

Irononton Operating Budget 2023

March 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 2nd half of 2023 ("2023H2").
- Management fees for support services will be charged beginning in July 2023 (the agreement will be drafted and negotiated during 2023H1).
- When fully ramped, EBITDA Margins will be ~24% by the end of 2023, including corporate shared services management fees; EBITDA Margins excluding the management fee will be ~34% when fully ramped
- Capitalized Interest and the Contingency accounts have enough reserves to service all 2023 interest payments and Debt Service Reserve funding requirements in 2023
- Current pricing used in the forecast model is conservative and may not be indicative of pricing PCT will realize upon commissioning

Material Assumptions - Operations

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

Material Assumptions – Ramp of Operations

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

Material Assumptions – Working Capital / CapEx

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

Material Assumptions – Other

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

Budgeted Profit & Loss by Month – 2023

(in \$ '000s)

All amounts in USD

Income Statement	2023 F												
	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
Revenues				1,105	2,856	5,527	6,853	8,567	11,054	11,422	11,054	11,422	69,860
Growth													100%
COGS	(15)	(98)	(147)	(1,587)	(2,360)	(3,538)	(3,871)	(4,569)	(5,655)	(5,811)	(5,661)	(5,816)	(39,128)
Gross Margin	(15)	(98)	(147)	(481)	495	1,988	2,982	3,998	5,399	5,612	5,393	5,607	30,732
%	NA	NA	NA	-43.5%	17.3%	36.0%	43.5%	46.7%	48.8%	49.1%	48.8%	49.1%	44.0%
Operating Costs & SG&A	(1,274)	(1,079)	(1,182)	(741)	(820)	(1,369)	(1,362)	(1,469)	(1,647)	(1,590)	(1,584)	(1,647)	(15,765)
Research and Development	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(160)
Corporate Shared Services Mgmt Fee	0	0	0	0	0	0	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(1,167)	(7,000)
Total operating costs and expenses	(1,288)	(1,092)	(1,196)	(754)	(834)	(1,382)	(2,542)	(2,649)	(2,827)	(2,770)	(2,764)	(2,827)	(22,926)
Other income (expense)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total other income (expense)	0	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	(1,303)	(1,190)	(1,343)	(1,236)	(338)	606	440	1,349	2,572	2,842	2,629	2,780	7,807
%	NA	NA	NA	-111.8%	-11.8%	11.0%	6.4%	15.7%	23.3%	24.9%	23.8%	24.3%	11.2%
Depreciation & Amortization	(223)	(284)	(288)	(992)	(992)	(992)	(1,365)	(1,353)	(1,353)	(1,353)	(1,353)	(1,353)	(11,901)
EBIT	(1,526)	(1,474)	(1,631)	(2,228)	(1,330)	(386)	(925)	(4)	1,219	1,489	1,276	1,427	(4,094)
%	NA	NA	NA	-201.5%	-46.6%	-7.0%	-13.5%	0.0%	11.0%	13.0%	11.5%	12.5%	-5.9%
Interest expense	(196)	(197)	(197)	(1,621)	(1,622)	(1,623)	(1,623)	(1,624)	(1,625)	(1,625)	(1,626)	(1,627)	(15,207)
EBT	(1,722)	(1,671)	(1,828)	(3,849)	(2,952)	(2,009)	(2,549)	(1,628)	(406)	(137)	(350)	(200)	(19,301)
%	NA	NA	NA	-348.2%	-103.4%	-36.3%	-37.2%	-19.0%	-3.7%	-1.2%	-3.2%	-1.8%	-27.6%
Tax rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Taxes paid	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Loss	(1,722)	(1,671)	(1,828)	(3,849)	(2,952)	(2,009)	(2,549)	(1,628)	(406)	(137)	(350)	(200)	(19,301)
%	NA	NA	NA	-348.2%	-103.4%	-36.3%	-37.2%	-19.0%	-3.7%	-1.2%	-3.2%	-1.8%	-27.6%

Budgeted Balance Sheet by Month – 2023

(in \$ '000s)

All amounts in USD

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

Budgeted Cash Flows by Month – 2023

(in \$ '000s)

All amounts in USD

Cash Flow Statement	2023 F												
	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 Flow from Operations (CFO)													
Net income	(1,722)	(1,671)	(1,828)	(3,849)	(2,952)	(2,009)	(2,549)	(1,628)	(406)	(137)	(350)	(200)	(19,301)
Addback D&A	223	284	288	992	992	992	1,365	1,353	1,353	1,353	1,353	1,353	11,901
Addback Equity Based Comp	34	34	34	34	34	34	35	35	35	35	35	35	414
Addback Lease Amort	82	82	83	83	84	84	83	84	84	84	85	85	1,003
Addback Accretion/Amort on Debt	88	88	89	90	90	91	92	92	93	93	94	95	1,095
Change in receivables	0	0	0	(1,105)	(2,856)	(4,329)	(1,990)	(2,570)	(3,731)	(553)	553	(553)	(17,133)
Change in inventory	(135)	(667)	(915)	318	(1,160)	(1,767)	(499)	(1,047)	(1,629)	(233)	224	(232)	(7,742)
Change in prepaids and other current assets	69	(931)	(1,623)	151	151	(849)	149	151	151	150	150	150	(2,131)
Change in prepaids and other noncurrent assets	14	14	14	40	81	144	175	216	274	283	274	283	1,812
Change in payables	(169)	(56)	148	1,365	816	1,709	308	801	1,251	99	(158)	218	6,332
Change in accrued expenses	(3,266)	0	0	0	0	0	0	9,055	0	0	0	0	5,789
Change in accrued interest	109	109	108	1,532	1,532	(3,390)	1,532	1,532	1,531	1,532	1,532	(7,659)	0
Change in deferred revenue	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(1,667)
Change in Other Non-current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
ROU Liability Payments	(80)	(80)	(81)	(81)	(82)	(82)	(81)	(82)	(82)	(82)	(83)	(83)	(979)
CFO	(4,892)	(2,933)	(3,823)	(569)	(3,409)	(9,511)	(1,518)	7,854	(1,214)	2,485	3,569	(6,646)	(20,608)
Investing Cash Flow (CFI)													
CAPEX	(8,500)	(8,448)	(13,697)	(14,170)	(3,087)	(17,074)	0	0	(19,055)				(84,031)
CFI	(8,500)	(8,448)	(13,697)	(14,170)	(3,087)	(17,074)	0	0	(19,055)	0	0	0	(84,031)
Cash Flow from Financing													
Debt repayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance lease payments	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(36)
Due to/from Parent for Working Capital	4,000	0	0	0	0	3,000	1,000	(4,000)	(2,000)	(2,000)	0	0	0
Equity from Parent for CapEx	8,500	8,448	13,697	14,170	3,087	12,805	0	0	19,055	0	0	0	79,762
CFI	12,497	8,445	13,694	14,167	3,084	15,802	997	(4,003)	17,052	(2,003)	(3)	(3)	79,726
Change in Cash	(895)	(2,936)	(3,826)	(572)	(3,412)	(10,783)	(521)	3,851	(3,217)	482	3,566	(6,649)	(24,913)
Cash beginning	173,732	172,837	169,901	166,076	165,504	162,091	151,308	150,787	154,637	151,420	151,902	155,468	173,732
Cash end of month	172,837	169,901	166,076	165,504	162,091	151,308	150,787	154,637	151,420	151,902	155,468	148,819	148,819

Budgeted Financial Covenants – 2023

(in \$ '000s)

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

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