

United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended November 30, 2024

or

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

For the transition period from _____ to _____

Commission File No. **001-38301**



Loop Industries, Inc.

(Exact name of Registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

27-2094706

(I.R.S. Employer Identification No.)

480 Fernand-Poitras Terrebonne, Québec, Canada J6Y 1Y4

(Address of principal executive offices zip code)

Registrant's telephone number, including area code **(450) 951-8555**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	LOOP	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
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As at January 13, 2024, there were 47,620,263 shares of the Registrant's common stock, par value \$0.0001 per share, outstanding.

LOOP INDUSTRIES, INC.

TABLE OF CONTENTS

	<u>Page No.</u>
PART I. Financial Information	
<u>Item 1. Financial Statements</u>	F-1
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	3
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	15
<u>Item 4. Controls and Procedures</u>	15
PART II. Other Information	
<u>Item 1. Legal Proceedings</u>	16
<u>Item 1A. Risk Factors</u>	16
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	17
<u>Item 3. Defaults Upon Senior Securities</u>	17
<u>Item 4. Mine Safety Disclosures</u>	17
<u>Item 5. Other Information</u>	17
<u>Item 6. Exhibits</u>	18
<u>Signatures</u>	19

[Table of Contents](#)

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Loop Industries, Inc.
Three and Nine months ended November 30, 2024
Index to the Unaudited Interim Condensed Consolidated Financial Statements

Contents	Page(s)
<u>Condensed consolidated balance sheets as at November 30, 2024 (Unaudited) and February 29, 2024</u>	F-2
<u>Condensed consolidated statements of operations and comprehensive loss for the three and nine months ended November 30, 2024 and 2023 (Unaudited)</u>	F-3
<u>Condensed consolidated statements of changes in stockholders' equity for the three and nine months ended November 30, 2024 and 2023 (Unaudited)</u>	F-4
<u>Condensed consolidated statements of cash flows for the nine months ended November 30, 2024 and 2023 (Unaudited)</u>	F-6
<u>Notes to the condensed consolidated financial statements (Unaudited)</u>	F-7

[Table of Contents](#)

Loop Industries, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands of U.S. dollars, except per share data)

	As at	
	November 30, 2024	February 29, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 323	\$ 6,958
Sales tax, tax credits and other receivables (Note 3)	200	351
Inventories (Note 4)	78	102
Prepaid expenses (Note 5)	393	577
Total current assets	<u>994</u>	7,988
Investment in joint venture	13	381
Property, plant and equipment, net (Note 6)	1,864	10,636
Intangible assets, net (Note 7)	1,808	1,548
Total assets	<u><u>\$ 4,679</u></u>	<u><u>\$ 20,553</u></u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 5,086	\$ 2,321
Credit facility (Note 10)	2,372	-
Unearned revenue (Note 11)	102	-
Current portion of long-term debt (Note 12)	519	100
Total current liabilities	<u>8,079</u>	2,421
Due to customer	816	770
Long-term debt (Note 12)	2,667	3,220
Total liabilities	<u><u>11,562</u></u>	<u><u>6,411</u></u>
Stockholders' Equity		
Series A Preferred stock par value \$ 0.0001 ; 25,000,000 shares authorized; one share issued and outstanding		
Common stock par value \$ 0.0001 ; 250,000,000 shares authorized; 47,620,263 shares issued and outstanding (February 29, 2024 – 47,528,908) (Note 13)		
Additional paid-in capital	5	5
Additional paid-in capital – Warrants	186,198	171,792
Accumulated deficit	7,041	20,385
Accumulated other comprehensive loss	(198,910)	(176,970)
Total stockholders' equity	<u>(1,217)</u>	<u>(1,070)</u>
Total liabilities and stockholders' equity	<u><u>\$ 4,679</u></u>	<u><u>\$ 20,553</u></u>

See accompanying notes to the condensed consolidated financial statements .

[Table of Contents](#)

Loop Industries, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

<i>(in thousands of U.S. dollars, except per share data)</i>	Three Months Ended		Nine Months Ended	
	November 30, 2024	November 30, 2023	November 30, 2024	November 30, 2023
Revenue from contracts with customers	\$ 52	\$ 26	\$ 81	\$ 108
Expenses :				
Research and development (Note 14)	1,377	1,833	5,559	8,361
General and administrative (Note 15)	2,148	2,458	7,654	7,767
Impairment of machinery & equipment (Note 6)	8,460	-	8,460	-
Depreciation and amortization (Notes 6 and 7)	132	131	398	400
Total expenses	<u>12,117</u>	<u>4,422</u>	<u>22,071</u>	<u>16,528</u>
Other loss (income) :				
Interest and other financial expenses	110	42	289	140
Interest income	(23)	(166)	(155)	(484)
Foreign exchange loss (gain)	(240)	(28)	(184)	(81)
Total other loss (income)	<u>(153)</u>	<u>(152)</u>	<u>(50)</u>	<u>(425)</u>
Net loss	<u>(11,912)</u>	<u>(4,244)</u>	<u>(21,940)</u>	<u>(15,995)</u>
Other comprehensive loss -				
Foreign currency translation adjustment	(135)	(83)	(147)	21
Comprehensive loss	<u>\$ (12,047)</u>	<u>\$ (4,327)</u>	<u>\$ (22,087)</u>	<u>\$ (15,974)</u>
Net loss per share				
Basic and diluted	\$ (0.25)	\$ (0.09)	\$ (0.46)	\$ (0.34)
Weighted average common shares outstanding				
Basic and diluted	47,620,263	47,523,817	47,576,166	47,520,356

See accompanying notes to the condensed consolidated financial statements.

[Table of Contents](#)

Loop Industries, Inc.
Condensed Consolidated Statement of Changes in Stockholders' Equity
(Unaudited)

(in
 thousands
 of U.S.
 dollars,
 except for
 share data)

	Three months ended November 30, 2024								
	Common stock par value \$0.0001		Preferred stock par value \$0.0001		Additional Paid-in Capital	Additional Paid-in		Accumulated Other Comprehensive Income (Loss)	Total
	Number of Shares	Amount	Number of Shares	Amount		Capital- Warrants	Accumulated Deficit		
Balance, August 31, 2024	47,620,263	\$ 5	1	\$ -	\$ 185,868	\$ 7,041	\$ (186,998)	\$ (1,082)	\$ 4,834
Stock options issued for services (Note 16)	-	-	-	-	146	-	-	-	146
Restricted stock units issued for services (Note 16)	-	-	-	-	184	-	-	-	184
Foreign currency translation	-	-	-	-	-	-	-	(135)	(135)
Net loss	-	-	-	-	-	-	\$ (11,912)	-	\$ (11,912)
Balance, November 30, 2024	<u>47,620,263</u>	<u>\$ 5</u>	<u>1</u>	<u>\$ -</u>	<u>\$ 186,198</u>	<u>\$ 7,041</u>	<u>\$ (198,910)</u>	<u>\$ (1,217)</u>	<u>\$ (6,883)</u>

(in
 thousands
 of U.S.
 dollars,
 except for
 share data)

	Three months ended November 30, 2023								
	Common stock par value \$0.0001		Preferred stock par value \$0.0001		Additional Paid-in Capital	Additional Paid-in		Accumulated Other Comprehensive Income (Loss)	Total
	Number of Shares	Amount	Number of Shares	Amount		Capital- Warrants	Accumulated Deficit		
Balance, August 31, 2023	47,521,187	\$ 5	1	\$ -	\$ 171,113	\$ 20,385	\$ (167,634)	\$ (1,037)	\$ 22,832

Issuance of shares upon the exercise of stock options (Note 16)	7,721	-	-	-	-	-	-	-	-	-	-
Stock options issued for services (Note 16)	-	-	-	-	-	168	-	-	-	-	168
Restricted stock units issued for services (Note 16)	-	-	-	-	-	229	-	-	-	-	229
Foreign currency translation	-	-	-	-	-	-	-	-	(83)	-	(83)
Net loss	-	-	-	-	-	-	-	(4,244)	-	-	(4,244)
Balance, November 30, 2023	<u>47,528,908</u>	<u>\$ 5</u>	<u>1</u>	<u>\$ -</u>	<u>\$ 171,510</u>	<u>\$ 20,385</u>	<u>\$ (171,878)</u>	<u>\$ (1,120)</u>	<u>\$ 18,902</u>		

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

Loop Industries, Inc.
Condensed Consolidated Statement of Changes in Stockholders' Equity
(Unaudited)

(in
thousands
of U.S.
dollars,
except for
share data)

Expiration of warrants (Note 18)	-	-	-	-	13,344	(13,344)	-	-	-
Stock options issued for services (Note 16)	-	-	-	-	441	-	-	-	441
Restricted stock units issued for services (Note 16)	-	-	-	-	621	-	-	-	621
Foreign currency translation	-	-	-	-	-	-	-	(147)	(147)
Net loss	-	-	-	-	-	(21,940)	-	-	(21,940)
Balance, November 30, 2024	<u>47,620,263</u>	<u>\$ 5</u>	<u>1</u>	<u>\$ -</u>	<u>\$ 186,198</u>	<u>\$ 7,041</u>	<u>\$ (198,910)</u>	<u>\$ (1,217)</u>	<u>\$ (6,883)</u>

Nine Months Ended November 30, 2023									
Common stock par value \$0.0001		Series A preferred stock par value \$0.0001		Additional Paid-in Capital -Warrants		Accumulated Other Comprehensive (Loss)		Total Stockholders' Equity	
Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	-Warrants	Accumulated Deficit			
Balance, February 28, 2023	47,469,224	\$ 5	1	\$ -	\$ 170,370	\$ 20,385	\$ (155,883)	\$ (1,141)	\$ 33,736
Issuance of shares upon the vesting of restricted stock units (Note 16)	51,963	-	-	-	-	-	-	-	-
Issuance of shares upon the exercise of stock options (Note 16)	7,721	-	-	-	-	-	-	-	-
Stock options issued for services (Note 16)	-	-	-	-	501	-	-	-	501
Restricted stock units issued for services (Note 16)	-	-	-	-	639	-	-	-	639
Foreign currency translation	-	-	-	-	-	-	-	21	21
Net loss	-	-	-	-	-	(15,995)	-	-	(15,995)
Balance, November 30, 2023	<u>47,528,908</u>	<u>\$ 5</u>	<u>1</u>	<u>\$ -</u>	<u>\$ 171,510</u>	<u>\$ 20,385</u>	<u>\$ (171,878)</u>	<u>\$ (1,120)</u>	<u>\$ 18,902</u>

See accompanying notes to the condensed consolidated financial statements.

[Table of Contents](#)

Loop Industries, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands of U.S. dollars)

	Nine Months Ended November 30,	
	2024	2023
Cash Flows from Operating Activities		
Net loss	\$ (21,940)	\$ (15,995)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization (Notes 6 and 7)	398	400
Stock-based compensation expense (Note 16)	1,062	1,140
Impairment of machinery & equipment (Note 6)	8,460	-
Accretion expense (Note 12)	87	53
Changes in operating assets and liabilities:		
Sales tax and tax credits receivable (Note 3)	144	670
Inventories (Note 4)	21	(210)
Prepaid expenses (Note 5)	180	147
Accounts payable and accrued liabilities (Note 9)	2,851	(955)
Customer deposits	-	(12)
Unearned revenue (Note 11)	102	-
Net cash used in operating activities	<u>(8,635)</u>	<u>(14,762)</u>
Cash Flows from Investing Activities		
Deposits on equipment	-	(5,065)
Distribution from equity investment	368	-
Additions to property, plant and equipment (Note 6)	-	(10)
Additions to intangible assets (Note 7)	<u>(454)</u>	<u>(378)</u>
Net cash used in investing activities	<u>(86)</u>	<u>(5,453)</u>
Cash Flows from Financing Activities		
Borrowings under credit facility (Note 10)	2,372	-
Repayment of long-term debt (Note 12)	<u>(60)</u>	<u>(47)</u>
Net cash (used) provided by financing activities	<u>2,312</u>	<u>(47)</u>
Effect of exchange rate changes	<u>(226)</u>	<u>37</u>
Net decrease in cash	<u>(6,635)</u>	<u>(20,225)</u>
Cash, cash equivalents and restricted cash, beginning of period	6,958	30,591
Cash, cash equivalents and restricted cash, end of period	<u><u>\$ 323</u></u>	<u><u>\$ 10,366</u></u>
Supplemental Disclosure of Cash Flow Information:		
Income tax paid	\$ -	\$ -
Interest paid	\$ 214	\$ 63
Interest received	\$ 224	\$ 347

See accompanying notes to the condensed consolidated financial statements.

[Table of Contents](#)

Loop Industries, Inc.
Three and Nine Months Ended November 30, 2024 and 2023
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. The Company and Basis of Presentation

The Company

Loop Industries, Inc. (the "Company," "Loop," "we," or "our") is a technology company that owns patented and proprietary technology that depolymerizes no and low-value waste polyethylene terephthalate ("PET") plastic and polyester fiber to its base building blocks (monomers). The monomers are filtered, purified and polymerized to create virgin-quality Loop™ branded PET resin suitable for use in food-grade packaging and polyester fiber. The Company is currently in the pre-commercialization stage with limited revenues.

Basis of Presentation

These unaudited interim condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("US GAAP") and applicable rules and regulations of the U.S. Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures included in these unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2024, filed with the SEC on May 29, 2024. The unaudited interim condensed consolidated financial statements comprise the consolidated financial position and results of operations of Loop Industries, Inc. and its subsidiaries, Loop Innovations, LLC and Loop Canada Inc. All subsidiaries are, either directly or indirectly, wholly owned subsidiaries of Loop Industries, Inc. (collectively, the "Company"). The Company also owns, through Loop Innovations, LLC, a 50 % interest in a joint venture, Indorama Loop Technologies, LLC, which is accounted for under the equity method.

Intercompany balances and transactions are eliminated on consolidation. The condensed consolidated balance sheet as of February 29, 2024, included herein, was derived from the audited financial statements as of that date, but does not include all disclosures including certain notes required by US GAAP on an annual reporting basis. In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements present fairly the financial position, results of operations, comprehensive loss and cash flows for the interim periods. The results for the three- and nine-month periods ended November 30, 2024 are not necessarily indicative of the results to be expected for any subsequent quarter, for the fiscal year ending February 28, 2025, or for any other period.

All monetary amounts in these notes to the condensed consolidated financial statements are in thousands of U.S. dollars unless otherwise specified, except for per share data.

2. Summary of Significant Accounting Policies

Liquidity risk assessment

Since its inception, the Company has been in the pre-commercialization stage with no material revenues from customers, and its ongoing operations and commercialization plans have been financed primarily by raising equity. The Company has incurred net losses and negative cash flow from operating and investing activities since its inception and expects to incur additional net losses while it continues to develop and plan for commercialization. As at November 30, 2024, the Company's available liquidity was \$ 450 , consisting of cash and cash equivalents of \$ 323 and an undrawn amount on a senior credit facility from a Canadian bank of \$ 127 . Also, current liabilities exceeded current assets by \$ 7,085 as at November 30, 2024.

On December 23, 2024, the Company received cash proceeds of \$ 20,790 from the closing of transactions with Reed Management SAS ("Reed"), consisting of the issuance of Series B Convertible Preferred Stock and its first technology licensing agreement (see Note 20 for additional details).

Table of Contents

Management continuously monitors the Company's cash resources against its short-term cash commitments to ensure there is sufficient liquidity to fund its costs for at least twelve months from the financial statement issuance date. It evaluates the Company's liquidity to determine if there is substantial doubt about its ability to continue as a going concern. In preparing this going concern assessment, management applies significant judgment in estimating future cash flow requirements of the Company based on budgets and forecasts, which includes developing assumptions related to the estimation of amount and timing of future cash outflows and inflows. Based on this assessment and considering the \$20,790 proceeds received on December 23, 2024, management is comfortable that current available liquidity will be sufficient to meet the Company's obligations, commitments and budgeted expenditures for no less than twelve months from the issuance date of these unaudited interim condensed consolidated financial statements.

The Company's ability to move to the next stage of its strategic development and construct manufacturing plants is dependent on, among other factors, whether the Company can obtain the necessary financing through a combination of further technology licensing arrangements, government incentive programs, and/or the issuance of debt and/or equity. However, there is no assurance that the Company will be successful in attracting additional funding. Even if additional financing is available, it may not be available on terms favorable to the Company. Failure to secure additional financing on favorable terms when it becomes required would have an adverse effect on the Company's financial position and on its ability to execute its business plan.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to use its judgment to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates. Those estimates and assumptions include the going concern assessment, estimates for depreciable lives of property, plant and equipment and intangible assets, recoverability of property, plant and equipment, recoverability of tax credits receivable, assumptions made in calculating the fair value of stock-based compensation and other equity instruments, and the assessment of performance conditions for stock-based compensation awards.

Unearned revenue

Unearned revenue represents obligations to our customers for which payment has been received in advance of the delivery of goods or performance of services. Such revenue is recognized on the balance sheet as a contract liability until we fulfill our contractual obligations.

The timing of revenue recognition is based upon the transfer of control of the specified goods or services to the customer. For goods, this typically occurs at the time of shipment or delivery, depending on the terms of the contract. For services, revenue is recognized as the services are performed, either at a point in time or over a specified period.

Net earnings (loss) per share

The Company computes net loss per share in accordance with FASB ASC 260, *Earnings Per Share*. Basic earnings (loss) per share is computed by dividing the net income (loss) applicable to common stockholders by the weighted average number of shares of common stock outstanding during the year. The Company includes common stock issuable in its calculation. Diluted earnings (loss) per share is computed by dividing the net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method. Potential common shares are excluded from the computation if their effect is antidilutive.

For the three- and nine-month periods ended November 30, 2024 and 2023, the calculations of basic and diluted loss per share are the same because potential dilutive securities would have an antidilutive effect. As at November 30, 2024, the potentially dilutive securities consisted of 2,771,216 outstanding stock options (2023 – 2,772,000), 4,448,179 outstanding restricted stock units (2023 – 4,417,688), and 2,357,407 outstanding warrants (2023 – 7,089,400).

Table of Contents

Recently issued accounting pronouncements not yet adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-09—Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the transparency and decision usefulness of income tax disclosures. The amendments in this Update address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information and includes certain other amendments to improve the effectiveness of income tax disclosures. The updated standard is effective for our annual period beginning after December 15, 2024, which for the Company will be the annual period ending February 28, 2026. Early adoption is permitted. Management is currently evaluating the impact that the updated standard will have on our financial statement disclosures.

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The updated standard is effective for our annual period ending February 28, 2025. Management is currently evaluating the impact that the updated standard will have on our financial statement disclosures.

In August 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-05, Joint Venture Formations, which requires joint ventures to apply a new basis of accounting by measuring assets and liabilities at fair value upon formation. The amendments address diversity in practice by establishing requirements for recognition and measurement of net assets and liabilities on the formation date. The updated standard is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. Management is currently evaluating the impact that the updated standard will have on our consolidated financial statements and related disclosures.

3. Sales Tax, Tax Credits and Other Receivables

Sales tax, research and development tax credits and other receivables as at November 30, 2024 and February 29, 2024 were as follows:

	November 30, 2024	February 29, 2024
Sales tax	\$ 127	\$ 75
Research and development tax credits	57	160
Interest income receivable	-	70
Other receivables	16	46
	\$ 200	\$ 351

4. Inventories

Inventories as at November 30, 2024 and February 29, 2024 were as follows:

	November 30, 2024	February 29, 2024
Finished goods	\$ 515	\$ 552
Work in process	315	333
Raw materials	10	34
Allowance for inventory write-down	(762)	(817)
	\$ 78	\$ 102

As at November 30, 2024 and February 29, 2024, inventories included finished goods, work in process and raw materials. Finished goods inventories consist of bottle grade and fiber grade Loop™ PET resin. Work in process inventories consist of recycled monomers (dimethyl terephthalate ("rDMT") and monoethylene glycol ("rMEG"), either purified or yet to be purified, resulting from the depolymerization of PET feedstock. These monomers can be polymerized into Loop™ PET. Raw materials inventories consist of chemicals which are used as inputs in the PET depolymerization process. As at November 30, 2024 and February 29, 2024, finished goods and work in process inventories were presented at their net realizable value, while raw materials were presented at average cost. As at November 30, 2024, the Company recorded an allowance for inventory write-down of \$ 762 (February 29, 2024 – \$ 817) on finished goods and work in process inventories related to inventory volumes not expected to be sold in the next twelve months.

Table of Contents

5. Prepaid Expenses

Prepaid expenses as at November 30, 2024 and February 29, 2024 were as follows:

	November 30, 2024	February 29, 2024
Insurance	\$ 233	\$ 449
Other	160	128
	<u><u>\$ 393</u></u>	<u><u>\$ 577</u></u>

6. Property, Plant and Equipment, Net

	As at November 30, 2024		
	Cost	Accumulated depreciation, write-down and impairment	Net book value
Machinery and equipment	\$ 8,460	\$ (8,460)	\$ -
Building	1,770	(404)	1,366
Land	218	-	218
Building and Land Improvements	1,795	(1,608)	187
Office equipment and furniture	266	(173)	93
	<u><u>\$ 12,509</u></u>	<u><u>\$ (10,645)</u></u>	<u><u>\$ 1,864</u></u>

	As at February 29, 2024		
	Cost	Accumulated depreciation, write-down and impairment	Net book value
Machinery and equipment	\$ 8,460	\$ -	\$ 8,460
Building	1,827	(371)	1,456
Land	226	-	226
Building and Land Improvements	1,853	(1,472)	381
Office equipment and furniture	275	(162)	113
	<u><u>\$ 12,641</u></u>	<u><u>\$ (2,005)</u></u>	<u><u>\$ 10,636</u></u>

Depreciation expense for the three- and nine-month periods ended November 30, 2024 amounted to \$ 79 and \$ 249 , respectively (2023 – \$ 93 and \$ 295).

During the three-month period ended November 30, 2024 the Company recorded an impairment charge for machinery and equipment of \$ 8,460 . This impairment was due to the termination of the joint venture arrangement between the Company and SK Geo Centric Co. Ltd. ("SKGC") under which they had intended to construct and operate an Infinite Loop™ manufacturing facility in Ulsan, South Korea (see note 20 for additional details). The Company plans to utilize the equipment in a future commercial production facility. However, the deployment plans for the use of this equipment are not fully developed at this time and therefore the carrying value of the equipment was considered to be impaired, resulting in an expense of \$8,460 being recognized in the three-month period ended November 30, 2024.

7. Intangible Assets, Net

Intangible assets as at November 30, 2024 and February 29, 2024 were \$ 1,808 and \$ 1,548 , respectively.

During the nine-month periods ended November 30, 2024 and 2023, we made additions relating to patent application costs to intangible assets of \$ 454 and \$ 378 , respectively.

Amortization expense for the three- and nine-month periods ended November 30, 2024 amounted to \$ 53 and \$ 149 , respectively (2023 – \$ 38 and \$ 105).

[Table of Contents](#)

8. Fair Value of Financial Instruments

The following tables presents the fair value of the Company's financial liabilities as at November 30, 2024 and February 29, 2024:

	Fair Value at November 30, 2024		
	Carrying Amount	Fair Value	Level in the hierarchy
Financial liabilities measured at amortized cost:			
Long-term debt	\$ 3,186	\$ 3,248	Level 2
Due to customer	\$ 816	\$ 816	Level 2
Fair Value at February 29, 2024			
	Carrying Amount	Fair Value	Level in the hierarchy
Financial liabilities measured at amortized cost:			
Long-term debt	\$ 3,320	\$ 3,377	Level 2
Due to customer	\$ 770	\$ 770	Level 2

The fair value of cash, restricted cash, due to customer, credit facility, other receivables, and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as at November 30, 2024 and February 29, 2024 were as follows:

	November 30, 2024	February 29, 2024
Trade accounts payable	\$ 3,509	\$ 602
Accrued employee compensation	837	801
Accrued engineering fees	314	511
Accrued professional fees	293	274
Other accrued liabilities	133	133
	<u>\$ 5,086</u>	<u>\$ 2,321</u>

Table of Contents

10. Credit Facility

On July 26, 2022, Loop Canada, Inc., a wholly-owned subsidiary of the Company, entered into an Operating Credit Facility (the "Credit Facility") with a Canadian bank. The Credit Facility allows for borrowings of up to \$ 2,498 (CDN \$3,500) in aggregate principal amount and provides for a two-year term on amounts drawn. All borrowings under the Credit Facility bear interest at an annual rate equal to the bank's Canadian prime rate plus 1.0 %. The Credit Facility is collateralized by the Company's Terrebonne, Québec property and is subject to a minimum equity covenant, tested quarterly, with which the Company was not in compliance as at November 30, 2024. On December 12, 2024, the Company received a waiver from the bank, confirming they have no intention of demanding payment, provided that the Company receives capital injections for at least CDN \$10,000 by December 31, 2024 and CDN \$10,000 by January 31, 2025 . The Company received \$20,790 from Reed on December 23, 2024 which meets the requirements set forth in the waiver (see Note 20 for additional details). As at November 30, 2024, the Company borrowed \$ 2,372 under the Credit Facility. The Company recorded interest expense on the Credit Facility for the three- and nine-month periods ended November 30, 2024 in the amount of \$ 41 and \$ 86 , respectively (2023 – nil and nil).

11. Unearned revenue

As at November 30, 2024, unearned revenue was \$ 102 (2023 – nil), comprised of a payment received from a customer while the Company has not yet fulfilled its obligation to deliver rPET.

12. Long-Term Debt

Long-term debt as of November 30, 2024 and February 29, 2024, was comprised of the following:

	<u>November 30, 2024</u>	<u>February 29, 2024</u>
Investissement Québec financing facility:		
Principal amount	\$ 3,206	\$ 3,353
Unamortized discount	(156)	(191)
Accrued interest	136	158
Total Investissement Québec financing facility	3,186	3,320
Less: current portion of long-term debt	(519)	(100)
Long-term debt, net of current portion	<u>\$ 2,667</u>	<u>\$ 3,220</u>

Investissement Québec financing facility

The Company recorded interest expense on the Investissement Québec loan for the three- and nine-month periods ended November 30, 2024 in the amount of \$ 29 and \$ 87 , respectively (2023 – \$ 21 and \$ 63) and an accretion expense of \$ 13 and \$ 41 , respectively (2023 – \$ 18 and \$ 53). During the nine-month period ended November 30, 2024, the Company made repayments of \$ 60 (2023 – \$ 47) on the Investissement Québec loan.

Total repayments due on the Company's indebtedness over the next five years are as follows:

Years ending	Amount
February 28, 2025	\$ 20
February 28, 2026	664
February 28, 2027	664
February 29, 2028	664

February 28, 2029	665
Thereafter	665
Total	\$ 3,342

[Table of Contents](#)

13. Stockholders' Equity

Common Stock

	Number of shares	Amount
For the period ended November 30, 2024		
Balance, February 29, 2024	47,528,908	\$ 5
Issuance of shares upon settlement of restricted stock units	91,355	-
Balance, November 30, 2024	47,620,263	\$ 5

	Number of shares	Amount
For the period ended November 30, 2023		
Balance, February 28, 2023	47,469,224	\$ 5
Issuance of shares upon settlement of restricted stock units	51,963	-
Issuance of shares upon the exercise of stock options	7,721	-
Balance, November 30, 2023	47,528,908	\$ 5

During the nine months ended November 30, 2024, the Company recorded the following common stock transaction:

(i) The Company issued 91,355 shares of the common stock to settle restricted stock units that vested in the period.

During the nine months ended November 30, 2023, the Company recorded the following common stock transaction:

(i) The Company issued 51,963 shares of the common stock to settle restricted stock units that vested in the period.
 (ii) The Company issued 7,721 shares of the common stock to settle stock options exercised in the period.

14. Research and Development Expenses

Research and development expenses for the three-month periods ended November 30, 2024 and 2023 were as follows:

	November 30, 2024	November 30, 2023
Employee compensation	\$ 876	\$ 1,268
Machinery and equipment expenditures	41	4
External engineering	86	262
Plant and laboratory operating expenses	210	322
Patent legal fees	98	66
Tax credits	(34)	(221)
Other	100	132
	\$ 1,377	\$ 1,833

Research and development expenses for the nine-month periods ended November 30, 2024 and 2023 were as follows:

	November 30, 2024	November 30, 2023
Employee compensation	\$ 3,014	\$ 4,087
Machinery and equipment expenditures	44	1,240
External engineering	1,365	1,558
Plant and laboratory operating expenses	677	1,238
Patent legal fees	246	254
Tax credits	(69)	(269)
Other	282	253
	\$ 5,559	\$ 8,361

[Table of Contents](#)

15. General and Administrative Expenses

General and administrative expenses for the three-month periods ended November 30, 2024 and 2023 were as follows:

	November 30, 2024	November 30, 2023
Employee compensation	\$ 799	\$ 835
Insurance	453	645
Professional fees	595	720
Other	301	258
	\$ 2,148	\$ 2,458

General and administrative expenses for the nine-month periods ended November 30, 2024 and 2023 were as follows:

	November 30, 2024	November 30, 2023
Employee compensation	\$ 2,491	\$ 2,548
Insurance	1,421	2,058
Professional fees	2,858	2,251
Other	884	910
	\$ 7,654	\$ 7,767

16. Share-based Payments

Stock Options

The following table summarizes the continuity of the Company's stock options during the three-month periods ended November 30, 2024 and 2023:

	2024		2023	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, beginning of period	2,771,216	\$ 5.25	2,782,000	\$ 5.08
Granted	-	-	-	-
Exercised	-	-	(10,000)	0.80
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	2,771,216	\$ 5.25	2,772,000	\$ 5.10
Exercisable, end of period	2,040,000	\$ 6.12	1,810,000	\$ 6.53

The following tables summarizes the continuity of the Company's stock options during the nine-month periods ended November 30, 2024 and 2023:

	2024		2023	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, beginning of period	2,772,000	\$ 5.10	2,542,000	\$ 5.27
Granted	199,216	2.89	240,000	3.11
Exercised	-	-	(10,000)	0.80
Forfeited	(200,000)	0.80	-	-

Expired	-	-	-	-	-
Outstanding, end of period	<u>2,771,216</u>	\$ 5.25	2,772,000	\$ 5.10	
Exercisable, end of period	<u>2,040,000</u>	\$ 6.12	1,810,000	\$ 6.53	

[Table of Contents](#)

The Company applies the fair value method of accounting for stock-based compensation awards granted. Fair value is calculated based on a Black-Scholes option pricing model. The principal components of the pricing model for the stock options granted in the nine-month period ended November 30, 2024 and 2023 were as follows:

	2024	2023
Exercise price	\$ 2.89	\$ 3.11
Risk-free interest rate	4.09%	3.84%
Expected dividend yield	0%	0%
Expected volatility	73%	79%
Expected life	7 years	3 years

During the three-month periods ended November 30, 2024 and 2023, stock-based compensation expense attributable to stock options amounted to \$ 146 and \$ 168 , respectively. During the nine-month periods ended November 30, 2024 and 2023, stock-based compensation expense attributable to stock options amounted to \$ 441 and \$ 501 , respectively.

Restricted Stock Units

The following table summarizes the continuity of the restricted stock units during the three-month periods ended November 30, 2024 and 2023:

	2024	2023		
	Number of units	Weighted average fair value price	Number of units	Weighted average fair value price
Outstanding, beginning of period	<u>4,461,818</u>	<u>\$ 6.35</u>	<u>4,417,688</u>	<u>\$ 6.52</u>
Granted	-	-	-	-
Settled	-	-	-	-
Forfeited	<u>(13,639)</u>	<u>4.43</u>	-	-
Outstanding, end of period	<u>4,448,179</u>	<u>\$ 6.36</u>	<u>4,417,688</u>	<u>\$ 6.52</u>
Outstanding vested, end of period	<u>1,761,421</u>	<u>\$ 5.86</u>	<u>1,635,241</u>	<u>\$ 6.22</u>

The following table summarizes the continuity of the restricted stock units during the nine-month periods ended November 30, 2024 and 2023:

	2024	2023		
	Number of units	Weighted average fair value price	Number of units	Weighted average fair value price
Outstanding, beginning of period	<u>4,368,897</u>	<u>\$ 6.53</u>	<u>3,888,618</u>	<u>\$ 7.09</u>
Granted	184,276	2.25	585,364	2.93
Settled	<u>(91,355)</u>	<u>6.74</u>	<u>(51,963)</u>	<u>8.66</u>
Forfeited	<u>(13,639)</u>	<u>4.43</u>	<u>(4,331)</u>	<u>8.21</u>
Outstanding, end of period	<u>4,448,179</u>	<u>\$ 6.36</u>	<u>4,417,688</u>	<u>\$ 6.52</u>
Outstanding vested, end of period	<u>1,761,421</u>	<u>\$ 5.86</u>	<u>1,635,241</u>	<u>\$ 6.22</u>

The Company applies the fair value method of accounting for awards granted through the issuance of restricted stock units. Fair value is calculated based on the intrinsic value at grant date multiplied by the number of restricted stock unit awards granted.

During the three-month periods ended November 30, 2024 and 2023, stock-based compensation attributable to RSUs amounted to \$ 184 and \$ 229 , respectively. During the nine-month periods ended November 30, 2024 and 2023, stock-based compensation attributable to RSUs amounted to \$ 621 and \$ 639 , respectively.

[Table of Contents](#)

Stock-Based Compensation Expense

During the three-month periods ended November 30, 2024 and 2023, stock-based compensation included in research and development expenses amounted to \$ 106 and \$ 161 , respectively, and in general and administrative expenses amounted to \$ 224 and \$ 236 , respectively. During the nine-month periods ended November 30, 2024 and 2023, stock-based compensation included in research and development expenses amounted to \$ 367 and \$ 476 , respectively, and in general and administrative expenses amounted to \$ 695 and \$ 664 , respectively.

17. Equity Incentive Plan

On July 6, 2017, the Company adopted the 2017 Equity Incentive Plan (the "Plan"). The Plan permits the granting of warrants, stock options, stock appreciation rights and restricted stock units to employees, directors and consultants of the Company. A total of 3,000,000 shares of common stock were initially reserved for issuance under the Plan at July 6, 2017, with annual automatic share reserve increases, as defined in the Plan, amounting to the lesser of (i) 1,500,000 shares, (ii) 5 % of the outstanding shares on the last day of the immediately preceding fiscal year, or (iii) such number of shares determined by the Administrator of the Plan, effective March 1, 2018. On March 1, 2024, the share reserve was increased by 1,500,000 shares (2023 – 1,500,000). The Plan is administered by the Board of Directors who designates eligible participants to be included under the Plan, the number of awards granted, the share price pursuant to the awards and the vesting conditions and period. The awards, when granted, will have an exercise price of no less than the estimated fair value of shares at the date of grant and a life not exceeding 10 years from the grant date. However, where a participant, at the time of the grant, owns stock representing more than 10 % of the voting power of the Company, the life of the options shall not exceed 5 years.

The following table summarizes the continuity of the Company's Equity Incentive Plan units that were authorized for issuance as at and during the nine-month periods ended November 30, 2024 and 2023:

	2024 Number of units*	2023 Number of units*
Authorized, beginning of period	848,244	120,486
Automatic share reserve increase	1,500,000	1,500,000
Units granted	(383,492)	(825,364)
Units forfeited	213,639	4,331
Units expired	-	-
Authorized, end of period	<u>2,178,391</u>	<u>799,453</u>

*The use of the term "units" in the table above describes a combination of stock options and RSUs.

18. Warrants

During the nine-month period ended November 30, 2024, warrants for the purchase of 4,714,813 shares of our common stock, each with an exercise price of \$ 15.00 , expired, and warrants for the purchase of 17,180 shares of our common stock, each with an exercise price of \$ 11.00 also expired.

19. Contractual agreements

Strategic partnership with Ester Industries Ltd. ("Ester")

On May 1, 2024, the Company entered into an agreement with Ester, a manufacturer of polyester films and specialty polymers in India, to form a 50/50 joint venture based in India ("India JV"). The purpose of the India JV is to build and operate an Infinite Loop™ manufacturing facility in India which will

produce lower carbon footprint rDMT, rMEG and specialty polymers, using the Infinite Loop™ Technology. To date, no amounts have been contributed by the Company to the India JV.

Subject to the terms of the relevant governing documents, Ester will be the exclusive producer of specialty polymers for the India JV, and the Company will be the exclusive seller and marketing agent of the India JV's products. Ester and the Company are contacted to work in collaboration on all financing activities for the India JV pursuant to the terms of the agreement. Pursuant to the terms of the relevant governing documents, Loop and Ester parties are required to obtain debt for a minimum of 60% of the total installed cost of the Infinite Loop™ manufacturing facility in India and will each contribute 50% of the initial equity capital of the India JV .

[Table of Contents](#)

20. Subsequent events

Amended Agreement with Reed Management SAS ("Reed")

On December 12, 2024, the Company entered into an Amended and Restated Share Purchase Agreement (the "Amended Agreement") with Reed Management SAS ("Reed"), which amends the original Share Purchase Agreement dated May 30, 2024. To facilitate the closing of the transactions contemplated by the Amended Agreement, a simplified joint-stock company is in the process of being incorporated under French law ("Infinite Loop Europe"), to be owned 90 % by Reed and 10 % by Loop.

On December 23, 2024, the Company closed the financing and licensing transactions contemplated by the Amended Agreement. The Company issued and sold 1,044,430 shares of Series B Convertible Preferred Stock at \$ 10.00 per share to Reed Circular Economy ("RCE"), an affiliate of Reed. Additionally, the Company entered into a License Agreement with RCE, acting on behalf of Infinite Loop Europe, granting a non-transferable, royalty-bearing license to use Loop's proprietary depolymerization technology for one facility within Europe.

The Company received total cash proceeds of \$ 20,790 (€20,000) on December 23, 2024.

Terminated Agreement with SKGC

Effective January 14, 2025, Loop and SKGC have mutually agreed to terminate their joint venture agreement executed by the parties on April 27, 2023 to construct and operate an Infinite Loop™ manufacturing facility in Ulsan, South Korea.

[Table of Contents](#)

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

The following information and any forward-looking statements should be read in conjunction with the unaudited financial information and the notes thereto included in this Quarterly Report on Form 10-Q, including those risks identified in the "Risk Factors" section of our most recent Annual Report on Form 10-K.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of Loop Industries, Inc., a Nevada corporation (the "Company," "Loop," "we," or "our"), contains "forward-looking statements" within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and as defined in the United States Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of such terms and other

comparable terminology. These forward-looking statements include, without limitation, statements about our market opportunity, our strategies, ability to improve and expand our capabilities, competition, expected activities and expenditures as we pursue our business plan, the adequacy of our available cash resources, regulatory compliance, plans for future growth and future operations, the size of our addressable market, market trends, and the effectiveness of the Company's internal control over financial reporting. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Actual results may differ materially from the projections discussed in these forward-looking statements. The economic environment within which we operate could materially affect our actual results. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. These risks and other factors include, but are not limited to, those listed under "Risk Factors." Additional factors that could materially affect these forward-looking statements and/or projections include, among other things: (i) our ability to commercialize our technology and products, (ii) the status of our relationships with our partners, (iii) development and protection of our intellectual property and products, (iv) industry competition, (v) our need for and ability to obtain additional funding relative to our current and future financial commitments, (vi) our ability to continue as a going concern, (vii) engineering, contracting, and building our manufacturing facilities, (viii) our ability to scale, manufacture, and sell our products and to license our technology in order to generate revenues, (ix) our proposed business model and our ability to execute it, (x) our ability to obtain the necessary approvals or satisfy any closing conditions in respect of any of our proposed partnerships, (xi) our joint venture projects and our ability to recover certain expenditures in connection with them, (xii) adverse effects on the Company's business and operations as a result of increased regulatory, media, or financial reporting scrutiny, practices, rumors, or otherwise, (xiii) public health issues, such as disease epidemics, which may lead to reduced access to capital markets, supply chain disruptions, and government-imposed business closures, (xiv) war, regional tensions, and economic or other conflicts that could impact market stability and our business; (xv) the effect of the continuing worldwide macroeconomic uncertainty and its impacts, including inflation, market volatility and fluctuations in foreign currency exchange and interest rates, (xvi) the outcome of any SEC investigations or class action litigation filed against us, (xvii) our ability to hire and/or retain qualified employees and consultants, (xviii) other events or circumstances over which we have little or no control, and (xix) other factors discussed in our subsequent filings with the Securities and Exchange Commission (the "SEC").

Management has included projections and estimates in this Form 10-Q, which are based primarily on management's experience in the industry, assessments of our results of operations, discussions and negotiations with third parties, and a review of information filed by our competitors with the SEC or otherwise publicly available.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as at the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

We caution readers not to place undue reliance on any such forward-looking statements, which speak only as at the date made. Except as required by law, we disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Table of Contents

General

As used in this Quarterly Report on Form 10-Q, the following terms are being provided so investors can better understand our business:

Depolymerization refers to the chemical process of breaking down a polymer molecule into its constituent monomers or smaller subunits. Depolymerization is the opposite of polymerization.

DMT is an acronym for dimethyl terephthalate, which is a monomer used in the production of polyethylene terephthalate ("PET"), as well as other products.

MEG is an acronym for monoethylene glycol, which is a monomer used in the production of PET, as well as other products.

Polymerization refers to a process of reacting monomer molecules together in a chemical reaction to form polymer chains or three-dimensional networks.

PET is an acronym for polyethylene terephthalate, which is a resin and a type of polyester showing excellent tensile and impact strength, chemical resistance, clarity, and processability, and reasonable thermal stability. PET is the material which is most commonly used for the production of polyester fiber and plastic packaging, including plastic bottles for water and carbonated soft drinks, containers for food and other consumer products; it is commonly identified by the number "1", often inside an image of a triangle, on the packaging. PET is also used as a polyester fiber for a variety of applications including textiles, clothing and apparel.

rPET, rDMT and rMEG are acronyms for recycled PET, DMT and MEG.

All monetary amounts in this Quarterly Report on Form 10-Q are in thousands of U.S. dollars unless otherwise specified, except for per share data.

Introduction

Loop is a technology company whose mission is to accelerate the world's shift towards sustainable PET plastic and polyester fiber and away from the dependence on fossil fuels. Loop owns patented and proprietary technology that depolymerizes no and low-value waste PET plastic and polyester fiber ("Infinite Loop™ Technology"), including plastic bottles and packaging, carpets and textiles of any color, transparency or condition and even ocean plastics that have been degraded by the sun and salt, to its base building blocks (monomers). The monomers are filtered, purified and polymerized to create virgin-quality Loop™ branded PET resin suitable for use in food-grade packaging and polyester fiber, thus enabling our customers to meet their sustainability objectives. Loop is contributing to the global movement towards a circular economy by reducing and recovering plastic waste for a sustainable future.

We also intend to leverage the Infinite Loop™ Technology to expand into specialty chemicals and polymers through a unique product offering of lower carbon footprint rDMT, rMEG and specialty polymers. Loop intends to produce and sell rDMT, rMEG and other specialty polymers directly to chemical companies as a simple drop-in supplement and circular alternative. We believe this expanded product portfolio will enable the Infinite Loop™ Technology to reach new markets and cater to a broader range of customers across multiple industries including electronics, automotive, textile, cosmetics and packaging and other applications. This recent expansion in Loop's product offering is non-reliant on green premiums or carbon and plastic credits, and we believe it addresses a global shortage in supply of DMT and high demand for low carbon MEG, and lowers capital intensity for commercial projects with the removal of polymerization equipment.

The Company is presently in the planning stages of pursuing the construction of Infinite Loop™ commercial scale facilities. Loop is currently engaged in discussions to secure financing for its investments in the various planned manufacturing facilities and the sequencing of the manufacturing facilities will be determined in conjunction with the outcome of the Company's financing discussions and discussions with our partners.

[Table of Contents](#)

Background

Industry Background

We believe Loop's depolymerization technology offers a complementary solution to mechanical recycling by enabling the use of a wider variety of PET feedstock, including complex and degraded plastics as well as polyester fiber, to produce virgin quality rPET with no degradation through continued recycling.

Mechanically recycled PET plastic is produced principally through the conversion of bales of PET bottles. The materials have been collected and transported to a materials recovery facility, where they are sorted from other materials, baled, and sent to specific PET recycling facilities. The bales are broken and sorted to remove any non-PET materials. The PET is then ground and put through a separation process which separates the PET from the bottle cap and label materials. Clean PET flake is then further processed depending on its intended end market. It may become more highly refined PET

pellets for new bottles or extruded into PET sheet for clamshells, trays, and cups. Recycled PET is also spun into fiber for carpet, clothing, fiber fill, or other materials.

We believe mechanically recycled PET faces a number of challenges in meeting the quality specifications and growing volume requirements implied by commitments from major brands, mainly due to the cost and variety of acceptable PET feedstock. Some mechanical recycling processes involve remelting the PET flake which reduces the quality of the rPET output each time it is recycled relative to the specifications of virgin PET produced from fossil fuels. Each time PET plastic is mechanically recycled, its quality and clarity are reduced. Therefore, mechanically recycled PET may need to be mixed with virgin PET from fossil fuels to maintain quality. Lower quality mechanically recycled PET is often downcycled to alternate uses such as polyester fibers which may be dyed and used in carpets or clothing. Additionally, mechanically recycled PET manufactured for use in clear bottles or food containers requires predominantly clear and clean PET flakes separated from waste bales, and cannot accommodate colored or opaque PET flakes, lower quality fiber feedstock, or materially contaminated feedstock, which may be cheaper.

Depolymerization is a process in which plastics are broken down into their constituent molecules through chemical reactions, rather than being physically melted down and reprocessed as in mechanical recycling. This approach, which we utilize, has several advantages over mechanical recycling, which can have limitations due to the complexity and diversity of plastics.

One of the main limitations of mechanical recycling is that it is difficult to recycle plastics that have been contaminated or degraded. For example, if a plastic container has been exposed to heat or sunlight, it may become brittle and prone to breaking during the recycling process. Another limitation of mechanical recycling is that it is difficult to recycle certain types of plastics, such as multi-layered or composite plastics. These plastics are often used in food packaging or other products that require specialized properties like barrier protection or insulation. Depolymerization, however, can break down these degraded or complex plastics into their constituent molecules, which can then be purified and used to create new products.

Loop's depolymerization technology has the potential to create a closed-loop system for plastic waste, whereby plastics can be recycled an infinite number of times without degrading the quality of the material. This is because the constituent molecules can be broken down and reassembled without losing their original properties, which can reduce the need for new plastics to be produced.

We believe Loop's depolymerization technology offers a promising solution to the limitations of mechanical recycling by enabling the recirculation of more diverse and complex plastics, reducing waste and pollution, and creating a closed-loop system for plastic waste.

Our depolymerization technology breaks down waste PET into DMT and MEG. The monomers are purified and then recombined into virgin quality PET plastic and polyester fiber. We use low value PET plastic and polyester fiber waste as feedstock. Our technology can process PET plastic bottles and packaging of any color, transparency or condition, carpet, clothing and other polyester textiles that may contain colors, dyes, or additives, and even PET plastics that have been recovered from the ocean and degraded by exposure to sun and salt. We believe that our ability to use many materials that mechanical recyclers cannot process is an important advantage of Loop™ PET resin and further expands the range of PET waste streams that may be recycled. This also means we are creating a new market for materials that have persistently been leaking out of the waste management system and into shared rivers, oceans and natural areas.

Table of Contents

Currently, the DMT market is largely dominated by a few key players, leaving limited options for customers and high market concentration. Additionally, the market is experiencing a global shortage of DMT, amplifying market challenges and creating a pressing need for alternative sources. The introduction of Loop's rDMT has the potential to shift the market dynamic by offering a sustainable alternative to traditional DMT produced from fossil fuels.

In parallel, low-carbon MEG is in high demand and customers are increasingly seeking alternative solutions, but market options are limited and costly. As sustainability concerns intensify and regulatory pressures mount, the demand for low carbon MEG solutions is expected to continue to grow. Loop's rMEG has the potential to address a gap in the market and help fulfill customers' needs by offering a lower carbon footprint recycled alternative to the current market options for MEG.

Agreement with Reed Management SAS ("Reed")

On December 12, 2024, the Company entered into an Amended and Restated Share Purchase Agreement (the "Amended Agreement") with Reed, a European investment firm focused on high impact and technology-enabled infrastructure majority-owned by the bank Societe General. The Amended Agreement amends the original Share Purchase Agreement dated May 30, 2024 previously reported by the Company in a current report on Form 8-K filed on June 4, 2024. To facilitate the closing of the transactions contemplated by the Amended Agreement and to develop Infinite Loop™ manufacturing facilities in Europe, a simplified joint-stock company is in the process of being incorporated under French law ("Infinite Loop Europe"), to be owned 90% by Reed and 10% by Loop.

On December 23, 2024, the Company closed the financing and licensing transactions contemplated by the Amended Agreement. The Company issued and sold 1,044,430 shares of Series B Convertible Preferred Stock at \$10.00 per share to Reed Circular Economy ("RCE"), an affiliate of Reed. Additionally, the Company entered into a License Agreement with RCE, acting on behalf of Infinite Loop Europe (in process of incorporation), granting a non-transferable, royalty-bearing license to use Loop's proprietary depolymerization technology for one facility within Europe.

The Company received total cash proceeds of \$20,790 (€20,000) on December 23, 2024. The Company anticipates entering into a Securityholders Agreement with RCE to establish the framework for the governance, ownership, and operations of Infinite Loop Europe upon completion of its incorporation.

Key terms of the Series B Convertible Preferred Stock include:

- 13% PIK dividend rate
- 5-year term
- Convertible to Loop common stock at \$4.75 per share or redeemable in cash

We believe the financing and licensing transactions mark a pivotal step in Loop's commercialization strategy, enabling the deployment of its patented recycling technology across Europe and supporting capital investment in cost-effective manufacturing regions, including its joint venture in India with strategic partner Ester Industries Ltd. Proceeds from these transactions are intended to be used to fund the Indian project and Loop's operational cash

flow needs.

Under the expected terms of the partnership with RCE, Loop retains the right to increase its equity stake in the European manufacturing facility, as well as potential future facilities, to a maximum of 50% for each facility. The license is to build one Infinite Loop™ manufacturing facility in Europe. Future facilities under this partnership would require the purchase of additional technology licenses from Loop.

We believe the license sale underscores the commercial readiness of Loop's technology, validated by four years of successful operations at its Terrebonne facility, which supplies bottle-grade PET resin for consumer packaging and textile ("T2T") polyester fiber to advance circular fashion for apparel brands. Loop is committed to expanding the reach of its proven solution to the plastic waste global issue by partnering with well-financed, reliable customers through technology licenses and engineering services. This strategy allows Loop to address global demand in regions where it does not plan to build facilities, driving further growth and value creation while focusing Loop's internal resources and capital on direct equity investments.

[Table of Contents](#)

[Strategic partnership with Ester Industries Ltd. \("Ester"\)](#)

On May 1, 2024 Loop entered into an agreement with Ester, one of India's leading manufacturers of polyester films and specialty polymers, to form a 50/50 India joint venture ("India JV"). The purpose of the India JV is to build and operate an Infinite Loop™ manufacturing facility in India which will produce a unique product offering of lower carbon footprint rPET, rDMT, rMEG and specialty polymers, using the Infinite Loop™ Technology, in order to meet strong growth in demand from leading global brands in different sectors, including strong demand for T2T polyester fiber to enable circular fashion for apparel brands.

Loop and Ester have a well-established working relationship, with Ester producing Loop™ PET using monomers produced at Loop's Terrebonne Facility for global brand companies over the last four years. The India JV intends to leverage the complementary skill set of each partner by combining Loop's

innovative technology and global customer relationships with Ester's nearly 40 years of specialized polymer production, operational proficiency, and local expertise, including sourcing of PET plastic and polyester fiber waste feedstocks. The India facility will leverage the Infinite Loop™ Technology and existing engineering package which should accelerate the lead-time towards groundbreaking.

The Infinite Loop™ India facility is expected to produce 70,000 tonnes of rDMT and 23,000 tonnes of rMEG annually and Ester will toll convert the rDMT and rMEG into various grades of specialty polymers, including T2T polyester fiber grade rPET and bottle-grade rPET, offering chemical companies a simple drop-in supplement and circular alternative.

We believe the India JV offers attractive projected economic returns without the need for substantial sustainability-linked premium pricing. Loop and Ester anticipate that initial funding required to finance the India JV for the purposes of construction, development and operationalization of the project along with initial working capital requirements for the business is expected to be \$165 million which is expected to be financed by a combination of debt and equity capital. Ester and Loop will each contribute 50% of the initial equity capital of the India JV.

Subject to the terms of the relevant governing documents, Ester will be the exclusive producer of specialty polymers for the India JV, and Loop will be the exclusive seller and marketing agent of the India JV's products. Ester and Loop will work in collaboration on all financing activities for the India JV pursuant to the terms of the agreement.

Loop and Ester will also enter into (i) a technology license agreement with Loop (the "Loop Technology License Agreement"), (ii) a service agreement with Ester, and (iii) a sales and marketing agreement with Loop, each on terms to be mutually agreed upon by the parties. Pursuant to the Loop Technology License Agreement, the India JV will be granted an exclusive, subject to certain exceptions, license to exploit the Infinite Loop™ Technology in India at a royalty rate to be set forth in the Loop Technology License Agreement.

The development of the India facility continues to progress well towards groundbreaking. Following the completion of a detailed land study by an external engineering firm, the India JV partners have identified the Gujarat province of India as the optimal location for the facility based on several key requirements such as infrastructure, proximity to a seaport for exports, renewable energy for a reduction in CO₂ emissions and close proximity to waste PET and polyester feedstocks. Additionally, feedstock sourcing for the facility, in which there is abundant supply from textile waste in India, is well advanced. Two globally recognized firms have been engaged for two key mandates for the India JV. A globally renowned engineering firm has been entrusted with the local engineering work, while a Big Four accounting firm has been appointed to lead the debt syndication process.

Groundbreaking is currently expected to occur in the second quarter of 2025, with construction completion expected by late 2026 and commercial operations projected to commence in 2027.

Table of Contents

Termination of Partnership with SK Geo Centric ("SKGC")

Effective January 14, 2025, Loop and SKGC have mutually agreed to terminate their joint venture agreement executed by the parties on April 27, 2023 to construct and operate an Infinite Loop™ manufacturing facility in Ulsan, South Korea. This joint decision reflected Loop's strategy to focus capital deployment in low-cost jurisdictions and prioritize a licensing and engineering services model in higher cost countries, as well as a strategic restructuring and re-orientation within the SK Group.

Although SKGC currently intends to maintain its financial investment in Loop and continues to have the right to nominate a director on Loop's Board of Directors (the "Board"), Mr. Jonghyuk Lee resigned from the Board on January 13, 2025 with immediate effect, due to a change in his role within the restructured SKGC organization.

Suspension of European partnership with SUEZ Group ("Suez") and SKGC

On September 10, 2020, we announced a strategic partnership with Suez, with the objective to build the first Infinite Loop™ manufacturing facility in Europe. On June 16, 2022, Loop, together with Suez and SKGC, announced that the three companies would become equal participants in the strategic partnership. The Company, Suez and SKGC have mutually agreed to suspend the project, and Loop will now continue to develop commercialization plans in Europe through its partnership with Reed as discussed above.

Product activations

Loop has collaborated with multiple customers in recent and upcoming launches for products and product packaging incorporating Loop™ PET manufactured from monomers produced at Loop's small-scale production facility in Terrebonne, Québec (the "Terrebonne Facility").

Most recently, Loop and On AG, the Swiss sportswear brand, collaborated to launch the Cloudeasy Cyclon shoe which was unveiled on May 21, 2024. The upper of the Cloudeasy shoe is crafted with 100% recycled and infinitely recyclable yarn, using the Infinite Loop™ Technology. On AG is the first footwear company to launch a shoe using the Infinite Loop™ Technology which enables fiber-to-fiber recycling. The Cloudeasy Cyclon shoe is part of On AG's monthly subscription service Cyclon™ where customers receive, wear, and then return Cyclon™ products, which are then recycled.

Loop continues to pursue opportunities for new activations and marketing campaigns with additional consumer goods brand companies.

Commercialization Strategy

Our objective is to achieve global expansion of the Infinite Loop™ Technology through a mix of fully owned manufacturing facilities, strategic partnerships, and licensing agreements. We believe that industrial companies, some of which today may not be in the business of manufacturing DMT, MEG, PET resin, polyester fiber or other specialty polymers, will view involvement with Infinite Loop™ projects as a significant growth opportunity, which may offer attractive economic returns either as Loop manufacturing partners or as licensees of the technology.

The Infinite Loop™ Technology is the key pillar of our commercialization blueprint. We believe our technology is at the forefront of the global transition away from fossil fuels and petrochemicals and into the circular economy, where PET plastic and polyester fiber are produced by recycling waste plastic rather than depleting finite resources. The Infinite Loop™ Technology allows for waste PET plastic and polyester fiber to be broken down into its base building blocks, monomers DMT and MEG, using Loop's patented technology. Once the monomers are purified, they can be sold directly to chemical companies, used in the production of specialty polymers, or repolymerized into PET plastic or polyester fiber using INVISTA know how, which Loop licenses, and Chemtex Global Corporation's engineering. The INVISTA polymerization process and the associated designs are historically proven in the commercial production of PET resin and polyester fiber.

We have completed our basic design package for the Infinite Loop™ full-scale manufacturing facilities. The engineering philosophy we have adopted is "design one, build many." This approach allows for the basic design package to be used as the base engineering platform for all future geographical expansion. We believe this approach allows for quick execution, speed to market, and lends itself well to modular construction. The basic design package has a capacity of up to 70,000 M/T of rDMT and 23,000 M/T of rMEG, or 70,000 M/T of PET resin output per year, or a combination thereof. Permitting, site and regulatory considerations may impact plant capacity.

Table of Contents

On May 1, 2024, we announced our strategic partnership with Ester to build and operate an Infinite Loop™ manufacturing facility in India which will produce a unique product offering of lower carbon footprint rPET, rDMT, rMEG and specialty polymers, using the Infinite Loop™ Technology, in order to meet strong growth in demand from leading global brands in different sectors, including strong demand for T2T polyester fiber to enable circular fashion for apparel brands. Loop has a well-established working relationship with Ester, which has nearly 40 years of specialized polymer production, operational proficiency, and local expertise, including sourcing of PET plastic and polyester fiber waste feedstocks. The India facility will leverage the Infinite Loop™ Technology and existing engineering package which should accelerate the lead-time towards groundbreaking.

Demand from leading global brands in different sectors continues to rise, including strong demand for textile-to-textile polyester fiber to enable circular fashion for apparel brands.

The global expansion plan for our technology will allow our customers, mostly comprised of CPG brand companies, apparel companies, and chemical companies, to integrate Loop™ PET resin, polyester fiber, rDMT and rMEG into their products and packaging. We believe as countries around the globe continue to increase sustainability targets and recycled content mandates, our customers will increase the use of sustainably produced materials into their products.

Our market strategy is to assist global consumer goods brands in meeting their public sustainability commitments by offering co-branded packaging or polyester fibers that are made with Loop 100% recycled, virgin-quality MEG, DMT, PET or polyester fibers. We believe that Loop™ recycled PET resin and polyester fiber could command premium pricing over virgin, petroleum-based PET resin and provide attractive economic returns. We are targeting multi-year take or pay offtake agreements for planned Infinite Loop™ production. Factors under consideration in determining project economics include

the feasibility design engineering and cost estimate work, timing and permitting of a facility, customer offtake demand, commitment terms, and feedstock sources, quality, availability, PET bale index pricing, logistics, and ramp up, among others.

The Company's ability to move to the next stage of its strategic development and construct manufacturing plants is dependent on, among other factors, whether the Company can obtain the necessary financing through a combination of the issuance of debt, equity, and/or joint ventures, and/or government incentive programs and/or customers.

Human Capital

As of November 30, 2024, we had 50 employees of which 21 work in research and development, 17 in engineering and operations, and 12 in administrative functions.

[Table of Contents](#)

Results of Operations

The following table summarizes our operating results for the three-month periods ended November 30, 2024, and 2023, in thousands of U.S. Dollars.

	Three months ended November 30,		
	2024	2023	Change favorable / (unfavorable)
Revenue from contracts with customers	\$ 52	\$ 26	\$ 26
Expenses			

Research and development			
External engineering	86	262	176
Employee compensation	770	1,107	337
Stock-based compensation	106	161	55
Machinery and equipment expenditures	41	4	(37)
Plant and laboratory operating expenses	210	322	112
Patent legal fees	98	66	(32)
Tax credits	(34)	(221)	(187)
Other	100	132	32
Total research and development	1,377	1,833	456
General and administrative			
Professional fees	595	720	125
Employee compensation	576	599	23
Stock-based compensation	224	236	12
Insurance	453	645	192
Other	300	258	(42)
Total general and administrative	2,148	2,458	310
Depreciation and amortization	132	131	(1)
Impairment of assets	8,460	-	(8,460)
Interest and other financial expenses	110	42	(68)
Interest income	(23)	(166)	(143)
Foreign exchange loss (gain)	(240)	(28)	212
Total expenses	11,964	4,270	(7,694)
Net loss	\$ (11,912)	\$ (4,244)	\$ (7,668)

Third Quarter Ended November 30, 2024

Revenues

Revenues for the three-month period ended November 30, 2024, increased \$26 to \$52, as compared to \$26 for the same period in 2023. The revenues resulted from the delivery of initial volumes to customers of Loop™ PET resin produced using monomers manufactured at the Terrebonne Facility.

Research and Development

Research and development expense for the three-month period ended November 30, 2024, decreased \$456 to \$1,377, as compared to \$1,833 for the same period in 2023. The decrease was primarily attributable to a \$392 decrease in employee compensation, including stock-based compensation, and a \$176 decrease in external engineering costs for design work for our Infinite Loop™ manufacturing process. These decreases were partially offset by a \$187 decrease in tax credits related to our scientific research and experimental development claim.

[Table of Contents](#)

General and administrative expenses

General and administrative expenses for the three-month period ended November 30, 2024, decreased \$310 to \$2,148, as compared to \$2,458 for the same period in 2023. The decrease was primarily attributable to a \$192 decrease in insurance expenses which is mainly attributable to a favourable renewal of D&O insurance.

Impairment of assets

Impairment of assets expense increased by \$8,460 for the three-month period ended November 30, 2024, reflecting an impairment charge for machinery and equipment of \$8,460. This impairment was due to the termination of the joint venture arrangement between the Company and SKGC under which they had intended to construct and operate an Infinite Loop™ manufacturing facility in Ulsan, South Korea. The Company plans to utilize the equipment in a future commercial production facility. However, the deployment plans for the use of this equipment are not fully developed at this time and therefore the carrying value of the equipment was considered to be impaired, resulting in an expense of \$8,460 being recognized in the three-month period ended November 30, 2024.

Net Loss

The net loss for the three-month period ended November 30, 2024, increased \$7,668 to \$11,912, as compared to \$4,244 for the same period in 2023. The increase is primarily due to the impairment of equipment of \$8,460, offset by the \$456 decrease in research and development expenses and the \$310 decrease in general and administrative expenses.

Nine Months Ended November 30, 2024

The following table summarizes our operating results for the nine-month periods ended November 30, 2024, and 2023, in thousands of U.S. Dollars.

	Nine months ended November 30,		
	2024	2023	Change
Revenue from contracts with customers	\$ 81	\$ 108	\$ (27)
Expenses			
Research and development			
External engineering	1,365	1,558	193
Employee compensation	2,647	3,611	964
Machinery and equipment expenditures	44	1,240	1,196
Stock-based compensation	367	476	109
Plant and laboratory operating expenses	677	1,238	561
Patent legal fees	246	254	8
Tax credits	(69)	(269)	(200)
Other	282	253	(29)
Total research and development	5,559	8,361	2,802

General and administrative			
Professional fees	2,858	2,251	(607)
Employee compensation	1,796	1,884	88
Stock-based compensation	695	664	(31)
Insurance	1,421	2,058	637
Other	884	910	26
Total general and administrative	7,654	7,767	113
Depreciation and amortization	398	400	2
Impairment of assets	8,460	-	(8,460)
Interest and other financial expenses	289	140	(149)
Interest income	(155)	(484)	(329)
Foreign exchange loss (gain)	(184)	(81)	103
Total expenses	22,021	16,103	(5,918)
Net loss	\$ (21,940)	\$ (15,995)	\$ (5,945)

[Table of Contents](#)

Revenues

Revenues for the nine-month period ended November 30, 2024, decreased \$27 to \$81, as compared to \$108 for the same period in 2023. The revenues resulted from the delivery of initial volumes to customers of Loop™ PET resin produced using monomers manufactured at the Terrebonne Facility.

Research and Development

Research and development expense for the nine-month period ended November 30, 2024, decreased \$2,802 to \$5,559, as compared to \$8,361 for the same period in 2023. The decrease was primarily attributable to a \$1,196 decrease in purchases of machinery and equipment for the Terrebonne Facility, a \$1,073 decrease in employee compensation expenses, including stock-based compensation, and a \$561 decrease in plant and laboratory expenses to operate our Terrebonne Facility.

General and administrative expenses

General and administrative expenses for the nine-month period ended November 30, 2024, decreased \$113 to \$7,654, as compared to \$7,767 for the

same period in 2023. The decrease was primarily attributable to a decrease in insurance expenses of \$637, partially offset by a \$607 increase in professional fees.

Impairment of assets

Impairment of assets expense increased by \$8,460 for the nine-month period ended November 30, 2024, reflecting an impairment charge for machinery and equipment of \$8,460. This impairment was due to the termination of the joint venture arrangement between the Company and SKGC under which they had intended to construct and operate an Infinite Loop™ manufacturing facility in Ulsan, South Korea. The Company plans to utilize the equipment in a future commercial production facility. However, the deployment plans for the use of this equipment are not fully developed at this time and therefore the carrying value of the equipment was considered to be impaired, resulting in an expense of \$8,460 being recognized in the three-month period ended November 30, 2024.

Net Loss

The net loss for the nine-month period ended November 30, 2024, increased \$5,945 to \$21,940, as compared to \$15,995 for the same period in 2023. The increase is primarily due to the impairment of equipment of \$8,460, which was offset by a decrease in research and development expenses of \$2,802.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Since its inception, the Company has been in the pre-commercialization stage with no material revenues, and its ongoing operations and commercialization plans have been financed primarily by raising equity. The Company has incurred net losses and negative cash flow from operating and investing activities since its inception and expects to incur additional net losses while it continues to develop and plan for commercialization. To date, we have been successful in raising capital to finance our ongoing operations. Our liquidity position consists of cash and cash equivalents on hand of \$323 and an undrawn senior loan facility from a Canadian bank of \$127 at November 30, 2024. Also, current liabilities exceeded current assets by \$7,085 as at November 30, 2024.

As disclosed above, on December 23, 2024, the Company received proceeds of \$20,790 from the closing of transactions with Reed, consisting of the issuance of Series B Convertible Preferred Stock and its first technology licensing agreement. Our liquidity position is subject to risks and uncertainties, including those discussed under "Cautionary Statements Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q and the Risk Factors section included in Part I, Item 1A of our 2024 Annual Report on Form 10-K.

[Table of Contents](#)

Management continuously monitors the Company's cash resources against its short-term cash commitments to ensure there is sufficient liquidity to fund its costs for at least twelve months from the financial statement issuance date. It evaluates the Company's liquidity to determine if there is substantial doubt about its ability to continue as a going concern. In preparing this going concern assessment, management applies significant judgment in estimating future cash flow requirements of the Company based on budgets and forecasts, which includes developing assumptions related to the estimation of amount and timing of future cash outflows and inflows. Based on this assessment and considering the \$20,790 proceeds received on December 23, 2024, management is comfortable that current available liquidity will be sufficient to meet the Company's obligations, commitments and budgeted expenditures for no less than twelve months from the issuance date of the unaudited interim condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

The Company's ability to move to the next stage of its strategic development and construct manufacturing plants is dependent on, among other factors, whether the Company can obtain the necessary financing through a combination of further technology licensing arrangements, government incentive programs, and/or the issuance of debt and/or equity. However, there is no assurance that the Company will be successful in attracting additional funding. Even if additional financing is available, it may not be available on terms favorable to the Company. Failure to secure additional financing on favorable terms when it becomes required would have an adverse effect on the Company's financial position and on its ability to execute its business plan.

We have a long-term debt obligation to Investissement Québec in connection with a financing facility (the "Financing Facility") for the expansion of the Terrebonne Facility up to a maximum of \$3,283. We received the first disbursement in the amount of \$1,577 on February 21, 2020 and the second disbursement in the amount of \$1,706 on August 26, 2021. The loan can be repaid at any time by us without penalty. The loan's interest rate was initially set at 2.36% and there was a 36-month moratorium on both capital and interest repayments as of the first disbursement date. Under the original terms of the Financing Facility, at the end of the 36-month moratorium, capital and interest was repayable in 84 monthly installments. There is no remaining amount available under the Financing Facility after the second disbursement.

On November 21, 2022, the Company and Investissement Québec entered into an agreement to amend the existing Financing Facility which modifies the repayments of the principal amount (the "Financing Facility Amendment"). As per the Financing Facility Amendment, a total of \$37 of the principal amount was repaid in monthly installments in the fiscal year ended February 29, 2024 and the remainder of the principal amount is repayable in 72 monthly installments. The Financing Facility Amendment did not modify the interest rates, the repayment terms of accrued interest or any other terms of the Financing Facility.

On February 28, 2024, the Company and Investissement Québec entered into an agreement to amend the existing Financing Facility which modified the repayments of the principal amount (the "Second Financing Facility Amendment"). As per the Second Financing Facility Amendment, a total of \$74 of the principal amount is repayable in monthly installments in the fiscal year ending February 28, 2025, with the remainder of the principal amount being repayable in 60 monthly installments. Pursuant to the Second Financing Facility Amendment the interest rate of the Financing Facility was increased from 2.36% to 3.36%. The Second Financing Facility Amendment did not modify the repayment terms of accrued interest or any of the other terms of the

Financing Facility that are not mentioned above.

On September 18, 2024, the Company and Investissement Québec entered into an agreement to amend the existing Financing Facility which modified the repayments of the principal amount (the "Third Financing Facility Amendment"). As per the Third Financing Facility Amendment, the Company will benefit from a partial capital moratorium period from September 1, 2024 to March 1, 2025 resulting in payments of \$18 for this period. Following the moratorium period, the principal amount will be repayable in 60 equal consecutive monthly installments until February 28, 2030. Monthly capitalized interest payments will continue as scheduled. The Third Financing Facility Amendment did not modify any other terms of the Financing Facility.

Under the terms of the Financing Facility, Investissement Québec was also issued warrants to purchase shares of our common stock in an amount equal to 10% of each disbursement up to a maximum aggregate amount of \$339. On February 21, 2020, upon the receipt of the first disbursement under this facility, we issued a warrant to purchase 15,153 shares of common stock at a price of \$11.00 to Investissement Québec, which expired in February 2023. On August 26, 2021, upon the receipt of the second disbursement under this facility, we issued a warrant to purchase 17,180 shares of common stock at a price of \$11.00 to Investissement Québec, which expired in August 2024.

[Table of Contents](#)

On July 26, 2022, Loop Canada, Inc., a wholly-owned subsidiary of the Company, entered into an Operating Credit Facility (the "Credit Facility") with a Canadian bank. The Credit Facility allows for borrowings of up to \$2,498 in aggregate principal amount and provides for a two-year term on amounts drawn. All borrowings under the Credit Facility bear interest at an annual rate equal to the bank's Canadian prime rate plus 1.0%. The Credit Facility is secured by the Company's Terrebonne, Québec property and is subject to a minimum equity covenant, tested quarterly, with which the Company was not in compliance as at November 30, 2024. On December 12, 2024, the Company received a waiver from the bank, confirming they have no intention of demanding payment, provided that the Company receives capital injections of at least CDN \$10,000 by December 31, 2024 and CDN \$10,000 by January 31, 2025. The Company received \$20,790 from Reed on December 23rd, 2024 which meets the requirements set forth in the waiver. As at November 30, 2024, the Company borrowed \$2,372 under the Credit Facility.

Flow of Funds

Summary of Cash Flows

A summary of cash flows for the nine months ended November 30, 2024 and 2023 was as follows, in thousands of U.S. Dollars:

	Nine Months Ended November 30,	
	2024	2023
Net cash used in operating activities	\$ (8,635)	\$ (14,762)
Net cash used in investing activities	(86)	(5,453)
Net cash provided by (used in) financing activities	2,312	(47)
Effect of exchange rate changes on cash	(226)	37
Net decrease in cash	\$ (6,635)	\$ (20,255)

Net Cash Used in Operating Activities

During the nine-month period ended November 30, 2024, we used \$8,635 in operations compared to \$14,762 during the nine-month period ended November 30, 2023. As discussed above in the Results of Operations, the year-over-year decrease is mainly due to decreased operating expenses as we have completed the upgrade of the Terrebonne Facility, partially offset by increased legal costs related to our partnerships with Reed and Ester.

Net Cash Used in Investing Activities

During the nine months ended November 30, 2024, we used \$86 in investing activities compared to \$5,453 during the nine-month period ended November 30, 2023. During the nine-month period ended November 30, 2023, we made \$5,065 in deposits on long-lead equipment for use in a commercial project. During the nine-month period ended November 30, 2024, we made investments in intangible assets of \$454, as compared to \$378 for the same period in 2023, particularly in our patent technology in the United States and around the world. Also, during the nine-month period ended November 30, 2024 we received a cash distribution of \$368 from our JV with Indorama.

Net Cash Provided by (Used in) Financing Activities

During the nine months ended November 30, 2024, we borrowed \$2,372 under the Credit Facility and we repaid \$60 of long-term debt. During the nine months ended November 30, 2023, we repaid \$47 of long-term debt.

[Table of Contents](#)

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined by Rule 229.10(f)(1).

ITEM 4. CONTROLS AND PROCEDURES

Management’s Evaluation of our Disclosure Controls and Procedures

A. Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this Quarterly Report, the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s “disclosure controls and procedures” (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), pursuant to Rule 13a-15(b) of the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of November 30, 2024.

B. Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended November 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

SEC Investigation

As previously disclosed, we received a subpoena from the SEC in October 2020 requesting certain information from us, including information regarding testing, testing results and details of results from our GEN I and GEN II technologies, and certain of our partnerships and agreements. In March 2022, we received a second subpoena requesting additional information, including information concerning our reverse-merger in 2015, and communications with certain individuals and entities. There have been no additional information requests from the SEC relating to the Company's business or technology.

The SEC informed us that its investigation does not mean that the SEC has concluded that anyone has violated the law and that the investigation does not mean that the SEC has a negative opinion of us. We cannot predict when this matter will be resolved or what, if any, action the SEC may take following the conclusion of the investigation.

On September 30, 2022, the SEC filed a complaint (the "SEC complaint") against several named defendants ("Defendants"), and also identified as a relief defendant Daniel Solomita, our Chief Executive Officer. The SEC complaint does not allege wrongdoing by the Company or Mr. Solomita. The SEC complaint identifies Mr. Solomita and an entity he owns as relief defendants because they purportedly received monies from the Defendants in 2015 that the SEC alleges were derived from the Defendants' fraud. The SEC complaint does not allege that Mr. Solomita was aware of the alleged wrongdoing by the Defendants and does not allege that he was aware that any alleged monies received were derived from fraud.

Litigation

From time to time, we may become involved in various lawsuits and legal proceedings or investigations which arise in the ordinary course of business. Except as noted above, we are not presently a party to any legal proceedings, government actions, administrative actions, investigations or claims that are pending against us or involve us that, in the opinion of our management, could reasonably be expected to have a material adverse effect on our business, financial condition or operating results. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

It is possible that we may expend financial and managerial resources in the defense of our intellectual property rights in the future if we believe that our rights have been violated. It is also possible that we may expend financial and managerial resources to defend against claims that our products and services infringe upon the intellectual property rights of third parties.

ITEM 1A. RISK FACTORS

We are subject to various risks and uncertainties in the course of our business. Risk factors relating to us are set forth under "Risk Factors" in our Annual Report on Form 10-K, filed on May 29, 2024. No material changes to such risk factors have occurred during the three months ended November 30, 2024.

[Table of Contents](#)

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

a) The information set forth below is included herein for the purpose of providing the disclosure required under "Item 1.02 Termination of a Material Definitive Agreement." of Form 8-K.

As previously reported in the current report on Form 8-K filed with the SEC on May 2, 2023, on April 27, 2023, the Company and SKGC entered into a joint venture agreement regarding, among other things, the construction and operation of an Infinite Loop™ manufacturing facility in Ulsan, South Korea. On January 14, 2025, this agreement was mutually terminated by the parties in accordance with its terms. This joint decision reflected Loop's strategy to focus capital deployment in low-cost jurisdictions and prioritize a licensing and engineering services model in higher-cost countries, as well as a strategic restructuring and reorientation within the SK Group. There is no penalty incurred by either party as a result of the termination.

SKGC is a shareholder of the Company, currently holding common stock representing approximately 9.9% of the Company's outstanding shares of common stock, and is also a party to an investor rights agreement among SKGC, the Company, and Daniel Solomita, dated July 29, 2021 (the "Investor Rights Agreement"). Under this agreement, SKGC continues to retain the right to nominate a director to the Company's board of directors following Mr. Jonghyuk Lee's resignation as described below.

b) The information set forth below is included herein for the purpose of providing the disclosure required under "Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers." of Form 8-K.

On January 13, 2025, Mr. Jonghyuk Lee, as the initial designee under the Investor Rights Agreement, resigned from the board of directors of the Company with immediate effect. This resignation was due to a change in his role within the restructured SKGC organization, and not because of a disagreement with the Company on any matter relating to its operations, policies or practices.

c) Insider trading arrangements

During the three months ended November 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or

"non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

The following Exhibits, as required by Item 601 of Regulation SK, are attached or incorporated by reference, as stated below.

Exhibit Index

Number	Description	Incorporated by Reference			Exhibit No.
		Form	File No.	Filing Date	
3.1	Articles of Incorporation, as amended to date	10-K	001-38301	May 29, 2024	3.1
3.2	By-laws, as amended to date	8-K	001-38301	April 10, 2018	3.1
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith			
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith			
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith			
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith			
101.INS	XBRL Instance Document	Filed herewith			
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed herewith			

[Table of Contents](#)

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..

Date: January 14, 2025

By: /s/ Daniel Solomita
Name: Daniel Solomita
Title: President and Chief Executive Officer, and Director
(Principal Executive Officer)

Date: January 14, 2025

By: /s/ Fady Mansour
Name: Fady Mansour
Title: Chief Financial Officer (Principal Accounting Officer
and Principal Financial Officer)

SECTION 302 CERTIFICATION

I, Daniel Solomita, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Loop Industries, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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: January 14, 2025

/s/ Daniel Solomita

 Daniel Solomita
 President and Chief Executive Officer (principal
 executive officer)

SECTION 302 CERTIFICATION

I, Fady Mansour, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Loop Industries, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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: January 14, 2025

/s/ Fady Mansour

Fady Mansour
Chief Financial Officer (principal financial officer and
principal accounting officer)

SECTION 906 CERTIFICATION

In connection with the accompanying Quarterly Report on Form 10-Q of Loop Industries, Inc. for the quarter ended November 30, 2024, the undersigned, Daniel Solomita, President and Chief Executive Officer of Loop Industries, Inc., does hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) such Quarterly Report on Form 10-Q for the quarter ended November 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in such Quarterly Report on Form 10-Q for the quarter ended November 30, 2024, fairly presents, in all material respects, the financial condition and results of operations of Loop Industries, Inc.

Date: January 14, 2025

/s/ Daniel Solomita

Daniel Solomita
President and Chief Executive Officer
(principal executive officer)

SECTION 906 CERTIFICATION

In connection with the accompanying Quarterly Report on Form 10-Q of Loop Industries, Inc. for the quarter ended November 30, 2024, the undersigned, Fady Mansour, Chief Financial Officer of Loop Industries, Inc., does hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) such Quarterly Report on Form 10-Q for the quarter ended November 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in such Quarterly Report on Form 10-Q for the quarter ended November 30, 2024, fairly presents, in all material respects, the financial condition and results of operations of Loop Industries, Inc.

Date: January 14, 2025

/s/ Fady Mansour

Fady Mansour
Chief Financial Officer (principal financial officer and
principal accounting officer)