

# Irononton Operating Budget 2023

February 2023 Updated Forecast



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# Summary

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

# Material Assumptions - Operations

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

# Material Assumptions – Ramp of Operations

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

# Material Assumptions – Working Capital / CapEx

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

# Material Assumptions – Other

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

# Budgeted Profit & Loss by Month – 2023

(in \$ '000s)

Income Statement	Unit	2023 F												
		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	2023 Total
<b>Revenues</b>	<b>USD</b>				<b>1,106</b>	<b>2,857</b>	<b>5,530</b>	<b>6,857</b>	<b>8,571</b>	<b>11,060</b>	<b>11,429</b>	<b>11,060</b>	<b>11,429</b>	<b>69,899</b>
<i>Growth</i>														<b>100%</b>
COGS	USD	(15)	(98)	(147)	(1,586)	(2,360)	(3,537)	(3,870)	(4,567)	(5,653)	(5,808)	(5,659)	(5,813)	<b>(39,114)</b>
Gross Margin	USD	(15)	(98)	(147)	(480)	498	1,993	2,987	4,004	5,407	5,620	5,401	5,615	<b>30,785</b>
%	%	NA	NA	NA	<b>-43.4%</b>	<b>17.4%</b>	<b>36.0%</b>	<b>43.6%</b>	<b>46.7%</b>	<b>48.9%</b>	<b>49.2%</b>	<b>48.8%</b>	<b>49.1%</b>	<b>44.0%</b>
Operating Costs & SG&A	USD	(1,274)	(1,079)	(1,182)	(741)	(820)	(1,369)	(1,362)	(1,469)	(1,647)	(1,590)	(1,584)	(1,647)	<b>(15,765)</b>
Research and Development	USD	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	<b>(160)</b>
Corporate Shared Services Mgmt Fee	USD	0	0	0	0	0	0	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	<b>(7,000)</b>
Total operating costs and expenses	USD	(1,288)	(1,092)	(1,196)	(754)	(834)	(1,382)	(2,542)	(2,649)	(2,827)	(2,770)	(2,764)	(2,827)	<b>(22,926)</b>
Other income (expense)	USD	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Total other income (expense)	USD	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>EBITDA</b>	<b>USD</b>	<b>(1,303)</b>	<b>(1,190)</b>	<b>(1,343)</b>	<b>(1,235)</b>	<b>(336)</b>	<b>610</b>	<b>445</b>	<b>1,355</b>	<b>2,580</b>	<b>2,850</b>	<b>2,637</b>	<b>2,788</b>	<b>7,859</b>
%	%	NA	NA	NA	<b>-111.6%</b>	<b>-11.8%</b>	<b>11.0%</b>	<b>6.5%</b>	<b>15.8%</b>	<b>23.3%</b>	<b>24.9%</b>	<b>23.8%</b>	<b>24.4%</b>	<b>11.2%</b>
Depreciation & Amortization	USD	(223)	(284)	(288)	(992)	(992)	(992)	(1,365)	(1,353)	(1,353)	(1,353)	(1,353)	(1,353)	<b>(11,901)</b>
<b>EBIT</b>	<b>USD</b>	<b>(1,526)</b>	<b>(1,474)</b>	<b>(1,631)</b>	<b>(2,227)</b>	<b>(1,328)</b>	<b>(382)</b>	<b>(920)</b>	<b>2</b>	<b>1,227</b>	<b>1,497</b>	<b>1,284</b>	<b>1,435</b>	<b>(4,042)</b>
%	%	NA	NA	NA	<b>-201.3%</b>	<b>-46.5%</b>	<b>-6.9%</b>	<b>-13.4%</b>	<b>0.0%</b>	<b>11.1%</b>	<b>13.1%</b>	<b>11.6%</b>	<b>12.6%</b>	<b>-5.8%</b>
Interest expense	USD	(196)	(197)	(197)	(1,621)	(1,622)	(1,623)	(1,623)	(1,624)	(1,625)	(1,625)	(1,626)	(1,627)	<b>(15,207)</b>
<b>EBT</b>	<b>USD</b>	<b>(1,722)</b>	<b>(1,671)</b>	<b>(1,828)</b>	<b>(3,848)</b>	<b>(2,950)</b>	<b>(2,004)</b>	<b>(2,543)</b>	<b>(1,622)</b>	<b>(398)</b>	<b>(128)</b>	<b>(342)</b>	<b>(191)</b>	<b>(19,248)</b>
%	%	NA	NA	NA	<b>-347.9%</b>	<b>-103.3%</b>	<b>-36.2%</b>	<b>-37.1%</b>	<b>-18.9%</b>	<b>-3.6%</b>	<b>-1.1%</b>	<b>-3.1%</b>	<b>-1.7%</b>	<b>-27.5%</b>
Tax rate	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	<b>0%</b>
Taxes paid	USD	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Net Loss</b>	<b>USD</b>	<b>(1,722)</b>	<b>(1,671)</b>	<b>(1,828)</b>	<b>(3,848)</b>	<b>(2,950)</b>	<b>(2,004)</b>	<b>(2,543)</b>	<b>(1,622)</b>	<b>(398)</b>	<b>(128)</b>	<b>(342)</b>	<b>(191)</b>	<b>(19,248)</b>
%	%	NA	NA	NA	<b>-347.9%</b>	<b>-103.3%</b>	<b>-36.2%</b>	<b>-37.1%</b>	<b>-18.9%</b>	<b>-3.6%</b>	<b>-1.1%</b>	<b>-3.1%</b>	<b>-1.7%</b>	<b>-27.5%</b>



# Budgeted Balance Sheet by Month – 2023

(in \$ '000s)

Balance Sheet	Unit	2023 F												
		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	2023 Total
Cash	USD	50,034	60,254	56,428	55,857	52,445	50,855	50,338	54,193	50,983	51,473	55,048	57,028	<b>57,028</b>
Restricted Cash	USD	122,804	109,647	109,647	109,647	109,647	100,456	100,456	100,456	100,456	100,456	100,456	91,836	<b>91,836</b>
Receivables	USD	0	0	0	1,106	3,963	8,295	10,286	12,857	16,590	17,143	16,590	17,143	<b>17,143</b>
Inventory	USD	1,116	1,783	2,698	2,379	3,539	5,306	5,805	6,851	8,479	8,712	8,488	8,720	<b>8,720</b>
Prepays and Other Current Assets	USD	562	1,493	3,116	2,965	2,814	3,663	3,514	3,363	3,212	3,062	2,912	2,762	<b>2,762</b>
Prepays and Other Noncurrent Assets	USD	4,191	4,177	4,163	4,123	4,042	3,898	3,723	3,507	3,233	2,950	2,676	2,393	<b>2,393</b>
Operating ROU Asset	USD	4,960	4,878	4,795	4,712	4,628	4,544	4,461	4,377	4,293	4,209	4,124	4,039	<b>4,039</b>
Fixed Assets	USD	383,548	396,384	408,689	410,784	422,597	421,605	420,240	418,887	417,534	416,181	414,828	413,475	<b>413,475</b>
<b>Total Assets</b>	<b>USD</b>	<b>567,215</b>	<b>578,616</b>	<b>589,537</b>	<b>591,574</b>	<b>603,676</b>	<b>598,622</b>	<b>598,823</b>	<b>604,492</b>	<b>604,780</b>	<b>604,187</b>	<b>605,122</b>	<b>597,395</b>	<b>597,395</b>
Accounts Payable	USD	647	591	738	2,103	2,919	4,627	4,935	5,736	6,987	7,085	6,927	7,145	<b>7,145</b>
Accrued Expenses	USD	23,448	26,697	24,170	13,087	22,805	10,000	10,000	19,055	0	0	0	0	<b>0</b>
Accrued Interest	USD	3,064	4,596	6,127	7,659	9,191	1,532	3,064	4,596	6,127	7,659	9,191	1,532	<b>1,532</b>
Current Portion of Debt	USD	0	0	0	0	0	3,425	3,425	3,425	3,425	3,425	3,425	6,975	<b>6,975</b>
Deferred Revenue Current	USD	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Deferred Revenue	USD	4,861	4,722	4,583	4,444	4,306	4,167	4,028	3,889	3,750	3,611	3,472	3,333	<b>3,333</b>
Operating ROU Liability	USD	3,876	3,796	3,715	3,634	3,552	3,470	3,389	3,307	3,225	3,143	3,060	2,977	<b>2,977</b>
Bonds Payable	USD	233,601	233,689	233,778	233,868	233,958	230,624	230,716	230,808	230,901	230,994	231,088	227,633	<b>227,633</b>
Other Non-Current Liabilities	USD	1,114	1,111	1,108	1,105	1,102	1,099	1,096	1,093	1,090	1,087	1,084	1,081	<b>1,081</b>
Common Shares	USD	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Additional Paid-in Capital	USD	441,653	450,135	463,866	478,070	481,191	497,030	498,065	494,100	511,190	509,225	509,260	509,295	<b>509,295</b>
Accumulated Deficit	USD	(145,050)	(146,721)	(148,549)	(152,397)	(155,347)	(157,352)	(159,895)	(161,517)	(161,915)	(162,043)	(162,385)	(162,576)	<b>(162,576)</b>
<b>Liabilities &amp; Shareholder's Equity</b>	<b>USD</b>	<b>567,215</b>	<b>578,616</b>	<b>589,537</b>	<b>591,574</b>	<b>603,676</b>	<b>598,622</b>	<b>598,823</b>	<b>604,492</b>	<b>604,780</b>	<b>604,187</b>	<b>605,122</b>	<b>597,395</b>	<b>597,395</b>

# Budgeted Cash Flows by Month – 2023

(in \$ '000s)

Cash Flow Statement	Unit	2023 F												
		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	2023 Total
<b>Cash Flow from Operations (CFO)</b>														
Net income	USD	(1,722)	(1,671)	(1,828)	(3,848)	(2,950)	(2,004)	(2,543)	(1,622)	(398)	(128)	(342)	(191)	(19,248)
Addback D&A	USD	223	284	288	992	992	992	1,365	1,353	1,353	1,353	1,353	1,353	11,901
Addback Equity Based Comp	USD	34	34	34	34	34	34	35	35	35	35	35	35	414
Addback Lease Amort	USD	82	82	83	83	84	84	83	84	84	84	85	85	1,003
Addback Accretion/Amort on Debt	USD	88	88	89	90	90	91	92	92	93	93	94	95	1,095
Change in receivables	USD	0	0	0	(1,106)	(2,857)	(4,332)	(1,991)	(2,571)	(3,733)	(553)	553	(553)	(17,143)
Change in inventory	USD	(135)	(667)	(915)	319	(1,160)	(1,767)	(499)	(1,046)	(1,628)	(233)	224	(232)	(7,739)
Change in prepaids and other current assets	USD	69	(931)	(1,623)	151	151	(849)	149	151	151	150	150	150	(2,131)
Change in prepaids and other noncurrent ass	USD	14	14	14	40	81	144	175	216	274	283	274	283	1,812
Change in payables	USD	(169)	(56)	148	1,365	815	1,708	308	801	1,251	99	(158)	218	6,329
Change in accrued expenses	USD	(3,266)	0	0	0	0	0	0	9,055	0	0	0	0	5,789
Change in accrued interest	USD	109	109	108	1,532	1,532	(3,390)	1,532	1,532	1,531	1,532	1,532	(7,659)	0
Change in deferred revenue	USD	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(1,667)
Change in Other Non-current Liabilities	USD	0	0	0	0	0	0	0	0	0	0	0	0	0
ROU Liability Payments	USD	(80)	(80)	(81)	(81)	(82)	(82)	(81)	(82)	(82)	(82)	(83)	(83)	(979)
<b>CFO</b>	<b>USD</b>	<b>(4,892)</b>	<b>(2,933)</b>	<b>(3,823)</b>	<b>(568)</b>	<b>(3,409)</b>	<b>(9,509)</b>	<b>(1,514)</b>	<b>7,859</b>	<b>(1,208)</b>	<b>2,494</b>	<b>3,578</b>	<b>(6,638)</b>	<b>(20,563)</b>
<b>Investing Cash Flow (CFI)</b>														
CAPEX	USD	(8,500)	(8,448)	(13,697)	(14,170)	(3,087)	(17,074)	0	0	(19,055)				(84,031)
<b>CFI</b>	<b>USD</b>	<b>(8,500)</b>	<b>(8,448)</b>	<b>(13,697)</b>	<b>(14,170)</b>	<b>(3,087)</b>	<b>(17,074)</b>	<b>0</b>	<b>0</b>	<b>(19,055)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(84,031)</b>
<b>Cash Flow from Financing</b>														
Debt repayments	USD	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance lease payments	USD	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(36)
Due to/from Parent for Working Capital	USD	4,000	0	0	0	0	3,000	1,000	(4,000)	(2,000)	(2,000)	0	0	0
Equity from Parent for CapEx	USD	8,500	8,448	13,697	14,170	3,087	12,805	0	0	19,055	0	0	0	79,762
<b>CFI</b>	<b>USD</b>	<b>12,497</b>	<b>8,445</b>	<b>13,694</b>	<b>14,167</b>	<b>3,084</b>	<b>15,802</b>	<b>997</b>	<b>(4,003)</b>	<b>17,052</b>	<b>(2,003)</b>	<b>(3)</b>	<b>(3)</b>	<b>79,726</b>
Change in Cash	USD	(895)	(2,936)	(3,826)	(571)	(3,412)	(10,781)	(517)	3,856	(3,211)	491	3,575	(6,641)	(24,868)
Cash beginning	USD	173,732	172,837	169,901	166,076	165,504	162,093	151,311	150,794	154,650	151,439	151,929	155,504	173,732
<b>Cash end of month</b>	<b>USD</b>	<b>172,837</b>	<b>169,901</b>	<b>166,076</b>	<b>165,504</b>	<b>162,093</b>	<b>151,311</b>	<b>150,794</b>	<b>154,650</b>	<b>151,439</b>	<b>151,929</b>	<b>155,504</b>	<b>148,864</b>	<b>148,864</b>

# Budgeted Financial Covenants – 2023

(in \$ '000s)

Financial Covenant Calculations	Unit	2023 F				2023 Total
		Mar-23	Jun-23	Sep-23	Dec-23	
Commencing with the Fiscal Year Ended 12/31/23						
Net Income Available for Debt Service						7,859
<b>Senior DSCR: &gt;150%</b>						
Total Senior Debt Service						15,082
Less: Remaining Senior Capitalized Interest						(14,903)
Senior Debt Service for Fiscal Year						179
Senior DSCR Ratio						4380%
<b>Net Income Available for Debt Service: &gt;110%</b>						
Total Debt Service						18,382
Less: Remaining Total Capitalized Interest						(16,232)
Debt Service for Fiscal Year						2,150
Net Income Available for Debt Service Ratio						366%
<b>Days Cash on Hand: &gt;75</b>						
Cash on Hand		106,428	100,855	100,983	107,028	107,028
Operating Expenses		(3,836)	(10,454)	(22,108)	(25,642)	(62,040)
Debt Service for Period					(2,150)	(2,150)
Total Operating Expenses + Debt Service		(3,836)	(10,454)	(22,108)	(27,792)	(64,190)
Daily Cash Required		43	115	240	302	176
Days Cash on Hand		2497	878	420	354	609

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