, 2022	June 30, 2021
Expected annual dividend yield	— %	— %
Expected volatility	— %	47.5 %
Risk-free rate of return	— %	0.7 %
Expected option term (years)	0	4.5

The expected term of the shares granted is determined based on the period of time the shares are expected to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility 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.

The Separation Agreement included provisions for accelerated vesting of 613.0 thousand Stock Options previously granted on March 17, 2021, which were scheduled to vest in equal installments on each anniversary date for three years after the date of grant and vested in full at the Separation Date. This was accounted for as an equity award modification under ASC 718, which resulted in adjustment of the award value to reflect the fair value at the modification date and acceleration of the recognition schedule to match his remaining service period, which ends on the Separation Date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

A summary of stock option activity for the six months ended June 30, 2022 and 2021 is as follows (in thousands except per share data):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, December 31, 2020	—	\$ —	—
Granted	613	28.90	7.00
Exercised	—	—	—
Forfeited	—	—	—
Balance, June 30, 2021	613	\$ 28.90	6.75

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, December 31, 2021	613	\$ 28.90	6.21
Granted	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Balance, June 30, 2022	613	\$ 28.90	4.55
Exercisable	613	—	—

Equity-based compensation cost is recorded within the selling, general and administrative expenses within the condensed consolidated statements of comprehensive loss, and totaled \$0 and \$613 thousand for the three months ended June 30, 2022 and 2021, respectively. The Company recorded a benefit of approximately \$158 thousand for the six months ended June 30, 2022 due to fair value adjustments related to modification under the Separation Agreement, and expense of \$681 thousand for the six months ended June 30, 2021. The weighted average grant-date fair values of options granted during the six months ended June 30, 2022 and 2021 were \$0 and \$11.41, respectively. There were no stock options exercised during 2022 or 2021.

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 of Directors (the “Board”), subject to the participant’s continued employment with the Company. The Company has also issued PSUs that vest if the market price of the Company’s common stock exceeds a defined target during the performance period (“Market PSUs”, together with the Performance PSUs, the “PSUs”).

The Company issued 900 thousand and 0 PSUs for the six months ended June 30, 2022, and 2021, respectively. As of June 30, 2022, the performance-based provision has not been achieved for any of the outstanding performance-based awards.

The Company recognizes compensation expense for the Performance PSUs equal to the fair value of the equity-based compensation awards and is recognized on a straight-line basis over the vesting period of such awards as

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

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.

The Separation Agreement included provisions for continued vesting of 200.0 thousand Market PSU awards from the July 8, 2021 PSU Agreement, which will vest if the market price of the Company's common stock exceeds a defined target during the performance period. This was accounted for as an equity award modification under ASC 718. As the fair value of the award at the date of modification was less than the grant date fair value and all cost for these awards was recognized prior to the modification, there was no impact related to the modified awards.

A summary of the PSU activity for the six months ended June 30, 2022 and 2021 is as follows (in thousands except per share data):

	Number of PSUs	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, December 31, 2020	—	\$ —	—
Granted	—	—	—
Vested	—	—	—
Forfeited	—	—	—
Balance, June 30, 2021	—	\$ —	—

	Number of PSUs	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, December 31, 2021	424	\$ 18.65	2.00
Granted	900	7.36	—
Vested	—	—	—
Forfeited	(14)	19.33	—
Balance, June 30, 2022	1,310	\$ 10.88	2.00

Equity-based compensation cost is recorded within the selling, general and administrative expenses within the consolidated statements of comprehensive loss, and totaled approximately \$305 thousand and \$0 for the three months ended June 30, 2022 and 2021, respectively, and \$269 thousand and \$0 for the six months ended June 30, 2022 and 2021, respectively.

NOTE 6 - WARRANTS**RTI Warrants**

RTI Global ("RTI") holds warrants to purchase 971 thousand shares of PCT common stock. RTI can exercise these warrants as of March 17, 2022. The warrants expire on December 31, 2024. The Company determined the warrants are 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

A summary of the RTI warrant activity for the six months ended June 30, 2022 and 2021 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 warrants	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term (years)
Outstanding at December 31, 2020	971	\$ 5.56	\$ 0.03	4.00
Granted	—	—	—	—
Exercised	—	—	—	—
Outstanding at June 30, 2021	971	\$ 5.56	\$ 0.03	3.50
Exercisable	971			

	Number of warrants	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term (years)
Outstanding at December 31, 2021	971	\$ 5.56	\$ 0.03	3.00
Granted	—	—	—	—
Exercised	—	—	—	—
Outstanding at June 30, 2022	971	\$ 5.56	\$ 0.03	2.50
Exercisable	971			

The Company recognized \$0.5 million and \$1.8 million of benefit for the three and six months ended June 30, 2022, respectively, and \$0 and \$15.0 million of expense for the three and six months ended June 30, 2021, respectively. Refer to Note 11 – 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-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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

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 June 30, 2022 and 2021. The Company recognized \$0.1 million and \$0.3 million of benefit related to the change in fair value of the Private Warrants for the three and six months ended June 30, 2022, respectively, and \$0.4 million and \$1.8 million of benefit for the three and six months ended June 30, 2021, respectively. Refer to Note 11 – 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 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 will classify the Series A Warrants as a liability pursuant to ASC 815.

As of June 30, 2022, there were approximately 17.9 million Series A Warrants outstanding. The Company recognized \$3.9 million of benefit and \$3.4 million of expense for the three and six months ended June 30, 2022, respectively. Refer to Note 11 – Fair Value of Financial Instruments for further information.

NOTE 7 – 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share (“EPS”) calculations for the three and six months ended June 30, 2022 and 2021 (in thousands, except per share data):

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Numerator:				
Net loss	\$ (15,004)	\$ (11,059)	\$ (40,436)	\$ (37,133)
Denominator:				
Weighted average common shares outstanding, basic and diluted	163,249	117,346	148,413	84,284
Net loss per share attributable to common stockholder, basic and diluted	\$ (0.09)	\$ (0.09)	\$ (0.27)	\$ (0.44)

The weighted-average outstanding common share equivalents were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive. These shares include vested but not exercised warrants and non-vested restricted stock units and convertible notes.

NOTE 8 – 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:

	As of June 30, 2022		
	Cost	Accumulated Depreciation	Net Book Value
<i>(in thousands)</i>			
Building	\$ 12,029	\$ 849	\$ 11,180
Machinery and equipment	20,891	5,370	15,521
Leasehold Improvements	2,957	479	2,478
Fixtures and Furnishings	140	45	95
Land improvements	150	17	133
Land	1,150	—	1,150
Construction in process	315,034	—	315,034
Total property, plant and equipment	\$ 352,351	\$ 6,760	\$ 345,591

	As of December 31, 2021		
	Cost	Accumulated Depreciation	Net Book Value
<i>(in thousands)</i>			
Building	\$ 12,029	\$ 695	\$ 11,334
Machinery and equipment	20,016	4,183	15,833
Leasehold Improvements	2,902	154	2,748
Fixtures and Furnishings	104	37	67
Land improvements	150	12	138
Land	1,150	—	1,150
Construction in process	193,944	—	193,944
Total property, plant and equipment	\$ 230,295	\$ 5,081	\$ 225,214

Depreciation expense is recorded within operating costs in the condensed consolidated statements of comprehensive loss and amounted to \$0.9 million and \$0.5 million for the three months ended June 30, 2022 and

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

2021, respectively and \$1.7 million and \$1.0 million for the six months ended June 30, 2022 and 2021, respectively .

NOTE 9 – 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 License Agreement, P&G provided 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 provided 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 License 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 License 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 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.

As of June 30, 2022 and December 31, 2021, the Company is in Phase 3 of the License Agreement and has recorded \$2.0 million within prepaid expenses and other non-current assets in the condensed 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 six months ended June 30, 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 condensed 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 condensed consolidated balance sheets.

Strategic Alliance Agreement

On December 13, 2018, Legacy PCT entered into a strategic alliance agreement with Nestle Ltd. (“Nestle”), which expires on December 31, 2023. Upon execution of the agreement, Nestle committed to provide \$1.0 million to fund further research and development efforts. The funding provided by Nestle may be convertible, in whole or in part, into a prepaid product purchase arrangement at Nestle’s option, upon the time of product delivery beginning in 2021. Additionally, because the research and development efforts were not successful as of December 31, 2020, up to 50% of the funding may be convertible into a 5-year term loan obligation, payable to Nestle at an interest rate

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

equivalent to the U.S. prime rate. As of the issuance of these statements, Nestlé has not elected to convert any funding into a term loan.

PCT received the funding from Nestle on January 8, 2019. The Company has recorded \$1.0 million as a deferred research and development obligation within other non-current liabilities in the condensed consolidated balance sheets as of June 30, 2022 and December 31, 2021. Recognition related to the funding received will be deferred until it is probable that Nestle will not exercise their option. If the prepaid product purchase option is exercised, the obligation will be recognized as an adjustment to the transaction price of future product sales (e.g., net revenue presentation). If the option is not exercised, or in the case of development efforts not being successful, any amounts not converted to a loan obligation will be recognized as a reduction to research and development costs.

NOTE 10 - INCOME TAXES

The Company has determined that any net deferred tax assets are not more likely than not to be realized in the future, and a full valuation allowance is required. In addition, the Company has determined that any current forecasted operations would result in federal and state income tax losses which are also not more likely than not to be realized. As a result, for the periods ended June 30, 2022 and 2021, the Company has reported tax expense of \$0 and \$0, respectively.

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

NOTE 11 – 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

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

As of June 30, 2022 and December 31, 2021, the Company's financial assets and liabilities measured and recorded at fair value on a recurring basis were classified within the fair value hierarchy as follows (in thousands):

	June 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents	\$ 120	\$ 98,184	\$ —	\$ 98,304	\$ 27,389	\$ —	\$ —	\$ 27,389
Investments:								
Commercial paper, available for sale	—	121,368	—	121,368	—	76,930	—	76,930
Corporate Bonds, available for sale	—	99,215	—	99,215	—	84,588	—	84,588
Municipal bonds, available for sale	—	10,748	—	10,748	—	5,847	—	5,847
Total investments	—	231,331	—	231,331	—	167,365	—	167,365
Total assets	\$ 120	\$ 329,515	\$ —	\$ 329,635	\$ 27,389	\$ 167,365	\$ —	\$ 194,754
Liabilities								
Warrant liability:								
RTI warrants	\$ —	\$ —	\$ 3,379	\$ 3,379	\$ —	\$ —	\$ 5,175	\$ 5,175
Private warrants	—	—	681	681	—	—	938	938
Series A warrants	—	47,321	—	47,321	—	—	—	—
Total warrant liability	\$ —	\$ 47,321	\$ 4,060	\$ 51,381	\$ —	\$ —	\$ 6,113	\$ 6,113

Measurement of the Private Warrants

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

	June 30, 2022	December 31, 2021
Expected annual dividend yield	— %	— %
Expected volatility	76.1 %	69.5 %
Risk-free rate of return	2.97 %	1.14 %
Expected option term (years)	3.72	4.22

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. 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 \$0.7 million and \$0.9 million on June 30, 2022 and December 31, 2021, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

A summary of the private warrants activity from December 31, 2021 to June 30, 2022 is as follows:

	Fair value (Level 3)
Balance at December 31, 2021	\$ 938
Change in fair value	(257)
Balance at June 30, 2022	\$ 681

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 a Binomial Tree option pricing model to calculate its fair value using the following assumptions:

	June 30, 2022	December 31, 2021
Expected annual dividend yield	— %	— %
Expected volatility	58.4 %	59.6 %
Risk-free rate of return	2.39 %	0.97 %
Expected option term (years)	2.5	3.0

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. 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 for six months ended June 30, 2022 are as follows (in thousands):

	Fair value (Level 3)
Balance at December 31, 2021	\$ 5,175
Change in fair value	(1,796)
Balance at June 30, 2022	\$ 3,379

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Assets and liabilities recorded at carrying value

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

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

NOTE 12 - 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 June 30, 2022, 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 condensed consolidated balance sheets. Refer to Note 11, "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 June 30, 2022 and December 31, 2021 (in thousands):

	June 30, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Fair Value
Commercial Paper	\$ 121,659	\$ 3	\$ (294)	\$ 121,368
Corporate Bonds	99,877	—	(662)	99,215
Municipal Bonds	10,832	—	(84)	10,748
Total	\$ 232,368	\$ 3	\$ (1,040)	\$ 231,331

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Fair Value
Commercial Paper	\$ 76,961	\$ —	\$ (31)	\$ 76,930
Corporate Bonds	84,771	—	(183)	84,588
Municipal Bonds	5,870	—	(23)	5,847
Total	\$ 167,602	\$ —	\$ (237)	\$ 167,365

The following table summarizes the fair value and amortized cost bases of the Company's available-for-sale investments by contractual maturity of June 30, 2022 and December 31, 2021 (in thousands):

	June 30, 2022		December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ 220,376	\$ 219,414	\$ 117,164	\$ 117,100
Due after one year through five years	11,992	11,917	50,438	50,265
Total	\$ 232,368	\$ 231,331	\$ 167,602	\$ 167,365

Debt securities as of June 30, 2022 had an average remaining maturity of 0.5 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

the Company will be required to sell the debt securities before recovery of their amortized cost basis and (ii) the amortized cost basis cannot be recovered as a result of credit losses. During the six months ended June 30, 2022 and 2021, 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 13 - CONTINGENCIES***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 loss is estimable, often involves significant judgment about future events, and the outcome of litigation is inherently uncertain. Other than as described below, there is no material pending or threatened litigation against PCT that remains outstanding as of June 30, 2022.

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" and, together with the Theodore Lawsuit, the "Class Action Lawsuits"). On July 14, 2021, the court granted a motion to consolidate the Class Action Lawsuits 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 the Mariusz Ciecko and Robert Ciecko 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. On December 28, 2021, Lead Plaintiffs filed their brief in opposition to the PCT Defendants' and Byron Roth's motions to dismiss. On January 18, 2022, the PCT Defendants filed a reply to Lead Plaintiffs' brief. The PCT Defendants intend to vigorously defend the Class Action 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 Class Action 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 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

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.

Should the Han Derivative Suit be reopened in the future, the Individual Han Defendants intend to vigorously defend against the Han 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 Han Derivative Suit.

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. 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.

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.

NOTE 14 - LEASES

The Company adopted ASC Topic 842, *Leases*, as of January 1, 2022 and has applied its transition provisions at the beginning of the period of adoption (i.e. on the effective date), and did not restate comparative periods. Under this transition provision, the Company has applied the legacy guidance under ASC Topic 840, *Leases*, including its disclosure requirements, in the comparative periods presented.

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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

Upon adoption, the Company recognized right-of-use assets and lease liabilities for operating leases in the amount of \$12.3 million and \$12.7 million, respectively.

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 11 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 11 years. Certain leases include renewal, termination or purchase options that were not deemed reasonably assured of exercise under ASC 840. 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 condensed consolidated balance sheet. Depreciation on financing lease assets is included in operating costs on the condensed 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.

ASC Topic 842 includes practical expedient and policy election choices. The Company elected the package of practical expedients available in the standard and as a result, did not reassess the lease classification of existing leases, did not reassess whether existing contracts are or contain leases and did not reassess the initial direct costs associated with existing leases. The Company did not elect the hindsight practical expedient, and so did not re-evaluate lease term for existing leases.

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 quarter ended June 30, 2022 that required a reassessment or re-measurement. In addition, there were no impairment indicators identified during the quarter ended June 30, 2022 that required an impairment test for the Company's right-of-use assets or other long-lived assets in accordance with ASC 360-10.

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.

PureCycle Technologies, Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

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

	Three months ended June 30, 2022	Six months ended June 30, 2022
Lease cost		
Operating lease cost	349	\$ 772
Short-term lease cost	105	208
Total lease cost	\$ 454	\$ 980

Other information

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	427
Right-of-use assets obtained in exchange for new operating lease liabilities	\$	80
Weighted-average remaining lease term (in years) - operating leases		9.7

Discount rates

Weighted-average discount rate - operating leases	4.1 %
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The supplemental balance sheet information related to leases for the period is as follows (in thousands):

	June 30, 2022
Operating leases	
Operating lease right-of-use assets	\$ 11,846
Accrued expenses	\$ 980
Other long-term liabilities	11,656
Total operating lease liabilities	\$ 12,636

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

Year Ending	Operating Leases
2022 (July through December)	\$ 693
2023	1,524
2024	1,513
2025	1,553
2026	1,460
2027	1,469
Thereafter	7,310
Total lease payments	15,522
Less: Imputed interest	(2,886)
Present value of lease liabilities	\$ 12,636

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

(Unaudited)

NOTE 15 - SUBSEQUENT EVENTS

In connection with the preparation of the condensed consolidated interim financial statements for the period ended June 30, 2022, management has evaluated events through August 11, 2022 to determine whether any events required recognition or disclosure in the condensed consolidated interim financial statements. The following subsequent events were identified through the date of these condensed consolidated interim financial statements:

On August 4, 2022, the U.S. District Court for the Middle District of Florida dismissed the Class Action Lawsuits, without prejudice. The Court provided the Lead Plaintiffs until August 18, 2022 to file a second amended complaint. For further information regarding the Class Action Lawsuits, refer to Note 13 - Contingencies.

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

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

Overview

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

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

The Ironton Facility

PCT is currently building its first commercial-scale plant in Lawrence County, Ohio (referred to herein as the "Ironton Facility"), which is expected to have UPR resin capacity of approximately 107 million pounds/year when fully operational. 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. Production at the Ironton Facility is expected to commence in late 2022, and the plant is expected to be fully operational in 2023. PCT has secured and contracted all the feedstock and product offtake for this initial plant.

The Ironton Facility's original budget was \$242.1 million, which the \$250 million Revenue Bond offering financed. As of June 30, 2022, the remaining capital, allocated from the Revenue Bond funds, was \$52.2 million to complete the Ironton Facility. As PCT continues to pursue timely completion of the Ironton Facility, evaluate production improvements, and refine its estimates for plant construction costs, PCT currently anticipates that it will need to spend an additional \$55.0 - \$65.0 million to complete the Ironton Facility. PCT believes these additional costs will de-risk PCT's commercialization process by allowing it to process higher levels of solids and contaminants in its feedstocks. The additional costs include, among others, the purchase of additional equipment and additional costs related to supply chain issues due to COVID-19.

The Augusta Facility

In July 2021, PCT reached an agreement with The Augusta Economic Development Authority to build its first U.S. multi-site facility in Augusta, Georgia (the "Augusta Facility"). PCT expects the approximately 200-acre location to represent the Company's first "multi-site facility," where up to eight production lines are expected to 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 UPR resin.

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

PureCycle has allocated 40% of the Augusta Facility output to existing customers and expects that additional offtake agreements will close throughout the remainder of the year.

Feedstock Pricing

PCT sees a robust pipeline of demand for its recycled polypropylene and PCT is seeing market acceptance of its new "Feedstock+" pricing model for its UPR resin. The "Feedstock+" pricing model employs a fixed price plus the market cost of feedstock, which is then divided by a set yield-loss, to pass on the cost of feedstock to de-risk PCT's operating margin volatility.

For the Ironton Facility, PCT's feedstock price was linked, in part, to changes in the IHS Markit Index, 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. PCT will locate its first Feed PreP facility in Central Florida, which is expected to be operational in the second half of 2022. 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 and procure all plastic bales between no. 3 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

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-G 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, B and H 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 included curbside post-consumer recycled and food grade post-industrial recycled feedstocks.

The FDA confirmed receipt of the submission on September 13, 2021 and followed up with additional questions and 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 May 25, 2022, PCT received a Prenotification letter from the FDA confirming that the company will receive an agency opinion letter for the use of food-grade post-industrial recycled ("PIR") materials for all food types under Conditions of Use A-H, and an LNO for all food types under Conditions of Use E-G for food-grade post-consumer (stadium trash) recycled ("PCR") feedstock. The Company currently has plans to conduct additional testing and make further LNO submissions for additional PCR sources and expanded conditions of use.

Future Expansion

PCT is also planning to expand production capabilities into Asia and Europe and is currently performing site selection activities in Europe and negotiating joint ventures with counterparties in South Korea and Japan for in-country production and sales.

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

Components of Results of Operations

Revenue

To date, we have not generated any operating revenue. We expect to begin to generate revenue in 2023 from our commercial plant and PreP facilities.

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 facility in Central Florida, 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 substantially 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, 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.

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

Results of Operations

Comparison of three and six month periods ended June 30, 2022 and 2021

The following table summarizes our operating results for the three and six month periods ended June 30, 2022 and 2021:

(in thousands, except %)	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	\$ Change	% Change	2022	2021	\$ Change	% Change
Costs and expenses								
Operating costs	\$ 6,449	\$ 2,411	\$ 4,038	167 %	\$ 10,497	\$ 4,541	\$ 5,956	131 %
Research and development	250	224	26	12 %	589	771	(182)	(24)%
Selling, general and administrative	12,954	7,259	5,695	78 %	27,701	14,883	12,818	86 %
Total operating costs and expenses	19,653	9,894	9,759	99 %	38,787	20,195	18,592	92 %
Interest expense	(176)	1,836	(2,012)	(110)%	268	3,879	(3,611)	(93)%
Change in fair value of warrants	(4,495)	(359)	(4,136)	1152 %	1,340	13,262	(11,922)	(90)%
Other expense	22	(312)	334	(107)%	41	(203)	244	(120)%
Net loss	\$ 15,004	\$ 11,059	\$ 3,945	36 %	\$ 40,436	\$ 37,133	\$ 3,303	9 %

Operating Costs

The increase for the three and six month periods was primarily attributable to higher employee costs of \$2.1 million and \$2.5 million due primarily to increased headcount at the Ironton Facility and Feed PreP facility in Central Florida, increased operational consulting costs to support development of the commercial production process of \$0.6 million and \$1.3 million, higher rent for operating facilities of \$0.5 million and \$1.0 million, higher depreciation expense of \$0.4 million and \$0.7 million, increased site costs of \$0.3 million and \$0.3 million, and operational travel and other expenses of \$0.1 million and \$0.1 million, respectively.

Research and Development Expenses

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

Selling, General and Administrative Expenses

The increase for the three month period was attributable to increased equity compensation expense of \$2.4 million, higher bonus expense of \$1.2 million, higher wages and benefits related to increased resources and headcount devoted to development of the Company's administrative functions of \$0.7 million, the increase in insurance expense of \$0.1 million, increased IT and infrastructure costs of \$0.5 million, and additional taxes and licenses expense of \$0.1 million. The increase for the six month period was attributable to increased equity compensation expense \$5.3 million, higher bonus expense of \$2.7 million, higher wages and benefits related to increased resources and headcount devoted to development of the Company's administrative functions of \$4.8 million, the increase in insurance expense of \$1.0 million, increased IT and infrastructure costs of \$1.1 million, additional taxes and licenses expense of \$0.4 million, and the increase in other administrative costs of \$0.5 million, offset by lower professional, legal, and public company expenses of \$3.0 million due primarily to costs incurred in the first half of 2021 related to the Business Combination that were not repeated in 2022.

Interest Expense

The decrease for the three and six month periods was primarily attributable to lower interest after full conversion of the Convertible Notes (as defined below) to common stock in the fourth quarter of 2021.

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

Change in fair value of warrants

The increased benefit for the three month period was attributable to a \$4.5 million decrease in fair value of the Company's liability-classified warrants in the second quarter of 2022 compared to a \$0.4 million decrease in second quarter 2021. The decreased expense for the six month period was attributable to a \$1.3 million increase in fair value of the Company's liability-classified warrants in the first six months of 2022 compared to a \$13.3 million increase for the same period in 2021.

Liquidity and Capital Resources

To date, we have not generated any operating revenue. We expect to begin to generate revenue in 2023 from our commercial plant and PreP facilities. Our 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 our Convertible Senior Secured Notes due in 2022 (the "Convertible Notes"), and a series of tax-exempt and taxable bonds, (the "Revenue Bonds"), and the Closing of the Business Combination. Additionally, in March of 2022, we consummated an offering pursuant to which we sold to certain investors, in a private placement, an aggregate of 35.7 million shares of the Company's common stock and warrants to purchase an aggregate of 17.9 million shares of the Company's common stock (the "Series A Warrants"), at a price of \$7.00 per Common Stock and one-half of one Series A Warrants, for gross proceeds of approximately \$250.0 million (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.

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, finance capitalized interest, and pay the costs of issuing the Revenue Bonds.

(in millions)	June 30, 2022	December 31, 2021
Cash	\$ 118.5	\$ 33.4
Debt Securities Available for Sale	231.3	167.4
Unrestricted Liquidity	\$ 349.8	\$ 200.8
Ironton Facility Construction	\$ 52.2	\$ 121.3
Equity Escrow Reserve	50.0	50.0
Capitalized Interest and Debt Reserve	46.5	55.6
Other Required Reserves	14.4	—
Letters of Credit and Other Collateral	3.5	3.5
Restricted Cash	\$ 166.6	\$ 230.4
Bonds and Notes Payable	\$ 233.0	\$ 232.5
Add: Discount and Issuance Costs	16.6	17.1
Gross Bonds and Notes Payable	\$ 249.6	\$ 249.6

The Cash, Debt Securities Available for Sale, and Restricted Cash described above are intended to be used for:

- Construction of the Ironton Facility;
- Augusta Facility initial construction and pre-order of long-lead items;
- Design, construction, and investment in multiple Feed PreP facilities;

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

- Design and build of PCT's overall global digital footprint;
- Other general corporate purposes.

Our future capital requirements will depend on many factors, including actual construction costs for the Ironton Facility, the construction of the Augusta Facility and others outside the United States, build-out of multiple Feed PreP facilities, funding needs to support other business opportunities, and challenges or unforeseen circumstances. For this future growth and investment, we expect to seek additional debt financing from outside sources, which we may not be able to raise on terms favorable to us, or at all. If we are unable to raise additional debt when desired, our business, financial condition and results of operations would be adversely affected.

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. We do 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 %)	Six Months Ended June 30,			
	2022	2021	\$ Change	% Change
Net cash used in operating activities	\$ (35,090)	\$ (34,718)	\$ (372)	1 %
Net cash used in investing activities	(191,854)	(251,196)	59,342	(24)%
Net cash provided by financing activities	248,136	293,914	(45,778)	(16)%
Cash and cash equivalents, beginning of period	263,858	330,574	(66,716)	(20)%
Cash and cash equivalents, end of period	\$ 285,050	\$ 338,574	\$ (53,524)	(16)%

Cash Flows from Operating Activities

The \$0.4 million decrease in net cash used in operating activities for the six months ending June 30, 2022 compared to the same period in 2021 was primarily attributable to the decrease in transaction and other related payments that were paid as part of the Business Combination of \$13.9 million, decrease of \$1.6 million related to the Impact License agreement payment in the first half of 2021 that was not repeated in the first half of 2022, and \$0.3 million of decreases in other operating cash activities, offset by approximately \$11.2 million in higher cash payments for employee costs, including \$4.7 million cash paid for bonuses in the first half of 2022, as well as the receipt of the \$5.0 million Total pre-payment in the first half of 2021 that was not present in 2022.

Cash Flows from Investing Activities

The \$59.3 million increase in net cash used in investing activities for the six months ending June 30, 2022 compared to the same period in 2021 was attributable to \$76.6 million of additional capital expenditure payments related to construction of the Company's operating facilities, offset by \$113.0 million in maturities and sales of available for sale debt securities and \$22.9 million lower purchases of available for sale debt securities.

Cash Flows from Financing Activities

The \$45.8 million decrease in net cash provided by financing activities for the six months ending June 30, 2022 compared to the same period in 2021 was primarily attributable to \$298.5 million from the closing of the Business Combination, net of capitalized issuance costs, as well as share repurchase activity of \$1.0 million to cover taxes due on employee restricted stock award vesting during the quarter. This decrease was offset by \$249.2 million in

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

proceeds from the 2022 PIPE Offering, net of related issuance costs, and a decrease in debt financing costs paid of \$4.5 million.

Indebtedness

Revenue Bonds

On October 7, 2020, the Southern Ohio Port Authority ("SOPA") issued certain revenue bonds ("Revenue Bonds") and loaned the proceeds from their sale to PureCycle: Ohio LLC, an Ohio limited liability company ("PCO"), pursuant to a loan agreement dated as of October 1, 2020 between SOPA and PCO ("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 the FEU (referred to within the Loan Agreement as the "Phase I Facility", and together with the Ohio Phase II 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) Subordinate Exempt Facility Revenue Bonds (PureCycle Project), Taxable Series 2020C ("Series 2020C Bonds").

Convertible Notes

On October 6, 2020, PureCycle Technologies LLC ("Legacy PCT") entered into a Senior Notes Purchase Agreement (the "Agreement") with certain investors. The Agreement provides for the issuance of Convertible Notes (the "Convertible Notes"). During the fourth quarter of 2021, the entire principal balance of the Convertible Notes, which included two interest payments paid entirely in kind, was converted into approximately 9.2 million shares of our common stock.

For further information regarding our debt instruments, see Note 3 ("Notes Payable and Debt Instruments") to the Notes to the Consolidated Financial Statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates from the information we provided in our Annual Report on Form 10-K, except for the liability that was recognized for issuance of the Series A Warrants (discussed below).

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 condensed consolidated statements of comprehensive loss.

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

Recent Accounting Pronouncements

See Note 2 to the unaudited condensed consolidated interim financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information about recent accounting pronouncements, the timing of their

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

adoption, and our assessment, to the extent we have made one, of their potential impact on our financial condition and our results of operations.

Emerging Growth Company Election

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 ("JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable.

PCT is an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended, and has elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. PCT expects to continue to take advantage of the benefits of the extended transition period, although it may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare PCT's financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

PCT will remain an emerging growth company under the JOBS Act until the earliest of (a) December 31, 2025, (b) the last date of PCT's fiscal year in which it had total annual gross revenue of at least \$1.07 billion, (c) the date on which PCT is deemed to be a "large accelerated filer" under the rules of the SEC or (d) the date on which PCT has issued more than \$1.0 billion in non-convertible debt securities during the previous three years.

PCT will become a large accelerated filer for the fiscal year ending December 31, 2022, and as such PCT will lose emerging growth status on December 31, 2022. As of December 31, 2022, PCT will be required to adopt new or revised accounting standards when they are applicable to public companies that are not emerging growth companies and will be required to comply with, among other things, the auditor attestation requirements Section 404(b) of the Sarbanes-Oxley Act of 2002. For as long as PCT continues to be an emerging growth company, however, PCT intends to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act.

ITEM 3. 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 plan 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 June 30, 2022, 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 0.5 years.

Commodity Price 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 purity of waste polypropylene content. 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 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 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive and financial officers, has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934, 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, our principal executive and financial officers have concluded that such disclosure controls and procedures were not effective as of June 30, 2022 (the end of the period covered by this Quarterly Report on Form 10-Q), due to material

ITEM 4. CONTROLS AND PROCEDURES — CONTINUED

weakness in internal control over financial reporting, as further described in our Annual Report on Form 10-K and summarized below:

- We did not have sufficient, qualified personnel to determine the appropriate accounting treatment for our complex agreements or transactions that required technical accounting analysis;
- Our lack of sufficient personnel also resulted in inadequate segregation of duties in the design and operation of the internal controls over financial reporting;
- Our 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;
- We did not design and maintain effective controls over certain information technology (“IT”) controls for information systems that are relevant to the preparation of our 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; and
- We did not design and maintain effective controls surrounding the completeness and cutoff of expenses and payables, such that certain expenses paid by a related entity on behalf of PCT were not appropriately allocated to us, and certain transactions were recorded in the period when the invoice was received rather than accrued in the period when the activity took place.

Remediation Plans

We have commenced measures to remediate the identified material weaknesses. These measures include:

- Adding qualified personnel that have public accounting and/or public company experience in external reporting, technical accounting, and internal controls.
- The addition of these new employees, coupled with the existing personnel, have given us the ability to design and operate internal controls over financial reporting with appropriate segregation of duties.
- Further, we have designed and implemented formal controls for review procedures, reconciliations, disclosure and financial statement processes, including reviews of material agreements and implementing adequate cut-off procedures for expenses and payables.

We intend to continue to take steps to remediate the material weaknesses described above and further evolve our accounting processes, controls, and reviews. We plan to continue to assess our internal controls and procedures and intend to take further action as necessary or appropriate to address any other matters we identify or are brought to our attention.

We believe we are making progress toward achieving the effectiveness of our internal controls and disclosure controls. The actions that we are taking are subject to ongoing senior management review, as well as audit committee oversight. We will not be able to conclude whether the steps we are taking will fully remediate the material weaknesses in our internal control over financial reporting until we have completed our remediation efforts and subsequent evaluation of their effectiveness. We may also conclude that additional measures may be required to remediate the material weaknesses in our internal control over financial reporting, which may necessitate further action.

Changes in Internal Control over Financial Reporting

We are taking actions to remediate the material weaknesses relating to our internal control over financial reporting, as described above. Except as otherwise described herein, there was no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of the legal proceedings pending against us, see “Legal Proceedings” in Note 13 (“Contingencies”) to the Notes to the Interim Condensed Consolidated Financial Statements appearing elsewhere in this Quarterly Report on Form 10-Q.

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

ITEM 1A. RISK FACTORS

There have been no material changes from risk factors previously disclosed in our Annual Report on Form 10-K in response to Part 1, Item 1A (“Risk Factors”).

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information with respect to the Company’s purchases of its common stock for the second quarter of 2022:

Period	(a) Total number of shares (or units) purchased*	(b) Average price paid per share (or unit)*	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
April 1 to April 30	727	\$ 8.79	—	\$ —
May 1 to May 31	727	8.38	—	—
June 1 to June 30	727	9.63	—	—
Total	2,181	\$ 8.93	—	\$ —

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

PART II — OTHER INFORMATION — CONTINUED

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
2.1	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)) †
3.1	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))
3.2	Amended and Restated Bylaws of PureCycle Technologies, Inc. (incorporated herein by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1, as amended (File No. 333-251034))
10.1	Separation Agreement, dated May 11, 2022, by and between PureCycle Technologies, Inc. and David Brenner. *
10.2	Separation Agreement, dated August 7, 2022, by and between PureCycle Technologies, Inc. and Michael Otworth. *
10.3	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement for Executive Chairman. *
31.1	Rule 13a – 14(a) Certification by Dustin Olson, Chief Executive Officer, for the quarter ended June 30, 2022*
31.2	Rule 13a – 14(a) Certification by Lawrence Somma, Chief Financial Officer, for the quarter ended June 30, 2022*
32.1	Section 1350 Certification by Dustin Olson, Chief Executive Officer, for the quarter ended June 30, 2022*
32.2	Section 1350 Certification by Lawrence Somma, Chief Financial Officer, for the quarter ended June 30, 2022*
101.1	The following financial statements from PureCycle Technologies, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022, formatted in Inline XBRL (eXtensible Business Reporting Language): <ul style="list-style-type: none"> (i) Unaudited Condensed Consolidated Balance Sheet as of June 30, 2022 and December 31, 2021. (ii) Unaudited Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2022 and 2021. (iii) Unaudited Condensed Consolidated Statements of Stockholder's Equity for the Three and Six Months Ended June 30 2022 and 2021. (iv) Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2022 and 2021. (v) Notes to the Interim Condensed Consolidated Financial Statements
104.1	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Filed herewith.

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

SIGNATURES

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

PURECYCLE TECHNOLOGIES INC.

(Registrant)

By: /s/ Dustin Olson

Dustin Olson

Chief Executive Officer

(Principle Executive Officer)

By: /s/ Lawrence Somma

Lawrence Somma

Chief Financial Officer

(Principle Financial Officer)

Date: August 11, 2022

SEPARATION AGREEMENT

This Separation Agreement (this “*Separation Agreement*”) between PureCycle Technologies, Inc. (the “*Company*”) and David W. Brenner (“*you*” and similar words) sets forth certain terms of your separation from the Company, in order for you to receive certain separation payments and benefits, as set forth in detail below.

By signing this Separation Agreement, you and the Company agree as follows:

1. **Status of Employment**

You agree that you will no longer serve as Chief Commercial Officer of the Company effective as of May 13, 2022 (the “*Transition Date*”), but you will remain an employee of the Company until September 30, 2022 (or such earlier date as determined by the Company solely in its option) (the “*Separation Date*”). You further agree that your termination of employment on the Separation Date shall be treated as set forth in Paragraph 3 of this Separation Agreement. You also agree that, as of the Separation Date, you will terminate from all other positions you hold (if any) as an officer, employee or director of the Company and the Company’s subsidiaries and affiliates, and that you will promptly execute any documents and take any actions as may be necessary or reasonably requested by the Company to effectuate or memorialize your termination from all positions with the Company and its subsidiaries and affiliates.

2. **Service During Transition Period**

During the period commencing on the date hereof and ending on September 30, 2022, the Company will continue to pay you a base salary at an annual rate of \$351,900 in periodic installments in accordance with the Company’s customary payroll practices and applicable wage payment laws. You agree that, (1) during the period commencing on the date hereof and ending on the Transition Date (the “*Transition Period*”), you will provide the services set forth on Exhibit A attached hereto.

3. **Severance Benefits**

In consideration for you (a) signing this Separation Agreement, and (b) signing, no earlier than the Separation Date and no later than 60 days following the Separation Date, a general waiver and release of claims, substantially in the form attached hereto as Exhibit B (the “*Release*”), and letting the Release become effective as set forth in the Release, you will receive the payments and benefits as specified on Exhibit C attached hereto, all subject to applicable tax withholding (the “*Severance Benefits*”). The Severance Benefits will be in full satisfaction of any amounts due under the Executive Employment Agreement, dated as of November 14, 2020, between the Company and you (the “*Employment Agreement*”), the PureCycle Technologies, Inc. Executive Severance Plan (the “*Severance Plan*”), the PureCycle Technologies, Inc. 2021 Equity and Incentive Compensation Plan (the “*Equity Plan*”), and other compensation arrangements of the Company. You acknowledge and agree that neither your cessation of service as Chief Commercial Officer on the Transition Date nor your termination of employment on the Separation Date shall constitute “Good Reason” or a termination of employment by the Company without “Cause” for purposes of the

Employment Agreement or the Severance Plan. You further acknowledge and agree that certain portions of the Severance Benefits do not constitute benefits to which you would otherwise be entitled as a result of your termination of employment with the Company, that such portions of the Severance Benefits would not be due unless you sign the Release, and that such portions of the Severance Benefits constitute fair and adequate consideration for your promises and covenants set forth in this Separation Agreement and the Release.

4. Restrictive Covenants

By signing this Separation Agreement, you reaffirm that you will continue to abide by the covenants set forth in the Restrictive Covenants Agreement, dated as of November 14, 2020, between the Company and you (the “*Restrictive Covenants Agreement*”), which expressly survive the termination of your employment.

Notwithstanding anything in this Separation Agreement to the contrary, nothing in this Separation Agreement prevents you from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity you are not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended.

No Company policy or individual agreement between the Company and you shall prevent you from providing information to government authorities regarding possible legal violations, participating in investigations, testifying in proceedings regarding the Company’s past or future conduct, engaging in any future activities protected under the whistleblower statutes administered by any government agency (e.g., EEOC, NLRB, SEC, etc.) or receiving a monetary award from a government-administered whistleblower award program for providing information directly to a government agency. The Company nonetheless asserts and does not waive its attorney-client privilege over any information appropriately protected by privilege. By executing this Separation Agreement you represent that, as of the date you sign this Separation Agreement, no claims, lawsuits, or charges have been filed by you or on your behalf against the Company or any of its legal predecessors, successors, assigns, fiduciaries, parents, subsidiaries, divisions or other affiliates, or any of the foregoing’s respective past, present or future principals, partners, shareholders, directors, officers, employees, agents, consultants, attorneys, trustees, administrators, executors or representatives. You acknowledge and agree that you have in a timely manner received or waived all applicable notices (if any) required under the Employment Agreement or the Severance Plan in connection with the termination of your employment with the Company. The Company agrees that this Separation Agreement does not extend to, release or modify any rights to indemnification or advancement of expenses to which you are entitled from the Company or its insurers under the Company’s certificate of incorporation, by-laws, or other corporate governing law or instruments or your indemnification agreement with the Company.

5. Limitations

Nothing in this Separation Agreement shall be binding upon the parties to the extent it is void or unenforceable for any reason, including, without limitation, as a result of any law regulating competition or proscribing unlawful business practices; *provided, however*, that to the extent that any provision in this Separation Agreement could be modified to render it enforceable under applicable law, it shall be deemed so modified and enforced to the fullest extent allowed by law.

6. No Re-Employment

You understand that your employment with the Company terminates on the Separation Date. You agree that you will not seek or accept employment with the Company, including assignment to or on behalf of the Company as an independent contractor or through any third party, and the Company has no obligation to consider you for any future employment or assignment.

7. Review of Separation Agreement

This Separation Agreement is important. You are advised to review it carefully and consult an attorney before signing it, as well as any other professional whose advice you value, such as an accountant or financial advisor. If you agree to the terms of this Separation Agreement, sign in the space below where your agreement is indicated. The payments and benefits specified in this Separation Agreement are contingent on your (a) signing this Separation Agreement and (b) signing the Release no earlier than the Separation Date and no later than 60 calendar days following the Separation Date, and not revoking the Release.

8. Return of Property

You affirm that you will have returned within a reasonable time after the Separation Date, to the Company in reasonable working order all Company Property, as described more fully below. "Company Property" includes company-owned or leased motor vehicles, equipment, computers, supplies and documents. Such documents may include but are not limited to customer lists, financial statements, business plans, cost data, price lists, invoices, forms, passwords, electronic files and media, mailing lists, contracts, reports, manuals, personnel files, correspondence, business cards, drawings, employee lists or directories, lists of vendors, photographs, maps, surveys, and the like, including copies, notes or compilations made there from, whether such documents are embodied on "hard copies" or contained on computer disk or any other medium. You further agree that you will not retain any copies or duplicates of any such Company Property.

9. Future Cooperation

You agree that you shall, without any additional compensation, respond to reasonable requests for information from the Company regarding matters that may arise in the Company's business. You further agree to fully and completely cooperate with the Company, its advisors and its legal counsel with respect to any litigation that is pending against the Company and any claim or action that may be filed against the Company in the future. Such cooperation shall include making yourself available at reasonable times and places for interviews, reviewing documents, testifying in a deposition or a legal or administrative proceeding, and providing advice to the Company in preparing defenses to any pending or

potential future claims against the Company. The Company agrees to (or to cause one of its affiliates to) pay/reimburse you for any approved travel expenses reasonably incurred as a result of your cooperation with the Company, with any such payments/reimbursements to be made in accordance with the Company's expense reimbursement policy as in effect from time to time.

10. Mutual Non-Disparagement

You agree that you will not make or issue, or procure any person, firm, or entity to make or issue, any statement in any form, including written, oral and electronic communications of any kind, which conveys negative or adverse information concerning the Company, its affiliates, or any and all past, present, or future related persons or entities, including but not limited to the Company's and its affiliates' directors, managers, employees, shareholders, agents, attorneys, successors and assigns.

The Company shall reasonably direct the officers and directors of the Company not to make or issue, or procure any person, firm, or entity to make or issue, any statement in any form, including written, oral and electronic communications of any kind, which conveys negative or adverse information about you.

This Paragraph does not apply to truthful testimony or disclosure compelled or required by applicable law or legal process.

11. Tax Matters

By signing this Separation Agreement, you acknowledge that you will be solely responsible for any taxes which may be imposed on you as a result of the Severance Benefits, all amounts payable to you under this Separation Agreement will be subject to applicable tax withholding by the Company, and the Company has not made any representations or guarantees regarding the tax result for you with respect to any income recognized by you in connection with this Separation Agreement or the Severance Benefits.

12. Other Acknowledgements

You and the Company also acknowledge and agree that any outstanding awards under the Equity Plan as of the Separation Date will be forfeited.

Failure by either party to enforce any term or condition of this Separation Agreement at any time shall not preclude that party from enforcing that provision, or any other provision, at a later time.

13. Nature of Agreement

By signing this Separation Agreement, you acknowledge that you are doing so freely, knowingly and voluntarily. You acknowledge that in signing this Separation Agreement you have relied only on the promises written in this Separation Agreement and not on any other promise made by the Company or its affiliates. This Separation Agreement is not, and will not be considered, an admission of liability or of a violation of any applicable contract, law, rule, regulation, or order of any kind. This Separation Agreement and the Release contain the entire agreement between the Company, its affiliates and you regarding your departure from the Company, except that all post-employment

covenants contained in the Restrictive Covenants Agreement remain in full force and effect. The Severance Benefits are in full satisfaction of any benefits under the Employment Agreement, the Severance Plan, the Equity Plan, and any other compensation arrangements between you and the Company or its affiliates. This Separation Agreement may not be altered, modified, waived or amended except by a written document signed by a duly authorized representative of the Company and you. Except as otherwise explicitly provided, this Separation Agreement will be interpreted and enforced in accordance with the laws of the state of Florida, and the parties hereto, including their successors and assigns, consent to the jurisdiction of the state and federal courts of Florida. The headings in this document are for reference only, and shall not in any way affect the meaning or interpretation of this Separation Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, you and the Company have executed this Separation Agreement as of the dates set forth below.

DAVID W. BRENNER

/s/ David W. Brenner

Date: May 11, 2021

PURECYCLE TECHNOLOGIES, INC.

By: /s/ Michael Otworth

Name: Michael Otworth
Title: Chairman and
Chief Executive Officer

Date: May 11, 2021

Exhibit A
Transition Period Services

You agree that, during the Transition Period, you will provide the following services on terms and conditions reasonably determined by the Company:

CCO Transition (May– June):

1. Continue CCO sales efforts to progress in process strategic accounts
2. Support transition of key accounts to PCT identified lead personnel
3. Complete negotiations on certain strategic partnership agreement amendment
4. Continue EU Efforts to secure purification site and strategic partnership commitment for EU Plant sales

Transition (July – September):

1. Continue to support account hand off activities for key accounts
2. Assist with consolidation of key documents and artifacts (historical knowledge)
3. Develop separate repository with most common PCT presentations and historical presentations

Exhibit B
Release

This Release is between PureCycle Technologies, Inc. (the "**Company**") and David W. Brenner ("**you**" and similar words), in consideration of the benefits provided to you and to be received by you from the Company as described in the Separation Agreement between the Company and you dated as of the applicable date referenced therein (the "**Separation Agreement**"). Capitalized terms used herein without definition have the meanings ascribed to such terms in the Separation Agreement.

By signing this Release, you and the Company hereby agree as follows:

1. Waiver and Release

You, on behalf of yourself and anyone claiming through you, including each and all of your legal representatives, administrators, executors, heirs, successors and assigns (collectively, the "**Releasers**"), hereby fully, finally and forever release, absolve and discharge the Company and each and all of its legal predecessors, successors, assigns, fiduciaries, parents, subsidiaries, divisions and other affiliates, and each of the foregoing's respective past, present and future principals, partners, shareholders, directors, officers, employees, agents, consultants, attorneys, trustees, administrators, executors and representatives (collectively, the "**Company Released Parties**"), of, from and for any and all claims, causes of action, lawsuits, controversies, liabilities, losses, damages, costs, expenses and demands of any nature whatsoever, at law or in equity, whether known or unknown, asserted or unasserted, foreseen or unforeseen, whether brought individually, as a member or representative of a class, or derivatively on behalf of the Company or shareholders of the Company, that the Releasers (or any of them) now have, have ever had, or may have against the Company Released Parties (or any of them) based upon, arising out of, concerning, relating to or resulting from any act, omission, matter, fact, occurrence, transaction, claim, contention, statement or event occurring or existing at any time in the past up to and including the date on which you sign this Release, including, without limitation: (a) all claims arising out of or in any way relating to your employment with or separation of employment from the Company or its affiliates; (b) all claims for compensation or benefits, including salary, commissions, bonuses, vacation pay, expense reimbursements, severance pay, fringe benefits, stock options, restricted stock units or any other ownership interests in the Company Released Parties; (c) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, invasion of privacy and emotional distress; (e) all other common law claims; and (f) all claims (including claims for discrimination, harassment, retaliation, attorneys' fees, expenses or otherwise) that were or could have been asserted by you or on your behalf in any federal, state, or local court, commission, or agency, or under any federal, state, local, employment, services or other law, regulation, ordinance, constitutional provision, executive order or other source of law, including without limitation under any of the following laws, as amended from time to time: the Age Discrimination in Employment Act (the "**ADEA**"), as amended by the Older Workers' Benefit Protection Act of 1990 (the "**OWBPA**"); Title VII of the Civil Rights Act of 1964; 42 U.S.C. §§ 1981 & 1981a; the Americans with Disabilities Act; the Equal Pay Act; the Employee Retirement Income Security Act; the Lilly Ledbetter Fair Pay

Act of 2009; the Family and Medical Leave Act; Sarbanes-Oxley Act of 2002; the National Labor Relations Act; the Rehabilitation Act of 1973; the Worker Adjustment Retraining and Notification Act; the Uniformed Services Employment and Reemployment Rights Act; Federal Executive Order 11246; the Genetic Information Nondiscrimination Act; Florida Civil Human Rights Act, Fla. Stat. Ann. §§ 760.01 et seq.; The Florida AIDS Act, Fla. Stat. Ann. §§ 760.50 et seq.; Florida Wage Discrimination Law, Fla. Stat. Ann. § 725.07; Florida Equal Pay Law, Fla. Stat. Ann. § 448.07; Florida Whistleblower Protection Law, Fla. Stat. Ann. § 448.102; Florida Wage Payment Laws, Fla. Stat. Ann. §§ 222.15, 532.01 et seq.; Military Leave Non-Discrimination Law, Fla. Stat. Ann. §§ 250.482, 250.82; Florida Minimum Wage Law, Fla. Stat. Ann. §§ 448.109 to 448.110; Florida Right to Work Law, Fla. Stat. Ann. §§ 447.01 et seq.; Florida Wage Payment Law, Fla. Stat. Ann. §§ 532.01 et seq.; Florida Workers Compensation retaliation provision, Fla. Stat. Ann. § 440.205; Florida Domestic Violence Leave law Fla. Stat. Ann. § 741.313; and Florida Law on Wages/Hours/Payroll, Fla. Stat. Ann. §§ 443.071, 443.171, F.A.C. § 60BB-2.032.

2. Scope of Release

Nothing in this Release (a) shall release the Company from any of its obligations set forth in the Separation Agreement or any claim that by law is non-waivable, (b) shall release the Company from any obligation to defend and/or indemnify you against any third party claims arising out of any action or inaction by you during the time of your employment and within the scope of your duties with the Company to the extent you have any such defense or indemnification right, and to the extent permitted by applicable law and to the extent the claims are covered by the Company's director & officer liability insurance, (c) shall release your right to any benefits to which you are entitled under any retirement plan of the Company that is intended to be qualified under Section 401(a) of the Code, or (d) shall affect your right to file a claim for workers' compensation or unemployment insurance benefits.

Nothing in this Release (or any other agreement incorporated by reference herein) shall be construed to prevent you from providing truthful testimony under oath in a judicial or administrative proceeding or to prohibit or interfere with your right to participate as a complainant or witness in any federal, state or local governmental agency investigation (including but not limited to any activities protected under the whistleblower provisions of any applicable laws or regulations), during which communications can be made without authorization by or notification to the Company. However, you are waiving and releasing, to the fullest extent legally permissible, all entitlement to any form of monetary recovery or relief (including but not limited to any costs, expenses, attorneys' fees, or reinstatement of your employment) should any agency or commission pursue any claims on behalf of you or others. You understand that this waiver and release of monetary relief would not affect an enforcement agency's ability to investigate a charge or to pursue relief on behalf of others. Notwithstanding the foregoing, you will not give up your right to any monetary recovery under the Dodd-Frank Wall Street Reform and Consumer Protection Act and The Sarbanes-Oxley Act of 2002, or any monetary award offered by the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934.

By executing this Release you represent that, as of the date you sign this Release, no claims, lawsuits, grievances, or charges have been filed by you or on your behalf against the Company Released Parties. You further represent that, as of the

date of execution of this Release, you have no knowledge of any actions or inactions by the Company or any of the Company Released Parties, or by you with respect to your employment or relationship with the Company or any of the Company Released Parties, that you believe could possibly constitute a basis for a claimed violation of any federal, state, or local law, any common law, or any rule or regulation promulgated by an administrative body.

3. Age Discrimination in Employment Act & Older Workers Benefit Protection Act Disclosures

In compliance with the requirements of the OWBPA, you acknowledge by your signature below that, with respect to the rights and claims under the ADEA that are waived and released by this Release, including claims relating to employment discrimination based upon age, your waiver of such rights and claims is knowing and voluntary. Further, you specifically acknowledge and agree as follows: (a) you have read and understand the terms of this Release; (b) you have been advised and hereby are advised, and have had the opportunity, to consult with an attorney before signing this Release (and that you are responsible for any costs or fees resulting from an attorney's review of this Release); (c) the Release is written in a manner understood by you; (d) you are releasing the Company and the other Company Released Parties from, among other things, any claims that you may have against them pursuant to the ADEA; (e) the Release does not cover rights or claims that may arise after you sign this Release; (f) you will receive valuable consideration in exchange for the Release other than amounts you would otherwise be entitled to receive; (g) you have been given a period of at least 21 days in which to consider and execute this Release (although you may elect not to use the full consideration period at your option); (h) you may revoke the Release during the seven-day period following the date on which you sign this Release, and the Release will not become effective and enforceable until the seven-day revocation period has expired; and (i) any such revocation must be submitted in writing to the Company c/o Brad Kalter, General Counsel and Corporate Secretary, PureCycle Technologies, Inc., 5950 Hazeltine National Drive, Suite 650, Orlando, Florida 32822 prior to the expiration of such seven-day revocation period. If you revoke the Release within such seven-day revocation period, it shall be null and void. If you do not revoke this Release prior to the eighth (8) day after your signing, this Agreement shall become enforceable on the eighth (8) day after your signing.

4. Adequate Consideration and Other Benefits

You understand and agree that payment of certain of the benefits described in the Separation Agreement are not required by law and are not required by the Company's policies and procedures absent execution of this Release. You further understand and agree that the benefits described in the Separation Agreement provide good and sufficient consideration for every promise, duty, release, obligation, agreement and right contained in this Release. You further understand and agree that a portion of the consideration for this Release is your ongoing compliance with the terms of this Release and the confidentiality, non-disparagement, non-competition, and non-solicitation provisions in the Restrictive Covenants Agreement and the Separation Agreement, over time.

All other benefits of your employment with the Company not described in the Separation Agreement ceased as of the Separation Date. You acknowledge and agree that, other than: (i) the payments and benefits expressly set forth in the

Separation Agreement; and (ii) any benefits to which you are entitled under any retirement plan of the Company that is intended to be qualified under Section 401(a) of the Code, or other deferred compensation plans, you have received all compensation to which you are entitled from the Company, and you are not entitled to any other payments or benefits from the Company, including but not limited to, any and all rights that you may have arising out of any other Company plan, agreement, offer letter, or contract of any type, or any other expectation of remuneration or benefit on your part, including but not limited to any payments for wages or vacation.

5. Entire Agreement

This Release, the Separation Agreement, and the documents referenced therein contain the entire agreement between you and the Company, and take priority over any other written or oral understanding or agreement that may have existed in the past. You acknowledge that no other promises or agreements have been offered for this Release (other than those described above) and that no other promises or agreements will be binding unless they are in writing and signed by you and the Company. Should any provision of this Release be declared by a court of competent jurisdiction to be illegal, void, or unenforceable, the remaining provisions shall remain in full force and effect; provided, however, that upon a finding that the Release, in whole or part, is illegal, void, or unenforceable, you shall be required, at the option of the Company, either to return the severance benefits described in the Separation Agreement or to execute a release that is legal and enforceable.

6. Compliance with Post-Employment Obligations

You agree and acknowledge that the confidentiality, non-disparagement, non-competition, and non-solicitation provisions in the Restrictive Covenants Agreement and the Separation Agreement contain obligations that survive your separation from the Company, and you hereby reaffirm that you will continue to abide by those provisions.

7. Headings

The headings contained in this Release are for reference only and shall not in any way affect its meaning or interpretation.

8. No Waiver

A waiver by the Company of any breach of this Release shall not operate or be understood to be a waiver of any other provision or a waiver of any subsequent breach of this Release.

9. Assignment

Except as set forth herein, no rights of any kind under this Release shall, without the prior written consent of the Company, be transferable to or assignable by you or any other person, or, except as provided by applicable law, be subject to alienation, encumbrance, garnishment, attachment, execution or levy of any kind, voluntary or involuntary. This Release shall be binding upon and shall inure to the benefit of the Company and its successors and assigns. The Company may

assign its rights and obligations under this Agreement at any time to any successor, subsidiary or assign.

10. Choice of Law

This Release shall be governed by, and construed in accordance with, the internal, substantive laws of the state of Florida. You agree that the state and federal courts located in the state of Florida shall have jurisdiction in any action, suit or proceeding based on or arising out of this Release and you hereby: (a) submit to the personal jurisdiction of such courts; (b) consent to service of process in connection with any action, suit or proceeding; and (c) waive any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process.

[SIGNATURE PAGE FOLLOWS]

I agree to the terms and conditions set forth in this Release.

DAVID W. BRENNER

/s/ David W. Brenner

Date: May 11, 2022

Exhibit C
Severance Benefits

1. Severance benefits consisting of the following: On September 30, 2022, the Company will pay you a lump sum cash amount of \$87,975.00, equal in value to your pro-rata target Annual Bonus through June 30, 2022, (as defined in the Employment Agreement) that would have been earned for the 2022 calendar year.
2. Accrued vested benefits under any other benefit plans, programs or arrangements of the Company (including any vested benefits under the Company's qualified and nonqualified retirement plans), subject to the terms of such plans, programs or arrangements.

SEPARATION AGREEMENT

This Separation Agreement (this “*Separation Agreement*”) between PureCycle Technologies, Inc. (the “*Company*”) and Michael Otworth (“*you*” and similar words) sets forth certain terms of your separation from the Company, in order for you to receive certain separation payments and benefits, as set forth in detail below.

By signing this Separation Agreement, you and the Company agree as follows:

1. Status of Employment

You agree that you will no longer serve as Chairman of the Board of Directors of the Company (the “*Board*”) and Chief Executive Officer of the Company, and will cease employment with the Company, effective August 5, 2022 (the “*Separation Date*”). You further agree that your termination of employment on the Separation Date shall be treated as set forth in Paragraph 3 of this Separation Agreement. You also agree that, as of the Separation Date, you will terminate from all other positions you hold (if any) as an officer, employee or director of the Company and the Company’s subsidiaries and affiliates, and that you will promptly execute any documents and take any actions as may be necessary or reasonably requested by the Company to effectuate or memorialize your termination from all positions with the Company and its subsidiaries and affiliates. To be free from doubt, your engagement with Innventure, LLC, Innventure GP LLC, Innventure Management Services LLC, Innventus ESG Fund L.P. or any of their respective subsidiaries or affiliates as an officer, employee, manager, director or consultant shall not be deemed a violation of this Separation Agreement or the Restrictive Covenants Agreement, dated as of November 14, 2020, between the Company and you (the “*Restrictive Covenants Agreement*”).

2. Service Through Separation Date

During the period commencing on the date hereof and ending on the Separation Date, the Company will continue to pay you a base salary at an annual rate of \$773,000 in periodic installments in accordance with the Company’s customary payroll practices and applicable wage payment laws.

3. Severance Benefits

In consideration for you (a) signing this Separation Agreement, and (b) signing, no earlier than the Separation Date and no later than 60 days following the Separation Date, a general waiver and release of claims, substantially in the form attached hereto as Exhibit A (the “*Release*”), and letting the Release become effective as set forth in the Release, you will receive the payments and benefits as specified on Exhibit B attached hereto, all subject to applicable tax withholding (the “*Severance Benefits*”). The Severance Benefits will be in full satisfaction of any amounts due under the Executive Employment Agreement, dated as of November 14, 2020, between the Company and you (the “*Employment Agreement*”), the PureCycle Technologies, Inc. Executive Severance Plan (the “*Severance Plan*”), the PureCycle Technologies, Inc. 2021 Equity and Incentive Compensation Plan (the “*Equity Plan*”), and other compensation arrangements of the Company. You acknowledge and agree that your termination of employment and Board service on the Separation Date shall not constitute “Good Reason” or a

termination of employment by the Company without “Cause” for purposes of the Employment Agreement or the Severance Plan. You further acknowledge and agree that certain portions of the Severance Benefits do not constitute benefits to which you would otherwise be entitled as a result of your termination of employment with the Company, that such portions of the Severance Benefits would not be due unless you sign the Release, and that such portions of the Severance Benefits constitute fair and adequate consideration for your promises and covenants set forth in this Separation Agreement and the Release.

4. Restrictive Covenants

By signing this Separation Agreement, you reaffirm that you will continue to abide by the covenants set forth in the Restrictive Covenants Agreement, which expressly survive the termination of your employment.

Notwithstanding anything in this Separation Agreement to the contrary, nothing in this Separation Agreement prevents you from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity you are not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended.

No Company policy or individual agreement between the Company and you shall prevent you from providing information to government authorities regarding possible legal violations, participating in investigations, testifying in proceedings regarding the Company’s past or future conduct, engaging in any future activities protected under the whistleblower statutes administered by any government agency (e.g., EEOC, NLRB, SEC, etc.) or receiving a monetary award from a government-administered whistleblower award program for providing information directly to a government agency. The Company nonetheless asserts and does not waive its attorney-client privilege over any information appropriately protected by privilege. By executing this Separation Agreement you represent that, as of the date you sign this Separation Agreement, no claims, lawsuits, or charges have been filed by you or on your behalf against the Company or any of its legal predecessors, successors, assigns, fiduciaries, parents, subsidiaries, divisions or other affiliates, or any of the foregoing’s respective past, present or future principals, partners, shareholders, directors, officers, employees, agents, consultants, attorneys, trustees, administrators, executors or representatives. You acknowledge and agree that you have in a timely manner received or waived all applicable notices (if any) required under the Employment Agreement or the Severance Plan in connection with the termination of your employment with the Company. The Company agrees that this Separation Agreement does not extend to, release or modify any rights to indemnification or advancement of expenses to which you are entitled from the Company or its insurers under the Company’s certificate of incorporation, by-laws, or other corporate governing law or instruments or your indemnification agreement with the Company.

5. Limitations

Nothing in this Separation Agreement shall be binding upon the parties to the extent it is void or unenforceable for any reason, including, without limitation, as

a result of any law regulating competition or proscribing unlawful business practices; *provided, however*, that to the extent that any provision in this Separation Agreement could be modified to render it enforceable under applicable law, it shall be deemed so modified and enforced to the fullest extent allowed by law.

6. No Re-Employment

You understand that your employment with the Company terminates on the Separation Date. You agree that you will not seek or accept employment with the Company, including assignment to or on behalf of the Company as an independent contractor or through any third party, and the Company has no obligation to consider you for any future employment or assignment.

7. Review of Separation Agreement

This Separation Agreement is important. You are advised to review it carefully and consult an attorney before signing it, as well as any other professional whose advice you value, such as an accountant or financial advisor. If you agree to the terms of this Separation Agreement, sign in the space below where your agreement is indicated. The payments and benefits specified in this Separation Agreement are contingent on your (a) signing this Separation Agreement and (b) signing the Release no earlier than the Separation Date and no later than 60 calendar days following the Separation Date, and not revoking the Release.

8. Return of Property

You affirm that you will have returned within a reasonable time after the Separation Date, to the Company in reasonable working order all Company Property, as described more fully below. "Company Property" includes company-owned or leased motor vehicles, equipment, computers, supplies and documents. Such documents may include but are not limited to customer lists, financial statements, business plans, cost data, price lists, invoices, forms, passwords, electronic files and media, mailing lists, contracts, reports, manuals, personnel files, correspondence, business cards, drawings, employee lists or directories, lists of vendors, photographs, maps, surveys, and the like, including copies, notes or compilations made there from, whether such documents are embodied on "hard copies" or contained on computer disk or any other medium. You further agree that you will not retain any copies or duplicates of any such Company Property other than copies that are part of electronic backups that cannot be readily deleted, provided that, for the avoidance of doubt, any such electronic backups shall be subject to the confidentiality provisions of the Restrictive Covenants Agreement. Additionally, you agree, prior to your Separation Date, to permit the Company, through Dechert, LLP, to image and retain one copy of your personal electronic devices used for Company business including, but not limited to your laptop and other mobile devices. Such device images shall be maintained by Dechert LLP, and shall be accessed and/or searched only as necessary to address current or future litigation or regulatory proceedings. The Company acknowledges that the documents are being provided based solely on the understanding that the Company will maintain as confidential and will take reasonable steps to prevent the dissemination of any images that are inadvertently collected that do not relate to Company business. To the extent that documents that do not relate to Company business are inadvertently disclosed in a

pending or future litigation or regulatory proceeding, the Company agrees to use its reasonable best efforts to clawback any such inadvertently produced materials.

9. Future Cooperation

You agree that you shall, without any additional compensation, respond to reasonable requests for information from the Company regarding matters that may arise in the Company's business. You further agree to fully and completely cooperate with the Company, its advisors and its legal counsel with respect to any litigation that is pending against the Company and any claim or action that may be filed against the Company in the future. Such cooperation shall include making yourself available at reasonable times and places for interviews, reviewing documents, testifying in a deposition or a legal or administrative proceeding, and providing advice to the Company in preparing defenses to any pending or potential future claims against the Company. The Company agrees to (or to cause one of its affiliates to) pay/reimburse you for any approved travel expenses reasonably incurred as a result of your cooperation with the Company, with any such payments/reimbursements to be made in accordance with the Company's expense reimbursement policy as in effect from time to time. If you are required to provide more than an aggregate of 100 hours of your time pursuant to this Section 9, the Company will compensate any additional time at the rate of \$400.00 per hour; provided that any time spent by you that primarily relates to your personal defense shall not count toward such 100 hour threshold or be compensable by the Company, and that you shall provide the Company an estimate of the hours required for any such task beyond the 100 hours.

10. Mutual Non-Disparagement

You agree that you will not make or issue, or procure any person, firm, or entity to make or issue, any statement in any form, including written, oral and electronic communications of any kind, which conveys negative or adverse information concerning the Company, its affiliates, or any and all past, present, or future related persons or entities, including but not limited to the Company's and its affiliates' directors, managers, employees, shareholders, agents, attorneys, successors and assigns.

The Company shall reasonably direct the officers and directors of the Company not to make or issue, or procure any person, firm, or entity to make or issue, any statement in any form, including written, oral and electronic communications of any kind, which conveys negative or adverse information about you.

This Paragraph does not apply to truthful testimony or disclosure compelled or required by applicable law or legal process.

11. Tax Matters

By signing this Separation Agreement, you acknowledge that you will be solely responsible for any taxes which may be imposed on you as a result of the Severance Benefits, all amounts payable to you under this Separation Agreement will be subject to applicable tax withholding by the Company, and the Company has not made any representations or guarantees regarding the tax result for you with respect to any income recognized by you in connection with this Separation Agreement or the Severance Benefits.

This Separation Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (“**Section 409A**”) or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Separation Agreement, payments provided under this Separation Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Separation Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Separation Agreement shall be treated as a separate payment. Any payments to be made under this agreement shall only be made if the termination of employment constitutes a “separation from service” under Section 409A. If you are a “specified employee”, determined in accordance with Section 409A, any payments and benefits provided under this Separation Agreement or otherwise that constitute “nonqualified deferred compensation” subject to Section 409A that are provided to you on account of separation from service shall not be paid until the first payroll date to occur following the six-month anniversary of the termination date (“**Specified Employee Payment Date**”). The aggregate amount of any payments that would otherwise have been made during such six-month period shall be paid in a lump sum on the Specified Employee Payment Date without interest and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. If you die during the six-month period, any delayed payments shall be paid to your estate in a lump sum upon your death.

To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Separation Agreement shall be provided in accordance with the following:

- a. the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year.
- b. any reimbursement of an eligible expense shall be paid to you on or before the last day of the calendar year following the calendar year in which the expense was incurred; and
- c. any right to reimbursements or in-kind benefits under this Separation Agreement shall not be subject to liquidation or exchange for another benefit.

12. Other Acknowledgements

Failure by either party to enforce any term or condition of this Separation Agreement at any time shall not preclude that party from enforcing that provision, or any other provision, at a later time.

13. Nature of Agreement

By signing this Separation Agreement, you acknowledge that you are doing so freely, knowingly and voluntarily. You acknowledge that in signing this Separation Agreement you have relied only on the promises written in this

Separation Agreement and not on any other promise made by the Company or its affiliates. This Separation Agreement is not, and will not be considered, an admission of liability or of a violation of any applicable contract, law, rule, regulation, or order of any kind. This Separation Agreement and the Release contain the entire agreement between the Company, its affiliates and you regarding your departure from the Company, except that all post-employment covenants contained in the Restrictive Covenants Agreement, as modified herein, remain in full force and effect. The Severance Benefits are in full satisfaction of any benefits under the Employment Agreement, the Severance Plan, the Equity Plan, and any other compensation arrangements between you and the Company or its affiliates. This Separation Agreement may not be altered, modified, waived or amended except by a written document signed by a duly authorized representative of the Company and you. Except as otherwise explicitly provided, this Separation Agreement will be interpreted and enforced in accordance with the laws of the state of Florida, and the parties hereto, including their successors and assigns, consent to the jurisdiction of the state and federal courts of Florida. The headings in this document are for reference only, and shall not in any way affect the meaning or interpretation of this Separation Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, you and the Company have executed this Separation Agreement as of the dates set forth below.

MICHAEL OTWORTH

/s/ Michael Otworth

Date: August 7, 2022

PURECYCLE TECHNOLOGIES, INC.

By: /s/ Brad s. Kalter

Name: Brad S. Kalter
Title: General Counsel

Date: August 7, 2022

Exhibit A
Release

This Release is between PureCycle Technologies, Inc. (the “*Company*”) and Michael Otworth (“*you*” and similar words), in consideration of the benefits provided to you and to be received by you from the Company as described in the Separation Agreement between the Company and you dated as of the applicable date referenced therein (the “*Separation Agreement*”). Capitalized terms used herein without definition have the meanings ascribed to such terms in the Separation Agreement.

By signing this Release, you and the Company hereby agree as follows:

1. Waiver and Release

You, on behalf of yourself and anyone claiming through you, including each and all of your legal representatives, administrators, executors, heirs, successors and assigns (collectively, the “*Releasers*”), hereby fully, finally and forever release, absolve and discharge the Company and each and all of its legal predecessors, successors, assigns, fiduciaries, parents, subsidiaries, divisions and other affiliates, and each of the foregoing’s respective past, present and future principals, partners, shareholders, directors, officers, employees, agents, consultants, attorneys, trustees, administrators, executors and representatives (collectively, the “*Company Released Parties*”), of, from and for any and all claims, causes of action, lawsuits, controversies, liabilities, losses, damages, costs, expenses and demands of any nature whatsoever, at law or in equity, whether known or unknown, asserted or unasserted, foreseen or unforeseen, whether brought individually, as a member or representative of a class, or derivatively on behalf of the Company or shareholders of the Company, that the Releasers (or any of them) now have, have ever had, or may have against the Company Released Parties (or any of them) based upon, arising out of, concerning, relating to or resulting from any act, omission, matter, fact, occurrence, transaction, claim, contention, statement or event occurring or existing at any time in the past up to and including the date on which you sign this Release, arising out of, or in any way related to the your hire, benefits, employment, service as a member of the Company’s Board of Directors, termination of employment or directorship, or separation from employment with the Company Released Parties, including, without limitation: (a) all claims arising out of or in any way relating to your employment with or separation of employment from the Company or its affiliates; (b) all claims for compensation or benefits, including salary, commissions, bonuses, vacation pay, expense reimbursements, severance pay, fringe benefits, stock options, restricted stock units or any other ownership interests in the Company Released Parties; (c) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, invasion of privacy and emotional distress; (e) all other common law claims; and (f) all claims (including claims for discrimination, harassment, retaliation, attorneys’ fees, expenses or otherwise) that were or could have been asserted by you or on your behalf in any federal, state, or local court, commission, or agency, or under any federal, state, local, employment, services or other law, regulation, ordinance, constitutional provision, executive order or other source of law, including without limitation under any of the following laws, as amended from time to time: the Age Discrimination in Employment Act (the “*ADEA*”), as amended by the Older Workers’ Benefit Protection Act of 1990 (the “*OWBPA*”); Title VII of the Civil

Rights Act of 1964; 42 U.S.C. §§ 1981 & 1981a; the Americans with Disabilities Act; the Equal Pay Act; the Employee Retirement Income Security Act; the Lilly Ledbetter Fair Pay Act of 2009; the Family and Medical Leave Act; Sarbanes-Oxley Act of 2002; the National Labor Relations Act; the Rehabilitation Act of 1973; the Worker Adjustment Retraining and Notification Act; the Uniformed Services Employment and Reemployment Rights Act; Federal Executive Order 11246; the Genetic Information Nondiscrimination Act; Florida Civil Human Rights Act, Fla. Stat. Ann. §§ 760.01 et seq.; The Florida AIDS Act, Fla. Stat. Ann. §§ 760.50 et seq.; Florida Wage Discrimination Law, Fla. Stat. Ann. § 725.07; Florida Equal Pay Law, Fla. Stat. Ann. § 448.07; Florida Whistleblower Protection Law, Fla. Stat. Ann. § 448.102; Florida Wage Payment Laws, Fla. Stat. Ann. §§ 222.15, 532.01 et seq.; Military Leave Non-Discrimination Law, Fla. Stat. Ann. §§ 250.482, 250.82; Florida Minimum Wage Law, Fla. Stat. Ann. §§ 448.109 to 448.110; Florida Right to Work Law, Fla. Stat. Ann. §§ 447.01 et seq.; Florida Wage Payment Law, Fla. Stat. Ann. §§ 532.01 et seq.; Florida Workers Compensation retaliation provision, Fla. Stat. Ann. § 440.205; Florida Domestic Violence Leave law Fla. Stat. Ann. § 741.313; and Florida Law on Wages/Hours/Payroll, Fla. Stat. Ann. §§ 443.071, 443.171, F.A.C. § 60BB-2.032.

2. Scope of Release

Nothing in this Release (a) shall release the Company from any of its obligations set forth in the Separation Agreement or any claim that by law is non-waivable, (b) shall release the Company from any obligation to defend and/or indemnify you against any third party claims arising out of any action or inaction by you during the time of your employment and service as a member of the Company's Board of Directors, including, without limitation, under the terms of that certain Indemnification Agreement between the Company and you dated as of October 5, 2020, within the scope of your duties with the Company to the extent you have any such defense or indemnification right under the Indemnification Agreement or otherwise, and to the extent permitted by applicable law whether or not covered by the Company's director & officer liability insurance, (c) shall release your right to any benefits to which you are entitled under any retirement plan of the Company that is intended to be qualified under Section 401(a) of the Code, or (d) shall affect your right to file a claim for workers' compensation or unemployment insurance benefits.

Nothing in this Release (or any other agreement incorporated by reference herein) shall be construed to prevent you from providing truthful testimony under oath in a judicial or administrative proceeding or to prohibit or interfere with your right to participate as a complainant or witness in any federal, state or local governmental agency investigation (including but not limited to any activities protected under the whistleblower provisions of any applicable laws or regulations), during which communications can be made without authorization by or notification to the Company. However, you are waiving and releasing, to the fullest extent legally permissible, all entitlement to any form of monetary recovery or relief (including but not limited to any costs, expenses, attorneys' fees, or reinstatement of your employment) should any agency or commission pursue any claims on behalf of you or others. You understand that this waiver and release of monetary relief would not affect an enforcement agency's ability to investigate a charge or to pursue relief on behalf of others. Notwithstanding the foregoing, you will not give up your right to any monetary recovery under the Dodd-Frank Wall Street Reform and Consumer Protection Act and The Sarbanes-Oxley Act of 2002, or

any monetary award offered by the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934.

By executing this Release you represent that, as of the date you sign this Release, no claims, lawsuits, grievances, or charges have been filed by you or on your behalf against the Company Released Parties. You further represent that, as of the date of execution of this Release, you have no knowledge of any actions or inactions by the Company or any of the Company Released Parties, or by you with respect to your employment or relationship with the Company or any of the Company Released Parties, that you believe could possibly constitute a basis for a claimed violation of any federal, state, or local law, any common law, or any rule or regulation promulgated by an administrative body.

3. Age Discrimination in Employment Act & Older Workers Benefit Protection Act Disclosures

In compliance with the requirements of the OWBPA, you acknowledge by your signature below that, with respect to the rights and claims under the ADEA that are waived and released by this Release, including claims relating to employment discrimination based upon age, your waiver of such rights and claims is knowing and voluntary. Further, you specifically acknowledge and agree as follows: (a) you have read and understand the terms of this Release; (b) you have been advised and hereby are advised, and have had the opportunity, to consult with an attorney before signing this Release (and that you are responsible for any costs or fees resulting from an attorney's review of this Release); (c) the Release is written in a manner understood by you; (d) you are releasing the Company and the other Company Released Parties from, among other things, any claims that you may have against them pursuant to the ADEA; (e) the Release does not cover rights or claims that may arise after you sign this Release; (f) you will receive valuable consideration in exchange for the Release other than amounts you would otherwise be entitled to receive; (g) you have been given a period of at least 21 days in which to consider and execute this Release (although you may elect not to use the full consideration period at your option); (h) you may revoke the Release during the seven-day period following the date on which you sign this Release, and the Release will not become effective and enforceable until the seven-day revocation period has expired; and (i) any such revocation must be submitted in writing to the Company c/o Brad Kalter, General Counsel and Corporate Secretary, PureCycle Technologies, Inc., 5950 Hazeltine National Drive, Suite 650, Orlando, Florida 32822 prior to the expiration of such seven-day revocation period. If you revoke the Release within such seven-day revocation period, it shall be null and void. If you do not revoke this Release prior to the eighth (8) day after your signing, this Agreement shall become enforceable on the eighth (8) day after your signing.

4. Adequate Consideration and Other Benefits

You understand and agree that payment of certain of the benefits described in the Separation Agreement are not required by law and are not required by the Company's policies and procedures absent execution of this Release. You further understand and agree that the benefits described in the Separation Agreement provide good and sufficient consideration for every promise, duty, release, obligation, agreement and right contained in this Release. You further understand and agree that a portion of the consideration for this Release is your ongoing compliance with the terms of this Release and the confidentiality, non-

disparagement, non-competition, and non-solicitation provisions in the Restrictive Covenants Agreement and the Separation Agreement, over time.

All other benefits of your employment with the Company not described in the Separation Agreement ceased as of the Separation Date. You acknowledge and agree that, other than: (i) the payments and benefits expressly set forth in the Separation Agreement; and (ii) any benefits to which you are entitled under any retirement plan of the Company that is intended to be qualified under Section 401(a) of the Code, or other deferred compensation plans, you have received all compensation to which you are entitled from the Company, and you are not entitled to any other payments or benefits from the Company, including but not limited to, any and all rights that you may have arising out of any other Company plan, agreement, offer letter, or contract of any type, or any other expectation of remuneration or benefit on your part, including but not limited to any payments for wages or vacation.

5. **Entire Agreement**

This Release, the Separation Agreement, and the documents referenced therein contain the entire agreement between you and the Company, and take priority over any other written or oral understanding or agreement that may have existed in the past. You acknowledge that no other promises or agreements have been offered for this Release (other than those described above) and that no other promises or agreements will be binding unless they are in writing and signed by you and the Company. Should any provision of this Release be declared by a court of competent jurisdiction to be illegal, void, or unenforceable, the remaining provisions shall remain in full force and effect; provided, however, that upon a finding that the Release, in whole or part, is illegal, void, or unenforceable, you shall be required, at the option of the Company, either to return the severance benefits described in the Separation Agreement or to execute a release that is legal and enforceable.

6. **Compliance with Post-Employment Obligations**

You agree and acknowledge that the confidentiality, non-disparagement, non-competition, and non-solicitation provisions in the Restrictive Covenants Agreement and the Separation Agreement contain obligations that survive your separation from the Company, and you hereby reaffirm that you will continue to abide by those provisions.

7. **Headings**

The headings contained in this Release are for reference only and shall not in any way affect its meaning or interpretation.

8. **No Waiver**

A waiver by the Company of any breach of this Release shall not operate or be understood to be a waiver of any other provision or a waiver of any subsequent breach of this Release.

9. **Assignment**

Except as set forth herein, no rights of any kind under this Release shall, without the prior written consent of the Company, be transferable to or assignable by you or any other person, or, except as provided by applicable law, be subject to alienation, encumbrance, garnishment, attachment, execution or levy of any kind, voluntary or involuntary. This Release shall be binding upon and shall inure to the benefit of the Company and its successors and assigns. The Company may assign its rights and obligations under this Agreement at any time to any successor, subsidiary or assign.

10. Choice of Law

This Release shall be governed by, and construed in accordance with, the internal, substantive laws of the state of Florida. You agree that the state and federal courts located in the state of Florida shall have jurisdiction in any action, suit or proceeding based on or arising out of this Release and you hereby: (a) submit to the personal jurisdiction of such courts; (b) consent to service of process in connection with any action, suit or proceeding; and (c) waive any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process.

[SIGNATURE PAGE FOLLOWS]

I agree to the terms and conditions set forth in this Release.

MICHAEL OTWORTH

/s/ Michael Otworth

Date: August 7, 2022

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NAI-1532227164v2

Exhibit B
Severance Benefits¹

1. Severance benefits consisting of the following:

No less than 10 days after the Release becomes effective, the Company will pay you a lump sum cash amount of \$500,000 in lieu of any Annual Bonus (as defined in the Employment Agreement) that would have been earned for the 2022 calendar year.

If you timely and properly elect health continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“**COBRA**”), the Company shall reimburse you for the difference between the monthly COBRA premium paid by you for yourself and your dependents and the monthly premium amount paid by you for such coverage immediately prior to the Separation Date. Such reimbursement shall be paid to you on the first of the month immediately following the month in which you timely remit the premium payment. You shall be eligible to receive such reimbursement until the earliest of: (i) the 12-month anniversary of the date of the Separation Date; (ii) the date you are no longer eligible to receive COBRA continuation coverage; and (iii) the date on which you become eligible to receive substantially similar coverage from another employer or other source; provided, that you shall promptly notify the Company of any such circumstances. For the avoidance of doubt, nothing in the Separation Agreement or this Exhibit B shall prohibit the Company from amending or terminating any group health plan. Notwithstanding anything in the Separation Agreement or this Exhibit B to the contrary, in the event that the payment of amounts payable under this paragraph shall result in adverse tax consequences under Chapter 100 of the Code, Code Section 4980D or otherwise to the Company, the parties shall undertake commercially reasonable efforts to restructure such benefit in an economically equivalent manner to avoid the imposition of such taxes on the Company; provided, however, that should the Company’s auditors determine in good faith that no such alternative arrangement is achievable, you shall not be entitled to your rights to payment under this paragraph. Further, neither the Company nor any of its employees, directors, managers, board members, affiliates, parents, stakeholders, equityholders, agents, successors, predecessors or related parties guarantees the tax treatment of any benefit under this paragraph and no such party shall have liability to you or your beneficiaries with respect to the taxation of such benefits or amounts payable in respect thereof.

2. Accrued vested benefits under any other benefit plans, programs or arrangements of the Company (including any vested benefits under the Company’s qualified and nonqualified retirement plans), subject to the terms of such plans, programs or arrangements.

¹ Except as otherwise expressly provided, all benefits are to be paid or provided in the manner and at the time specified in the applicable plan or agreement, or as required under applicable law.

**PURECYCLE TECHNOLOGIES, INC.
NOTICE OF GRANT OF RESTRICTED STOCK UNITS
(Employees)**

PureCycle Technologies, Inc. (the "Company") hereby grants to the Participant the number of Restricted Stock Units ("RSUs") set forth below under the PureCycle Technologies, Inc. 2021 Equity and Incentive Compensation Plan (the "Plan"). The RSUs are subject to all of the terms and conditions in this Notice of Grant of Restricted Stock Units (this "Grant Notice"), in the Restricted Stock Units Agreement attached hereto (the "Agreement") and in the Plan. Capitalized terms used, but not otherwise defined, in this Grant Notice will have the meanings given to such terms in the Plan or Agreement, and the Plan and the Agreement are hereby incorporated by reference into this Grant Notice. If there are any inconsistencies between this Grant Notice or the Agreement and the Plan, the terms of the Plan shall govern.

Participant:	Dan Coombs
Type of Grant:	Restricted Stock Units
Date of Grant:	
Number of RSUs:	[#]
Vesting Schedule:	Subject to the conditions set forth in the Agreement, including but not limited to the Participant's continuous employment with the Company or a Subsidiary until the vesting date, the RSUs shall vest in full on August 4, 2023.

PURECYCLE TECHNOLOGIES, INC.

Restricted Stock Units Agreement

PureCycle Technologies, Inc. (the "Company") has granted, pursuant to the PureCycle Technologies, Inc. 2021 Equity and Incentive Compensation Plan (the "Plan"), to the Participant named in the Notice of Grant of Restricted Stock Units (the "Grant Notice") to which this Restricted Stock Units Agreement is attached (together with the Grant Notice, this "Agreement") an award of Restricted Stock Units as set forth in such Grant Notice, subject to the terms and conditions set forth in this Agreement.

1. **Certain Definitions**. Capitalized terms used, but not otherwise defined, in this Agreement will have the meanings given to such terms in the Plan. As used in this Agreement:

- (a) "Cause" shall mean "Cause" (or a term of substantively similar meaning) as defined in an individual employment agreement in effect as of the Date of Grant between the Participant and the Company or any Subsidiary (an "Employment Agreement") or as set forth in an executive severance plan in which the Participant participates as of the Date of Grant, if any in each case, or, if the Participant does not have an Employment Agreement or participate in such executive severance plan as of the Date of Grant (or such Employment Agreement or plan does not define "Cause"), then "Cause" shall mean (i) the Participant's commission of, conviction for, or plea of guilty or nolo contendere to, a felony or a crime involving moral turpitude, or other material act or omission involving dishonesty or fraud, (ii) the Participant's conduct that results in or is reasonably likely to result in harm to the reputation or business of the Company or any of its affiliates in any material way, (iii) the Participant's failure to perform duties as reasonably directed by the Company or the Participant's material violation of any rule, regulation, policy or plan for the conduct of any service provider to the Company or its affiliates or its or their business (which, if curable, is not cured within 5 days after notice thereof is provided to the Participant) or (iv) the Participant's gross negligence, willful malfeasance or material act of disloyalty with respect to the Company or its affiliates (which, if curable, is not cured within 5 days after notice thereof is provided to the Participant).
 - (b) "Disability" (or similar terms) shall mean a circumstance in which the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months and otherwise satisfies the requirements to be disabled under Section 409A of the Code.
 - (c) "Good Reason" shall have the meaning set forth in the Participant's Employment Agreement or set forth in an executive severance plan in which the Participant participates as of the Date of Grant, if any, or, if the Participant does not have an Employment Agreement or participate in such executive severance plan as of the Date of Grant (or such Employment Agreement or plan does not define "Good Reason"), then "Good Reason" shall mean the occurrence of any of the following events without the Participant's express written consent: (i) an involuntary material reduction in the Participant's then-current base salary, (ii) a mandatory relocation of the Participant's primary work location to a location more than 50 miles from the Participant's work location as of the date of this Agreement or (iii) a material breach by the Company of the terms of this Agreement. To terminate the Participant's employment for Good Reason, the Participant must provide
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written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within 90 days of the initial existence of such grounds and the Company must have at least 30 days from the date on which such notice is provided to cure such circumstances. If the Participant does not terminate his employment for Good Reason within 30 days after the expiration of the Company's cure period, then the Participant will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

2. **Grant of RSUs.** Subject to and upon the terms, conditions and restrictions set forth in this Agreement and in the Plan, the Company has granted to the Participant, as of the Date of Grant, the number of RSUs set forth in the Grant Notice. Each RSU shall represent the right of the Participant to receive one share of Common Stock subject to and upon the terms and conditions of this Agreement.

3. **Restrictions on Transfer of RSUs.** Subject to Section 15 of the Plan, neither the RSUs evidenced hereby nor any interest therein or in the shares of Common Stock underlying such RSUs shall be transferable prior to payment to the Participant pursuant to **Section 6** hereof other than by will or pursuant to the laws of descent and distribution.

4. **Vesting of RSUs.**

(d) The RSUs shall vest in accordance with the Vesting Schedule set forth in the Grant Notice (the period from the Date of Grant until the vesting date, the "Vesting Period"). Any RSUs that do not so become vested will be forfeited, including, except as provided in **Sections 4(b), 4(c)** or **4(d)** below, if the Participant ceases to be continuously employed by the Company or a Subsidiary for any reason prior to the end of the Vesting Period. For purposes of this Agreement, "continuously employed" (or substantially similar terms) means the absence of any interruption or termination of the Participant's employment with the Company or a Subsidiary. Continuous employment shall not be considered interrupted or terminated in the case of transfers between locations of the Company and its Subsidiaries.

(e) Notwithstanding **Section 4(a)** above, upon the Participant's death or Disability, in each case prior to the end of the Vesting Period, the RSUs shall vest in full.

(f) Notwithstanding **Section 4(a)** above, upon any termination of the Participant's employment as a result of a termination by the Company or a Subsidiary without Cause or by the Participant for Good Reason prior to the end of the Vesting Period, a pro rata portion of the RSUs shall vest, with such pro-rata portion determined by multiplying (i) the total number of RSUs by (ii) a fraction, the numerator of which is the number of calendar days that shall have elapsed from the Date of Grant until the date of such termination and the denominator of which is the number of calendar days in the full Vesting Period, and subtracting from such amount the number of RSUs (if any) that previously vested.

(g) Notwithstanding **Section 4(a)** above, in the event of a Change in Control that occurs prior to the end of the Vesting Period, the RSUs shall become vested and payable in accordance with **Section 5** below.

5. **Effect of a Change in Control.**

(h) Notwithstanding **Section 4(a)** above, if at any time before the end of the Vesting Period or forfeiture of the RSUs, and while the Participant is continuously

employed by the Company or a Subsidiary, a Change in Control occurs, then all of the RSUs will become vested, except to the extent that a Replacement Award is provided to the Participant in accordance with **Section 5(b)** to continue, replace or assume the RSUs covered by this Agreement (the “Replaced Award”) immediately prior to (and contingent upon) the Change in Control.

- (i) For purposes of this Agreement, a “Replacement Award” means an award (i) of the same type (*e.g.*, time-based restricted stock units) as the Replaced Award, (ii) that has a value at least equal to the value of the Replaced Award, (iii) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control, (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award, and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent termination of employment or Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this paragraph are satisfied will be made by the Board or Committee, as constituted immediately before the Change in Control, in its sole discretion.
- (j) If, within 12 months after receiving a Replacement Award, the Participant experiences a termination of employment with the Company or a Subsidiary (or any of their successors) (as applicable, the “Successor”) by reason of a termination by the Successor without Cause or by the Participant for Good Reason during the remaining vesting period for the Replacement Award, the Replacement Award shall immediately vest.

6. Form and Time of Payment of RSUs.

- (k) Payment for the RSUs, after and to the extent they have become vested, shall be made in the form of one share of Common Stock for each vested RSU. Payment shall be made as soon as administratively practicable following (but no later than thirty (30) days following) the date that the RSUs become vested pursuant to **Section 4** hereof.
- (l) In all events, payment for the RSUs (to the extent vested) shall be made within the short-term deferral period for purposes of Section 409A of the Code.
- (m) The Company’s obligations to the Participant with respect to the RSUs will be satisfied in full upon the issuance of shares of Common Stock corresponding to such RSUs.

7. Dividend Equivalents; Voting and Other Rights.

- (n) The Participant shall have no rights of ownership in the shares of Common Stock underlying the RSUs and no right to vote the shares of Common Stock underlying

the RSUs until the date on which the shares of Common Stock underlying the RSUs are issued or transferred to the Participant pursuant to **Section 6** above.

- (o) From and after the Date of Grant and until the earlier of (i) the time when the RSUs become vested and are paid in accordance with **Section 6** hereof and (ii) the time when the Participant's right to receive shares of Common Stock in payment of the RSUs is forfeited in accordance with **Section 4** hereof, on the date that the Company pays a cash dividend (if any) to holders of shares of Common Stock generally, the Participant shall be credited with cash per RSU equal to the amount of such dividend. Any amounts credited pursuant to the immediately preceding sentence shall be subject to the same applicable terms and conditions (including vesting, payment and forfeitability) as apply to the RSUs based on which the dividend equivalents were credited, and such amounts shall be paid in cash at the same time as the RSUs to which they relate are settled.
- (p) The obligation of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver shares of Common Stock in the future, and the rights of the Participant will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

8. **Adjustments.** The number of shares of Common Stock issuable for each RSU and the other terms and conditions of the grant evidenced by this Agreement are subject to mandatory adjustment, including as provided in Section 11 of the Plan.

9. **Taxes.** To the extent that the Company is required to withhold federal, state, local, or foreign taxes or other amounts in connection with any payment made or benefit realized by the Participant under this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld. If the Participant's benefit is to be received in the form of shares of Common Stock, then, unless otherwise determined by the Committee, the Company will withhold shares of Common Stock having a value equal to the amount required to be withheld. The shares of Common Stock used for tax or other withholding will be valued at an amount equal to the fair market value of such shares of Common Stock on the date the benefit is to be included in the Participant's income. In no event will the market value of Common Stock to be withheld pursuant to this **Section 9** to satisfy applicable withholding taxes or other amounts exceed the minimum amount of taxes required to be withheld. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to guarantee any particular tax result for the Participant with respect to any payment provided to the Participant hereunder, and the Participant shall be responsible for any taxes imposed on the Participant with respect to any such payment.

10. **Compliance with Law.**

- (q) The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, that notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue any shares of Common Stock pursuant to this Agreement if the issuance thereof would result in a violation of any such law.
- (r) Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal

violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

11. **Compliance With Section 409A of the Code.** To the extent applicable, it is intended that this Agreement and the Plan comply with or be exempt from the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). Notwithstanding the foregoing, the Company is not guaranteeing any particular tax outcome, and the Participant shall remain solely liable for any and all tax consequences associated with the RSUs.

12. **Interpretation.** Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

13. **No Right to Future Awards or Employment.** The grant of the RSUs under this Agreement to the Participant is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of the RSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing contained in this Agreement shall confer upon the Participant any right to be employed or remain employed by the Company or any of its Subsidiaries, nor limit or affect in any manner the right of the Company or any of its Subsidiaries to terminate the employment or adjust the compensation of the Participant.

14. **Relation to Other Benefits.** Any economic or other benefit to the Participant under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any other compensatory arrangement maintained by the Company or any of its Subsidiaries.

15. **Amendments.** Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Participant under this Agreement without the Participant's written consent, and the Participant's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act.

16. **Severability.** In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

17. **Relation to Plan.** The RSUs granted under this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as

expressly provided otherwise herein or in the Plan, have the right to determine any questions which arise in connection with this Agreement.

18. **Clawback.** Notwithstanding anything in this Agreement to the contrary, the Participant acknowledges and agrees that this Agreement and the award described herein are subject to the terms and conditions of the Company's clawback policy (if any) as may be in effect from time to time specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Stock may be traded).

19. **Electronic Delivery.** The Company may, in its sole discretion, deliver any documents related to the RSUs and the Participant's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

20. **Choice of Law; Venue.** This Agreement shall be governed by and construed with the internal substantive laws of the State of Delaware, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction. In addition, the Participant agrees that the state and federal courts located in the state of Florida shall have jurisdiction in any action, suit or proceeding against the Participant based on or arising out of this Agreement and the Participant hereby: (a) submits to the personal jurisdiction of such courts; (b) consents to service of process in connection with any action, suit or proceeding against the Participant; and (c) irrevocably waives any other requirement (whether imposed by statute, rule of court or otherwise) or any objection which the Participant now or hereafter may have with respect to personal jurisdiction, venue or service of process.

21. **Successors and Assigns.** Without limiting **Section 3** hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Participant, and the successors and assigns of the Company.

22. **Acknowledgement.** The Participant acknowledges that the Participant (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

23. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year indicated below.

PURECYCLE TECHNOLOGIES, INC.

By:

Name:

Title:

Date:

Participant Acknowledgment and Acceptance

By:

Print Name:

Date:

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Dustin Olson, certify that:

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

Date: August 11, 2022

By: /s/ Dustin Olson
Dustin Olson
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Lawrence Somma, certify that:

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

Date: August 11, 2022

By: /s/ Lawrence Somma
Lawrence Somma
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350

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

In connection with the Quarterly Report of PureCycle Technologies, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2022 (the "Report"), Dustin Olson, Chief Executive Officer of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 11, 2022

By: /s/ Dustin Olson
Dustin Olson
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350

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

In connection with the Quarterly Report of PureCycle Technologies, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2022 (the "Report"), Lawrence Somma, Chief Financial Officer of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 11, 2022

By: /s/ Lawrence Somma
Lawrence Somma
Chief Financial Officer
(Principal Financial Officer)