Resin to be cheerful?

28 August 2026 | PureCycle Technologies (Nasdaq: PCT) — $6.50

PureCycle Technologies is not, as far as we know, involved in AI. But it is an asymmetric bet.

An asymmetric bet in a company requires it not just to improve its business but to be revalued on a change in its economics. It is a bet on a different question.

With regard to PCT, today the market asks whether a company can make virgin-grade polypropylene out of rubbish. Within a short time, the bulls trust, it will be asking how many plants it can finance worldwide.

The asymmetric bet in PCT is that it moves from innovative recycler into open-ended platform growth.

WHAT'S IN A PRICE?

What you get as a shareholder is PureCycle's recycling process. Stripping waste polypropylene of colour, odour and contaminant and returning it to a virgin resin product. A perfect circular market.

The production technology and industry trials of product have proven the product grade. Ironton, Ohio, is its singular producing plant. The purification technology was developed and patented in P&G's laboratories and is exclusively licensed to PureCycle. The development by PureCycle of this has been five years to this point.

This is the whole company, and at capacity production at Ironton and a good price for its product, the cash flow will turn positive. But this has not happened yet. Anyone buying Ironton as a going concern is getting a modest chemical business at a generous multiple. Revenues are lagging all the other demonstrably constructive steps.

The bulls would argue you are getting optionality. The price you pay is for the single plant. A fair price if the promised revenues show up.

Product is now shipping but supply contracts must come in.

The exclusivity is real, no one else can do this with this material and the market is presumed endless. Think chocolate bar wrappers and shampoo bottles, coffee cups and car bumpers.

It is also conditional, and the condition is worth spelling out. P&G owns the patents. PureCycle holds them exclusively, but not for a fixed term. The exclusivity they enjoy must be confirmed in action. Each region carries a deadline to begin construction. For Europe and Asia that date is 31 December 2027. Miss it and the licence there becomes non-exclusive.

Thailand is the Asian plant. Financing is due to close at the end of this year, production in 2028. So the timetable is not simply management's ambition. It is a contractual deadline, and they are working against a clock. Some of the urgency is not a choice.

The prize here is the template. Every plant after the first is a scale-up with known quantities — process, yields, customers, and cost per pound of production.

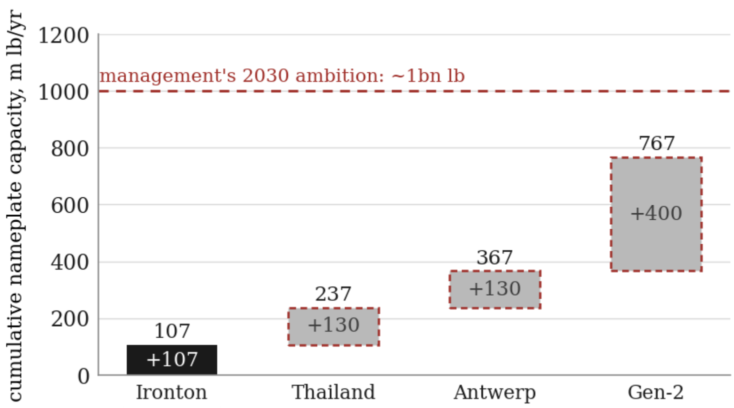
And on management's own long-run arithmetic, for each additional increment of capacity the payback is rapid.

But that is the case they still need to prove. And the time is now.

The first plant is not the solution. Its job is to make the next plant financeable. The next is in Thailand, where financing is planned to close by year-end. Then Antwerp behind it, and a larger second-generation design behind that.

EXHIBIT 1 NAMEPLATE CAPACITY, BUILT AND TARGETED

One plant exists. The rest is the wager.



Solid = operating. Dashed = targeted, not built. Gen-2 shown at the midpoint of PureCycle's indicative 300–500m lb design range.

THE CASE FOR — REGULATIONS AND ENDLESS DEMAND

New Jersey has approved PureFive as certified recycled content and its recycled-content regulations apply in January 2027.

The rules now span three jurisdictions, California, New Jersey, and the EU's Packaging and Packaging Waste Regulation applies from August 2026, setting minimum recycled content for this specific plastic packaging of 10–35% by 2030 and 25–65% by 2040.

Corporate aspiration to include recycled content becomes a compliance deadline.

The users of these materials are packaging of every description. The premium product is pure enough to go into high-spec vehicle applications and thin-film wrappers. The bull case is that demand of that kind does not need to be sold. It needs to be supplied. And it will pay up for it.

Recent balance sheet shoring up. This company is cash negative. Management expects cash breakeven at Ironton at 40–50% utilisation by year end. But management have expected things in the past that haven't happened.

However, the balance sheet can now get them comfortably through to the expected revenue stage. The next few quarters are the proving ground.

A recent equity-and-convertible financing favourably repriced the terms of their old debt. Leaving the company with the best liquidity in its history: $236.9m at 30 June — $165.2m of cash, $59.6m of securities and $12.1m restricted — against roughly $470m of total debt.

Dilution was the price to the equity holders. But survival from a cash flow perspective was assured. The market can now argue about the business rather than the balance sheet. Unequivocally the company must show and tell.

Production has ramped up. Product is shipping. Trials are passed. Regulation is coming. For PCT, supply contracts and revenue must follow.

If the bull case is meaningfully progressed; Ironton commercially successful and financing is closed for the next plant. Then this company enters the open-ended platform growth model. And gets repriced against that model, not just an interesting processing plant.

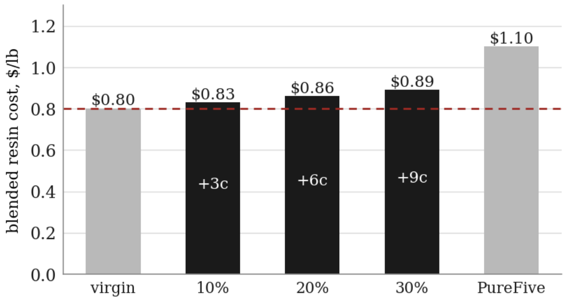
The plant has crossed technical proof. Procter & Gamble has taken first commercial deliveries and holds offtake rights to a meaningful slice of capacity. The resin has passed the hard product grades: oriented film, a Class-A automotive surface.

The production works and produces a product that it needs the industry to pay a premium for. This premium falls considerably when all factors are considered.

PureFive is around $1.10 a pound against virgin at $0.80. At the proportions the rules actually require, the middle user pays four to thirteen per cent more. A hefty tax perhaps but it gains regulatory compliance (and fine avoidance) and some marketing collateral.

EXHIBIT 2 BLENDED RESIN COST AT THE MANDATED BLEND RATES

The premium, as the converter actually pays it



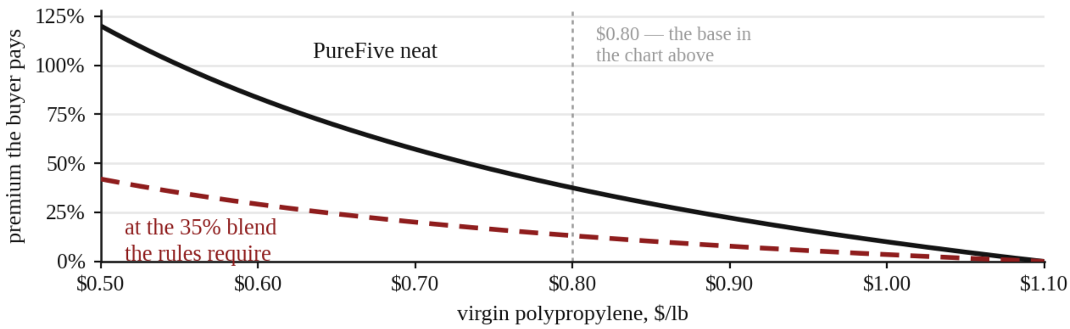
PureFive at $1.10/lb against virgin at $0.80. At the 10–35% blends the regulations require, the resin bill rises 3–10 cents a pound — before any avoided non-compliance cost.

And the premium is a spread, not a price. Virgin polypropylene rose over half in the second quarter of 2026 on monomer tightness. At a dollar the premium is a tenth and the resin sells itself. At sixty cents it is four fifths and every converter re-examines the line.

The bull case does not need a customer to change its mind. It needs propylene to stay dear. The bear case does not need a plant to fail. It needs propylene to get cheap.

EXHIBIT 3 THE PUREFIVE PREMIUM AGAINST THE VIRGIN PRICE

PureCycle is long the virgin price



PureFive held at $1.10/lb. The premium is a spread — it closes as virgin rises and widens as virgin falls. Virgin rose over half in Q2 2026 on monomer tightness.

No one in this market changes supplier quickly. Resin is qualified into a line — trials, specification, a production run that cannot fail — and once it is in, it stays. P&G is the licensor and the co-developer, and it is going one product closure at a time. Each quarter a new line is added to the PureCycle supply. Downy caps in the second quarter, Tide caps in the third, ZzzQuil lids in the fourth.

That is both brake and moat. Why supply contracts take time to come despite the regulation. It is also why ExxonMobil's balance sheet could not replicate this so easily. The incumbent player then in PP recycling, if widely adopted, is likely to be PureCycle.

Management's second-half goal is site-level cash breakeven at forty to fifty per cent utilisation. Manufacturers need reliable output which can be locked up now. They are trusting that customers will be jostling for position and the cash should follow.

The next few quarters will tell.

Thailand holds investment-board fast-track status and advanced plans. Financing and groundbreaking expected by year end.

Should a syndicate of lenders underwrite a second plant on the strength of the first, the argument evolves — not because the platform exists, but because capital is backing it. More money often follows.

The bull case is this. Demand is unlimited and Ironton/Thailand is transformational. The test is now. The test is do the economics work?

THE CASE AGAINST — IRR

Granting the assumption that the technology is proven. The internal rate of return is still too low. Discount even a healthy growth outcome at 15% and it is worth not too much.

The shares are cheap only to an investor who sees what it might be, not one who sees what it is. A company that has never earned a profit. And growth, should it materialise, comes at a cost to the shareholder.

Success is the dilutive case.

How much will PCT need for each financing? Thailand is ~$250m, Antwerp rather more, a second-generation plant $300–450m. This level of project finance needs backers.

There are convertibles that become some 26m shares at $11.08 and the warrants perhaps 24m more shares at a higher price. This creates a burden of proof for the beleaguered shareholder. Company growth must outstrip the share count. A company with negative EBITDA does not project-finance a billion dollars on the strength of one plant in Ohio.

And the preferred, $316m of it, converts around $14.

The better case PCT makes, the more owners there are to share it with, a cruelty of the capital-intensive growth industrial. The upside is the dilutive case. The share count where convertibles are exercised, warrants taken up and the preferred converted grows from 200m to about 272m, and nearer 300m once a further equity raise is assumed.

The company gains capital from this but it's got to employ it without fault. Sixty cents a pound across Ironton's 107m lb of capacity is $64m of contribution. After corporate overhead, perhaps $10m of that survives as

EBITDA. The platform earns its return by spreading that overhead across ten plants rather than one. And by building bigger ones.

Ironton is structurally too small to demonstrate the numbers it is meant to validate — the platform case rests on ~$0.60 of contribution per pound across a billion pounds. Whatever the next four quarters show, the investor will be asked to underwrite Thailand on evidence that is suggestive, not iron-clad.

Feedstock is not free at scale. The margin assumes cheap waste polypropylene in perpetuity. At 100m lb a year PureCycle is a curiosity in the scrap market. At a billion it is the marginal bidder. The unit economics of the first plant are not obviously the unit economics of the tenth.

Production improvements and efficiencies suggest they will be low-cost, high-margin. Nearing pure virgin prices. But future projections often assume rosy things.

Manufactured demand attracts manufacturers. If recycled polypropylene earns sixty cents a pound, ExxonMobil and LyondellBasell will notice; regulation creates a mandated market, and a mandated market of that size draws balance sheets PureCycle cannot match. The mandates are themselves political guidelines — recycled-content deadlines have been softened before under industry pressure, and another year of delay is a year for consumers to procrastinate.

This is, the bears will remind us, a risky stock.

A glance at the share price will prove this point.

EXHIBIT 4 PURECYCLE SHARE PRICE, FIVE YEARS

Five years of a wager

Weekly close, to 28 August 2026, traced from the daily price series. The 52-week extremes are the figures quoted in this note.

OWNERS AND DETRACTORS

Sylebra Capital — lender, preferred holder, warrant holder and owner of some nineteen per cent — has financed PureCycle through every stumble and restructured on better terms to the company in June.

A decade of underwriting support from the key investor. Either pot-committed or high conviction.

Abundance Wealth Counselors went from a rounding error at the end of last year to roughly an eighth of the company by June, a position amounting to around 13% of its own book.

And short sellers are active too. There are many mechanical reasons why there would be short stock hanging over from the rounds of financing. And there are also mechanical short funds that filter on exactly the kind of characteristics that PCT possesses.

High costs, no profit, small cap. PCT fits the bill.

It is not knowable how many shorts represent an economic view on the company itself rather than structurally short or algorithmically short. But suffice to say, there are doubters.

WHAT IT'S WORTH

Four scenarios, with dilution.

In the first, Ironton fails and the equity is worth approximately nothing.

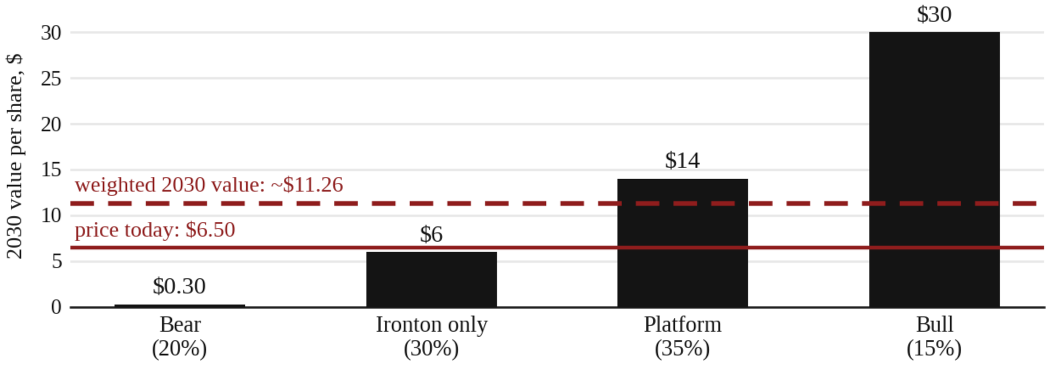
In the second, the plant works and replication is slow — and the shares are worth about what they cost today. Asset = one plant that works. Revenue growth is slow.

In the third the template is proven and replicated, the shares are worth some $14; in the fourth, management's ambitions are fulfilled and they are worth near $30.

Both are 2030 values, net of debt and fully diluted. The $30 is the billion-pound plan on a mid-teens multiple. The $14 is not half of that — on the same multiple it still needs two thirds of the build. The scenarios sit closer together than the prices suggest.

EXHIBIT 5 VALUE PER SHARE UNDER FOUR SCENARIOS

Four scenarios, fully diluted



Probabilities are the author's. Values are net of debt and fully diluted, and assume the platform is financed and built on the stated timetable.

Weighted, those four scenarios are worth about $11 in 2030. Discount that at the fifteen per cent a risky company requires and it is $6.44 today, against $6.50 in the market. Put the other way: $6.50 compounding to $11 over four years earns just under fifteen per cent. Below the hurdle, but only just. But this precision smooths out the reality.

A bear may assume a holder of the shares sitting still to 2030 while the probabilities sit still.

The bull is expectant of a shift in probabilities. The stock re-rating does not require the platform to be built; it requires the market to believe the platform is buildable.

That belief has a forthcoming test, not four years away but now. It is Thailand's financial close, and revenue from Ironton. The probabilities shift toward the platform case and the company is rerated against that. Venture capital type risk is replaced with growth and operating risk. Still real but less volatile.

The shares, the bull hopes, will end their roller-coaster ride and begin their expected steady accumulation phase. A financed second plant converts PureCycle from a speculation into a capital-projects business and it should get discounted as such — a more stable entity.

But if Thailand slips, the same two mechanisms run in reverse: the platform probability falls, the required return rises, and you have a single-plant company at a generous multiple with $470m of debt.

The distribution is wide in both directions. Yet material progress is evident. As the stock now trades the settlement of this dispute is likely to produce a quick response in either direction. The venture capital risk is still live. It's the investment case that now must be proven to achieve a more stable risk profile.

PureCycle would like it to be recycling utility.

The option is not that PureCycle is worth $30 in 2030. Or zero.

It is that a specific observable event — a lending syndicate agreeing to build the second plant — will likely force the market to re-visit its assumptions. And that the market is currently paying nothing for the possibility.

The Ironton-only scenario is worth $6. The market asks $6.50. Fifty cents is what the option costs.

At $6.50, the market has priced the plant it can see and almost nothing of the company it might become. It is not a bargain. But a fair price for the optionality.

It’s show-and-tell time for PureCycle. Open-ended platform growth is the prize.

Reasons to be cheerful?

It’s not another AI bet.

WHAT TO WATCH

	28 AUG	WHY IT MATTERS
PureCycle (Nasdaq: PCT)	$6.50	Up 5.3% on the month, down 49% on the year. Fifty-two-week high $15.49.
Cash breakeven at Ironton	40–50% run rate	Management’s own marker, by year end.
The licence dates	31 Dec 2027	Europe and Asia need a plant under construction by then, or the licence there stops being exclusive.

Marked to the close of 28 August 2026.

WHERE TO CHECK

— PureCycle — Q2 2026 results and earnings call, 6 August 2026.

— Sylebra Capital — Schedule 13D/A, 12 June 2026.

— Abundance Wealth Counselors — Form 13F, Q1 and Q2 2026.

— EU Packaging and Packaging Waste Regulation; California SB 54; the New Jersey recycled-content statute.

— North American polypropylene rail-car indications, mid-2026.

Scenarios and probabilities are the author’s judgement, not company guidance. Market data to the close of 28 August 2026. Price, short interest and the polypropylene reference price are time-sensitive.

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