

REFINITIV

DELTA REPORT

10-K

LOOP - LOOP INDUSTRIES, INC.

10-K - FEBRUARY 29, 2024 COMPARED TO 10-K - FEBRUARY 28, 2023

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TOTAL DELTAS 2717

█ CHANGES 253

█ DELETIONS 1115

█ ADDITIONS 1349

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

FORM 10-K

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

For the fiscal year ended **February 28, 2023****February 29, 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. **000-54768**



Loop Industries, Inc.

(Exact name of Registrant registrant as specified in its charter)

Nevada

27-2094706

(State or other jurisdiction of incorporation or organization)

(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: **None**

Securities registered pursuant to Section 12(g) 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 Global Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 and post such files). Yes No

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

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

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

Indicate by check mark **if** whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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 **August 31, 2022** **August 31, 2023**, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the voting common stock held by non-affiliates of the Registrant (without admitting that any person whose shares are not included in such calculation is an affiliate) was approximately **\$103,490,371**, **\$54,447,740**. As at **May 17, 2023** **May 28, 2024**, there were **47,521,187** **47,538,745** shares of the Registrant's common stock, par value \$0.0001 per share, outstanding.

Documents incorporated by reference:

The information required by Items 10, 11, 12, (as to security ownership of certain beneficial owners and management), 13 and 14 of Part III shall be of this Annual Report on Form 10-K is incorporated herein by reference information from the registrant's proxy statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for the registrant's **2023** **2024** Annual Meeting of Stockholders.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K of Loop Industries, Inc., a Nevada corporation (the "Company," "Loop," "we," or "our"), contains "forward-looking statements," 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) commercialization of our technology and products, (ii) our status of relationship with 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) engineering, contracting, and building our manufacturing facilities, (vii) our ability to scale, manufacture, and sell our products in order to generate revenues, (viii) our proposed business model and our ability to execute thereon, (ix) the ability to obtain the necessary approvals or satisfy any closing conditions in respect of any of our proposed partnerships, (x) our joint venture projects and our ability to recover certain expenditures in connection therewith, (xi) adverse effects on the Company's business and operations as a result of increased regulatory, media, or financial reporting scrutiny, practices, rumors, or otherwise, (xii) disease epidemics and other health-related concerns and crises, which could result in reduced access to capital markets, supply chain disruptions and scrutiny, embarguing of goods produced in affected areas, government-imposed mandatory business closures and any resulting furloughs of our employees, government employment subsidy programs, travel restrictions or the like to prevent the spread of disease, or market or other changes that could result in non-cash impairments of our intangible assets, and property, plant and equipment, (xiii) the effect of the continuing worldwide macroeconomic uncertainty and its impacts, including inflation, market volatility and fluctuations in foreign currency exchange and interest rates, (xiv) the outcome of any SEC investigations or class action litigation filed against us, (xv) our ability to hire and/or retain qualified employees and consultants, (xvi) other events or circumstances over which we have little or no control, and (xvii) other factors discussed in our subsequent filings with the SEC. Securities and Exchange Commission (the "SEC").

Management has included projections and estimates in this Form 10-K, 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 Annual Report on Form 10-K, 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 are in reference to speak only as at the date made. 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.

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PART I

General

As used in this Annual Report on Form 10-K, 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. 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 is an acronym are acronyms for recycled polyethylene terephthalate, PET, DMT and MEG.

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

Industry and Market Data

The We obtained the industry and market data relating to our business included in this Annual Report on Form 10-K on from our own internal estimates and research, as well as publications, research, surveys, and studies was conducted by independent third parties not affiliated to with us.

Industry publications, studies, and surveys generally state that they were prepared based on sources believed to be reliable, although there is no guarantee of accuracy. While we believe that each of these studies and publications is reliable, we have not independently verified the market and industry data provided by third-party sources. In addition, while we believe our internal research is reliable, not all such research has been verified by an independent source. We note that assumptions underlying industry and market data are subject to risks and uncertainties, including those discussed under "Cautionary Statements Regarding Forward-Looking Statements" and Item 1A. Risk Factors of this Annual Report on Form 10-K.

ITEM 1. BUSINESS

Overview

Loop is a technology company whose mission is to accelerate the world's shift towards sustainable PET plastic and polyester fiber and away from our 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.

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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™ 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.

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Background

Industry Background

We believe **Loop's** depolymerization technology offers a **superior** **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.

Chemical recycling **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. **Chemical recycling** **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.

Chemical recycling **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.

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We believe **chemical recycling** **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 **chemical recycling depolymerization** technology breaks down waste PET into DMT and **MEG through depolymerization.** 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.

Currently, the DMT market is largely dominated by 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.

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 rDMT, rMEG and specialty polymers, using the Infinite Loop™ Technology.

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 well-established 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 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, offering chemical companies a simple drop-in supplement and circular alternative.

The rDMT and rMEG product offerings expected to be manufactured at the Infinite Loop™ India facility represent a strategic product expansion in a low-cost manufacturing environment which we believe complements Loop's existing PET plastic and polyester fiber manufacturing business and will fuel growth by addressing the large and growing demand in the market. We believe this expansion 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.

The India facility will leverage the Infinite Loop™ Technology and existing engineering package which should accelerate the lead-time towards groundbreaking, expected to occur by end of 2024. Feedstock sourcing for the facility, in which there is abundant supply from textile waste in India, is well advanced and the partners have engaged an external firm to source and secure the land for the facility. Construction is expected to be completed by the end of 2026, with commercial operations commencing in early 2027.

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Supply Agreements 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 Global Consumer Brands initial working capital requirements for the business is expected to be \$165 million. Ester and Loop will each contribute 50% of the initial equity capital of the India JV.

In Subject to the past years, we have seen major consumer brands make significant commitments 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 close the loop on their plastic use by transitioning their packaging

to recyclable materials like PET, and by incorporating more recycled content into their packaging. We believe Loop™ PET resin provides terms of the ideal solution for these brands because it is recyclable and is made from 100% recycled PET waste and polyester fiber, while being virgin-quality and suitable for use in food-grade packaging and polyester fiber. agreement.

Due 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 commitments by large global consumer brands to incorporate more recycled content into their product packaging, Loop Technology License Agreement, the regulatory requirements for minimum recycled content in packaging imposed by governments, the virgin-quality of Loop™ branded PET resin and its marketability to extol the sustainability credentials of consumer brands that incorporate it, we believe we India JV will be able granted an exclusive, subject to sell Loop™ branded PET resin at a premium price relative certain exceptions, license to virgin and mechanically recycled PET resin.

We currently have agreements with some of exploit the world's leading brands to be supplied from our planned commercial facilities, including:

- Multi-year supply agreement with Danone SA ("Danone"), one of the world's leading global food and beverage companies, enabling Danone to purchase 100% sustainable and upcycled Loop™ branded PET for use in brands across its portfolio including evian®, Danone's iconic natural spring water;
- Multi-year supply agreement with L'OCCITANE en Provence ("L'OCCITANE") to supply 100% recycled and sustainable Loop™ PET resin and incorporate Loop™ PET resin into its product packaging; and
- Multi-year supply agreement with L'Oréal Group, the global leader in the beauty industry, enabling L'Oréal Group to purchase production capacity and incorporate Loop™ PET resin into its product packaging.

We are pursuing amended supply agreements with existing customers and new agreements with additional customers that are located in North America, Europe, and Asia to sell the production volumes of our planned Infinite Loop™ commercial facilities.

We also have Technology in India at a signed letter of intent with On AG, a sportswear brand and subsidiary of On Holding AG, royalty rate to secure volumes of Loop™ PET resin from be set forth in the Asian Infinite Loop™ manufacturing facility in Ulsan, South Korea, which Loop is planning with its strategic partner SK Geo Centric. Technology License Agreement.

Strategic Partnership with SK Geo Centric ("SKGC")

In June 2021, Loop and SK Geo Centric ("SKGC") SKGC concluded a definitive agreement for SKGC to become a strategic investor in Loop, with SKGC acquiring a 10% stake in Loop at \$12.00 per share for a total of \$56.5 million. The transaction, which closed in July 2021, also included warrants for SKGC to purchase Loop common stock at \$15.00 and \$20.00 per share. Concurrent with the strategic investment, Loop and SKGC entered into a memorandum of understanding ("MOU") to form a joint venture with exclusivity to build sustainable PET plastic and polyester fiber manufacturing facilities throughout Asia.

In July 2021, in connection with the closing of the transaction, Loop entered into an Investor Rights Agreement with SK global chemical Co., Ltd. (the "Purchaser") and Daniel Solomita (the "Investor Rights Agreement"), which provides for, among other things, customary resale shelf registration rights for the Purchaser that require Loop to file with the SEC a registration statement on Form S-3 covering the resale of the Loop common stock held by the Purchaser within 90 days after the second anniversary of the closing of the transaction. Loop intends to file such registration statement following the filing of this Annual Report on Form 10-K.

SKGC is a global chemical company and member of the SK Group, one of South Korea's largest conglomerates. SKGC is a general energy and chemical leader in the global market and is growing into a technology-based global chemical company through continuous R&D research and development efforts. SKGC aims to achieve its "Green for Better Life" vision by establishing a plastics based circular economy through collaboration with various partners and stakeholders, such as Loop.

Asia represents approximately 60% of the world's population and 70% of global PET consumption and is the main hub for the polyester fiber supply chain for textiles. The Asian market represents a prime opportunity for Loop's growth and commercialization of its technology. SKGC is well established with a deep understanding of the Asian market, and vast expertise in building and operating large-scale petrochemical facilities, making them a uniquely well-suited partner for Loop in helping to ensure the successful commercialization of Loop's technology in this market.

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On April 27, 2023, Loop and SKGC entered into a joint venture agreement (the "JV Agreement") to deploy Loop's depolymerization technology in the Asian market through multiple commercial manufacturing facilities. Pursuant to the JV Agreement, Loop and SKGC agreed to form a new company (the "JV Company"), which will be headquartered in Singapore. SKGC will contribute 51% and Loop will contribute 49% of the initial equity capital of the JV Company. The JV Agreement outlines that the JV Company will have exclusive rights to commercialize Loop's technology to produce rPET in the Asian market and Loop will receive an annual royalty fee for each of the commercial plants.

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The first planned Infinite Loop™ commercial manufacturing facility with Infinite Loop™ technology, located in Ulsan, South Korea, will be expected to have an annual capacity to supply up to 70,000 metric tons per year of Loop™ Loop™ PET resin for packaging and polyester fiber applications, and is anticipated to be planned to break ground in 2023 and to have construction completed the first half of 2024. The timing of the facility is currently under review by the end of 2025. partners while they evaluate opportunities to reduce capital costs and carry out discussions with the Korean government for subsidies related to the facility. Loop and SKGC are also evaluating the opportunity to build a monomer facility in order to capitalize on the large and growing market and attractive economics for DMT and MEG, including lower capital investment requirements for such a facility.

In addition to Infinite Loop™ Loop™ Ulsan, the two partners have outlined plans which target a minimum of three additional commercial manufacturing facilities to be constructed throughout Asia by 2030. Loop and SKGC have partnered with SK ecoengineering, a subsidiary of the SK Group who brings considerable experience and proficiency as an EPC contractor, for the engineering and construction of the commercial manufacturing facilities.

The planned facility in Asia will be part of SKGC's Ulsan Advanced Recycling Cluster ("Ulsan ARC") in South Korea. Daniel Solomita, Loop's Founder and CEO, participated in the groundbreaking ceremony of the Ulsan ARC which took place on November 15, 2023 in South Korea. Mr. Solomita presented the Company's sustainable plastics technology and its Infinite Loop™ manufacturing model at the event, which included attendees ranging from central and local government officials, industry officials, environmental institutions, academic experts, customers and media.

Infinite Loop™ Europe

We announced on September 10, 2020 a strategic partnership with SUEZ Group ("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 will become equal participants in the strategic partnership.

The expanded partnership intends to combine SKGC's petrochemical manufacturing experience with Suez's resource management expertise and Loop's breakthrough proprietary technology to supply up to 70,000 M/T of virgin quality, 100% recycled PET plastic and polyester fiber to the European market. The planned Infinite Loop™ Loop™ facility will offer a solution to consumer goods companies which have committed to goals for significantly increased use of recycled content in their products and/or packaging and help to meet the growing demand for recycled PET resin and polyester fiber.

On February 16, 2023, the three companies announced that the Chemesis industrial platform in Saint-Avold, located in the Grand Est region of France, has been selected as the site for their planned manufacturing facility in Europe. We are working with our partners Suez and SKGC on acquiring the project site, alignment of various levels of government support and additional steps for the project which include advancing permitting, site specific engineering, customer offtake contracts, feedstock and financing. In the quarter ended February 29, 2024, the company recorded expenses of \$0.50 million in relation to preliminary project costs.

Memorandum of Understanding ("MOU") with Reed Management SAS ("Reed")

On January 16, 2024, Loop announced that it had signed a non-binding MOU with Reed, a newly-formed European investment firm focused on high impact and technology-enabled infrastructure. Pursuant to the MOU, Loop and Reed intend to form a strategic long-term partnership through the establishment of a 50/50 joint venture to commercialize Loop's technology in Europe and for Reed to provide financing which would be utilized to fund the global commercialization of the Infinite Loop™ Technology (the "Proposed Transaction"). Since the signing of the MOU, Reed has invested significant resources in undertaking and completing extensive operational, technical, ESG, and legal due diligence. Loop and Reed continue to negotiate binding agreements with respect to the Proposed Transaction, and each party continues to work towards obtaining financing to fulfill its funding obligations with respect to the

Proposed Transaction. The Company understands from Reed that its funding negotiations are progressing well and that it now expects to obtain its required funding via a transformative transaction, which by its nature has been a more extensive process than previously contemplated and which would also require regulatory approval. While entry into binding agreements would remain subject to the satisfaction of certain closing conditions, Loop and Reed are hopeful that they will enter into such binding agreements imminently, and close the Proposed Transaction by the end of the second quarter of the fiscal year ending February 28, 2025.

Loop™ Branded PET Resin Compliant for Pharmaceutical Industry Packaging Applications

On December 13, 2023, Loop announced that its Loop™ branded PET resin has been tested and is compliant for use in packaging applications in the pharmaceutical industry. The rigorous requirements and standards outlined by the United States Pharmacopeia (USP <661.1>, *Plastic Materials of Construction*) and the European Pharmacopeia (Ph.Eur. 3.1.15, *Polyethylene Terephthalate for Containers for Preparations not for Parenteral Uses*) ensure that materials used in pharmaceutical packaging maintain the highest levels of integrity and do not compromise the safety and efficacy of the enclosed products. Test results executed by a worldwide leader in laboratory testing services confirm that Loop's PET resin has successfully met these requirements, opening new possibilities for sustainable packaging solutions in the pharmaceutical industry.

The pharmaceutical industry is increasingly recognizing the importance of adopting sustainable practices and materials to reduce its environmental impact. Loop's 100% recycled virgin quality PET can help support pharmaceutical companies with a sustainable packaging alternative and address the growing demand for environmentally responsible choices in the industry.

Supply Agreements with Global Consumer Brands

In the past years, we have seen major consumer brands make significant commitments to close the loop on their plastic use by transitioning their packaging to recyclable materials like PET, and by incorporating more recycled content into their packaging. We believe Loop™ PET resin provides the ideal solution for these brands because it is recyclable and is made from 100% recycled PET waste and polyester fiber, while being virgin-quality and suitable for use in food-grade packaging, packaging applications in the pharmaceutical industry, and polyester fiber.

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Due to the commitments by large global consumer brands to incorporate more recycled content into their product packaging, the regulatory requirements for minimum recycled content in packaging imposed by governments, the virgin-quality of Loop™ branded PET resin and its marketability to enhance the sustainability credentials of consumer brands that incorporate it, we believe we will be able to sell Loop™ branded PET resin at a premium price relative to virgin and mechanically recycled PET resin.

We currently have agreements with some of the world's leading brands to be supplied from our planned commercial facilities, including:

- Multi-year supply agreement with Danone SA ("Danone"), one of the world's leading global food and beverage companies, enabling Danone to purchase 100% sustainable and upcycled Loop™ branded PET for use in brands across its portfolio including evian®, Danone's iconic natural spring water;
- Multi-year supply agreement with L'OCCITANE en Provence ("L'OCCITANE") to supply 100% recycled and sustainable Loop™ PET resin and incorporate Loop™ PET resin into its product packaging; and
- Multi-year supply agreement with L'Oréal Group, the global leader in the beauty industry, enabling L'Oréal Group to purchase production capacity and incorporate Loop™ PET resin into its product packaging.

We also have a signed letter of intent with On AG, a sportswear brand and subsidiary of On Holding AG, to secure volumes of Loop™ PET resin from the planned Asian Infinite Loop™ manufacturing facility in Ulsan, South Korea, which Loop is planning to construct with its strategic partner SKGC.

We are pursuing amended supply agreements with existing customers and new agreements with additional customers that are located in North America, Europe, and Asia to sell the production volumes of our planned Infinite Loop™ commercial facilities.

Product activations with evian, L'Occitane, L'Oréal, On AG, and Garnier

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

In 2021, Loop, in partnership with iconic global beverage brand evian, unveiled a new "evian Loop" prototype virgin-quality water bottle made from 100% recycled content. The monomers used to produce the evian Loop bottles were made at the Terrebonne Facility. Evian began selling water bottles made

from Loop™ PET in South Korea in October 2022. The waste plastic used to produce these bottles includes polyester fibers from carpets and clothing which are considered unrecyclable and destined for landfill and other natural environments. This initiative reflects evian's commitment to its stated goal for circularity and 100% recycled content by 2025.

On October 11, 2022, Loop and L'OCCITANE, a global manufacturer and retailer of sustainable beauty and wellness products, unveiled a new bottle for the brand's Almond Shower Oil that was manufactured with 100% recycled Loop™ PET resin produced using monomers from Loop's Terrebonne Facility. Loop has partnered with L'OCCITANE to help meet the brand's sustainability goal of using 100% recycled PET in its bottles by 2025. In partnership with the brand, a pilot project was executed where the bottle (excluding cap and label) was produced using 100% recycled Loop™ PET resin and was successfully carried out on L'OCCITANE production lines. This initiative marks a significant step forward in the partnership between the two companies and sets the pathway to implement Loop's technology across other products in the brand's assortment. As part of this partnership with L'OCCITANE, Loop's branding is featured prominently on the front of the packaging, with additional details speaking to Loop's technology on the back label.

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We also entered into an agreement in May 2022 with On AG to supply Loop™ PET to be utilized in polyester fiber by the brand, pursuant to which Loop™ PET resin was delivered in the year ended February 28, 2023.

On April 19, 2023, Loop and Garnier, one of the world's largest mass market beauty brands, launched the brand's first Micellar Cleansing Water All-In-1 bottle made of Loop™ PET produced using monomers from Loop's Terrebonne Facility (excluding cap and label). The Loop logo, featured on the front of this packaging innovation, serves as an anchor to highlight Loop's technology, the quality of materials and the bottle's recyclability. The inclusion of Loop branding on the packaging strongly supports Garnier's sustainability goals by promoting the infinitely recyclable potential of the product and brings awareness to PET plastic circularity. This packaging innovation will first be distributed in Garnier's largest market, the US and the brand's home market of France.

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We also entered into an agreement in May 2022 with On AG, the Swiss sportswear brand, to supply Loop™ PET to be utilized in polyester fiber by the brand, pursuant to which Loop™ PET resin was delivered in the year ended February 28, 2023.

Loop and On AG collaborated to launch the Cloudeasy Cyclon shoe which was unveiled on May 21st, 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 work towards pursue opportunities for new brand activations and further marketing campaigns with additional consumer goods brand companies.

Terrebonne Facility

As part of our plan for the commercialization of future Infinite Loop™ manufacturing facilities, we enhanced our Terrebonne, Québec pilot plant to become a small-scale PET depolymerization production facility, incorporating all key pieces of depolymerization equipment that will be used in the full-scale commercial facilities. In addition to our research and development activities, this facility is used to deliver initial production volumes to support co-branded market launch campaigns with partners and customers and will also be used to showcase the Infinite Loop™ end-to-end technology and train operational teams in advance of the commissioning of the planned Infinite Loop™ full-scale commercial facilities.

On December 22, 2022, we announced We believe that we have reduced hours of operation at the Terrebonne Facility in order to reduce operating costs and preserve liquidity. The has achieved its primary purpose of the Terrebonne Facility was to demonstrate demonstrating that Loop's breakthrough

depolymerization technology was is scalable and to produce producing commercial quantities of virgin quality PET resin and polyester fiber for global brands. We believe the Terrebonne Facility has achieved this objective. We will continue to fulfill existing commitments related to ongoing sales contracts.

In the year ended **February 28, 2023** **February 29, 2024**, Loop reported **initial** revenues of **\$0.17 million** **\$0.15 million** from the sale of Loop™ PET resin produced from monomers manufactured at the Terrebonne Facility to several global consumer brands, including those with whom Loop is collaborating on product launches. In addition to supplying customers with initial volumes of Loop™ PET, the Terrebonne Facility continues to support our customers and partners with **R&D** **research and development** and analytical capabilities.

Infinite Loop™ Bécancour, Québec

We acquired a project site in Bécancour, Québec in May of 2021 for \$4.3 million (CDN \$5.9 million), a portion of which was sold on September 15, 2022 for net proceeds of \$8.56 million (CDN \$11.4 million). On December 22, 2022, we announced that our commercialization strategy will now focus on our planned projects with SKGC in Asia and Europe and that we had entered into an agreement to sell all of our remaining property in Bécancour, Quebec for \$13.75 million (CDN \$18.5 million). The sale transaction closed on February 22, 2023.

Although the company is currently focusing on developing the planned joint venture facilities in Asia and Europe, a future facility in Quebec remains an option at the appropriate time, and possible alternative locations for such a facility are available. We are continuing to explore financing options to fully fund the project. Alternatives under exploration include incentive and financing programs supported by, or in partnership with, various levels of government. A future facility in Quebec would be aligned with the Government of Canada's announced zero plastic waste goal by 2030.

Market Opportunity

The estimated global annual market demand for PET plastic and polyester fiber was approximately \$182 billion in 2023, and the DMT and MEG specialty chemicals global market size is approximately \$180 billion in 2022, estimated at \$28 billion and forecasted to grow at a 3.7% CAGR through 2033. We believe plastic pollution and climate change continue to be the most persistently covered environmental issues by media and local and global environmental non-governmental organizations. Some of the main concerns associated with PET are the greenhouse gas ("GHG") emissions associated with its production from non-renewable hydrocarbons and the length of time it persists in landfills and the natural environment. There is an increasing demand for action to address the global plastic crisis, as evidenced by the March 2022 endorsement by 175 nations of a historic resolution at the UN Environmental Assembly to end plastic pollution and forge an international legally binding agreement by the end of 2024. In the last few years, governments in North America, Europe and Asia have been enacting and proposing laws and regulations mandating the use of minimum recycled content in packaging, which underlies the strength of this issue in the marketplace. Consumer brands are seeking a solution to their plastic challenge, and they are taking action. In recent years we have seen major brands make significant commitments to close the loop on their plastic packaging by transitioning their packaging to recyclable materials and by incorporating more recycled content into their packaging.

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Global consumer packaged goods companies ("CPG companies"), apparel manufacturers, and retail brands have announced significant public commitments and targets to make the transition to a circular plastic economy, for example:

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- Adidas Group aims to replace all virgin polyester with recycled polyester in all of its Adidas products by 2024;
- Danone, the provider of evian® brand bottled water, committed to a goal of using 100% recycled content packaging by 2025;
- Coca-Cola committed to an average recycled content of 50% across its packaging by 2030;
- PepsiCo **stated** 10 European markets are moving key Pepsi-branded **has set new goals to cut virgin plastic per serving by 50%** across its global food & beverage portfolio by 2030 and plans to utilize 50% recycled content in its plastic packaging. In the U.S., the company plans to increase its use of rPET in its **bottled** products in 2023, with an objective to roll out 100% rPET bottles by 2022, and in the **multiple** U.S., all Pepsi-branded products will be converted to **100% rPET bottles** **areas** by 2030;

- . In 2020, L'OCCITANE committed to implementing 100% recycled content plastic in their bottles by 2025;
- . Nike has announced a 2025 target of diverting 100% of its waste from landfills, with at least 80% recycled back into its products and goods;
- . L'Oréal Group committed to using 100% recycled or biobased plastic in their packaging by 2030;
- . Ikea maintains its goal that, by 2030, all plastic used in its products will be based on renewable or recycled material; and
- . By 2025, Lululemon aims to achieve at least 75% sustainable materials for their products, including fibers that are recycled, renewable, regenerative, sourced responsibly and are manufactured using low-resource processes.

There is a growing regulatory and policy environment to encourage a reduction in the production of virgin fossil fuel-based plastic and for minimum recycled content in packaging imposed by various governments:

- . North America:
 - o Canada has announced a goal of zero-plastic waste by 2030 and is targeting for all plastic packaging to contain 50% recycled content by 2030.
 - o California law requires that plastic bottles contain at least 25% post-consumer resin by 2025, and at least 50% by 2030.
- . Europe:
 - o As of January 2021, the European Union introduced a new tax of €800/ton on non-recycled plastic packaging based on the amount of plastic packaging placed on each member state's market.
 - o Spain imposed a tax of €450 per ton on non-reusable plastic packaging, effective January 1, 2023.
 - o Italy introduced a tax in January 2023 of €450 per ton on virgin plastic used in manufacture or importation of single use plastic.
 - o Effective April 2022, a new £200/ton tax applies in the UK to plastic packaging produced or imported into the UK that does not contain at least 30% recycled plastic.
 - o France maintains its goal of having 100% plastics recycled by 2025 and 77% of beverage bottles to be collected.
- . Asia:
 - o South Korea continues to target reduction of plastic waste by 20%, an increase in recycling rates from 54% to 70% by 2025, and utilization of 30% renewable plastic by 2030.
 - o India has mandated consumer brands to include at least 30% recycled plastic in their packaging by 2025.

The growing regulatory environment combined with global consumer goods companies, apparel manufacturers, and retail brand commitments for 2025 and 2030 are expected to further increase the demand for rPET.

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Closed-loop circularity and keeping materials within their own cycle (bottle-to-bottle and fiber-to-fiber) is gaining increasing attention as the focus on sustainability intensifies. Governments and regulators have considered or enacted heightened standards for recycled materials that discourage downcycling of bottles into polyester fiber. Additionally, it is becoming increasingly difficult to secure inventory of post-consumer bottles due to the increased demand from the bottle industry as they strive to achieve their own sustainability goals. A fiber-to-fiber recycling strategy addresses these problems and allows fashion brands and companies to secure volume and support the increasing demand of recycled polyester fiber in the textile industry.

We believe the commercialization plans of Loop™ PET resin and polyester fiber may provide the ideal solution for global brands because Loop™ PET resin and polyester fiber contains 100% recycled PET and polyester fiber content. The Loop™ PET resin and polyester fiber is virgin-quality and is suitable for use in food-grade packaging. That means CPG companies will be able to market packaging made from a 100% recycled Loop™ branded PET resin and polyester fiber.

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Commercialization Strategy

Our objective is to achieve global expansion of Loop's technology 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, or polyester fiber or other specialty polymers, will view involvement in 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.

On December 22, 2022, we announced a shift in our commercialization strategy and will now focus on our planned joint venture projects with SKGC in Asia and Europe. These projects have a lower requirement for Loop equity investment and higher expected return on capital, and leverage SKGC's engineering and operational infrastructure. In addition, the joint venture projects will provide Loop with an annual technology licensing fee. SKGC is committed to commercializing Loop's technology as the underpinning of its sustainable plastics strategy. Loop is working collaboratively with SKGC to put in place a financing plan for the rollout of large-scale manufacturing in Asia and Europe, including the first Asian manufacturing facility in Ulsan, South Korea, which is anticipated to break ground in 2023 and to have construction completed by the end of 2025.

The global expansion plan for our technology will allow our customers, mostly comprised of CPG brand companies and apparel companies, to expand the use of Loop™ PET resin and polyester fiber into their packaging and clothing. As countries around the globe continue to increase sustainability targets and recycled content mandates, our customers are increasing the use of sustainably produced materials into their products.

The Infinite Loop™ manufacturing technology 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™ manufacturing technology 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 are then 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. Permitting, site and regulatory considerations may impact plant capacity.

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 rDMT, rMEG and specialty polymers, using the Infinite Loop™ Technology. 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 rDMT and rMEG product offerings expected to be manufactured at the Infinite Loop™ India facility represent a strategic product expansion in a low-cost manufacturing environment which we believe complements Loop's existing PET plastic and polyester fiber manufacturing business and will fuel growth by addressing the large and growing demand in the market. We believe this expansion 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.

The India facility will leverage the Infinite Loop™ Technology and existing engineering package which should accelerate the lead-time towards groundbreaking, expected to occur by end of 2024. Feedstock sourcing for the facility, in which there is abundant supply from textile waste in India, is well advanced and the partners have engaged an external firm to source and secure the land for the facility. Construction is expected to be completed by the end of 2026, with commercial operations commencing in early 2027. Loop will receive an annual technology license fee from the Infinite Loop™ manufacturing facility in India.

We are also focused on our planned joint venture projects with SKGC in Asia and Europe to build and operate Infinite Loop™ manufacturing facilities producing and selling Loop™ PET resin and polyester fiber. These projects leverage SKGC's engineering and operational infrastructure. In addition, the joint venture projects will provide Loop with an annual technology licensing fee. SKGC is committed to commercializing Loop's technology as the underpinning of its sustainable plastics strategy. Loop is working collaboratively with SKGC to put in place a financing plan for the rollout of large-scale manufacturing in Asia and Europe, including the planned Asian manufacturing facility in Ulsan, South Korea.

The planned Infinite Loop™ commercial manufacturing facility in Ulsan, South Korea, is expected to have an annual capacity to supply up to 70,000 metric tons per year of Loop™ PET resin for packaging and polyester fiber applications, and was planned to break ground in the first half of 2024. The timing of the facility is currently under review by the partners while they evaluate opportunities to reduce capital costs and carry out discussions with the Korean government for subsidies related to the facility. Loop and SKGC are also evaluating the opportunity to build a monomer facility in order to capitalize on the large and growing market and attractive economics for DMT and MEG, including lower capital investment requirements for such a facility.

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. As countries around the globe continue to increase sustainability targets and recycled content mandates, our customers are increasing the use of sustainably produced materials into their products.

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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.

[Recent developments](#)

[Strategic partnership with 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 rDMT, rMEG and specialty polymers, using the Infinite Loop™ Technology.

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 well-established 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 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, offering chemical companies a simple drop-in supplement and circular alternative.

The rDMT and rMEG product offerings expected to be manufactured at the Infinite Loop™ India facility represent a strategic product expansion in a low-cost manufacturing environment which we believe complements Loop's existing PET plastic and polyester fiber manufacturing business and will fuel growth by addressing the large and growing demand in the market. We believe this expansion will enable the Infinite Loop™ Technology to reach new markets and cater to a broader range of customers across multiple industries including the electronics, automotive, textile, cosmetics and packaging industries.

The India facility will leverage the Infinite Loop™ Technology and existing engineering package which should accelerate the lead-time towards groundbreaking, expected to occur by end of this year. Feedstock sourcing for the facility, in which there is abundant supply from textile waste in India, is well advanced and the partners have engaged an external firm to source and secure the land for the facility. Construction is expected to be completed by the end of 2026, with commercial operations commencing in early 2027.

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. 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.

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Recent developments Cloudeasy Cyclon shoe launch with On

Signature of Venture Agreement with SKGC

On April 27, 2023, Loop and SKGC entered into a joint venture agreement (the "JV Agreement") to collaborate to deploy Loop's depolymerization technology in the Asian market through multiple commercial manufacturing facilities. Pursuant to the JV Agreement, Loop and SKGC agreed to form a new company (the "JV Company") Cloudeasy Cyclon shoe which was unveiled on May 21st, which will be headquartered in Singapore. SKGC will contribute 51% and Loop will contribute 49% in 2024. The upper of the initial equity capital of the JV Company. The JV Agreement outlines that the JV Company will have exclusive rights to commercialize Loop's technology in the Asian market and Loop will receive an annual royalty fee for each of the commercial plants.

The first planned commercial manufacturing facility with Infinite Loop™ technology, located in Ulsan, South Korea, will have an annual capacity to supply 70,000 metric tons per year of Loop™ PET resin for packaging and polyester fiber applications, and Cloudeasy shoe is anticipated to break ground in 2023 and to have construction completed by the end of 2025. In addition to Infinite Loop™ Ulsan, the two partners have outlined plans which target a minimum of three additional commercial manufacturing facilities to be constructed throughout Asia by 2030. Loop and SKGC have partnered with SK ecoengineering, a subsidiary of the SK Group who brings considerable experience and proficiency as an EPC contractor, for the engineering and construction of the commercial manufacturing facilities.

Successful completion of SKGC technical due diligence

On March 28, 2023, Loop and SKGC announced the successful completion of a technical due diligence conducted by SKGC and the validation of Loop's technology. The technical due diligence marks the next phase in Loop and SKGC's long-standing partnership to commercialize Loop's technology through Infinite Loop™ manufacturing facilities in the Asian market. SKGC executed a comprehensive due diligence to validate Loop's technology and its production facility in Terrebonne, Quebec. The scope of the technical due diligence included the depolymerization of low value PET waste into its base monomers of DMT and MEG, the purification of the monomers, as well as the polymerization into virgin-quality Loop™ PET resin and polyester fiber. Key parameters of Loop's technology that were validated were the production yields, operational stability, quality of the output monomers and overall performance of the production facility. The technical due diligence validated that the PET resin and polyester fiber produced using Loop's technology is of virgin quality. The technical due diligence report, signed by both parties, confirms Loop's innovative technology.

Site selection for European commercial project

On February 16, 2023, Loop, SKGC and Suez together announced that the Chemesis industrial platform in Saint-Avold, located in the Grand Est region of France, has been selected as the site for their planned manufacturing facility in Europe. The Saint-Avold Chemesis industrial platform is strategically situated in the heart of Europe and provides an efficient industrial and infrastructure network (access to energy notably via existing heat networks, road and rail logistics, suppliers, etc.) making it the optimum environment for the manufacturing facility.

Customer product activations

On April 19, 2023, Loop and Garnier, launched the brand's first Micellar Cleansing Water All-In-1 bottle made of Loop™ PET produced using monomers from Loop's Terrebonne Facility (excluding cap and label). The Loop logo, featured on the front of this packaging innovation, serves as an anchor to highlight Loop's technology, the quality of materials and the bottle's recyclability.

On October 11, 2022, Loop and L'Occitane unveiled a new bottle for the brand's Almond Shower Oil that was manufactured with 100% recycled Loop™ PET resin produced and infinitely recyclable yarn, using monomers from Loop's Terrebonne Facility. This initiative marks the Infinite Loop™ Technology. On is the first footwear company to launch a significant step forward in shoe using the partnership between the two companies and sets the

pathway to implement Loop's technology across other products in the brand's assortment. As Infinite Loop™ Technology which enables fiber-to-fiber recycling. The Cloudeeasy Cyclon shoe is part of this partnership with L'OCCITANE, Loop's branding is featured prominently on the front of the packaging, with additional details speaking to Loop's technology on the back label.

Sale of land in Bécancour, Québec

On February 22, 2023, Loop sold the land in Bécancour, Québec which was purchased in May 2021 for net proceeds of \$22.31 million. The sale follows the Company's announcement that our commercialization strategy will now focus on our planned projects with SKGC in Asia and Europe. The land sale provides Loop with the liquidity to cover its ongoing operations and support its commercialization efforts.

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Initial revenues generated from Terrebonne Facility

In the year ended February 28, 2023, Loop reported initial revenues of \$0.17 million from the sale of Loop™ PET resin produced from monomers manufactured at the Terrebonne Facility to several global consumer brands, including those with whom Loop is collaborating on product launches. In addition to supplying customers with initial volumes of LoopOn's monthly subscription service Cyclon™ PET, the Terrebonne Facility continues to support our where customers receive, wear, and partners with R&D and analytical capabilities. then return Cyclon™ products, which are then recycled.

Proprietary Technology and Intellectual Property

We believe the power of our technology lies in its ability to use post-industrial and post-consumer waste PET plastic and polyester fiber feedstocks, which could end up in landfills, rivers, oceans and natural areas, to create Loop™ PET resin. We believe our technology can deliver high-purity profitable virgin-quality, 100% recycled PET resin suitable for use in food-grade packaging and polyester fiber.

Our Generation II technology ("GEN II") is a methanolysis-based depolymerization technology that uses temperatures below 90 °C to depolymerize waste PET and polyester fiber. The low temperature offers several key advantages which the Company believes will improve its ability to commercialize the GEN II technology, including:

- Lower energy usage during depolymerization, and therefore reduced processing cost and lower GHG emissions relative to higher temperature processes;
- Avoidance of side reactions with non-PET waste, which are inherent in waste PET feedstock streams, during depolymerization which may occur during higher temperature and higher pressure depolymerization processes. This allows for a simplified distillation purification process resulting in fewer, and more effective, steps to isolate the desired high purity DMT and MEG monomers suitable to produce virgin-quality PET required to meet food contact regulations as well as the quality and clarity requirements of global consumer product companies;
- Allowing the depolymerization of less costly and low-quality feedstocks, which cannot be effectively recycled today, such as carpet fiber, clothing and mixed plastics, and upcycling them into high-quality PET that can be used in food contact use; and
- The GEN II technology uses only trace amounts of water, eliminates the need for a halogenated solvent and uses a catalyst at low concentration.

We believe that GEN II requires less energy and fewer resource inputs than conventional PET production processes. We also believe it is an environmentally sustainable method for producing virgin-quality food-grade PET plastic by decoupling PET manufacturing from the fossil fuel industry.

To independently validate that our GEN II technology can produce DMT and MEG monomers at mini-pilot and pilot scale, we commissioned Kemitek, a College Centre for Technology Transfer specialized in the fields of green chemistry and chemical process scale-up. Kemitek's findings allowed them to confirm that our technology produces monomers that meet our purity specifications for the production of PET resin and polyester fiber. The complete Kemitek report was filed with the SEC by the Company on December 14, 2020.

Additionally, Loop's strategic partners, Suez and Danone, among others, collectively engaged an independent, globally recognized third-party engineering firm to execute a thorough due diligence and technology validation report. We believe the final report, which was communicated in May 2022, validated and reinforced the quality, effectiveness, and scalability of our technology. Our technology was further validated in March 2023, when Loop and SKGC announced the successful completion of a technical due diligence conducted by SKGC. Key parameters of Loop's technology that were validated through SKGC's comprehensive due diligence include the production yields, operational stability, quality of the output monomers and overall performance

of Loop's Terrebonne Facility. The technical due diligence validated that the PET resin and polyester fiber produced using Loop's technology is of virgin quality. Our Gen II technology was most recently validated by independent advisors hired by Reed concurrent with their due diligence review performed in the context of Reed's investment through our European partnership.

To protect our technology and intellectual property rights, we rely on a combination of patents, trademarks, trade secrets, confidentiality agreements and provisions as well as other contractual provisions to protect our proprietary rights, which are primarily our patents, brand names, product designs and marks.

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The GEN II technology portfolio currently consists of four patent families:

- One family has two three issued U.S. patents, and a two pending U.S. application, all applications, the last of which is expected to expire on or around September 2037, not including any patent term extensions. Internationally, this patent family has four twelve issued or allowed patents in foreign jurisdictions, including China, Bangladesh, Argentina, Eurasian Patent Organization, South Korea, Taiwan, and Brazil, and pending applications in Canada, China, the Eurasian Patent Organization, Europe, the Gulf Cooperation Council, India, Japan, Mexico, South Korea, Taiwan, and various other countries, all expected to expire on or around September 2038, if granted, not including any patent term extensions.

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- An additional aspect of the GEN II technology, as claimed in two issued U.S. patents and a pending U.S. application, all expected to expire on or around June 2039, not including any patent term extensions. Internationally, this patent family includes five ten issued or allowed patents in foreign jurisdictions, including China, Morocco, Algeria, Indonesia and Bangladesh, Brazil, Japan, and Taiwan and pending applications in Canada, China, the Eurasian Patent Organization, Europe, the Gulf Cooperation Council, India, Japan, Mexico, South Korea, and various other countries, all expected to expire on or around June 2039, if granted, not including any patent term extensions.
- Another aspect of the GEN II technology, which is the subject of an issued U.S. patent and a pending U.S. application. Internationally, this patent family includes pending applications in Canada, Europe, India, Singapore, Papua New Guinea, Brazil, and South Africa. Any patents that would ultimately be granted from this application would be expected to expire on or around March 2040, not including any patent term extensions.
- Another aspect of the GEN II technology, which is the subject of an issued U.S. patent and a pending U.S. application, both expected to expire on or around March 2040, not including any patent term extensions. Internationally, this patent family includes pending applications in Canada, Europe, India, Singapore, Papua New Guinea, Brazil, and South Africa.
- Another aspect of the GEN II technology, which is the subject of two issued U.S. patents and a pending U.S. application, both expected to expire on or around March 2040, not including any patent term extensions. Internationally, this patent family includes eight issued or allowed patents in foreign jurisdictions, including Europe, Chile, Bangladesh, India, Indonesia, Singapore, and South Africa, and pending applications in Canada, China, South Korea, the Eurasian Patent Organization, Europe, the Gulf Cooperation Council, India, Japan, Mexico, and various other countries, all expected to expire on or around March 2040, if granted, not including any patent term extensions.
- We have also filed a U.S. provisional application directed to another aspect of the GEN II technology. Any patents that ultimately issue from this application are expected to expire on or around September 2044, not including any patent term adjustment or extensions.

Loop owns registrations for its trademarks in Cambodia, Canada, China, the European Union, Japan, Taiwan, the United Kingdom, Vietnam, and the U.S. Loop also has pending applications in Canada, Japan, China, South Korea, and the U.S., and Vietnam.

Government Regulation and Approvals

As we seek to further develop and commercialize our technology, we will be subject to extensive and frequently developing federal, state, provincial and local laws and regulations. Compliance with current and future regulations, including food packaging regulations, could increase our operational costs.

Our operations require various governmental permits and approvals. We are in the process of obtaining all necessary permits and approvals for the operation of our business; however, any of these permits or approvals may be subject to denial, revocation or modification under various circumstances.

Failure to obtain or comply with the conditions of permits and approvals or to have the necessary approvals in place may adversely affect our operations and may subject us to penalties. See "Risk Factors" below for additional information.

We believe that if we are successful in addressing food packaging regulations in various countries and economic regions, that the regulatory environment may provide Loop™ PET resin a competitive advantage relative to mechanically recycled alternative resins and virgin PET.

Loop's PET resin was subjected to independent testing by an external and certified laboratory, which confirmed the PET complies with FDA Regulation 21 CFR § 177.1630 on August 26, 2021, as well as EU Commission Regulation No 10/2011 on July 27, 2021. These results attest that Loop's PET is safe for use in food-contact applications, including but not limited to bottled water, carbonated drinks and food trays. Demonstration of compliance with food-contact requirements follows the No Objection Letter ("NOL") from the FDA previously granted to Loop in March 2021. The NOL confirms that Loop's monomers can produce rPET of a purity suitable for food-contact use, provided it meets the applicable requirements of Title 21 of the Code of Federal Regulations. The monomers used in the PET resin submitted for testing were produced at Loop's small-scale production facility in the Terrebonne Québec (the "Terrebonne Facility"). Facility.

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We have received from the European Chemicals Agency a confirmation of registration for our MEG on November 17, 2020, and for our DMT on December 7, 2020. The registration under the *Registration, Evaluation, Authorization and Restriction of Chemicals* ("REACH") Regulation (EC 1907/2006) confirms that our monomers are of a purity equal to what is currently recognized within Europe and entitles us to manufacture/import the monomers into Europe. It should be noted that MEG and DMT are on the positive list for plastic materials, which means that the two monomers can be used as food contact materials.

On August 31, 2021, Loop also received a NOL from Health Canada, which states that the PET produced by Loop's recycling process is suitable for use in the manufacture of water bottles and articles for contact with all food types under all conditions of use.

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On December 13, 2023, Loop announced that its Loop™ branded PET resin has been tested and is compliant for use in packaging applications in the pharmaceutical industry. The rigorous requirements and standards outlined by the United States Pharmacopeia (USP <661.1>, *Plastic Materials of Construction*) and the European Pharmacopeia (Ph.Eur. 3.1.15, *Polyethylene Terephthalate for Containers for Preparations not for Parenteral Uses*) ensure that materials used in pharmaceutical packaging maintain the highest levels of integrity and do not compromise the safety and efficacy of the enclosed products. Test results executed by a worldwide leader in laboratory testing services confirm that Loop's PET resin has successfully met these requirements, opening new possibilities for sustainable packaging solutions in the pharmaceutical industry.

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Additional Information

Human Capital

Our employees are essential to our success, and we are committed to providing a safe, productive, discrimination-free and harassment-free work environment. All employees are responsible for compliance with our Code of Ethics as well as our health and safety, and anti-harassment policies. These policies and practices help us foster a workplace environment that promotes inclusion and diversity.

To attract and retain highly capable and innovative employees, we have developed competitive compensation packages and benefits programs. Our compensation packages include market-competitive pay, healthcare benefits, paid time off and family leave and flexible work schedules. We also offer equity awards with multi-year vesting provisions to incentivize and reward our certain employees for long-term corporate performance and promote retention throughout the vesting period.

As of **February 28, 2023** **February 29, 2024**, we had **7556** employees of which **2621** work in research and development, **3522** in engineering and operations, and **1413** in administrative functions.

Corporate History

We were originally incorporated under the name Radikal Phones Inc. in Nevada in March 2010. Loop Holdings, Inc. ("Loop Holdings") was originally incorporated in Nevada in October 2014. In June 2015 we completed a reverse acquisition of Loop Holdings and the depolymerization business of Loop Holdings became our sole operating business. In July 2015 we changed our name to Loop Industries, Inc.

On November 20, 2017, Loop Industries, Inc. commenced trading on the Nasdaq Global Market under the trading symbol, "LOOP."

Corporate Information

Our principal executive offices are located at 480 Fernand-Poitras Street, Terrebonne, Québec, Canada J6Y 1Y4. Our telephone number is (450) 951-8555.

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Available Information

Our website is www.loopindustries.com, and our investor relations web page can be found at <http://www.loopindustries.com/en/investors/overview>. Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the **Securities and Exchange Commission** (the "SEC"). The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov. The information contained on, or that can be accessed through, our website shall not be deemed incorporated by reference in any filing under the Exchange Act.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below together with all of the other information included in this Form 10-K before making an investment decision with regard to our securities. The statements contained in or incorporated herein that are not historic facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. If any of the following risks actually occur, our business, financial condition or results of operations could be harmed. In that case, you may lose all or part of your investment.

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RISKS RELATING TO OUR BUSINESS AND TECHNOLOGY

We have incurred net losses since inception. We expect to continue to incur losses for the foreseeable future and may never achieve or maintain profitability. We have never generated material revenue and may never be profitable.

Since our inception in 2010, we have incurred net losses. Our net loss for the year ended **February 28, 2023** **February 29, 2024** was **\$21.30 million** **\$21.09 million** and we have earned limited revenues to date. We have financed our operations primarily through sales of common stock and incurrence of debt and

have devoted substantial efforts to research and development, process engineering, as well as building our team. We expect to continue to incur significant expenses and operating losses for the foreseeable future. The net losses we incur may fluctuate significantly from quarter to quarter. Although we believe that our business plan has significant profit potential, we may not attain profitable operations and management may not succeed in realizing our business objectives. Our ability to generate revenue at a large scale depends on our ability to successfully complete the development of our technology and products, obtain the regulatory approvals necessary to commercialize our products, attract additional customers, and finance, build and operate commercial facilities. We expect to incur operating losses in future periods. These losses will occur as we do not have sufficient revenues to offset the expenses associated with our business operations. We may not generate material revenues from product sales for the next several years, if ever. If we are not able to develop our business as anticipated, we may not be able to generate revenues or achieve profitability. We cannot guarantee that we will ever be successful in generating revenues in the future. If we are unable to generate revenues, we will not be able to earn profits or continue operations.

Based on its assessment, management estimates that current available liquidity and forecasted net cash flows will not be sufficient to meet the Company's obligations, commitments and budgeted expenditures the next twelve months from the date of this Annual Report on Form 10-K.

These events and conditions are material uncertainties that raise substantial doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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. Therefore, 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 February 29, 2024, the Company's available liquidity was \$9,537, consisting of cash and cash equivalents of \$6,958 and an undrawn senior loan facility from a Canadian bank of \$2,579.

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash flows to meet our obligations and to obtain additional financing, as needed. There can be no assurance that we will be able to achieve these objectives. If we are unable to generate sufficient cash flows or obtain adequate financing, we may be required to significantly reduce, delay, or eliminate planned expenditures and other costs, which could have a material adverse effect on our business, financial condition, and results of operations. Additionally, we may be forced to seek protection under applicable bankruptcy laws and/or liquidate or reorganize our assets and liabilities.

The existence of a substantial doubt about our ability to continue as a going concern could materially limit our ability to raise additional funds through the issuance of new debt or equity securities or otherwise. The existence of substantial doubt about our ability to continue as a going concern may also adversely affect our relationships with current and potential customers, suppliers, and employees, making it more difficult to operate our business.

Investors should consider our financial condition, results of operations, and business prospects in light of the substantial doubt about our ability to continue as a going concern. If we are unable to continue as a going concern, our shareholders may lose all or a significant portion of their investment in our company.

We may not be able to execute our business plan or stay in business without additional funding.

Our ability to successfully commercialize our business and generate future revenues depends on whether we can obtain the necessary financing to implement our business plan, on acceptable terms. We will require additional financing through a combination of the issuance of debt, equity, and/or joint ventures and/or government incentive programs in order to establish profitable operations, and such financing may not be forthcoming. We are pursuing financial incentives and financing for our proposed projects with several countries through multiple programs that involve various branches of government. If we are unable to attract government incentives and financing to our projects or investors to invest in our business, we may not be able to acquire additional financing through debt or equity markets. Our failure to secure additional financing on favorable terms when it becomes required would have an adverse effect on our ability to execute our business plan or remain in business.

Our anticipated partnership and related financing arrangements are subject to closing conditions and no assurance can be given that those closing conditions will be completed.

Once binding agreements with respect to the Proposed Transaction (the "Reed Agreement") are signed, in order to close, all the closing conditions under the Reed Agreement must be completed, prior to the termination of the Reed Agreement. As currently drafted, The Reed Agreement may be terminated upon the occurrence of certain events, including, but not limited to, voluntarily, by either party, if a closing has not occurred within six (6) months of signing. While Reed and Loop are working diligently to finalize and execute the Reed Agreement, and to accomplish the closing conditions in a timely manner, no assurance can be given that the closing conditions will be completed or that the transaction between Reed and the Company will be consummated.

Conditions in the financial markets and economic conditions in general may adversely affect our ability to raise additional capital, execute our business plan or remain in business.

The business environment in which we operate has been impacted by the effects of worldwide macroeconomic uncertainty. Economic activity **continued to improve** slightly during **2022 as COVID-19 cases declined worldwide and restrictions were lifted. However, 2023; however, economic concerns** remain as a result of the cumulative weight of uncertainty regarding the economic conditions domestically and in foreign countries, including global political hostilities and other financial crises. Inflation has become elevated, reflecting demand and supply imbalances, supply chain issues, higher energy prices, fiscal stimulus and broader price pressures. Uncertainty surrounding the near-term direction of global markets, and the potential impact of these trends on the global economy, are expected to persist for the near term. Strategic risk, including threats to business models from rising interest rates and modest economic growth, remain high.

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It is difficult to predict the extent to which these challenging economic conditions will persist or whether recent progress in the economic recovery will instead shift to the potential for further decline. If the economy does weaken in the future, it is uncertain how our business would be affected and whether we would be able successfully to mitigate any such effects on our business. Accordingly, these factors in the global economy could have an adverse effect on our ability to raise additional capital, execute our business plan or remain in business.

In **recent months, 2023**, multiple regional banks were either taken over by the Federal Deposit Insurance Corporation (FDIC) or entered receivership. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition. Weakness and volatility in capital markets and the economy, in general or as a result of bank failures or macroeconomic conditions such as rising inflation, could limit our access to capital markets and increase our costs of borrowing.

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Our technology may not be successful in developing commercial products.

We and our potential future collaborators may spend many years and dedicate significant financial and other resources to developing our technology that may never be successfully commercialized. Our technology may never become successfully commercialized for, **among others**, any of the following reasons:

- We may not be able to secure sufficient funding to progress our technology through development and commercial validation;
- We or our future collaborators may be unable to obtain the requisite regulatory approvals for our technology;
- Competitors may launch competing or more effective technology;
- Our technology may not be commercially successful;
- Current and future collaborators may be unable to fully develop and commercialize products containing our technology or may decide, for whatever reason, not to commercialize such products; and
- We may be unable to secure adequate patent protection in the necessary jurisdictions.

If any of these things were to occur, it could have an adverse effect on our ability to raise additional capital, execute our business plan, or remain in business.

We face business risks due to our relationships with strategic partners.

We rely on our strategic partner relationships for the scaling, manufacturing and commercialization of our technology. We have various arrangements with SK Geo Centric SKGC, Suez, Ester and Suez Reed to commercially scale our technology in Asia and Europe respectively and with Chemtex and our external engineering partners. We also have various supply agreements with Danone, L'Oreal L'Oréal and L'OCCITANE en Provence for our planned commercial facilities. Termination of any of these agreements could have an adverse effect on our business. In particular, certain of our agreements with our strategic partners have termination rights related to the satisfaction of milestones, some of which we have not achieved. Though we have not received any indication from our strategic partners as to their indication to terminate, we cannot provide assurance that these strategic partners with whom we have entered into such agreements will not exercise their applicable termination rights, which are not within our control.

Any failure of our strategic partners or us to meet our required commitments, whether financial or otherwise, could result in a termination of such agreements as described above, operational issues, increased expenditures, or damage to our reputation or loss of clients or customers, any of which could adversely affect our business and operations, financial performance, or prospects.

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If we are unable to successfully scale our manufacturing processes, we may not meet customer demand.

To be successful, we will have to scale our manufacturing processes while maintaining high product quality and reliability. If we cannot maintain high product quality at a large scale, our business will be adversely affected. We may encounter difficulties in scaling up production, including problems with the supply of key components. Even if we are successful in developing our manufacturing capability, we do not know whether we will do so in time to satisfy the requirements of our customers. The Our current manufacturing facility is a small-scale plant with limited production capacity used principally for research and development, training, and customer marketing purposes. In order to fully implement our business plan, we will need to scale the operations to a larger industrial commercial facility, develop strategic partnerships, or find other means to produce greater volumes of finished product. We, however, have not yet tested our technology at the scale that will be required for large commercial use nor at a scale sufficient to conclude the success of our technology.

Disruption at, damage to, or destruction of our Terrebonne Facility could impede our ability to continue innovating and refining our technological process, and supporting our commercial projects, which would harm our business, financial condition, and operating results.

Our research and development activities are performed from a single location in Terrebonne, Québec. Our continued innovation activities rely on an uninterrupted and fully functioning plant. Interruptions in operations at this location could result in our inability to provide the most efficient and effective technological solution to our customers. A number of factors could cause interruptions, including, but not limited to, equipment malfunctions or failures, technology malfunctions, work stoppages or slow-downs, damage to or destruction of the facility, or regional power shortages. As our equipment ages, it will need to be replaced. Any disruption that impedes our ability to optimize our process and provide support for our commercial projects in a timely manner could reduce our revenues and materially harm our business.

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The plastics manufacturing industry is extremely price-competitive because of the commodity-like nature of virgin PET resin, and its correlation to the price of crude oil. If our cost to manufacture recycled PET rPET is not competitive with virgin PET, or if the price of oil reduces decreases significantly, it may adversely impact our ability to penetrate the market or be profitable.

The demand for recycled PET rPET has historically fluctuated with the price of crude oil. If crude oil prices decline, the cost to manufacture recycled PET rPET may become comparatively higher than the cost to manufacture virgin PET alternatives. Our ability to penetrate the market will depend in part on the cost of manufacturing virgin PET of our products, and if we do not successfully distinguish our product products from those of virgin PET manufacturers our entry into the market and our ability to secure customer contracts can be adversely affected.

We are vulnerable to fluctuations in the supply and price of raw materials.

We purchase raw materials and packaging supplies from several sources. While all such materials are available from independent suppliers, raw materials are subject to fluctuations in price and availability attributable to a number of factors, including general economic conditions, commodity price fluctuations, the demand by other industries for the same raw materials, and the availability of complementary and substitute materials. The profitability of our business also depends on the availability and proximity of these raw materials to our factories. The choice of raw materials to be used at our facility is determined primarily by the price and availability, yield loss of lower quality raw materials, and the capabilities of the producer's production facility. Additionally, the cost of transportation could favor suppliers located in close proximity to our factories. If the quality of these raw materials is lower, the quality of our product may suffer. Economic and financial factors could impact our suppliers, thereby causing supply shortages. Increases in raw material costs could have a material adverse effect on our business, financial condition, or results of operations. Our feedstock supply strategy, including any hedging procedures, may be insufficient, and our results could be materially impacted if costs of materials increase.

The loss of the services of Mr. Daniel Solomita, our President and Chief Executive Officer, and Chairman of the Board of Directors, or our failure to timely identify and retain competent personnel could negatively impact our ability to develop our business.

The development of our business and the marketing of our prospective products will continue to place a significant strain on our limited personnel, management, and other resources. Our future success depends upon the continued services of our executive officers who are developing our business, and on our ability to identify and retain competent consultants and employees with the skills required to execute our business objectives. The loss of the services of Mr. Daniel Solomita or our failure to timely identify and retain competent personnel could negatively impact our ability to develop our business, which could adversely affect our financial results and impair our growth plans.

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We are subject to certain risks related to litigation filed by or against us and investigations we are subject to, and adverse results may harm our business.

We cannot predict with certainty the cost of defense, of prosecution, or of the ultimate outcome of litigation, investigations and other proceedings filed by or against us or individuals to whom we may have indemnity and/or advancement obligations, including penalties or other civil or criminal sanctions, or remedies or damage awards, and adverse results in any litigation and other proceedings may materially harm our business, including the subpoena we received from the SEC in October 2020 requesting certain 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 subpoena requesting additional information, including information concerning our reverse-merger in 2015, and communications with certain individuals and entities. There have been no further information requests relating to the Company's business or technology. Litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, international trade, commercial arrangements, product liability, environmental, health and safety, joint venture agreements, labor and employment, or other harms resulting from the actions of individuals or entities outside of our control. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that are subject to third-party patents or other third-party intellectual property rights. We expect to continue to incur legal fees in relation to litigation, investigations and other proceedings.

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We are subject to an SEC Investigation which could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.

As described in "Item 3. Legal Proceedings—SEC Investigation," of this [annual report](#), Annual Report on Form 10-K, the SEC in October 2020 requested certain 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 subpoena requesting additional information, including information concerning our reverse-merger in 2015, and communications with certain individuals and entities. There have been no further information requests relating to the Company's business or technology. We cannot predict or provide any assurance as to the timing, outcome or consequences of the SEC investigation. If the SEC were to conclude that enforcement action is appropriate, we could be required to pay civil penalties and fines, and the SEC could impose other sanctions against us or against our current and former officers and directors. We have incurred, and may continue to incur, significant expenses related to legal and other professional services in connection with matters relating to or arising from the SEC investigation. In addition, our ~~board~~Board of ~~directors~~Directors, management, and employees may expend a substantial amount of time on the SEC investigation, diverting resources and attention that would otherwise be directed toward our operations and implementation of our business strategy, all of which could materially adversely affect our business, financial condition, and results of operations. Furthermore, while the SEC has informed us that the investigation should not be construed as an indication by the SEC or its staff that any violation of law has occurred, nor as a reflection upon any person, entity or security, publicity surrounding the foregoing, or any SEC enforcement action or settlement as a result of the SEC's investigation, even if ultimately resolved favorably for us, could have an adverse impact on our reputation, business, financial condition, or results of operations.

Our Terrebonne Facility or other planned facilities must operate under policies, procedures, and controls for the operation of a chemical manufacturing facility as required under various federal, provincial and local regulations and codes. Failure to comply with such regulations and codes may lead to disruption of operations at the Terrebonne Facility or other planned facilities and the development of our technology, and financial sanctions.

We are subject to health and safety as well as environmental, zoning and any other regulatory requirements to operate our Terrebonne Facility and our other planned facilities, and as our business evolves, we, directly or indirectly through our partners or other related parties, may be subject to additional government regulations. Any failure to comply with ongoing regulatory requirements, as well as discovery of previously unknown problems, may result in, among other things, costly regulatory inspections, fines or remediation plans. If regulatory issues arise, the value of our business and our operating results may be adversely affected.

Additionally, applicable regulations may change, and additional government regulations may be enacted that could impact our business. We cannot predict the likelihood, nature, or extent of government regulation that may arise from future legislation or administrative action, either in Canada, the United States or abroad. If we are not able to maintain regulatory compliance, are slow or unable to adopt new requirements or policies, or effect changes to existing requirements, our business may be adversely affected.

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Our failure to protect our intellectual property and proprietary technology may significantly impair our competitive advantage.

Our success and ability to compete depend in large part upon protecting our proprietary technology. We rely on a combination of patent, trademark and trade secret protection, confidentiality, nondisclosure and non-use agreements to protect our proprietary rights. The steps we have taken may not be sufficient to prevent the misappropriation of our intellectual property, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. The patent and trademark law and trade secret protection may not be adequate to deter third party infringement or misappropriation of our patents, trademarks and similar proprietary rights.

We may face costly intellectual property infringement claims, the result of which would decrease the amount of cash available to operate and complete our business plan.

We anticipate that, from time to time, we will receive communications from third parties asserting that we are infringing certain patents and other intellectual property rights of others or seeking indemnification against alleged infringement. If anticipated claims arise, we will evaluate their merits. Any claims of infringement brought forth by third parties could result in protracted and costly litigation, damages for infringement, and the necessity of obtaining a license relating to one or more of our products or current or future technologies, which may not be available on commercially reasonable terms or at all. Litigation, which could result in substantial costs to us and diversion of our resources, may be necessary to enforce our patents or other intellectual property rights or

to defend us against claimed infringement of the rights of others. Any intellectual property litigation and the failure to obtain necessary licenses or other rights could have a material adverse effect on our business, financial condition and results of operations.

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We rely in part on trade secrets to protect our technology, and our failure to obtain or maintain trade secret protection could harm our business.

We rely on trade secrets to protect some of our technology and proprietary information, especially where we believe patent protection is not appropriate or obtainable. However, trade secrets are difficult to protect. Litigating a claim that a third party had illegally obtained and used our trade secrets would be expensive and time-consuming, and the outcome would be unpredictable. Moreover, if our competitors independently develop similar knowledge, methods and know-how, it will be difficult for us to enforce our rights and our business could be harmed.

If our information technology systems or data, or those of third parties upon which we rely, are or were compromised, we could experience material adverse effects on our business, financial condition, results of operations and prospects.

Cyberattacks, malicious internet-based activity, and online and offline fraud are prevalent and continue to increase. These threats are becoming increasingly difficult to detect and pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of data. Disruptions or failures in the physical infrastructure or operating systems that support our business, suppliers and other partners, or cyber-attacks or security breaches of our networks or systems or of third party suppliers and service providers, could result in the loss of customers and business opportunities, lawsuits, regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensatory costs, and additional compliance costs, any of which could materially adversely affect our business, financial condition, results of operations and prospects. Increasing costs associated with cybersecurity protections may be costly and may also adversely affect our financial condition. While we attempt to mitigate these risks, our systems, data, networks, products, and technology remain potentially vulnerable to advanced and persistent cybersecurity threats.

In the ordinary course of our business, we may process proprietary, confidential, and sensitive data, including personal data, intellectual property, and trade secrets (collectively, sensitive information) that is subject to privacy and security laws and regulations. Despite our efforts to protect sensitive information, our facilities and systems, business partners, suppliers and third-party service providers may be vulnerable to cybersecurity incidents, theft, misplaced or loss of data, programming and/or human errors that could lead to the compromise of sensitive, confidential or personal data or information or unauthorized use or disruption of our systems and software.

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While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps to detect and remediate vulnerabilities, but we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit such vulnerabilities change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. These vulnerabilities pose material risks to our business.

Despite our efforts to identify and remediate vulnerabilities, if any, in our information technology systems, our efforts may not be successful. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosures or the failure to comply with such requirements could lead to adverse consequences.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and the price of our common stock.

We are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Section 404 requires us to include an internal control report with our Annual Report on Form 10-K. This report must include management's assessment of the effectiveness of our internal control over financial reporting as at the end of the fiscal year. This report must also include disclosure of any material weaknesses in internal control over financial reporting that we have identified.

The process of designing and implementing internal control over financial reporting required to comply with Section 404 of the Sarbanes-Oxley Act is time consuming, costly and complicated. If, during the evaluation and testing process, we identify one or more other material weaknesses in our internal control over financial reporting or determine that existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented or reviewed. As we remain a Smaller Reporting Company, our independent registered public accounting firm is not required to express an opinion as to the effectiveness of our internal control over financial reporting. However, pursuant to Section 404, in the future, we may be required to furnish an attestation on internal control over financial reporting issued by our independent registered public accounting firm. Despite our efforts, our independent registered public accounting firm may determine we have a material weakness or significant deficiency in our internal controls over financial reporting once such firm begins its Section 404 reviews in the future. If we are unable to assert that our internal controls over financial reporting are effective, or when required in the future, if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting as required by Section 404, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected and we could become subject to litigation or investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

We are subject to risks associated with currency fluctuations, and changes in foreign currency exchange rates could impact our results of operations.

We operate mainly through two entities, Loop Industries, Inc., which is a Nevada corporation and has a U.S. dollar functional currency, and our wholly-owned subsidiary, Loop Canada Inc. ("Loop Canada"), which is based in Terrebonne, Québec, Canada and has a Canadian dollar functional currency. Our reporting currency is the U.S. dollar.

We mainly finance our operations through the sale and issuance of shares of common stock of Loop Industries, Inc. in U.S. dollars while our operations are concentrated in our wholly-owned subsidiary, Loop Canada. Accordingly, we are exposed to foreign exchange risk as we maintain bank accounts in U.S. dollars and a significant portion of our operational costs (including payroll, site costs, costs of locally sourced supplies, and income taxes) are denominated in Canadian dollars.

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Significant fluctuations in U.S. dollar to Canadian dollar exchange rates could materially affect our result of operations, cash position and funding requirements. To the extent that fluctuations in currency exchange rates cause our results of operations to differ materially from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected.

From time to time, we may engage in exchange rate hedging activities in an effort to mitigate the impact of exchange rate fluctuations. As part of our risk management program, we may enter into foreign exchange forward contracts to lock in the exchange rates for future foreign currency transactions, which is intended to reduce the variability of our operating costs and future cash flows denominated in currencies that differ from our functional currencies. We do not enter into these contracts for trading purposes or speculation, and our management believes all such contracts are entered into as hedges of underlying transactions. Nonetheless, these instruments involve costs and have risks of their own in the form of transaction costs, credit requirements and counterparty risk. If our hedging program is not successful, or if we change our hedging activities in the future, we may experience significant unexpected expenses from fluctuations in exchange rates. Any hedging technique we implement may fail to be effective. If our hedging activities are not effective, changes in currency exchange rates may have a more significant impact on the trading price of our common stock.

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We are subject to various federal, provincial, state and local laws and regulations and failure to secure and maintain permits could result in costs that have a material adverse effect on our business, results of operations and financial condition.

Many federal, provincial, state and local regulations govern plants and facilities and licenses to be held by individuals. We are in the process of obtaining all necessary permits and approvals for the operation of our business; however, any of these permits or approvals may be subject to denial, revocation or modification under various circumstances. The requirements for such permits vary depending on the location where our regulated activities are operated. As these are governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued, the duration of the permit and the conditions that may be imposed in connection with the granting of the permit.

We believe that we have all licenses required to conduct our operations and are in material compliance with applicable regulatory requirements. Failure to comply with applicable regulations could result in substantial fines or revocation of our permits and licenses or an inability to perform work, which could adversely affect our business.

RISKS ASSOCIATED WITH OUR SECURITIES

Raising additional funds may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies.

If we raise additional funds through equity offerings or offerings of equity-linked securities, including warrants or convertible debt securities, our existing stockholders may experience significant dilution, and the terms of such securities may include liquidation or other preferences that may adversely affect the rights of our stockholders. Our existing \$15 and \$20 warrants are subject to a broad based weighted average anti-dilution provision, which may result in a reduction of the warrant exercise price if new equity above \$65 million is raised under certain levels. The warrant exercise prices cannot be adjusted to less than \$12.45. Debt financings, if available, may subject us to restrictive covenants that could limit our flexibility in conducting future business activities, including covenants limiting or restricting our ability to incur additional debt, dispose of assets or incur capital expenditures. We may also incur ongoing interest expense and be required to grant a security interest in our assets in connection with any debt issuance. If we raise additional funds through strategic partnerships or licensing agreements with third parties, we may have to relinquish valuable rights to our technologies or grant licenses on terms that are not favorable to us.

Trading volume in our stock can fluctuate and an active trading market for our common stock may not be available on a consistent basis to provide stockholders with adequate liquidity. Our stock price may be volatile, and our stockholders could incur significant investment losses.

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The trading price for our common stock will be affected by a number of factors, including:

- . any change in the status of our Nasdaq listing;
- . the need for near-term financing to continue operations;
- . our ability to develop and commercialize our technology, relative to investor expectations;
- . general market conditions and other factors unrelated to our operating performance or the operating performance of our competitors;

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- . volatility in the financial and credit markets, including the recent volatility due, in part, to current geo-political events, inflation, economic uncertainty and the corresponding fiscal and monetary responses by central banks and governments;
- . future issuances and/or sales of our securities;
- . announcements or the absence of announcements by us, or our competitors, regarding collaborations, new products, significant contracts, commercial relationships or capital commitments;
- . commencement of, or involvement in, litigation or investigations;

- . any major change in our board ~~Board of directors~~ Directors or management;
- . changes in governmental regulations or in the status of our regulatory approvals;
- . announcements related to patents issued to us or our competitors and to litigation involving our intellectual property;
- a lack of, or negative security analyst coverage;
- . uncertainty regarding our ability to secure additional cash resources with which to operate our business;
- . short-selling or similar activities by third parties;
- . limited trading liquidity in our shares and any short positions held; and
- . other factors described elsewhere in these Risk Factors.

As a result of these factors, our stockholders may not be able to resell their shares at, or above, their purchase price. In addition, the stock prices of many technology companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Any negative change in the public's perception of the prospects of companies in our industry could depress our stock price regardless of our results of operations. These factors may have a material adverse effect on the market price and liquidity of our common stock and affect our ability to obtain the required financing.

Our President and Chief Executive Officer and Chairman of the Board of Directors, Mr. Daniel Solomita, beneficially owns a majority of the total voting power of our capital stock, and accordingly, has control over stockholder matters, our business and management.

As at ~~May 17, 2023~~ May 28, 2024, Mr. Daniel Solomita, our President and Chief Executive Officer, Chairman of the Board of Directors, and controlling ~~shareholder~~, stockholder, beneficially owns 19,210,000 shares of common stock, or 40.4% of our issued and outstanding shares of common stock and also holds one share of Series A Preferred Stock. The one share of Series A Preferred Stock issued to Mr. Solomita holds a majority of the total voting power so long as Mr. Solomita holds not less than 7.5% of the ~~issued and total number of~~ outstanding shares of our common stock on February 12, 2016 (as adjusted for any stock splits and stock dividends effected after February 12, 2016), assuring Mr. Solomita of control of the Company in the event that his ownership of the issued and outstanding shares of our common stock is diluted to a level below a majority. Currently, Mr. Solomita's beneficial ownership of 19,210,000 shares of common stock and 1 one share of Series A Preferred Stock provides him with 75.7% of the voting control of the Company.

Additionally, the one share of Series A Preferred Stock issued to Mr. Solomita contains protective provisions, which ~~precludes~~ preclude us from taking certain actions without Mr. Solomita's (or that of any person to whom the one share of Series A Preferred Stock is transferred) approval. More specifically, so long as any shares of Series A Preferred Stock are outstanding, we are not permitted to take certain actions without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, voting as a separate class, including for example and without limitation, amending our articles of incorporation, changing or modifying the rights of the Series A Preferred Stock, including increasing or decreasing the number of authorized shares of Series A Preferred Stock, increasing or decreasing the size of the ~~board~~ Board of directors ~~Directors~~ or ~~remove~~ removing the director appointed by the holders of our Series A Preferred Stock, replacing the President and/or Chief Executive Officer of the Company (unless approved by the Board of Directors, including the director appointed by the holders of our Series A Preferred Stock), and declaring or paying any dividend or other distribution.

As a result, Mr. Solomita has the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation, or sale of all or substantially all of our assets. In addition, under Nevada law and subject to certain exceptions, any director or one or more of the incumbent directors may be removed as a director only by the vote of stockholders representing not less than two-thirds of the voting power of the issued and outstanding stock entitled to vote. Mr. Solomita therefore has the voting power to remove directors who oppose actions or decisions he favors. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of our assets that our other stockholders support, or conversely this concentrated control could result in the consummation of such a transaction that our other stockholders do not support. This concentrated control could also discourage a potential investor from acquiring our common stock due to the limited voting power of such stock relative to the Series A Preferred Stock and might harm the market price of our common stock. In addition, Mr. Solomita has the ability

to control the management and major strategic investments of our company as a result of his position as our President, Chief Executive Officer, and Chairman of the Board of Directors and his ability to control the election or replacement of our directors. Because of this significant ownership position, held by our insiders, new investors may not be able to effect a change in our business or management, and therefore, stockholders would have no recourse as a result of decisions made by management. As a board member and officer, Mr. Solomita owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, even a controlling stockholder, Mr. Solomita is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

In addition, sales of significant amounts of shares held by Mr. Solomita, or the prospect of these sales, could adversely affect the market price of our common stock. Management's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

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Anti-takeover effects of certain provisions of Nevada state law hinder a potential takeover of our company.

Though not now, we may in the future become subject to Nevada's control share law. A corporation is subject to Nevada's control share law if it has more than 200 stockholders, at least 100 of whom are stockholders of record and residents of Nevada, and it does business in Nevada or through an affiliated corporation. The law focuses on the acquisition of a "controlling interest" interest, which means the ownership of outstanding voting shares sufficient, but for the control share law, to enable the acquiring person to exercise the following proportions of the voting power of the company in the election of directors: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more. The ability to exercise such voting power may be direct or indirect, as well as individual or in association with others.

The effect of the control share law is that the acquiring person, and those acting in association with it, obtains only such voting rights in the control shares as are conferred by a resolution of our stockholders, approved at a special or annual meeting of stockholders. The control share law contemplates that voting rights will be considered only once by the other stockholders. Thus, there is no authority to strip voting rights from the control shares of an acquiring person once those rights have been approved. If the stockholders do not grant voting rights to the control shares acquired by an acquiring person, those shares do not become permanent non-voting shares. The acquiring person is free to sell its shares to others. If the buyers of those shares themselves do not acquire a controlling interest, their shares do not become governed by the control share law.

If control shares are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of the voting power, any stockholder of record, other than an acquiring person, who has not voted in favor of approval of voting rights, is entitled to demand fair value for such stockholder's shares.

In addition to the control share law, Nevada has a business combination law which that prohibits certain business combinations between Nevada corporations and "interested stockholders" for three years after the "interested stockholder" first becomes an "interested stockholder," unless the company's board Board of directors Directors approves the combination in advance. For purposes of Nevada law, an "interested stockholder" is any person who is (i) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the company, or (ii) an affiliate or associate of the company and at any time within the two previous years was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares of the company. The definition of the term "combination" is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquirer to use the company's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the company and its other stockholders.

The effect of Nevada's business combination law is to potentially discourage parties interested in taking control of us from doing so if it cannot obtain the approval of our board Board of directors Directors.

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Because we do not intend to pay any cash dividends on our common stock, our stockholders will not be able to receive a return on their shares unless they sell them.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them. Stockholders may not be able to sell shares when desired. Before you invest in our securities, you should be aware that there are various risks. You should consider carefully these risk factors, together with all of the other information included in this **annual report** Annual Report on Form 10-K before you decide to purchase our securities. If any of **the following** these risks and uncertainties develop into actual events, our business, financial condition or results of operations could be materially adversely affected.

Sales of a significant number of shares of our common stock in the public markets, or the perception that such sales could occur, could depress the market price of our common stock.

Sales of a significant number of shares of our common stock in the public markets, or the perception that such sales could occur could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities. Notably, pursuant to the Investor Rights Agreement, we are required to register for public resale the Loop common stock held by the Purchaser. Following the effectiveness of such registration statement, a large number of shares of our common stock could be sold in the public market, depressing our stock price. Moreover, we cannot in general predict the effect that future sales of our common stock or the market perception that we are permitted to sell a significant number of our securities would have on the market price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

Assessment, identification and management of material risks from cybersecurity threats are integrated into the Company's overall risk management processes to promote a company-wide culture of cybersecurity risk management. Our Chief Financial Officer is responsible for the evaluation of material risks from cybersecurity threats and reports to both the Company's executive management team and the Audit Committee of the Board of Directors. We also regularly use third-party service providers to assist us to identify, assess, and manage material risks from cybersecurity threats, including cybersecurity consultants, as well as data backup and recovery providers.

We have implemented and maintain information security processes designed to identify, assess, and manage material risks from cybersecurity threats to our critical networks, third-party hosted services, communications systems, hardware and software, and our critical data, including intellectual property and confidential information that is proprietary, strategic, or competitive in nature ("Information Systems and Data").

The Chief Financial Officer is responsible, with the support of the Company's internal IT staff and external service providers, for helping to identify, assess and manage the Company's cybersecurity threats and risks, using internal resources as well as third-party service providers, by monitoring our threat environment using, among other things, manual processes, automated tools, internal audits, threat and vulnerability assessments, evaluating threats reported to us, evaluating our risk profile, and subscribing to reports and services that identify cybersecurity threats.

We implement and maintain various technical, physical, and organizational measures, processes, and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data. These include amongst others data encryption, risk assessments, network security and access controls, physical security, asset management, and systems monitoring. In addition, to oversee and identify any risks associated with our use of third-party service providers, we review Service Organization Controls reports of such third-party service providers when onboarding the provider and annually thereafter.

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To protect our information systems from cybersecurity threats, we use various security tools that help prevent, identify, escalate, investigate, resolve and recover from identified vulnerabilities and security incidents in a timely manner. These include, but are not limited to, internal reporting, monitoring and detection tools, some of which are managed by a third-party service provider.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under Part I. Item 1A. Risk Factors in this Annual Report on Form 10-K.

Cybersecurity threats have not materially affected the Company, including its business strategy, results of operations or financial condition. The Company does not believe that cybersecurity threats resulting from any previous cybersecurity incidents of which it is aware are reasonably likely to materially affect the Company.

Cybersecurity Governance

Our Board of Directors oversees the Company's risk management process, including cybersecurity risks, directly and through its committees. Pursuant to the Audit Committee Charter, the Audit Committee of the Board of Directors oversees management's processes for identifying, monitoring and addressing enterprise risks. In addition, the Audit Committee of the Board of Directors discusses with management the adequacy and effectiveness of the Company's policies and procedures regarding information technology risk management and internal controls related to cybersecurity.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain members of the Company's management. In particular, the Chief Financial Officer is responsible for hiring appropriate personnel and engaging external service providers with relevant cybersecurity expertise, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel, helping prepare for cybersecurity incidents, approving cybersecurity processes and technologies, and reviewing security assessments and other security-related reports. In addition, the Chief Financial Officer provides reports to the Audit Committee concerning the Company's cybersecurity posture and significant threats and risks and the processes to address them.

Our security incident response plan ("SIRP") is designed to escalate certain cybersecurity incidents to members of the Company's executive management team depending on the circumstances. The Chief Financial Officer and relevant department heads work with our incident response team to help the Company mitigate and remediate cybersecurity incidents of which they are notified. The SIRP provides for escalation of potentially material cybersecurity incidents to the Audit Committee.

ITEM 2. PROPERTIES

Our Terrebonne Facility and corporate offices are located at 480 Fernand-Poitras, Terrebonne, Québec, Canada J6Y 1Y4. The 33.2 thousand square foot facility includes 13.0 thousand square feet for our executive offices and 20.2 thousand square feet for our innovation and operational activities. We believe that our existing facilities are adequate for our current needs.

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ITEM 3. 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.

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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

The information set forth under "Contingencies" in Note 22, Commitments and Contingencies, contained in the notes to the consolidated financial statements of this Annual Report on Form 10-K is incorporated by reference in answer to this Item.

From time to time, we may become involved in various lawsuits and legal proceedings or investigations which that 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 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 4.1. EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is incorporated by reference from the section captioned "Executive Officers" contained in our proxy statement for the 2023 annual meeting of stockholders, to be filed with the Commission pursuant to Regulation 14A, not later than 120 days after February 28, 2023.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

Our common stock is currently traded on the Nasdaq Global Market under the symbol "LOOP."

Holders

As at **May 17, 2023** **May 28, 2024**, there were **47,521,187** **47,538,745** shares of common stock issued and outstanding (excluding shares of common stock issuable upon conversion or conversion into shares of common stock of all of our currently outstanding Series A Preferred Stock) held by approximately **4643** stockholders of record. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future. There are no restrictions in our Articles of Incorporation or By-laws that prevent us from declaring dividends, except that we are not permitted to declare or pay any dividend or other distribution without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, voting as a separate class. The Nevada Revised Statutes, however, prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

- we would not be able to pay our debts as they become due in the usual course of business; or
- our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of stockholders who have preferential rights superior to those receiving the distribution, unless otherwise permitted under our Articles of Incorporation.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Registrant and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during the year ended **February 28, 2023** **February 29, 2024**.

ITEM 6. SELECTED FINANCIAL DATA[Reserved]

Pursuant to SEC Release No. 33-8876, we are permitted to use the scaled disclosure requirements applicable to a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act, and therefore, we are not required to provide the information called for by this Item.

ITEM 7. 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 "Risk Factors" discussed elsewhere in this **Report**, **Annual Report** on Form 10-K. Please refer to the Cautionary Note Regarding Forward-Looking Statements on page 4.

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Overview

Loop is a technology company whose mission is to accelerate the world's shift towards sustainable PET plastic and polyester fiber and away from **our** **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, **as well as other specialty polymers**, 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.

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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.

In the past years, we have seen major consumer brands make significant commitments to close the loop on their plastic use by transitioning their packaging to recyclable materials and by incorporating more recycled content into their packaging. We believe Loop™ PET resin and polyester fiber provides the ideal solution for these brands because it is recyclable and is made from 100% recycled waste PET and polyester fiber, while being virgin-quality and suitable for use in food-grade packaging.

Commercialization Plan and Progress

Our objective is to achieve global expansion of Loop's technology 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, or polyester fiber or other specialty polymers, will view involvement in 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.

On December 22, 2022, we announced a shift in our commercialization strategy and will now focus on our planned joint venture projects with SK Geo Centric Co., Ltd ("SKGC") in Asia and Europe. These projects have a lower requirement for Loop equity investment and higher expected return on capital, and leverage SKGC's engineering and operational infrastructure. In addition, the joint venture projects will provide Loop with an annual technology licensing fee. SKGC is committed to commercializing Loop's technology as the underpinning of its sustainable plastics strategy. Loop is working collaboratively with SKGC to put in place a financing plan for the rollout of large-scale manufacturing in Asia and Europe, including the first Asian manufacturing facility in Ulsan, South Korea, which is anticipated to break ground in 2023 and to have construction completed by the end of 2025. The global expansion plan for our technology will allow our customers, mostly comprised of CPG brand companies and apparel companies, to expand the use of Loop™ PET resin and polyester fiber into their packaging and clothing. As countries around the globe continue to increase sustainability targets and recycled content mandates, our customers are increasing the use of sustainably produced materials into their products.

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The Infinite Loop™ manufacturing technology 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™ manufacturing technology 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 are then 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, 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. Permitting, site and regulatory considerations may impact plant capacity.

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 rDMT, rMEG and specialty polymers, using the Infinite Loop™ Technology. 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 rDMT and rMEG product offerings expected to be manufactured at the Infinite Loop™ India facility represent a strategic product expansion in a low-cost manufacturing environment which complements Loop's existing PET plastic and polyester fiber manufacturing business and will fuel growth by addressing the large and growing demand in the market. We believe this expansion 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.

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The India facility will leverage the Infinite Loop™ Technology and existing engineering package which should accelerate the lead-time towards groundbreaking, expected to occur by end of this year. Feedstock sourcing for the facility, in which there is abundant supply from textile waste in India, is well advanced and the partners have engaged an external firm to source and secure the land for the facility. Construction is expected to be completed by the end of 2026, with commercial operations commencing in early 2027. Loop will receive an annual technology license fee from the Infinite Loop™ manufacturing facility in India.

We are also focused on our planned joint venture projects with SKGC in Asia and Europe to build and operate Infinite Loop™ manufacturing facilities producing and selling Loop™ PET resin and polyester fiber. These projects leverage SKGC's engineering and operational infrastructure. In addition, the joint venture projects will provide Loop with an annual technology licensing fee. SKGC is committed to commercializing Loop's technology as the underpinning of its sustainable plastics strategy. Loop is working collaboratively with SKGC to put in place a financing plan for the rollout of large-scale manufacturing in Asia and Europe, including the planned Asian manufacturing facility in Ulsan, South Korea.

The planned Infinite Loop™ commercial manufacturing facility in Ulsan, South Korea, is expected to have an annual capacity to supply up to 70,000 metric tons per year of Loop™ PET resin for packaging and polyester fiber applications, and was planned to break ground in the first half of 2024. The timing of the facility is currently under review by the partners while they evaluate opportunities to reduce capital costs and carry out discussions with the Korean government for subsidies related to the facility. Loop and SKGC are also evaluating the opportunity to build a monomer facility in order to capitalize on the large and growing market and attractive economics for DMT and MEG, including lower capital investment requirements for such a facility.

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. As countries around the globe continue to increase sustainability targets and recycled content mandates, our customers are increasing 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 co-branded, 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.

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Results of Operations **RESULTS OF OPERATIONS**

Fourth Quarter Ended **February 28, 2023** **February 29, 2024**

The following table summarizes our operating results for the three-month periods ended **February 28, 2023** **February 29, 2024** and **February 28, 2022** **February 28, 2023**, in U.S. Dollars.

	Three months ended		
	February 28,		Change
	2023	2022	
Revenues	\$ 12,487	\$ -	\$ 12,487

Expenses

Research and development			
Machinery and equipment expenditures	83,467	1,841,920	(1,758,453)
External engineering	359,297	2,267,021	(1,907,724)
Employee compensation	1,289,096	1,509,831	(220,735)
Stock-based compensation	166,614	384,228	(217,614)
Plant and laboratory operating expenses	215,334	584,730	(369,396)
Other	98,965	390,758	(291,793)
Total research and development	2,212,773	6,978,488	(4,765,715)
General and administrative			
Professional fees	704,458	1,109,248	(404,790)
Employee compensation	545,734	624,444	(78,710)
Stock-based compensation	(49,581)	316,396	(365,977)
Insurance	710,697	1,146,574	(435,877)
Other	287,853	227,725	60,128
Total general and administrative	2,199,161	3,424,387	(1,225,226)
Gain on disposition of land	(9,979,933)	-	(9,979,933)
Contingency loss for legal settlement	-	2,519,220	(2,519,220)
Loss from equity-accounted investment	-	1,119,078	(1,119,078)
Depreciation and amortization	139,570	140,426	(856)
Interest and other financial expenses	49,794	35,994	13,800
Interest income	(5,454)	(12,167)	6,713
Foreign exchange loss (gain)	(27,015)	67,506	(94,521)
Total expenses	(5,411,104)	14,272,932	(19,684,036)
Net income (loss)	\$ 5,423,591	\$ (14,272,932)	\$ 19,696,523

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	Three months ended		
	February 29, 2024	February 28, 2023	Change
			favorable / (unfavorable)
Revenues	\$ 45	\$ 12	\$ 33
Expenses			
Research and development			
External engineering	786	359	(427)
Employee compensation	980	1,289	309
Stock-based compensation	66	167	101
Plant and laboratory operating expenses	1,081	215	(866)
Machinery and equipment expenditures	21	83	62

Other	84	100	16
Total research and development	3,018	2,213	(805)
General and administrative			
Professional fees	677	704	27
Employee compensation	459	546	87
Stock-based compensation	216	(50)	(266)
Insurance	623	711	88
Other	246	288	42
Total general and administrative	2,221	2,199	(22)
Gain on disposition of land	-	(9,980)	(9,980)
Depreciation and amortization	135	140	5
Interest and other financial expenses (income)	(182)	50	232
Interest income	(74)	(6)	68
Foreign exchange loss (gain)	18	(27)	(45)
Total expenses	5,136	(5,411)	(10,547)
Net income (loss)	\$ (5,091)	\$ 5,423	\$ (10,514)

Revenues

Revenues for the three-month period ended February 28, 2023 were \$0.01 million. For February 29, 2024 increased \$33 to \$45, as compared to \$12 for the same period in 2022, there were no revenues. The revenues resulted from the delivery of initial volumes to customers of Loop™ Loop™ PET resin produced using monomers manufactured at the Terrebonne Facility.

Research and Development

Research and development expenses for the three-month period ended February 28, 2023 decreased \$4.77 million February 29, 2024 increased \$805 to \$2.21 million, \$3,018, as compared to \$6.98 million \$2,213 for the same period in 2022. The decrease increase was primarily attributable to a \$1.91 million decrease \$866 increase in plant and laboratory operating expenses, which included an inventory write-down of \$817 in the three-month period ended February 29, 2024 on finished goods and work in process inventories related to inventory volumes not expected to be sold in the next twelve months, and a \$427 increase in external engineering costs for ongoing design work for our expenses which included \$504 related to the Infinite Loop™ manufacturing process, Europe project in the three-month period ended February 29, 2024. These increases were partially offset by a \$1.76 million \$309 decrease in purchases of machinery and equipment used at the Terrebonne facility, employee compensation expenses, and a \$0.37 million \$101 decrease in operating expenses at the Terrebonne facility plant and laboratories. stock-based compensation expenses.

General and administrative expenses

General and administrative expenses for the three-month period ended February 28, 2023 decreased \$1.23 million February 29, 2024 increased \$22 to \$2.20 million, \$2,221, as compared to \$3.42 million \$2,199 for the same period in 2022. The decrease increase was primarily attributable to a \$0.44 million decrease in insurance costs, a \$0.40 million decrease in expenses for legal and professional fees due to costs principally associated with the SEC investigation and class action suits described in "Item 3. Legal Proceedings" and the Company's commercialization plans, and a \$0.37 million decrease an increase of \$266 in stock-based compensation expenses which is mainly due was primarily attributable to RSU restricted stock unit ("RSU") forfeitures in the three-month period ended February 28, 2023, accounted for as. This increase was partially offset by a reversal of stock-based \$100 decrease in employee compensation expense. expenses.

Net Loss

The net loss for the three-month period ended February 28, 2023 decreased \$19.70 million with a net income of \$5.42 million February 29, 2024 increased \$10,514 to \$5,091 in the period, as compared to a net loss income of \$14.27 million \$5,423 for the same period in 2022, 2023. The decrease is increase was primarily due to a gain on disposition of land assets of \$9.98 million \$9,980 related to the Company's sale of land in Bécancour, Québec decreased research and development expenses of \$4.77 million, decreased general and administrative expenses of \$1.23 million, as well as the contingency loss for legal settlement of \$2.52 million and loss from equity-accounted investment of \$1.12 million both recorded in the year ended February 28, 2022.

The contingency loss for legal settlement of \$2.52 million in the year ended February 28, 2022 is related to the agreement for the settlement of the consolidated class action lawsuit filed in the Southern District of New York described in "Item 3. Legal Proceedings" entered into by the Company and the current and former officer defendants on March 1, 2022.

The recognition of a loss from equity-accounted investment of \$1.12 million in the three-month period ended February 28, 2022 is related to management's determination that February 28, 2023, and the capitalized costs increase of \$805 in our joint venture with Indorama, Indorama Loop Technologies ("ILT") were no longer recoverable. The joint venture had made a decision during 2020 that it would temporarily delay work on the project, largely due to factors related to the COVID-19 pandemic. Since that date, no expenditures have been incurred by the joint venture. Also, the Company achieved significant advancements in its engineering design independently from that which was accomplished in ILT. Due to these advancements, management has determined that engineering design costs initially capitalized in ILT are now obsolete research and no longer recoverable. Therefore, the Company recorded a loss of \$1.12 million relating to its investment in ILT during the three-month period ended February 28, 2022. This amount represents the Company's 50% portion of the engineering design costs capitalized in ILT development expenses.

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Fiscal Year Ended **February 28, 2023** **February 29, 2024**

The following table summarizes our operating results for the years ended **February 28, 2023** **February 29, 2024** and **February 28, 2022** **February 28, 2023**, in U.S. Dollars.

	Years ended			Years ended			Change favorable / (unfavorable)				
	February 28, 2023		February 28, 2022	Change	February 29, 2024			February 28, 2023	February 28, 2023		
	\$	172,838	\$	-	\$	153		\$	173	\$	(20)
Revenues											
Expenses											
<i>Research and development</i>											
Machinery and equipment expenditures		4,216,042	9,549,802	(5,333,760)							
External engineering		3,272,864	7,307,363	(4,034,499)		2,353	3,273			920	
Employee compensation		6,468,202	5,722,906	745,296		4,591	6,468			1,877	
Stock-based compensation		1,337,167	1,536,734	(199,567)		542	1,337			795	
Plant and laboratory operating expenses		2,580,977	2,649,133	(68,156)		2,318	2,581			263	
Machinery and equipment expenditures						1,142	4,216			3,074	
Tax credits		(1,199,137)	(91,960)	(1,107,177)		(318)	(1,199)			(881)	
Other		669,849	1,062,447	(392,598)		751	670			(81)	

Total research and development	17,345,964	27,736,425	(10,390,461)	11,379	17,346	5,967
General and administrative						
Professional fees	4,288,299	4,247,859	40,440	2,928	4,288	1,360
Employee compensation	2,475,317	2,772,977	(297,660)	2,343	2,475	132
Stock-based compensation	8,749,019	525,633	8,223,386	880	8,749	7,869
Insurance	3,594,030	4,267,927	(673,897)	2,680	3,594	914
Other	1,322,751	978,043	344,708	1,157	1,323	166
Total general and administrative	20,429,416	12,792,439	7,636,977	9,988	20,429	10,441
Gain on disposition of land	(16,683,492)	-	(16,683,492)	-	(16,683)	(16,683)
Contingency loss for legal settlement	-	2,519,220	(2,519,220)			
Loss from equity-accounted investment	-	1,119,078	(1,119,078)			
Depreciation and amortization	550,114	548,232	1,882	535	550	15
Interest and other financial expenses	188,756	154,319	34,437	(41)	189	230
Interest income	(41,296)	(58,976)	17,680	(558)	(41)	517
Foreign exchange loss (gain)	(316,059)	110,219	(426,278)			
Foreign exchange gain				(63)	(316)	(253)
Total expenses	21,473,403	44,920,956	(23,447,553)	21,240	21,474	234
Net loss	\$ (21,300,565)	\$ (44,920,956)	\$ 23,620,391	\$ (21,087)	\$ (21,301)	\$ 214

Revenues

Revenues for the year ended February 28, 2023 were \$0.17 million. For February 29, 2024 decreased \$20 to \$153, as compared to \$173 for the same period in 2022, there were no revenues. 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 expenses for the year ended February 28, 2023 decreased \$10.39 million to \$17.35 million, \$11,379, as compared to \$27.74 million for the same period in 2022. The decrease was primarily attributable to a \$5.33 million decrease in purchases of machinery and equipment used at the Terrebonne facility, a \$4.03 million decrease in employee compensation expenses including stock-based compensation, and a \$920 decrease in external engineering expenses for ongoing design work for our Infinite Loop™ manufacturing process, and process. These decreases were partially offset by a \$1.11 million increase in tax credits recorded accounted for as a reduction of research and development expenses. These decreases were partially offset by a \$0.75 million increase in employee compensation expenses related to increased headcount in our in-house engineering and commercial project teams, of \$881.

General and administrative expenses

General and administrative expenses for the year ended February 28, 2023 increased \$7.64 million to \$10,441 to \$20.43 million, \$9,988, as compared to \$12.79 million for the same period in 2022. The increase was primarily attributable to an increased \$7,869 decrease in stock-based compensation which is mostly related to a \$7,740 expense of \$8.22 million, of which \$7.74 million was related recorded in relation to the achievement of a performance milestone for 1,000,000 RSUs following the execution of a supply agreement with a customer and \$0.94 million was attributable to RSU forfeitures in the same period year ended February 28, 2023, a \$1,360 decrease in 2022, which were accounted for as a reversal of stock-based compensation. The increase was partially offset by decreased insurance costs of \$0.67 million, professional fees, and a \$0.30 million decrease in employee compensation insurance costs.

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Net Loss

The net loss for the year ended **February 28, 2023** **February 29, 2024** decreased **\$23.62 million** **\$214** to **\$21.30 million**, **\$21,087**, as compared to **\$44.92 million** **\$21,301** for the same period in **2022**. **2023**. The decrease **is** was primarily due to the **\$10,441** decrease in general and administrative expenses, and the **\$5,967** decrease in research and development expenses, as well as an increase in interest income of **\$517**. The decrease in net loss was partially offset by a gain on disposition of **land** assets of **\$16.68 million** **\$16,683** recorded in the year ended **February 28, 2023** related to the Company's sale of land in Bécancour, Québec, decreased research and development expenses of **\$10.39 million**, as well as the contingency loss for legal settlement of **\$2.52 million** and loss from equity-accounted investment of **\$1.12 million** both recorded in the year ended **February 28, 2022**. The decrease in net loss was partially offset by increased general and administrative expenses of **\$7.64 million**, **bec.**

The contingency loss for legal settlement of **\$2.52 million** in the year ended **February 28, 2022** is related to the agreement for the settlement of the consolidated class action lawsuit filed in the Southern District of New York described in "Item 3. Legal Proceedings" entered into by the Company and the current and former officer defendants on March 1, 2022.

The recognition of a loss from equity-accounted investment of **\$1.12 million** in the year ended **February 28, 2022** is related to the Company's investment in ILT as discussed in the fourth quarter results above.

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LIQUIDITY AND CAPITAL RESOURCES

Since its inception, the Company has been in the pre-commercialization stage with **limited** **no material** revenues, **with** **and** its ongoing operations and commercialization plans have been financed primarily by raising equity. Therefore, 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 **\$29.59 million** **\$6,958** at **February 28, 2023** **February 29, 2024** and an undrawn senior loan facility from a Canadian bank of **\$2.57 million**, **\$2,579**. Our liquidity position is subject to risks and uncertainties, including those discussed under "Cautionary Statements Regarding Forward-Looking Statements" in this Annual Report on Form 10-K and the Risk Factors section included in Part I, Item 1A of this Annual Report on Form 10-K.

Management **actively** **continuously** monitors the Company's cash resources against the Company's **its** short-term cash commitments to ensure the Company has **there** is sufficient liquidity to fund its costs for at least twelve months from the financial statement issuance date. Management evaluates the Company's liquidity to determine if there is substantial doubt about the Company's **its** ability to continue as a going concern. In preparing this **liquidity** **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: (i) to the estimation of amount and timing of future cash outflows and inflows. Based on its assessment, management estimates that current available liquidity and forecasted net cash inflows and (ii) determining what future expenditures are committed and what could flows will not be considered discretionary. Management prepared sufficient to meet the Company's obligations, commitments and budgeted expenditures the next twelve months from the consolidated financial statements on issuance date. These events and conditions are material uncertainties that raise substantial doubt upon the Company's ability to continue as a going concern basis in accordance with ASC 205-40, as management believes and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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. However, there is no assurance that the Company will be able to realize its assets and discharge its liabilities successful in the normal course of operations as they become due for a period of no less than 12 months from the date of issuance of these consolidated financial statements.

Management continues to pursue our growth strategy and attracting additional funding. Even if additional financing is evaluating our financing plans to continue to raise capital to finance the start-up of commercial operations and continue to fund our ongoing operations. We will require a significant amount of capital to fund our growth as we invest in our planned commercial facilities in Europe, Asia and North America, as well as additional research and development. In addition to our cash on hand, we may also raise additional capital through equity offerings or debt financings, government incentives, as well as through collaborations or strategic alliances to execute our growth strategy. Such financing will depend on many factors, including actual construction costs of the planned commercial facilities, potential delays in our supply chain, and our ability to secure customers, which 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. The Company is seeking to finalize the negotiation of previously announced financing initiatives on acceptable terms, if at all. If we are unable to raise additional capital when required, our business, financial condition and results of operations would be adversely affected, although there is no assurance it will succeed.

In December 2021, the Company entered into an agreement for the purchase of long lead machinery and long-lead equipment for up to \$8.55 million \$8,546 which can be used in any Infinite Loop™ Loop™ manufacturing facility. The payment As of these amounts is based on certain milestones subject to various terms and conditions, including fabrication timelines, and equipment inspection. Pursuant to the agreement, February 29, 2024, the Company has paid a cash deposit an aggregate of \$3.40 million \$8,460 and has taken ownership of the long-lead equipment. This amount, along with engineering and development costs that have been and may continue to be incurred, is currently expected to be recovered from the JV Company when construction begins on the Infinite Loop™ Ulsan facility. However, given that the construction of the Infinite Loop facility has not commenced, the total amounts incurred to date may not be reimbursed, therefore an amount of estimated recoverable amount of \$16,000 has not been recognized in the financial statements included in this Annual Report on Form 10-K.

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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 \$3.38 million (CDN\$4.60 million) \$3,390. We received the first disbursement in the amount of \$1.62 million (CDN\$2.21 million) \$1,628 on February 21, 2020 and the second disbursement in the amount of \$1.76 million (CDN\$2.39 million) \$1,762 on August 26, 2021. There is 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. At Under the original terms of the financing facility, at the end of the 36-month moratorium, capital and interest will be 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 loan bears Financing Facility Amendment did not modify the interest rates, the repayment terms of accrued interest or any other terms of the Financing Facility.

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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%. We have also agreed 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.

The amendments did not meet the criteria of ASC 470, Debt for an extinguishment of debt as the amendments did not substantially modify the terms of the Financing Facility. The Company therefore applied modification accounting and no immediate gain or loss was recognized related to issue to the amendments.

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 \$0.36 million (CDN\$0.46 million). \$339. The warrants were issued at a price per share equal to the higher of (i) \$11.00 per share and (ii) the ten-day weighted average closing price of Loop Industries shares of common stock on the Nasdaq stock market for the 10 days prior to the issue of the warrants. The warrants can be exercised immediately upon grant and have a term of three years from the date of issuance. The loan can be repaid at any time by us without penalty. 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. 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, \$0.04 million (CDN \$0.05 million) of the principal amount is repayable in monthly installments in the fiscal year ending February 29, 2024 and the remainder of the principal amount is repayable in 72 monthly installments. Under the original terms of the Financing Facility, the principal amount was repayable in 84 monthly installments beginning in March of 2023. The Financing Facility Amendment does not modify the interest rates, the repayment terms of accrued interest or any other terms of the Financing Facility. remains outstanding.

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 \$2.57 million (CDN \$3.50 million) \$2,579 in aggregate principal amount and provides for a two-year term. term on amounts drawn. The Credit Facility is secured by the Company's Terrebonne, Québec property and is subject to a minimum equity covenant, tested quarterly. All borrowings under the Credit Facility will bear interest at an annual rate equal to the bank's Canadian prime rate (as defined in the Credit Facility) plus 1.0%. The Company is subject to a guarantee of the liabilities of Loop Canada Inc. Canada. As at February 28, 2023 February 29, 2024, the Credit Facility was undrawn.

From time to time, we may engage in exchange rate hedging activities in an effort to mitigate the impact of exchange rate fluctuations. As part of our risk management program, we may enter into foreign exchange forward contracts to lock in the exchange rates for future foreign currency transactions, which is intended to reduce the variability of our operating costs and future cash flows denominated in currencies that differs from our functional currencies. We do not enter into these contracts for trading purposes or speculation, and our management believes all such contracts are entered into as hedges of underlying transactions.

In October 2022, the Company received a cash deposit from a customer of \$1,000 in relation to an executed capacity reservation agreement. The deposit was intended to be credited against any future sales of Loop™ PET resin over a five-year period, commencing two years after the first delivery of Loop™ PET resin to the customer. Upon mutual agreement, the capacity reservation agreement with the customer was terminated on January 18, 2024. The customer and the Company agreed for the deposit to be refunded in full on July 1, 2027, with no restriction on the Company's use of the funds. The amount bears no interest. The cause of the termination is related to the customer's decision to abandon its plans to incorporate rPET in its products for technical reasons.

The following table summarizes the exchange rates used:

	February 28,	February 28,	February 29,	February 28,
	2023	2022	2024	2023
Period end Canadian \$: US Dollar exchange rate	\$ 0.73	\$ 0.79	\$ 0.74	\$ 0.73
Average period Canadian \$: US Dollar exchange rate	\$ 0.76	\$ 0.80	\$ 0.74	\$ 0.76

Expenditures are translated at the average exchange rate for the period presented.

Summary of Cash Flows

A summary of cash flows for the years ended **February 28, 2023** **February 29, 2024**, and **February 28, 2022** **February 28, 2023** in U.S. dollars was as follows:

	February 28, 2023	February 28, 2022
Net cash used in operating activities	\$(34,891,759)	\$(40,562,661)
Net cash provided (used) in investing activities	21,278,798	(7,533,087)
Net cash provided by financing activities	1,011,732	56,994,801
Effect of exchange rate changes on cash	(869,512)	(59,577)
Net change in cash	<u><u>\$ (13,470,741)</u></u>	<u><u>\$ 8,839,476</u></u>

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	February 29, 2024	February 28, 2023
Net cash used in operating activities	\$ (18,034)	\$ (34,892)
Net cash (used in) provided by investing activities	(5,644)	21,279
Net cash (used in) provided by financing activities	(75)	1,012
Effect of exchange rate changes on cash	120	(870)
Net change in cash	<u><u>\$ (23,633)</u></u>	<u><u>\$ (13,471)</u></u>

Net Cash Used in Operating Activities

During the year ended **February 28, 2023** **February 29, 2024**, we used **\$34.89 million** **\$18,034** in operations compared to **\$40.56 million** **\$34,892** during the year ended **February 28, 2022** **February 28, 2023**. As discussed above in the Results of Operations, the year-over-year decrease **is** was mainly due to decreased operating expenses as we have completed the upgrade of the Terrebonne Facility and our basic design package for the Infinite Loop™ Loop™ full-scale manufacturing facilities, in addition to decreased general and administrative expenses.

Net Cash Used in Investing Activities

During the year ended **February 28, 2023** **February 29, 2024**, **net** we used **\$5,644** in investing activities compared to cash provided from investing activities was **\$21.28 million** of **\$21,279** during the year ended **February 28, 2023**. We made investments During the year ended **February 29, 2024**, cash used for the purchase of **\$0.08 million** in property, plant and long-lead equipment amounted to **\$5,065**, as compared to **\$4.82 million** for **\$594** during the year ended **February 28, 2022** **February 28, 2023**. The investments in During the year ended **February 28, 2022** were primarily **February 29, 2024**, we made investments in connection with intangible assets of **\$482**, as compared to **\$360** during the purchase for **\$4.80 million** of a parcel of land year ended **February 28, 2023**, particularly in Béancour, Québec with our patent technology in the initial intention of constructing an Infinite Loop™ manufacturing facility. In United States and around the world. During the year ended **February 28, 2023**, we sold the land in Béancour, Québec for net cash proceeds of **\$22.31** following the decision to focus our commercialization strategy on our planned projects with SKGC **\$22,314**.

Net Cash Used in Asia and Europe. Financing Activities

During the year ended **February 28, 2023**, we also invested **\$0.36 million** received a customer deposit of **\$1,000** in intangible assets, relation to an executed capacity reservation agreement which was terminated on January 18, 2024. The customer and the Company agreed for the deposit to be refunded in full on July 1, 2027, with no restriction on the Company's use of the funds. The amount bears no interest. The cause for the termination is related to the customer's decision to abandon its plans to incorporate rPET in its products for technical reasons.

In the year ended February 29, 2024, we made repayments of long-term debt of \$63 as compared to \$0.29 million for nil in the year ended February 28, 2022, as we developed our GEN II technology and filed various patents in various jurisdictions around the world which await approval in certain jurisdictions.

Net Cash Provided by Financing Activities

During the year ended February 28, 2022, we raised a net amount of \$56.05 million through a private offering of common stock, together with warrants. We also repaid the remaining balance of a term loan from a Canadian bank in January 2022 included in payments made against our long-term debt totaling \$0.94 million February 28, 2023.

On August 26, 2021, we received \$1.88 million (CDN\$2.40 million) in connection with the credit facility from Investissement Québec to finance capital expenses incurred for the expansion of the Terrebonne Facility. There is a moratorium on both capital and interest repayments until February 2023.

OUTLOOK

In connection with the upcoming fiscal year ending February 28, 2024 February 28, 2025, we intend to continue to execute our corporate strategy. We believe we must execute on several areas of our operational strategic plan, namely:

- Continuing to drive the commercialization of our Infinite Loop™ solution, Loop™ Technology, which we believe is a key pillar of our ambition to commercialize our technology. This entails the continuation of executing partnerships and/or commercial agreements with customers, including product activations using product manufactured at the Terrebonne Facility and multi-year offtake agreements for the planned commercial facilities;
- Continuing to identify and secure feedstock to ensure our current Terrebonne Facility and potential planned commercial facilities can operate continuously and efficiently;

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- Working with our external engineering partners in their process design for the Indian, Asian and European project evaluations and executing on the project plan plans for the planned Ulsan, South Korea Infinite Loop™ and Indian commercial facility; facilities;
- Securing financing to fund our operations, including our planned commercial projects and continued growth;
- Identifying and pursuing additional strategic partners and regions for new Infinite Loop™ Loop™ projects; and
- Protecting our intellectual property.

Risks that may affect our ability to execute on this strategy include, but are not limited to, those listed under "Risk Factors" elsewhere in this Annual Report. Report on Form 10-K.

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CRITICAL ACCOUNTING 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. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Liquidity Assessment Going Concern

These consolidated financial statements have been prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the date of issuance of these consolidated financial statements.

Since its inception, the Company has been in the pre-commercialization stage with limited no material revenues from customers, and its ongoing operations and commercialization plans have been financed primarily by raising equity. The Therefore, 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 February 28, 2023 February 29, 2024, the Company's available liquidity was \$32.16 million, \$9,537, consisting of cash and cash equivalents of \$29.59 million \$6,958 and an undrawn senior loan facility from a Canadian bank of \$2.57 million (CDN \$3.50 million). \$2,579.

Management actively continuously monitors the Company's cash resources against the Company's its short-term cash commitments to ensure the Company has there is sufficient liquidity to fund its costs for at least twelve months from the financial statement issuance date. Management evaluates the Company's liquidity to determine if there is substantial doubt about the Company's its ability to continue as a going concern. In preparing this liquidity 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: (i) to the estimation of amount and timing of future cash outflows and inflows and (ii) determining what future expenditures are committed and what could be considered discretionary inflows. Based on this its assessment, management believes estimates that current available liquidity and forecasted net cash flows will not be sufficient to meet the Company's obligations, commitments and budgeted expenditures the next twelve months from the consolidated financial statements issuance date. These events and conditions are material uncertainties that raise substantial doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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. However, there is no assurance that the Company will be able 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. The Company is seeking to finalize the negotiation of previously announced financing initiatives on acceptable terms.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and discharge settle its liabilities as a going concern in the normal course of operations as they become due for a period of no less than twelve months from the date of issuance of the annual consolidated financial statements operations. Such adjustments could be material.

Stock-Based Compensation

The Company periodically issues stock options, warrants and restricted stock units to employees and non-employees in non-capital raising transactions for services and financing expenses. The Company accounts for stock options granted to employees based on the authoritative guidance provided by the FASB Financial Accounting Standards Board (the "FASB") wherein the fair value of the award is measured on the grant date and recognized as compensation expense on the straight-line basis over the vesting period. When performance conditions exist, the Company recognizes compensation expense when it becomes probable that the performance condition will be met. Forfeitures on share-based payments are recognized as they occur.

The Company accounts for stock options and warrants granted to non-employees in accordance with the authoritative guidance of the FASB wherein the fair value of the stock compensation is based upon the measurement date determined as the earlier of the date at which either a) a commitment is reached with the counterparty for performance or b) the counterparty completes its performance.

The Company estimates the fair value of restricted stock unit awards to employees and directors based on the closing market price of its common stock on the date of grant.

The fair value of the stock options granted is estimated using the Black-Scholes model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options, and future dividends. Stock-based compensation expense is recorded based on the value derived from the Black-Scholes model and on actual experience. The assumptions used in the Black-Scholes model could materially affect stock-based compensation expenses recorded in the current and future periods.

Inventories

Inventories are stated at the lower of cost or net realizable value using the average cost method. Inventory cost includes direct labor, cost of raw materials and production overhead.

The Company separates its inventories into three main categories: raw materials, work in process, and finished goods. The raw materials category includes goods used in the production process that have not yet entered the production process at the balance sheet date and mainly comprises chemicals and other process consumables. The work in process category includes goods that are in the production process at the balance sheet date and mainly comprises recycled monomers that have not yet been polymerized into Loop™ branded PET resin. The finished goods category includes goods that have completed the production process at the balance sheet date and mainly comprises Loop™ branded PET resin.

The Company is still within the pre-commercialization phase and as such, the cost of producing inventory currently exceeds its net realizable value. In determining the net realizable value of inventory, management applies significant judgements about the future selling price, expected costs to be incurred in the sale of the finished goods, and expected volumes to be sold.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to SEC Release No. 33-8876, we are permitted to use the scaled disclosure requirements applicable to a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act, and therefore, we are not required to provide the information called for by this Item.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Loop Industries, Inc.

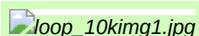
February 28, 2023 29, 2024

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Loop Industries, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Loop Industries, Inc. and its subsidiaries (together, the Company) as of **February 28, 2023**, **February 29, 2024** and **2022**, **February 28, 2023**, and the related consolidated statements of operations and comprehensive loss, **change changes** in stockholders' equity and cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of **February 28, 2023**, **February 29, 2024** and **2022**, **February 28, 2023**, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred net losses and negative cash flow from operating and investing activities since its inception that and has stated that these events or conditions indicate that a material uncertainty exists that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter is also described in the Critical Audit Matters section of our report.

Basis for Opinion

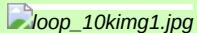
These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

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Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the **Audit Committee** **audit committee** and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Liquidity Going Concern Assessment

As described in [notes note 1 and 2](#) to the consolidated financial statements, the Company's consolidated financial statements have been prepared on a [going concern basis](#), as management believes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due for a period of no less than 12 months from the date of issuance of these consolidated financial statements. For the year ended [February 28, 2023](#) [February 29, 2024](#), the Company incurred a net loss of [\\$21.3 million](#) [\\$21.1 million](#) and the net cash flows used in from operating activities was [\\$34.9 million](#) [\\$18.0 million](#). As of [February 28, 2023](#) [February 29, 2024](#), the accumulated deficit amounted Company's available liquidity was [\\$9.5 million](#), consisting of cash and cash equivalents of [\\$6.9 million](#) and an undrawn senior loan facility from a Canadian bank of [\\$2.6 million](#). Management estimates that current available liquidity and forecasted net cash flows will not be sufficient to [\\$155.9 million](#) meet the Company's obligations, commitments and budgeted expenditures for the next twelve months from the consolidated financial statements issuance date. Management evaluates the Company's liquidity to determine if there is substantial doubt about the Company's ability to continue as a going concern. In preparing this [liquidity 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 (i) the estimation of amount and timing of future cash outflows and cash inflows; and (ii) determining what future expenditures are committed and what could be considered discretionary inflows. This matter is also described in the [Substantial Doubt About the Company's Ability to Continue as a Going Concern](#) section of our report.

The principal considerations for our determination that performing procedures relating to the [liquidity going concern](#) assessment is a critical audit matter are the significant judgments made by management in estimating the future cash flow requirements of the Company based on budgets and forecasts, which includes developing assumptions related to the estimation of amount and in developing the related assumptions timing of future cash outflows and inflows. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to management's [liquidity assessment](#) estimation of amount and the development timing of assumptions included in the estimated future cash flows outflows and inflows.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among other things, (i) others, evaluating management's assessment of whether the Company has sufficient cash resources for a period of no less than the next 12 months from the date of the issuance of the consolidated financial statements; (ii) statements. This included (i) testing the completeness and accuracy of the underlying data used in management's estimation of future cash flow requirements; (iii) and (ii) evaluating the reasonableness of management's assumptions related to the estimation of the amount and timing of future cash outflows and cash inflows; and (iv) determining what future expenditures are committed and what could be considered discretionary inflows. The evaluation of these assumptions considered (i) management's historical accuracy in forecasting cash flows and setting budgets; and (ii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Additionally, these procedures included evaluating the sufficiency of the Company's [liquidity going concern](#) disclosure.

/s/ PricewaterhouseCoopers LLP

Montréal, Canada

May 18, 2023

May 29, 2024

We have served as the Company's auditor since 2017.

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Loop Industries, Inc. Consolidated Balance Sheets

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

As at	
February 29, 2024	February 28, 2023

Assets

Current assets

Cash and cash equivalents	\$ 6,958	\$ 29,591
Restricted cash (Note 11)	-	1,000
Sales tax, tax credits and other receivables (Note 3)	351	1,075
Inventories (Note 4)	102	727
Deposits on machinery and equipment (Note 5)	-	3,395
Prepaid expenses and other deposits (Note 6)	577	636
Total current assets	7,988	36,424
Investment in joint venture (Note 12)	381	381
Property, plant and equipment, net (Note 7)	10,636	2,545
Intangible assets, net (Note 8)	1,548	1,210
Total assets	\$ 20,553	\$ 40,560

Liabilities and Stockholders' Equity

Current liabilities

Accounts payable and accrued liabilities (Note 10)	\$ 2,321	\$ 2,510
Customer deposits (Note 11)	-	1,012
Current portion of long-term debt (Note 13)	100	62
Total current liabilities	2,421	3,584
Due to customer (Note 11)	770	-
Long-term debt (Note 13)	3,220	3,240
Total liabilities	6,411	6,824

Stockholders' Equity

Series A Preferred stock par value \$0.0001; 25,000,000 shares authorized; one share issued and outstanding (Note 15)	-	-
Common stock par value \$0.0001; 250,000,000 shares authorized; 47,528,908 shares issued and outstanding (2023 – 47,469,224) (Note 15)	5	5
Additional paid-in capital	171,792	170,370
Additional paid-in capital – Warrants (Note 20)	20,385	20,385
Accumulated deficit	(176,970)	(155,883)
Accumulated other comprehensive loss	(1,070)	(1,141)
Total stockholders' equity	14,142	33,736
Total liabilities and stockholders' equity	\$ 20,553	\$ 40,560

Going Concern (Note 1)

Commitments (Note 24)

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets
(in United States dollars) Statements of Operations and Comprehensive Loss

	As at	
	February 28, 2023	February 28, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 29,590,686	\$ 44,061,427
Restricted cash (Note 10)	1,000,000	-
Sales tax, tax credits and other receivables (Note 3)	1,075,045	1,716,262
Inventories (Note 4)	726,933	-
Deposits on machinery and equipment (Note 5)	3,395,650	2,801,680
Prepaid expenses and other deposits (Note 5)	635,580	163,966
Assets held for sale (Note 6)	-	3,389,279
Total current assets	<u>36,423,894</u>	52,132,614
Investment in joint venture (Note 11)	380,922	380,922
Property, plant and equipment, net (Note 6)	2,545,203	5,692,862
Intangible assets, net (Note 7)	1,209,959	1,013,801
Total assets	<u><u>\$ 40,559,978</u></u>	<u><u>\$ 59,220,199</u></u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 2,510,481	\$ 9,846,815
Customer deposits (Note 10)	1,011,732	-
Current portion of long-term debt (Note 12)	62,135	-
Total current liabilities	<u>3,584,348</u>	9,846,815
Long-term debt (Note 12)	3,240,271	3,378,403
Total liabilities	<u><u>6,824,619</u></u>	13,225,218
Stockholders' Equity		
Series A Preferred stock par value \$0.0001; 25,000,000 shares authorized; one share issued and outstanding (Note 14)	-	-
Common stock par value \$0.0001; 250,000,000 shares authorized; 47,469,224 shares issued and outstanding (2022 – 47,388,056) (Note 14)	4,748	4,740
Additional paid-in capital	170,369,868	150,396,704
Additional paid-in capital – Warrants (Note 19)	20,385,510	30,272,496
Accumulated deficit	(155,883,491)	(134,582,926)
Accumulated other comprehensive loss	(1,141,276)	(96,033)
Total stockholders' equity	<u>33,735,359</u>	45,994,981
Total liabilities and stockholders' equity	<u><u>\$ 40,559,978</u></u>	<u><u>\$ 59,220,199</u></u>
Commitments and Contingencies (Note 22)		
(in thousands of U.S. dollars, except for share data)		
	Years Ended	
	2023	2022

	February 29, 2024	February 28, 2023
Revenue	\$ 153	\$ 173
Expenses :		
Research and development (Note 16)	11,379	17,346
General and administrative (Note 17)	9,988	20,429
Depreciation and amortization (Notes 7 and 8)	535	550
Total expenses	<u>21,902</u>	<u>38,325</u>
Other (income) loss :		
Gain on disposition of land (Note 7)	-	(16,683)
Interest and other financial expenses (income) (Note 21)	(41)	189
Interest income	(558)	(41)
Foreign exchange gain	(63)	(316)
Net loss	<u>(21,087)</u>	<u>(21,301)</u>
Other comprehensive income (loss) -		
Foreign currency translation adjustment	71	(1,045)
Comprehensive loss	<u>\$ (21,016)</u>	<u>\$ (22,346)</u>
Net loss per share		
Basic and diluted	\$ (0.44)	\$ (0.45)
Weighted average common shares outstanding		
Basic and diluted	47,522,483	47,418,949
Going Concern (Note 1)		

See accompanying notes to the consolidated financial **statements**.

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Loop Industries, Inc.
Consolidated Statements of Operations Changes in Stockholders' Equity
For the Years Ended February 29, 2024 and Comprehensive Loss February 28, 2023
(in United States dollars)

	Years Ended	
	February 28, 2023	February 28, 2022
Revenue	\$ 172,838	\$ -
Expenses :		
Research and development (Note 15)	17,345,964	27,736,425

General and administrative (Note 16)	20,429,416	12,792,439
Depreciation and amortization (Notes 6 and 7)	550,114	548,232
Total expenses	38,325,494	41,077,096
 Other (income) loss :		
Gain on disposition of land (Note 6)	(16,683,492)	-
Loss for legal settlement (Note 22)	-	2,519,220
Loss from equity-accounted investment (Note 11)	-	1,119,078
Interest and other financial expenses (Note 20)	188,756	154,319
Interest income	(41,296)	(58,976)
Foreign exchange (gain) loss	(316,059)	110,219
Net loss	(21,300,565)	(44,920,956)
 Other comprehensive loss -		
Foreign currency translation adjustment	(1,045,243)	(89,443)
Comprehensive loss	\$ (22,345,808)	\$ (45,010,399)
 Net loss per share		
Basic and diluted	\$ (0.45)	\$ (0.99)
 Weighted average common shares outstanding		
Basic and diluted	47,418,949	45,287,885

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

Year ended February 29, 2024

	Common stock		Preferred stock		Additional		Accumulated			Total
	par value \$0.0001		par value \$0.0001		Additional	Paid-in	Other			
	Number		of	Shares	Amount	Paid-in	Capital -	Accumulated	Comprehensive	Stockholders'
	Shares	Amount		Shares	Amount	Capital	Warrants	Deficit	Loss	Equity
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 (Notes 15 and 18)	51,963	-	-	-	-	-	-	-	-	-
Issuance of shares upon the exercise of stock options (Notes 15 and 18)	7,721	-	-	-	-	-	-	-	-	-
Stock options issued (Note 18)	-	-	-	-	-	644	-	-	-	644
Restricted stock units issued (Note 18)	-	-	-	-	-	778	-	-	-	778

Foreign currency translation									71	71
Net loss								(21,087)		(21,087)
Balance, February 29, 2024	<u>47,528,908</u>	<u>\$ 5</u>	<u>1</u>	<u>\$ -</u>	<u>\$ 171,792</u>	<u>\$ 20,385</u>	<u>\$ (176,970)</u>	<u>\$ (1,070)</u>	<u>\$ 14,142</u>	
Going Concern (Note 1)										

See accompanying notes to the consolidated financial statements.

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Loop Industries, Inc.
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended February 29, 2024 and February 28, 2023 and February 28, 2022 (continued)
(in United States dollars)

Year ended February 28, 2022										
	Common stock		Preferred stock		Additional			Accumulated		
	par value \$0.0001		par value \$0.0001		Additional	Paid-in		Other	Total	
	Number		Number							
	Number of		of		Paid-in	Capital -	Accumulated	Comprehensive		
	Shares	Amount	Shares	Amount	Capital	Warrants	Deficit	Loss		
Balance, February 28, 2021	42,413,691	\$ 4,242	1	\$ -	\$ 113,662,677	\$ 8,826,165	\$ (89,661,970)	\$ (6,590)	\$ 32,824,524	
Issuance of common shares for cash, net of share issuance costs (Note 14)	4,714,813	471	-	-	34,587,246	21,461,450	-	-	56,049,167	
Issuance of warrants for financing facility (Notes 12 and 19)	-	-	-	-	-	69,323	-	-	69,323	
Issuance of shares upon the vesting of restricted stock units (Notes 14 and 17)	231,660	24	-	-	(24)	-	-	-	-	

Issuance of shares upon exercise of warrants (Notes 14 and 19)	11,666	1	-	-	84,441	(84,442)	-	-
Issuance of shares upon exercise of options (Notes 14 and 17)	16,226	2	-	-	(2)	-	-	-
Stock options granted for services (Note 17)	-	-	-	-	549,155	-	-	549,155
Restricted stock units granted for services (Note 17)	-	-	-	-	1,513,211	-	-	1,513,211
Foreign currency translation						(89,443)	(89,443)	
Net loss						(44,920,956)		(44,920,956)
Balance, February 28, 2022	<u>47,388,056</u>	<u>\$ 4,740</u>	<u>1</u>	<u>\$ -</u>	<u>\$ 150,396,704</u>	<u>\$ 30,272,496</u>	<u>\$ (134,582,926)</u>	<u>\$ (96,033)</u>
								<u>\$ 45,994,981</u>

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

Year ended February 28, 2023

	Year ended February 28, 2023									
	Common stock		Preferred stock		Additional		Accumulated			
	par value \$0.0001		par value \$0.0001		Paid-in		Other		Total	
	Number of		Number		Additional		Capital -		Comprehensive	
	Shares	Amount	Shares	Amount	Paid-in	Capital	Warrants	Deficit	Loss	Stockholders' Equity
Balance, February 28, 2022	47,388,056	\$ 5	1	\$ -	\$ 150,397	\$ 30,272	\$ (134,582)	\$ (96)	\$ 45,996	
Issuance of shares upon the vesting of restricted stock units (Notes 15 and 18)	81,168	-	-	-	-	-	-	-	-	
Expiration of warrants (Note 20)	-	-	-	-	9,887	(9,887)	-	-	-	
Stock options issued (Note 18)	-	-	-	-	1,316	-	-	-	-	1,316
Restricted stock units issued (Note 18)	-	-	-	-	8,770	-	-	-	-	8,770

Foreign currency translation										(1,045)	(1,045)
Net loss										(21,301)	(21,301)
Balance, February 28, 2023	<u>47,469,224</u>	<u>\$ 5</u>	<u>1</u>	<u>\$ -</u>	<u>\$ 170,370</u>	<u>\$ 20,385</u>	<u>\$ (155,883)</u>	<u>\$ (1,141)</u>	<u>\$ 33,736</u>		
Going Concern (Note 1)											

See accompanying notes to the consolidated financial statements.

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Loop Industries, Inc.
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended February 28, 2023 and February 28, 2022 (continued) Cash Flows
(in United States dollars)

Year ended February 28, 2023										
	Common stock		Preferred stock		Additional			Accumulated		
	par value \$0.0001		par value \$0.0001		Additional	Paid-in		Other		Total
	Number		Number							
	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Capital - Warrants	Accumulated Deficit	Comprehensive Loss	Stockholders' Equity	
Balance, February 28, 2022	47,388,056	\$ 4,740	1	\$ -	\$ 150,396,704	\$ 30,272,496	\$ (134,582,926)	\$ (96,033)	\$ 45,994,981	
Issuance of shares upon the vesting of restricted stock units (Notes 14 and 17)	81,168	8	-	-	(8)	-	-	-	-	
Expiration of warrants (Note 19)	-	-	-	-	9,886,986	(9,886,986)	-	-	-	
Stock options issued for services (Note 17)	-	-	-	-	1,316,084	-	-	-	1,316,084	

Restricted stock units issued for services (Note 17)	-	-	-	-	8,770,102	-	-	-	8,770,102
Foreign currency translation	-	-	-	-	-	-	-	(1,045,243)	(1,045,243)
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(21,300,565)	<u>-</u>
Balance, February 28, 2023	<u>47,469,224</u>	<u>\$ 4,748</u>	<u>1</u>	<u>\$ -</u>	<u>\$ 170,369,868</u>	<u>\$ 20,385,510</u>	<u>\$ (155,883,491)</u>	<u>\$ (1,141,276)</u>	<u>\$ 33,735,359</u>

		February 29, 2024	February 28, 2023
<i>(in thousands of U.S. dollars)</i>			
Cash Flows from Operating Activities			
Net loss		\$ (21,087)	\$ (21,301)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization (Notes 7 and 8)		535	550
Stock-based compensation (Note 18)		1,422	10,086
Write-down of inventory (Note 4)		817	-
Discount on due to customer (Note 11)		(238)	-
Gain on disposition of land (Note 7)		-	(16,683)
Payment of legal settlement, net (Note 23)		-	(2,262)
Accretion and accrued interest (Notes 11, 13 and 21)		79	156
Changes in operating assets and liabilities:			
Sales tax and tax credits receivable (Note 3)		731	548
Inventories (Note 4)		(187)	(727)
Prepaid expenses and other deposits (Note 6)		87	(696)
Accounts payable and accrued liabilities (Note 10)		(193)	(4,563)
Net cash used in operating activities		<u>(18,034)</u>	<u>(34,892)</u>
Cash Flows from Investing Activities			
Proceeds from disposition of land (Note 7)		-	22,314
Deposits on machinery and equipment (Note 5)		-	(594)
Additions to property, plant and equipment (Note 7)		(5,162)	(81)
Additions to intangible assets (Note 8)		(482)	(360)
Net cash (used in) provided by investing activities		<u>(5,644)</u>	<u>21,279</u>
Cash Flows from Financing Activities			
Customer deposits (Note 11)		(12)	1,012
Repayment of long-term debt (Note 13)		(63)	-
Net cash (used in) provided by financing activities		<u>(75)</u>	<u>1,012</u>
Effect of exchange rate changes		120	(870)
Net change in cash, cash equivalents and restricted cash		<u>(23,633)</u>	<u>(13,471)</u>

Cash, cash equivalents and restricted cash, beginning of year	<u>30,591</u>	<u>44,062</u>
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 6,958</u></u>	<u><u>\$ 30,591</u></u>
Supplemental Disclosure of Cash Flow Information:		
Income tax paid	\$ -	\$ -
Interest paid	\$ 118	\$ -
Interest received	\$ 488	\$ 41
Going Concern (Note 1)		

See accompanying notes to the consolidated financial statements.

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Loop Industries, Inc.
Consolidated Statements of Cash Flows
(in United States dollars)

	February 28, 2023	February 28, 2022
Cash Flows from Operating Activities		
Net loss	\$ (21,300,565)	\$ (44,920,956)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization (Notes 6 and 7)	550,114	548,232
Stock-based compensation (Note 17)	10,086,186	2,062,367
Gain on disposition of land (Note 6)	(16,683,492)	-
Payment of legal settlement, net (Note 22)	(2,262,218)	-
Loss for legal settlement (Note 22)	-	2,519,220
Loss from equity-accounted investment (Note 11)	-	1,119,078
Accretion and accrued interest (Notes 12 and 20)	155,602	121,240
Changes in operating assets and liabilities:		
Sales tax and tax credits receivable (Note 3)	548,160	45,126
Inventories (Note 4)	(726,933)	-
Prepaid expenses and other deposits (Note 5)	(696,101)	32,711
Accounts payable and accrued liabilities (Note 9)	(4,562,512)	(2,089,679)
Net cash used in operating activities	(34,891,759)	(40,562,661)
Cash Flows from Investing Activities		
Proceeds from disposition of land (Note 6)	22,313,868	-
Deposits on machinery and equipment (Note 5)	(593,970)	(2,422,285)
Additions to property, plant and equipment (Note 6)	(80,875)	(4,815,847)
Additions to intangible assets (Note 7)	(360,225)	(294,955)
Net cash used in investing activities	21,278,798	(7,533,087)

Cash Flows from Financing Activities

Customer deposits (Note 10)	1,011,732	-
Proceeds from sales of common shares and exercise of warrants, net of share issuance costs (Note 14)	-	56,049,167
Proceeds from issuance of long-term debt (Note 12)	-	1,882,790
Repayment of long-term debt (Note 12)	-	(937,156)
Net cash provided by financing activities	1,011,732	56,994,801
Effect of exchange rate changes	(869,512)	(59,577)
Net change in cash, cash equivalents and restricted cash	(13,470,741)	8,839,476
Cash, cash equivalents and restricted cash, beginning of year	44,061,427	35,221,951
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 30,590,686</u></u>	<u><u>\$ 44,061,427</u></u>

Supplemental Disclosure of Cash Flow Information:

Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ 32,791
Interest received	\$ 41,296	\$ 53,995

See accompanying notes to the consolidated financial statements.

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Loop Industries, Inc.

February 28, 2023 29, 2024 and February 28, 2022 February 28, 2023

Notes to the Consolidated Financial Statements

(in thousands of United States dollars except where otherwise indicated)

1. The Company and Basis of Presentation and Going Concern

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 PET 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™ 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 consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("US GAAP") and 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 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 consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the continuing of operations, the realization of assets and the settlement of liabilities in the normal course of business.

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

Going Concern

Liquidity Risk Assessment These consolidated financial statements have been prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the date of issuance of these consolidated financial statements.

Since its inception, the Company has been in the pre-commercialization stage with **limited no material** revenues from customers, and its ongoing operations and commercialization plans have been financed primarily by raising equity. **The** Therefore, 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 **February 28, 2023** **February 29, 2024**, the Company's available liquidity was **\$32.16 million**, **\$9,537**, consisting of cash and cash equivalents of **\$29.59 million** **\$6,958** and an undrawn senior loan facility from a Canadian bank of **\$2.57 million (CDN \$3.50 million)**, **\$2,579**.

Management actively continuously monitors the Company's cash resources against the Company's its short-term cash commitments to ensure the Company has there is sufficient liquidity to fund its costs for at least twelve months from the financial statement issuance date. Management evaluates the Company's liquidity to determine if there is substantial doubt about the Company's its ability to continue as a going concern. In preparing this liquidity 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: (i) to the estimation of amount and timing of future cash outflows and inflows and (ii) determining what future expenditures are committed and what could be considered discretionary inflows. Based on this its assessment, management believes estimates that current available liquidity and forecasted net cash flows will not be sufficient to meet the Company will be able to realize its assets Company's obligations, commitments and discharge its liabilities in budgeted expenditures the normal course of operations as they become due for a period of no less than next twelve months from the date of issuance of these consolidated financial statements. statements issuance date. These events and conditions are material uncertainties that raise substantial doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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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. The Company is working with its joint venture partners to put in place the financing plan for the rollout of large-scale manufacturing in Asia and Europe, including the planned first Asian manufacturing facility in Ulsan, South Korea. programs and/or customers. 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. The Company is seeking to finalize the negotiation of previously announced financing initiatives on acceptable terms, although there is no assurance it will succeed.

The These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company has committed were unable to realize its assets and settle

its liabilities as a portion going concern in the normal course of its cash resources for certain long lead equipment and may enter into additional commitments to accelerate commercial projects within targeted construction timeframes. operations. Such adjustments could be material.

2. Summary of Significant Accounting Policies

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Revenue recognition

The Company recognizes revenue with customers in accordance with ASC 606, Revenue from Contracts with Customers ("ASC 606"). This standard applies to all contracts with customers, except for contracts with customers that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. Under ASC 606, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company enters into contracts with customers to sell Loop™ Loop™ PET resin. These contracts include a single performance obligation, which is the delivery of Loop™ Loop™ PET resin, and the transaction price is a fixed rate per delivered volume. Revenue is recognized when control of the product transfers to the customer, which is when product is delivered to the customer location. Shipping and handling costs are accounted for as a fulfillment cost.

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, the net realizable value of inventories, estimates for depreciable lives of property, plant and equipment intangible assets, analysis of impairments of long-lived assets and intangible assets, recoverability of tax credits receivable, accruals for potential liabilities, 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.

Fair value of financial instruments

The Company applies Financial Accounting Standards Board ("FASB") Codification ("ASC") 820, Fair Value Measurement, which defines fair value and establishes a framework for measuring fair value and making disclosures about fair value measurements. FASB ASC 820 establishes a hierachal disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is impacted by a number of factors, including the type of financial instruments and the characteristics specific to them. Financial instruments with readily available quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

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There are three levels within the hierarchy that may be used to measure fair value:

Level 1

- A quoted price in an active market for identical assets or liabilities.

Level 2 Significant pricing inputs that are observable, which are inputs that reflect the assumptions market participants would use in pricing the asset or

- liability developed based on market data obtained from independent sources.

Level 3 Significant pricing inputs that are unobservable, which are inputs that reflect the Company's own assumptions about the assumptions market

- participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value measurements level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable value or reflective of future fair values.

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The fair value of cash, cash equivalents and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

Research and development expenses

Research and development costs are charged to expense as costs are incurred in performing research and development activities. Research and development expenses relate primarily to process development and design, customer trials and characterization studies, testing of pre-production samples, machinery and equipment expenditures for use in the production facility in Terrebonne, Québec (the “Terrebonne Facility”), compensation, and consulting and engineering fees. Research and development costs are presented net of related tax credits and government grants.

Government grants

US GAAP for profit-oriented entities does not define government grants; nor is there specific guidance applicable to government grants. Under the Company's accounting policy for government grants and consistent with non-authoritative guidance, grants are recognized on a systematic basis over the periods in which the entity recognizes the related costs.

Grants that relate to the acquisition of an asset are recognized as a reduction of the cost of the asset and in the statement of operations and comprehensive loss as the asset is depreciated or amortized.

A grant that is compensation for expenses or losses already incurred, or for which there are no future related costs, is recognized in the statement of operations and comprehensive loss in the period in which it becomes receivable.

Low-interest loans or interest-free loans from a government are initially measured at fair value and an interest expense is recognized on the loan subsequently under the effective interest method, with the difference recognized as a government grant.

Reimbursable tax credits are recognized when amounts can be reasonably estimated on a systematic basis over the periods in which the Company recognizes the related costs. The Company is currently eligible for reimbursable Provincial research and development tax credits and investment tax credits, which are related to costs associated with our Terrebonne Facility and recorded as a reduction of research and development expenses.

Deferred financing costs, debt discounts, discount on due to customer and other transaction costs

Deferred financing costs represent commitment fees, legal fees and other costs associated with obtaining commitments for financing. These fees are amortized as a component of interest expense over the terms of the respective financing agreements **on a straight-line basis, using the effective interest rate method. Unamortized deferred financing fees are expensed in full when the associated debt is refinanced or repaid before maturity. Costs incurred in seeking financial transactions that do not close are expensed in the period in which it is determined that the financing will not be successful.**

Transaction costs associated with issuing equity are reflected as a reduction of accumulated paid-in-capital.

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Foreign currency translations and transactions

The accompanying consolidated financial statements are presented in U.S. dollars, the reporting currency of the Company. Assets and liabilities of subsidiaries that have a functional currency other than that of the Company are translated to U.S. dollars at the exchange rate as at the balance sheet date. Income and expenses are translated at the average exchange rate of the period. The resulting translation adjustments are included in other comprehensive income (loss) ("OCI"). The Company currently is not engaged in any currency hedging activities.

For transactions and balances, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities, and revenue and expense items denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statements of operations and comprehensive loss, except for gains or losses arising from the translation of intercompany balances denominated in foreign currencies that forms part in the net investment in the subsidiary which are included in OCI.

Property, plant and equipment

Property, plant and equipment are recorded at cost, net of accumulated amortization and impairment, and are amortized over their estimated useful lives **at the time they are put to use, unless the useful life is indefinite, using the straight-line method over the following periods:**

Building	30 years
Land	Indefinite
Office equipment and furniture	8 years
Building and land improvements	5-10 years

Costs related to repairs and maintenance of property, plant and equipment are expensed in the period in which they are incurred. Upon sale or disposal, the Company writes off the cost of the asset and the related amount of accumulated depreciation. The resulting gain or loss is included in the consolidated statement of operations and comprehensive loss.

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Management reviews the carrying values of its property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group might not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent when testing for, and measuring for, impairment. In performing its review of recoverability, the Company estimates the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. If the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset or asset group, an impairment loss is recognized in the consolidated statements of operations. Measurement of the impairment loss is based on the excess of the carrying amount of the asset or asset group over the fair value calculated using discounted expected future cash flows.

Assets held for sale

Assets are classified as held for sale when they met the criteria set out in ASC 360-10-45-9 Long-lived assets classified as held for sale:

- Management, having the authority to approve the action, commits to a plan to sell the asset;
- The asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- An active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated;
- The sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale, within one year;
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

When the criteria are met, the assets are presented at the lesser of fair market value, net of selling costs, and amortized cost in current assets.

Stock-based compensation

The Company periodically issues stock options, warrants and restricted stock units to employees and non-employees in non-capital raising transactions for services and financing expenses. The Company accounts for stock options granted to employees based on the authoritative guidance provided by the FASB wherein the fair value of the award is measured on the grant date and recognized as compensation expense on the straight-line basis over the vesting period. When performance conditions exist, the Company recognizes compensation expenses when it becomes probable that the performance condition will be met. Forfeitures on share-based payments are recognized as they occur.

The Company accounts for stock options and warrants granted to non-employees in accordance with the authoritative guidance of the FASB wherein the fair value of the stock compensation is based upon the measurement date determined as the earlier of the date at which either a) a commitment is reached with the counterparty for performance or b) the counterparty completes its performance.

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The Company estimates the fair value of restricted stock unit awards to employees and directors based on its intrinsic value at date of grant.

The fair value of the stock options granted is estimated using the Black-Scholes model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options, and future dividends. Stock-based compensation expense is recorded based on the value derived from the Black-Scholes model and on actual experience. The assumptions used in the Black-Scholes model could materially affect stock-based compensation expenses recorded in the current and future periods.

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Restricted cash

Cash held by the Company restricted as to withdrawal or use is presented as restricted cash in the consolidated balance sheet. As at February 28, 2023, restricted cash comprised of a customer deposit which is restricted for use on a commercial project, as discussed in Note 10.

Inventories

Inventories are stated at the lower of cost or net realizable value using the average cost method. Inventory cost includes direct labor, cost of raw materials and production overhead. Inventories expensed during the year are classified as research and development expenses in the consolidated statement of operations and comprehensive loss.

The Company separates its inventories into three main categories: raw materials, work in process, and finished goods. The raw materials category includes goods used in the production process that have not yet entered the production process at the balance sheet date and mainly comprises chemicals and other process consumables. The work in process category includes goods that are in the production process at the balance sheet date and mainly comprises recycled monomers that have not yet been polymerized into Loop™ Loop™ branded PET resin. The finished goods category includes goods that have completed the production process at the balance sheet date and mainly comprises Loop™ Loop™ branded PET resin.

Restricted cash

Cash held by the Company restricted as to withdrawal or use is presented as restricted cash in the consolidated balance sheet. As at February 28, 2023, restricted cash comprised a customer deposit which is restricted for use on a commercial project, as discussed in Note 11. There was no restricted cash as at February 29, 2024.

Intangible assets

Intangible assets are recorded at cost, net of accumulated amortization and impairment, and are amortized over their estimated useful lives, unless the useful life is indefinite, using the straight-line method over 7 years. years, unless the useful life is deemed to be indefinite.

The Company reviews the carrying value of intangible assets subject to amortization whenever events or changes in circumstances indicate that the carrying amount of an intangible asset or asset group might not be recoverable or a change in the remaining useful life of an intangible asset. If the carrying value of an asset exceeds its undiscounted cash flows, the Company writes down the carrying value of the intangible asset to its fair value in the period identified. If the carrying value of assets is determined not to be recoverable, the Company records an impairment loss equal to the excess of the carrying value over the fair value of the assets. The Company's estimate of fair value is based on the best information available, in the absence of quoted market prices. The Company generally calculates fair value as the present value of estimated future cash flows that the Company expects to generate from the asset. If the estimate of an intangible asset's remaining useful life is changed, the Company amortizes the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

Income taxes

The Company calculates its provision for income tax on the basis of the tax laws enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income, in accordance with FASB ASC 740, Income Taxes. The Company uses an asset and liability approach for financial accounting and reporting for income taxes that allows recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense.

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Net loss 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 years ended **February 28, 2023** **February 29, 2024** and **February 28, 2022** **February 28, 2023**, the calculations of basic and diluted loss per share are the same because potential dilutive securities would have an antidilutive effect. As at **February 28, 2023** **February 29, 2024**, the potentially dilutive securities consisted of **2,542,000** **2,772,000** outstanding stock options **(2022 (2023 - 1,570,000) 2,542,000)**, **3,888,618** **4,368,897** outstanding restricted stock units **(2022 (2023 - 4,018,567) 3,888,618)**, and **7,089,400** outstanding warrants **(2022 (2023 - 11,659,418) 7,089,400)**.

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Recently adopted accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments—Credit Losses". This ASU added a new impairment model (known as the current expected credit loss ("CECL") model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes an allowance for its estimate of expected credit losses and applies to most debt instruments, trade receivables, lease receivables, financial guarantee contracts, and other loan commitments. The CECL model does not have a minimum threshold for recognition of impairment losses and entities will need to measure expected credit losses on assets that have a low risk of loss. The adoption of this accounting guidance for the year ended February 28, 2023 did not impact the disclosures in our Consolidated Financial Statements.

Recently issued accounting pronouncements not yet adopted

There were no new 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 periods beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements, other than additional disclosures in our notes to the consolidated financial statements.

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 periods beginning in fiscal 2025 and interim periods beginning in the first quarter of fiscal 2026. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.

The Company has determined that all other recently issued accounting pronouncements issued which could will not have a significant effect material impact on the Company's consolidated financial statements. statements or do not apply to its operations.

3. Sales Tax, Tax Credits and Other Receivables

Sales tax, research and development tax credits and other receivables as at **February 28, 2023** **February 29, 2024** and **February 28, 2022** **February 28, 2023** were as follows:

	February 28, 2023	February 28, 2022	February 29, 2024	February 28, 2023
Sales tax	\$ 170,490	\$ 1,337,783	\$ 75	\$ 170
Investment tax credits	460,754	-	-	461
Research and development tax credits	401,967	313,599	160	402

Interest income receivable		70	-
Other receivables		46	42
	<u>41,834</u>	<u>64,880</u>	<u>351</u>
	<u>\$ 1,075,045</u>	<u>\$ 1,716,262</u>	<u>\$ 1,075</u>

The Company is registered for the Canadian federal and provincial goods and services taxes. As such, the Company is obligated to collect from third parties, and is entitled to claim sales taxes paid on its expenses and capital expenditures incurred in Canada.

In addition, Loop Canada Inc. is entitled to receive government assistance in the form of refundable and non-refundable research and development tax credits from the federal and provincial taxation authorities, based on qualifying expenditures incurred during the fiscal year. The refundable credits are from the provincial taxation authorities and are not dependent on its ongoing tax status or tax position and accordingly are not considered part of income taxes. The Company records refundable tax credits as a reduction of research and development expenses when the Company can reasonably estimate the amounts and it is more likely than not, they will be received. During the year ended February 28, 2023 February 29, 2024, the Company recorded tax credits of \$362,096 (2022 \$263 (2023 - \$91,960) \$362) as a reduction of research and development expenses and received \$249,593 (2022 \$510 (2023 - \$216,300) \$250) from taxation authorities for research and development tax credits, net of fees.

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The Company is also eligible for non-refundable research and development tax credits from the federal taxation authorities which can be used as a reduction of income tax expense in any given year to the extent the Company has taxable income. The Company has not had taxable income since inception and has not been able to use these non-refundable federal research and development tax credits. During the year ended February 28, 2023 February 29, 2024, the Company was eligible for non-cash research and development tax credits in the amount of \$764,528 (2022 \$432 (2023 - \$442,943) \$765). These non-cash tax credits, which have an unlimited carry forward period are not recognized in the Company's consolidated financial statements. As at February 28, 2023 February 29, 2024, the carry forward balance of non-cash research and development tax credits was \$1,979,978 (2022 \$2,519,195 (2023 - \$1,589,580) \$1,979,978).

Loop Canada Inc. is also eligible for refundable investment tax credits from the provincial taxation authorities based on qualifying expenditures for manufacturing equipment. The Company records refundable tax credits as a reduction of research and development expenses when the Company can reasonably estimate the amounts and it is more likely than not, they will be received. During the year ended February 28, 2023 February 29, 2024, the Company recorded investment tax credits of \$837,041 (2022 \$56 (2023 - nil) \$837) as a reduction of research and development expenses and received \$348,161 (2022 \$522 (2023 - nil) \$348) from taxation authorities for investment tax credits.

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4. Inventories

Inventories as at February 28, 2023 February 29, 2024 and February 28, 2022 February 28, 2023 were as follows:

	February 28, 2023	February 28, 2022	February 29, 2024	February 28, 2023
Finished goods			\$ 552	\$ 242
Work in process	\$ 466,728	\$ -	333	467
Finished goods	242,157	-		
Raw materials	18,048	-	34	18
Allowance for inventory write-down			(817)	-

<u>\$ 726,933</u>	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 727</u>
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As at February 29, 2024 and February 28, 2023, inventories included finished goods, work in process finished goods and raw materials. Work in process inventories consist of monomers (dimethyl terephthalate and monoethylene glycol), either purified or yet to be purified, resulting from the depolymerization of PET feedstock. These monomers shall be polymerized into Loop™ PET resin in the future. The finished finished goods inventories consist of bottle grade and fiber grade Loop™ PET resin which is intended to be sold to customers. The raw 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 are intended to be polymerized into Loop™ PET resin in the future. Raw materials inventories consist of chemicals which are used as inputs in the PET depolymerization process. As at February 29, 2024 and February 28, 2023, finished goods and work in process inventories were presented at their net realizable value, while raw materials were presented at average cost. As at February 29, 2024, the Company recorded an allowance for inventory write-down of \$817 (2023 - nil) on finished goods and work in process inventories related to inventory volumes not expected to be sold in the next twelve months.

5. Prepaid Expenses Deposits on Machinery and Deposits Equipment

As at February 28, 2023, the Company had \$3,395,650 (2022 - \$2,801,680) \$3,395 of non-refundable cash deposits on long-lead machinery and equipment that are intended to be used in the first a planned Infinite Loop™ manufacturing facility. During the year ended February 29, 2024, the Company made additional payments of \$5,065 on the long-lead equipment and on December 20, 2023 ownership was transferred to the Company. The total carrying amount of \$8,460 related to the long-lead equipment is presented in property, plant and equipment as at February 29, 2024 (Note 7), with no amounts remaining as deposits.

6. Prepaid Expenses and Other Deposits

Prepaid expenses and other deposits as at February 28, 2023 February 29, 2024 and February 28, 2022 February 28, 2023 were as follows:

	February 28, 2023	February 28, 2022	February 29, 2024	February 28, 2023
Insurance	\$ 545,000	\$ -	\$ 449	\$ 545
Other	90,580	163,966	128	91
	<u>\$ 635,580</u>	<u>\$ 163,966</u>	<u>\$ 577</u>	<u>\$ 636</u>

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The deposit for insurance represents a pre-payment of the final three months of the Company's directors and officers' insurance annual premium.

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6.7. Property, Plant and Equipment, net

	As at February 28, 2023			As at February 29, 2024		
	Accumulated depreciation, write-down and impairment		Net book value	Accumulated depreciation, write-down and impairment		Net book value
	Cost	Net book value	Cost	Net book value		
Machinery and equipment			\$ 8,460	\$ -	\$ 8,460	
Building	\$ 1,821,653	\$ (309,296)	\$ 1,512,357	1,827	(371)	1,456
Land	225,175	-	225,175	226	-	226

Building and Land Improvements	1,839,142	(1,165,795)	673,347	1,853	(1,472)	381
Office equipment and furniture	274,331	(140,007)	134,324	275	(162)	113
	<u>\$ 4,160,301</u>	<u>\$ (1,615,098)</u>	<u>\$ 2,545,203</u>	<u>\$ 12,641</u>	<u>\$ (2,005)</u>	<u>\$ 10,636</u>

	As at February 28, 2022			As at February 28, 2023		
	Accumulated depreciation, write-down			Accumulated depreciation, write-down		
	Cost	and impairment	Net book value	Cost	and impairment	Net book value
Building	\$ 1,952,345	\$ (266,434)	\$ 1,685,911	\$ 1,822	\$ (309)	\$ 1,513
Land	1,644,084	-	1,644,084	225	-	225
Building and Land Improvements	3,049,892	(858,342)	2,191,550	1,839	(1,166)	673
Office equipment and furniture	298,141	(126,824)	171,317	274	(140)	134
	<u>\$ 6,944,462</u>	<u>\$ (1,251,600)</u>	<u>\$ 5,692,862</u>	<u>\$ 4,160</u>	<u>\$ (1,615)</u>	<u>\$ 2,545</u>

In December 2021, the Company entered into an agreement for the purchase of long-lead equipment in connection with the construction of a planned Infinite Loop™ manufacturing facility. Pursuant to the agreement, the Company has paid \$8,460, and no additional amounts were owing as at February 29, 2024. During the year ended February 29, 2024, the manufacturing of the long-lead equipment was completed and its ownership was transferred to the Company and is not currently in use.

The equipment is being held in storage with the intention to be used in the planned Infinite Loop™ manufacturing facility in Ulsan, South Korea. Pursuant to the joint venture agreement (the "Agreement") entered into by the Company and SK Geo Centric Co. Ltd. ("SKGC") on April 27, 2023, a new entity, owned 51% by SKGC and 49% by the Company, will be formed to build and operate the Infinite Loop™ manufacturing facility in Ulsan. As at February 29, 2024, the long-lead equipment was presented in machinery and equipment at cost, which represents the amount at which it is expected to be transferred to the new entity.

Depreciation expense amounted to \$387 for the year ended February 29, 2024 (2023 – \$459).

During the year ended February 28, 2022, the Company acquired land in Bécancour, Québec for cash of \$4,335 (CDN \$5,900) and subsequently incurred civil construction costs of \$1,074 in land improvements.

During the year ended February 28, 2023, the Company sold the land for cash net proceeds of \$22,314 (CDN \$29,900) and a gain on disposition of the asset of \$16,683. The table below summarizes the amounts related to the gain on disposition of land:

Gross proceeds of disposition	\$ 22,762
Transaction costs	(448)
Net proceeds of disposition	22,314
Cost of land	(4,335)
Cost of land improvements	(1,074)
Foreign exchange effect	(222)
Gain on disposition of land	\$ 16,683

Depreciation expense amounted to \$458,927 for the year ended February 28, 2023 (2022 – \$478,581).

During the year ended February 28, 2022, we acquired land in Bécancour, Québec for cash of \$4,335,366 (CDN \$5,900,000) and incurred civil construction costs of \$1,074,453 in land improvements. As at February 28, 2022, \$3,389,279 of the land was classified as an asset held for sale.

During the year ended February 28, 2023, the Company sold the land for cash net proceeds of \$22,313,868 (CDN \$29,900,000) and a gain on disposition of the asset of \$16,683,492.

The table below summarizes the amounts related to the gain on disposition of land:

Gross proceeds of disposition	\$ 22,761,793
Transaction costs	(447,925)
Net proceeds of disposition	22,313,868
Cost of land	(4,335,366)
Cost of land improvements	(1,074,453)
Foreign exchange effect	(220,557)
Gain on disposition of land	\$ 16,683,492

7.8. Intangible Assets, net

	As at February 28, 2023	As at February 28, 2022	As at February 29, 2024	As at February 28, 2023
Patents, at cost – beginning of year	\$ 1,154,169	\$ 859,048	\$ 1,514	\$ 1,154
Additions in the year – patents	360,225	294,955	482	360
Patents, at cost – end of year	1,514,394	1,154,003	1,996	1,514
Patents, accumulated depreciation – beginning of year	(140,368)	(64,154)	(231)	(140)
Amortization of patents	(91,187)	(76,214)	(148)	(91)
Patents, accumulated depreciation – end of year	231,555	(140,368)	(379)	(231)
Foreign exchange effect	(72,880)	166	(69)	(73)
Patents, net – end of year	\$ 1,209,959	\$ 1,013,801	\$ 1,548	\$ 1,210

On April 9, 2019, the first GEN II U.S. patent was issued. During the year ending February 28, 2023 February 29, 2024, the Company continued to develop its next Generation II ("GEN II") technology and filed various patents in jurisdictions around the world.

The GEN II technology portfolio currently consists of four patent families for which the company has six eight issued U.S. patents and four five pending U.S. applications. Internationally, the Company also has issued or allowed patents in many foreign jurisdictions, including Algeria, Brazil, Bangladesh, China, India, Indonesia, Japan, Morocco, South Korea, and Morocco Taiwan for certain aspects of the technology and pending applications in Canada, China, the Eurasian Patent Organization, Europe, the Gulf Cooperation Council, India, Japan, Mexico, Singapore, South Korea, and various other countries. All patents and patent applications, if granted are expected to expire between 2037 and 2040, not including any patent term extension.

Amortization expense amounted to \$91,187 \$148 for the year ended February 28, 2023 (2022 February 29, 2024 (2023 - \$76,214) \$91).

8.9. Financial Instruments and Management of Financial Risk

Carrying values and fair values

The following table presents the fair value of the Company's financial liabilities at February 28, 2023 February 29, 2024 and February 28, 2022 February 28, 2023:

	Fair Value as at February 28, 2023			Fair Value at February 29, 2024			
	Carrying Amount		Level in the hierarchy	Carrying Amount		Level in the hierarchy	
	Long-term debt	\$ 3,302,406	\$ 3,280,337	Level 2	Long-term debt	\$ 3,320	\$ 3,377
Due to customer							
Financial liabilities measured at amortized cost:							
Long-term debt							
Due to customer							

	Fair Value at February 28, 2022			Fair Value as at February 28, 2023			
	Carrying Amount		Level in the hierarchy	Carrying Amount		Level in the hierarchy	
	Long-term debt	\$ 3,378,403	\$ 3,392,600	Level 2	Long-term debt	\$ 3,302	\$ 3,280
Financial liabilities measured at amortized cost:							
Long-term debt							
Due to customer							

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

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

Currency Risk

We are subject to risks associated with currency fluctuations, and changes in foreign currency exchange rates could impact our results of operations. We operate mainly through two entities, Loop Industries, Inc., which is a Nevada corporation and has a U.S. dollar functional currency, and our wholly-owned subsidiary, Loop Canada Inc. ("Loop Canada"), which is based in Terrebonne, Québec, Canada and has a Canadian dollar functional currency. Our reporting currency is the U.S. dollar.

We mainly finance our operations through the sale and issuance of shares of common stock of Loop Industries, Inc. in U.S. dollars while our operations are concentrated in our wholly-owned subsidiary, Loop Canada. Accordingly, we are exposed to foreign exchange risk as we maintain bank accounts in U.S. dollars and a significant portion of our operational costs (including payroll, site costs, costs of locally sourced supplies and income taxes) are denominated in Canadian dollars.

Significant fluctuations in U.S. dollar to Canadian dollar exchange rates could materially affect our result of operations, cash position and funding requirements. To the extent that fluctuations in currency exchange rates cause our results of operations to differ materially from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected.

9.10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as at February 28, 2023 February 29, 2024 and February 28, 2022 February 28, 2023 were as follows:

	February 28,	February 28,	February 29,	February 28,
	2023	2022	2024	2023
Trade accounts payable	\$ 1,019,845	\$ 4,397,499	\$ 602	\$ 1,020

Accrued legal settlement (Note 22)	-	2,519,220		
Accrued employee compensation	711,869	1,254,685	801	712
Accrued engineering fees	95,789	774,423	511	96
Accrued professional fees	409,697	526,685	274	410
Other accrued liabilities	273,281	374,303	133	272
	\$ 2,510,481	\$ 9,846,815	\$ 2,321	\$ 2,510

10.11. Customer Deposits Deposit & Due to Customer

In October 2022, the Company received a cash deposit from a customer of \$1,000,000 \$1,000 in relation to an executed capacity reservation agreement. The deposit is was intended to be credited against any future sales of Loop™ Loop™ PET resin over a five-year period, commencing two years after the first delivery of Loop™ Loop™ PET resin to the customer. Under the terms of the capacity reservation agreement, the cash deposit is was designated for expenditures related to the first a planned Infinite Loop™ Loop™ manufacturing facility and is was refundable to the customer in the event that the Infinite Loop™ Loop™ manufacturing facility is was not constructed. As the cash deposit is was restricted in its use, it has been was reflected as restricted cash as at February 28, 2023. A and a corresponding contract liability is was recognized in the consolidated balance sheet.

Upon mutual agreement, the capacity reservation agreement with the customer was terminated on January 18, 2024. The remaining \$11,732 customer and the Company agreed for the deposit to be refunded in customer deposits full on July 1, 2027, with no restriction on the Company's use of the funds. The amount bears no interest. The cause of the termination is related to the customer's decision to abandon its plans to incorporate rPET in its products for technical reasons.

The Company reclassified the customer deposit as a contract with due to customer and established its fair value at \$762 based on a discount rate of 8.20%, which reflected a discount of \$238. The discount rate used was based on the external financing from a Canadian bank. The discount on due to customer for is amortized to "Interest and other financial expenses" in our Consolidated Statements of Operations and Comprehensive Loss. During the sale year ended February 29, 2024, the Company recorded an accretion expense of Loop™ PET resin from the Terrebonne Facility. \$8 (2023 – nil).

11.12. Investment in Joint Venture

On September 15, 2018, the Company, through its wholly-owned subsidiary Loop Innovations, LLC, a Delaware limited liability company, entered into a Joint Venture Agreement (the "Joint Venture Agreement") with Indorama Ventures Holdings LP, USA, an indirect subsidiary of Indorama Ventures Public Company Limited, to manufacture and commercialize sustainable polyester resin. Each company has a 50/50 equity interest in Indorama Loop Technologies, LLC ("ILT"), which was specifically formed to operate and execute the joint venture.

Under the Joint Venture Agreement, Indorama Ventures is contributing manufacturing knowledge and Loop is required to contribute its proprietary technology. Specifically, the Company contributed an exclusive worldwide royalty-free license to ILT to use its proprietary technology to produce 100% sustainably produced PET resin and polyester fiber.

ILT meets the accounting definition of a joint venture where neither party has control of the joint venture entity and both parties have joint control over the decision-making process in ILT. As such, the Company uses the equity method of accounting to account for its share of the investment in ILT. There were no operations in ILT from the date of inception of September 24, 2018 to February 28, 2023 February 29, 2024. During the year ended February 28, 2023 February 29, 2024, we made no contributions to ILT (2022 (2023 – nil). All contributions to ILT, which have been matched by Indorama Ventures, were used to fund engineering design costs which were capitalized in ILT.

In the years ended February 28, 2021 and 2022, the Company achieved significant advancements in its engineering design independently from that which was accomplished in ILT. Due to these advancements, during the fourth quarter of fiscal 2022, the Company assessed that the value of the engineering design costs capitalized in ILT were obsolete and no longer recoverable. Therefore, the Company recorded a loss of \$1,119,078 on its investment in ILT during the year ended February 28, 2022, representing the Company's 50% portion of the impairment of engineering design costs capitalized in ILT. As at February 28, 2023 February 29, 2024, the carrying value of the equity investment was \$380,922 (2022 \$381 (2023 - \$380,922) \$381), which represents 50% of the cash balance in ILT.

To conform with the terms of the SK strategic partnership described in Note 14, on June 18, 2021, the Company, Loop Innovations, LLC, a wholly-owned subsidiary of the Company ("Loop Innovations"), Indorama Ventures Holdings LP ("Indorama") and Indorama Loop Technologies, LLC (the "Indorama Joint Venture Company") amended (i) the Limited Liability Company Agreement between Loop Innovations, LLC and Indorama Ventures Holdings LP (the "LLC Agreement"), (ii) the Marketing Agreement between the Company and Indorama Loop Technologies, LLC (the "Marketing Agreement") and (iii) the License Agreement between the Company and the Indorama Joint Venture Company (the "License Agreement"), each dated September 24, 2018 (collectively such amendments, the "Indorama Joint Venture Amendments").

Under the Indorama Joint Venture Amendments, the Company, Indorama and the Indorama Joint Venture Company agreed to:

- terminate Indorama's right of first refusal under the LLC Agreement over any facility to produce products utilizing any waste-to-resin technology applying the PET depolymerization process of the Company;
- amend the non-compete obligations under the LLC Agreement to solely apply to the Company;
- limit the scope of the Company's grant of intellectual property rights and the scope of the exclusivity rights of the Indorama Joint Venture Company for the retrofit of existing facilities under the License Agreement to North America and Europe; and
- limit the scope of the Indorama Joint Venture Company's permitted marketing rights under the Marketing Agreement to North America and Europe.

The joint venture made a decision in July 2020 that due to the COVID-19 situation it would delay work. Since then, no expenditures have been incurred by the joint venture.

12. 13. Long-Term Debt

	February 28, 2023	February 28, 2022	February 29, 2024	February 28, 2023
Investissement Québec financing facility:				
Principal amount	\$ 3,380,116	\$ 3,622,618	\$ 3,353	\$ 3,380
Unamortized discount	(261,355)	(352,038)	(191)	(261)
Accrued interest	183,645	107,823	158	183
Total Investissement Québec financing facility	3,302,406	3,378,403	3,320	3,302
Less: current portion of long-term debt	(62,135)	-	(100)	(62)
Long-term debt, net of current portion	\$ 3,240,271	\$ 3,378,403	\$ 3,220	\$ 3,240

Investissement Québec financing facility

On February 21, 2020, the Company received \$1,623,362 \$1,628 (CDN\$2,209,234) 2,209 from Investissement Québec as the first disbursement of our financing facility, out of a maximum of \$3,380,116 \$3,390 (CDN\$4,600,000) 4,600 (the "Financing Facility"). The loan bears loan's interest at a rate was initially set at 2.36% and there is a 36-month moratorium on both capital and interest repayments starting on the date of the first disbursement, after which capital and interest is repayable in 84 monthly installments. The Company established the fair value of the loan for the first disbursement at \$1,354,408 \$1,354 based on a discount rate of 5.45%, which reflected a debt discount of \$290,714. \$291. The discount rate used was based on the external financing from a Canadian bank. The Company, under the loan agreement, was required to pay fees representing 1% of the loan amount, \$33,801 \$34 (CDN\$46,000) 46 to Investissement Québec which we deferred and recorded as a reduction of the Financing Facility. Debt discount and deferred financing expenses are amortized to "Interest and other financial expenses" in our Consolidated Statements of Operations and Comprehensive Loss.

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On August 26, 2021, the Company received \$1,756,754 \$1,762 (CDN\$2,390,766) 2,391 from Investissement Québec as the second disbursement of the Financing Facility, the balance of the total amount available under the Financing Facility. The second disbursement bears the same interest rate and repayment terms as the first disbursement. The Company established the fair value of the loan for the first disbursement at \$1,750,395 \$1,750 based on a discount rate of 3.95%, which reflected a debt discount of \$139,390. \$139. The discount rate used was based on the external financing from a Canadian bank. There were no fees associated with the second disbursement. Debt discount and deferred financing expenses are amortized to "Interest and other financial expenses" in our Consolidated Statements of Operations and Comprehensive Loss.

The Company recorded interest expense on the Investissement Québec loan for the year ended February 28, 2023 February 29, 2024 in the amount of \$86,028 (2022 \$84 (2023 – \$65,908) \$86) and an accretion expense of \$69,507 (2022 \$71 (2023 – \$55,332) \$70).

The Company also agreed to issue to Investissement Québec warrants to purchase shares of common stock of the Company in an amount equal to 10% of each disbursement up to a maximum aggregate amount of \$338,012 \$339 (CDN\$460,000) 460. The exercise price of the warrants is equal to the higher of (i) \$11.00 per share and (ii) the ten-day weighted average closing price of Loop shares of common stock on the Nasdaq stock market for the 10 days prior to the issue of the warrants. The warrants can be exercised immediately upon grant and have a term of three years from the date of issuance. The loan can be repaid at any time by the Company without penalty. In connection with the first disbursement of the Financing Facility, the Company issued a warrant ("First Disbursement Warrant") to acquire 15,153 shares of common stock at a strike price of \$11.00 per share to Investissement Québec. The Company determined the fair value of the warrants using the Black-Scholes pricing formula. The fair value of the First Disbursement Warrant was determined to be \$77,954 \$78 and is included in "Additional paid-in capital – Warrants" in our Condensed Consolidated Balance Sheets. In connection with the second disbursement of the Financing Facility, the Company issued a warrant ("Second Disbursement Warrant") to acquire 17,180 shares of common stock at a strike price of \$11.00 per share to Investissement Québec. The Company determined the fair value of the warrants using the Black-Scholes pricing formula. The fair value of the First Disbursement Warrant was determined to be \$69,323 \$69 and is included in "Additional paid-in capital – Warrants" in our Condensed Consolidated Balance Sheets. The First Disbursement Warrants expired in the year ended February 28, 2023 and the Second Disbursement Warrants remain outstanding as at February 28, 2023 February 29, 2024.

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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 "the Financing" "Financing Facility Amendment"). As per the Financing Facility Amendment, a total of \$36,740 \$37 (CDN \$50,000) \$50 of the principal amount was repayable in monthly installments in the fiscal year ended February 29, 2024, with the remainder of the principal amount being repayable in 72 monthly installments.

On February 28, 2024, the Company and Investissement Québec entered into an agreement to amend the existing Financing Facility which modifies the repayments of the principal amount (the "Second Financing Facility Amendment"). As per the Second Financing Facility Amendment, a total of \$74 (CDN \$100) of the principal amount is repayable in monthly installments in the fiscal year ending February 29, 2024 and February 28, 2025, with the remainder of the principal amount is being repayable in 72 monthly installments. Pursuant to the Second Financing Facility Amendment the interest rate of the Financing Facility was increased from 2.36% to 3.36%.

Under the original terms of the Financing Facility, the principal amount was repayable in 84 monthly installments beginning in March of 2023. The Financing Facility Amendment does amendments do not modify the interest rates, the repayment terms of accrued interest or any of the other terms of the Financing Facility. Facility that are not mentioned above. The Amendment amendments did not meet the criteria of ASC 470, Debt for an extinguishment of debt as the Amendment amendments did not substantially modify the terms of the Financing Facility. The Company therefore applied modification accounting and no immediate gain or loss was recognized related to the Amendment. amendments.

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

Years ending	Amount	Amount
February 29, 2024	\$ 62,135	

February 28, 2025	583,460	\$ 100
February 29, 2026	583,460	
February 28, 2026		682
February 28, 2027	583,460	682
February 29, 2028	583,460	682
February 28, 2029		682
Thereafter	1,167,786	683
Total	\$ 3,563,761	\$ 3,511

Credit facility from a Canadian bank

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 \$2,571,827 \$2,579 (CDN \$3,500,000) \$3,500 in aggregate principal amount and provides for a two-year term. term on amounts drawn. 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 in compliance as at February 28, 2023 February 29, 2024. All borrowings under the Credit Facility will bear interest at an annual rate equal to the bank's Canadian prime rate plus 1.0%. The Company is subject to a guarantee of the liabilities of Loop Canada Inc. As at February 28, 2023 February 29, 2024, the \$2,571,827 \$2,579 (CDN \$3,500,000) \$3,500 Credit Facility was available and undrawn.

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Term Loan

On January 24, 2018, the Company obtained a \$1,028,731 (CDN\$1,400,000) 20-year term instalment loan (the "Loan"), from a Canadian bank. The Loan bore interest at the bank's Canadian prime rate plus 1.5%. By agreement, the Loan was repayable in monthly payments of \$4,286 (CDN\$5,833) plus interest. In January 2022, we repaid the remaining balance of the Loan in full. During the year ended February 28, 2022, we repaid \$937,156 on the principal balance of the Loan and interest paid amounted to \$32,791.

13. 14. Related Party Transactions

Employment Agreement

On June 29, 2015, the Company entered into an employment agreement with Mr. Daniel Solomita, the Company's President and Chief Executive Officer ("CEO"). The employment agreement is for an indefinite term.

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On July 13, 2018, the Company and Mr. Solomita entered into an amendment and restatement of the employment agreement which provided for a long-term incentive grant of 4,000,000 shares of the Company's common stock, in tranches of one million shares each, upon the achievement of four performance milestones. This was modified to provide a grant of 4,000,000 restricted stock units covering 4,000,000 shares of the Company's common stock while the performance milestones remained the same. The grant of the restricted stock units became effective upon approval by the Company's shareholders stockholders at the Company's 2019 annual meeting, of an increase in the number of shares available for grant under the Plan. 2017 Equity Incentive Plan (the "Plan"). Such approval was granted by the Company's shareholders stockholders at the Company's 2019 annual meeting. The restricted stock units vest upon the achievement of applicable performance milestones, as follows:

- i) 1,000,000 shares of common stock shall be issued to Mr. Solomita when the Company's securities are listed on an exchange or the OTCQX tier of the OTC Markets;

- ii) 1,000,000 shares of common stock shall be issued to Mr. Solomita when the Company executes a contract for a minimum quantity of 25,000 M/T DMT/MEG or a PET;
- iii) 1,000,000 shares of common stock shall be issued to Mr. Solomita when the Company's first full-scale production facility is in commercial operation; and
- iv) 1,000,000 shares of common stock shall be issued to Mr. Solomita when the Company's second full-scale production facility is in commercial operation.

During the year ended February 28, 2017, it became probable that the first milestone would be met. Accordingly, 1,000,000 performance incentive shares of common stock with a fair value of \$800,000 were earned and issuable to Mr. Solomita. This amount was reflected as stock-based compensation expense during the year ended February 28, 2017 based on the grant date fair value. The 1,000,000 performance incentive shares of common stock were replaced by vested restricted stock units, of which 200,000 were settled in October 2019, 2020 and 2021, each.

On April 30, 2020, the Company and Mr. Solomita entered into an amendment of Mr. Solomita's employment agreement. The amendment clarified the milestones consistent with the shift in the Company's business from the production of terephthalate to the production of dimethyl terephthalate, another proven monomer of used to produce PET plastic that is simpler to purify. plastic.

As at February 28, 2023 February 29, 2024, 3,400,000 (2022 (2023 – 3,400,000) of Mr. Solomita's RSUs were outstanding of which 1,400,000 were vested (2022 (2023 – 400,000) 1,400,000). When a milestone becomes probable, the corresponding expense will be valued based on the grant date fair value on April 30, 2020, the date of the last modification of Mr. Solomita's employment agreement. The closing price of the Company's common stock on the Nasdaq on April 30, 2020 was \$7.74 per share.

The vested units are settled annually in tranches of 200,000 units on October 15 of each year, unless Mr. Solomita and the Company elect to defer settlement before such date. The unvested 2,000,000 RSUs would be forfeited if Mr. Solomita left the Company, except in the case of termination without cause or resignation for good reason, in which case he would receive 50% of the unvested RSUs at the time of termination, or 100% in the case of termination without cause or resignation for good reason within 24 months after a change in control.

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During the year ended February 28, 2023, Mr. Solomita met a performance milestone in relation to the signature of a supply agreement with a customer. Accordingly, 1,000,000 performance incentive RSUs with a total fair value of \$7,740,000 \$7,740 were earned and issuable to Mr. Solomita. This amount was reflected as stock-based compensation expense during the year ended February 28, 2023. On October 14, 2022, Mr. Solomita and the Company agreed to defer by one year the settlement of 400,000 RSUs that were set to settle on October 15, 2022. On October 12, 2023, Mr. Solomita and the Company agreed to defer by one year the settlement of 800,000 RSUs that were set to settle on October 15, 2023. During the year ended February 28, 2022 February 29, 2024, no outstanding milestones were probable of being met and, accordingly, the Company did not record any no additional stock-based compensation expense. expense was recorded.

14. 15. Stockholders' Equity

Series A Preferred Stock

Mr. Solomita's amended employment agreement of February 15, 2016 provides provided that the Company shall issue to Mr. Solomita one share of the Company's Series A Preferred Stock in exchange for Mr. Solomita agreeing not to terminate his employment with the Company for a period of five years from the date of the agreement amendment. The agreement amendment effectively provides Mr. Solomita with a "change of control" provision over the Company in the event that his ownership of the issued and outstanding shares of common stock of the Company is diluted to less than a majority. In order to issue Mr. Solomita his one share of Series A Preferred Stock under the amendment, the Company

created a "blank check" preferred stock. Subsequently, the ~~board~~ Board of directors ~~Directors~~ of the Company approved a Certificate of Designation creating the Series A Preferred Stock. Subsequently, Stock, and the Company issued one share of Series A Preferred Stock to Mr. Solomita.

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The one share of Series A Preferred Stock issued to Mr. Solomita holds a majority of the total voting power so long as Mr. Solomita holds not less than 7.5% of the ~~issued and total number of outstanding shares of our common stock of the Company, on February 12, 2016 (as adjusted for any stock splits and stock dividends effected after February 12, 2016)~~, assuring Mr. Solomita of control of the Company in the event that his ownership of the issued and outstanding shares of common stock of the Company is diluted to a level below a majority. Currently, Mr. Solomita's ownership of 19,210,000 shares of common stock and 1 share of Series A Preferred Stock provides him with 75.7% of the voting control of the Company.

Additionally, the one share of Series A Preferred Stock issued to Mr. Solomita contains protective provisions, which ~~precludes~~ preclude the Company from taking certain actions without Mr. Solomita's (or that of any person to whom the one share of Series A Preferred Stock is transferred) approval. More specifically, so long as any shares of Series A Preferred Stock are outstanding, the Company shall not, without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, voting as a separate class:

- (a) amend the Articles of Incorporation or, unless approved by the Board of Directors, including by the Series A Director, amend the Company's By-laws;
- (b) change or modify the rights, preferences or other terms of the Series A Preferred Stock, or increase or decrease the number of authorized shares of Series A Preferred Stock;
- (c) reclassify or recapitalize any outstanding equity securities, or, unless approved by the Board of Directors, including by the Series A Director, authorize or issue, or undertake an obligation to authorize or issue, any equity securities or any debt securities convertible into or exercisable for any equity securities (other than the issuance of stock-options or securities under any employee option or benefit plan);
- (d) authorize or effect any transaction constituting a Deemed Liquidation (as defined in this subparagraph) under the Articles, or any other merger or consolidation of the Company;
- (e) increase or decrease the size of the Board of Directors as provided in the By-laws of the Company or remove the Series A Director (unless approved by the Board of Directors, including the Series A Director);
- (f) declare or pay any dividends or make any other distribution with respect to any class or series of capital stock (unless approved by the Board of Directors, including the Series A Director);
- (g) redeem, repurchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any outstanding shares of capital stock (other than the repurchase of shares of common stock from employees, consultants or other service providers pursuant to agreements approved by the Board of Directors under which the Company has the option to repurchase such shares at no greater than original cost upon the occurrence of certain events, such as the termination of employment) (unless approved by the Board of Directors, including the Series A Director);

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- (h) create or amend any stock option plan of the Company, if any (other than amendments that do not require approval of the stockholders under the terms of the plan or applicable law) or approve any new equity incentive plan;
- (i) replace the President and/or Chief Executive Officer of the Company (unless approved by the Board of Directors, including the Series A Director);
- (j) transfer assets to any subsidiary or other affiliated entity (unless approved by the Board of Directors, including the Series A Director);
- (k) issue, or cause any subsidiary of the Company to issue, any indebtedness or debt security, other than trade accounts payable and/or letters of credit, performance bonds or other similar credit support incurred in the ordinary course of business, or amend, renew, increase or otherwise alter in any material respect the terms of any indebtedness previously approved or required to be approved by the holders of the Series A Preferred Stock (unless approved by the Board of Directors, including the Series A Director);

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- (l) modify or change the nature of the Company's business;
- (m) acquire, or cause a Subsidiary of the Company to acquire, in any transaction or series of related transactions, the stock or any material assets of another person, or enter into any joint venture with any other person (unless approved by the Board of Directors, including the Series A Director); or
- (n) sell, transfer, license, lease or otherwise dispose of, in any transaction or series of related transactions, any material assets of the Company or any Subsidiary outside the ordinary course of business (unless approved by the Board of Directors, including the Series A Director).

Common Stock

	Number of		Amount	
	shares		\$	
For the year ended February 28, 2023				
Balance, February 28, 2022	47,388,056		\$ 4,740	
For the year ended February 29, 2024				
Balance, February 28, 2023	47,469,224		\$ 5	
Issuance of shares upon settlement of restricted stock units	81,168		8	51,963
Balance, February 28, 2023	47,469,224		\$ 4,748	
Issuance of shares upon the exercise of stock options			7,721	-
Balance, February 29, 2024			\$ 5	
For the year ended February 28, 2022				
Balance, February 28, 2021			42,413,691	\$ 4,242
Issuance of shares upon settlement of restricted stock units			231,660	24
Issuance of shares for cash			4,714,813	471
Issuance of shares upon exercise of warrants			11,666	1
Issuance of shares upon exercise of options			16,226	2
Balance, February 28, 2022			47,388,056	\$ 4,740

	Number of		Amount	
	shares		\$	
For the year ended February 28, 2022				
Balance, February 28, 2021			42,413,691	\$ 4,242
Issuance of shares upon settlement of restricted stock units			231,660	24
Issuance of shares for cash			4,714,813	471
Issuance of shares upon exercise of warrants			11,666	1
Issuance of shares upon exercise of options			16,226	2
Balance, February 28, 2022			47,388,056	\$ 4,740

	Number of shares	Amount
For the year ended February 28, 2023		
Balance, February 28, 2022	47,388,056	\$ 5
Issuance of shares upon settlement of restricted stock units	81,168	-
Balance, February 28, 2023	<u>47,469,224</u>	<u>\$ 5</u>

During the year ended February 29, 2024, the Company recorded the following common stock transactions:

- (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.**

During the year ended February 28, 2023, the Company recorded the following common stock transactions:

- (i) **The Company issued 81,168 shares of the common stock to settle restricted stock units that vested in the period.**

During 16. Research and Development Expenses

Research and development expenses for the years ended February 28, 2022, the Company recorded the following common stock transactions: February 29, 2024 and February 28, 2023 were as follows:

	February 29, 2024	February 28, 2023
Employee compensation	\$ 5,133	\$ 7,805
Machinery and equipment expenditures	1,142	4,216
External engineering	2,353	3,273
Plant and laboratory operating expenses ⁽¹⁾	2,318	2,581
Tax credits	(318)	(1,199)
Other	751	670
	<u>\$ 11,379</u>	<u>\$ 17,346</u>

- (i) (1) **The Company issued 231,660 shares amount for the year ended February 29, 2024 includes an inventory write-down of the common stock \$817 (2023 – nil) on finished goods and work in process inventories related to settle restricted stock units that vested inventory volumes not expected to be sold in the period.**
- (ii) **The Company issued 4,714,813 shares of its common stock, with warrants, at an aggregate offering price of \$12.00 per share for total gross proceeds of \$56,577,756 and net proceeds of \$56,049,167.**
- (iii) **The Company issued 11,666 shares of its common stock upon the exercise of a warrant.**
- (iv) **The Company issued 16,226 shares of its common stock upon the exercise of stock options next twelve months (Note 4).**

On June 22, 2021, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") by 17. General and between the Company and SK Geo Centric, Ltd, an accredited investor (the "Purchaser"). Pursuant to the Purchase Agreement, the Company sold to the Purchaser the following securities on July 29, 2021 for an aggregate purchase price of \$56.5 million (collectively, the "SKGC Investment"): **Administrative Expenses**

an aggregate of 4,714,813 shares (the "Shares") of the Company's common stock (the "Common Stock");

General and administrative expenses for the years ended February 29, 2024 and February 28, 2023 were as follows:

	February 29, 2024	February 28, 2023
Employee compensation ⁽¹⁾	\$ 3,223	\$ 11,224

Professional fees	2,928	4,288
Insurance	2,680	3,594
Other	1,157	1,323
	\$ 9,988	\$ 20,429

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- warrants to purchase 4,714,813 shares of Common Stock for an exercise price of \$15.00 (the "First Tranche Warrants"), with an expiration date of the third anniversary of the issue date;
- warrants to purchase 2,357,407 shares of Common Stock for an exercise price of \$20.00 (the "Second Tranche Warrants"), with an expiration date of the earlier of (A) the date that is the third anniversary of the start of construction of the JV's first facility, (B) 18 months after the date both parties have approved the basic design package to be used for the JV facilities, provided that the agreements to form the JV have not been executed by that date, and (C) the third anniversary of the date that both parties approved the basic design package to be used for the JV facilities, provided that the start of construction of the JV's first facility has not occurred as of such date; and
- warrants to purchase 461,298 shares of Common Stock for an exercise price of \$11.00, with an expiration date of June 14, 2022 (the "Third Tranche Warrants," and together with First Tranche Warrants and the Second Tranche Warrants, the "Warrants").

The Purchaser may exercise the First Tranche Warrant at any time beginning on January 29, 2022 and the Second Tranche Warrant at any time on or after the later to occur of (i) January 29, 2022 and (ii) the first business day following the First Plant Milestone (as defined in the Second Tranche Warrant) prior to its expiration date. The Third Tranche Warrants expired June 14, 2022. Further details related to outstanding warrants are included in Note 19.

The table below summarizes the allocation of the aggregate purchase price, net of issuance costs, based on the relative fair-value of the components at the grant date:

Common stock	\$ 34,622,854
First Tranche Warrants	13,158,981
Second Tranche Warrants	7,167,195
Third Tranche Warrants	1,135,274
	\$ 56,084,304

The fair value of the warrants was determined using the Black-Scholes model. The principal components of the pricing model were as follows:

	Second		
	First Tranche	Tranche	Third Tranche
	Warrants	Warrants	Warrants
Exercise price	\$ 15	\$ 20	\$ 11
Risk-free interest rate	0.37 %	0.60 %	0.07 %
Expected dividend yield	0 %	0 %	0 %
Expected volatility	78 %	74 %	93 %
Expected life	2.5 years	4.1 years	0.9 years

After the closing of the SKGC Investment, the Purchaser owns approximately 10.0% of the issued and outstanding Common Stock as of that date.

15. Research and Development Expenses

Research and development expenses for the years ended February 28, 2023 and February 28, 2022 were as follows:

	February 28,		February 28,
	2023	2022	
Machinery and equipment expenditures	\$ 4,216,042	\$ 9,549,802	
Employee compensation	7,805,369	7,259,640	
External engineering	3,272,864	7,307,363	

Plant and laboratory operating expenses	2,580,977	2,649,133
Tax credits	(1,199,137)	(91,960)
Other	669,849	1,062,447
	<u><u>\$ 17,345,964</u></u>	<u><u>\$ 27,736,425</u></u>

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16. General and Administrative Expenses

General and administrative expenses for the years ended February 28, 2023 and February 28, 2022 were as follows:

	February 28, 2023	February 28, 2022
Professional fees	\$ 4,288,299	\$ 4,247,859
Employee compensation ⁽¹⁾	11,224,336	3,298,610
Insurance	3,594,030	4,267,927
Other	1,322,751	978,043
	<u><u>\$ 20,429,416</u></u>	<u><u>\$ 12,792,439</u></u>

(1) Includes stock-based compensation expense. During the year ended February 28, 2023, the Company recorded a stock-based compensation expense of \$7,740,000 \$7,740 related to the achievement of a performance milestone for 1,000,000 RSUs granted to the Company's CEO (Note 13) 14. During the year period ended February 28, 2022, the Company recorded RSU forfeitures for an amount of \$935,837 as a reversal of stock-based compensation.

17. 18. Share-Based Payments

Stock Options

The following tables summarizes the continuity of the Company's stock options during the years ended February 28, 2023 February 29, 2024 and February 28, 2022 February 28, 2023:

	2023		2022		2024		2023	
	Weighted		Weighted		Weighted		Weighted	
	Number of stock options	average exercise price						
Outstanding, beginning of year	1,570,000	\$ 6.87	1,587,081	\$ 6.81	2,542,000	\$ 5.27	1,570,000	\$ 6.87
Granted	972,000	2.68			240,000	3.11	972,000	2.68
Exercised	-	-	(17,081)	-	(10,000)	0.80	-	-
Forfeited	-	-	-	-	-	-	-	-
Expired	-	-	-	-	-	-	-	-
Outstanding, end of year	2,542,000	\$ 5.27	1,570,000	\$ 6.87	2,772,000	\$ 5.10	2,542,000	\$ 5.27
Exercisable, end of year	1,670,000	\$ 6.84	1,311,667	\$ 7.57	1,810,000	\$ 6.53	1,670,000	\$ 6.84
	2023		2022		2024		2023	

		Weighted				Weighted				Weighted			
		Number of stock	average remaining	Number of stock	average remaining	Number of stock	average remaining	Number of stock	average remaining	Number of stock	average remaining		
Exercise price	Exercise price	options outstanding	life (years)	options outstanding	life (years)	Exercise price	options outstanding	life (years)	options outstanding	life (years)	Exercise price		
\$ 0.80		490,000	2.75	490,000	3.75	0.80	480,000	1.75	490,000	2.75			
\$ 2.68		972,000	9.75	-	-	2.68	972,000	8.75	972,000	9.75			
\$ 5.25		380,000	4.50	380,000	5.49	3.11	240,000	9.08	-	-			
\$ 12.00		700,000	4.54	700,000	5.54	5.25	380,000	3.50	380,000	4.50			
\$						12.00	700,000	3.54	700,000	4.54			
<i>Outstanding, end of year</i>	<i>Outstanding, end of year</i>	<i>2,542,000</i>	<i>6.18</i>	<i>1,570,000</i>	<i>4.97</i>	<i>Outstanding, end of year</i>	<i>2,772,000</i>	<i>5.53</i>	<i>2,542,000</i>	<i>6.18</i>			
<i>Exercisable, end of year</i>	<i>Exercisable, end of year</i>	<i>1,670,000</i>	<i>5.16</i>	<i>1,311,667</i>	<i>5.13</i>	<i>Exercisable, end of year</i>	<i>1,810,000</i>	<i>4.55</i>	<i>1,670,000</i>	<i>5.16</i>			

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. There were no new issuances of stock options for the years ended February 28, 2022. The principal components of the pricing model for the stock options granted in the years ended February 29, 2024 and February 28, 2023 were as follows:

		2024	2023
<i>Exercise price</i>	\$ 2.68	\$ 3.11	\$ 2.68
<i>Risk-free interest rate</i>	3.88%	3.61%	3.88%
<i>Expected dividend yield</i>	0%	0%	0%
<i>Expected volatility</i>	73%	73%	73%
<i>Expected life</i>	5 years	6.5 years	5 years

During the year ended February 28, 2023 February 29, 2024, stock-based compensation expense attributable to stock options amounted to \$1,316,084 (2022 \$644 (2023 - \$1,513,211) \$1,316).

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Restricted Stock Units

The following table summarizes the continuity of the restricted stock units ("RSUs") during the years February 28, 2023 February 29, 2024 and February 28, 2022 February 28, 2023:

	2023		2022		2024		2023		
	Number of units	Weighted average fair value price		Number of units	Weighted average fair value price		Number of units	Weighted average fair value price	
		Number of units	Weighted average fair value price		Number of units	Weighted average fair value price		Number of units	Weighted average fair value price
<i>Outstanding, beginning of year</i>	4,018,567	\$ 7.42		4,210,520	\$ 1.98		3,888,618	\$ 7.09	

Granted	151,605	5.14	353,219	10.15	585,364	2.93	151,605	5.14
Settled	(81,168)	11.72	(231,660)	1.90	(51,963)	8.66	(81,168)	11.72
Forfeited	(200,386)	10.34	(313,512)	7.97	(53,122)	5.56	(200,386)	10.34
Outstanding, end of year	3,888,618	\$ 7.09	4,018,567	\$ 7.42	4,368,897	\$ 6.53	3,888,618	\$ 7.09
Outstanding vested, end of year	1,563,497	\$ 6.29	537,966	\$ 3.28	1,635,241	\$ 6.22	1,563,497	\$ 6.29

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 year ended **February 28, 2023** **February 29, 2024**, stock-based compensation attributable to RSUs amounted to **\$8,770,102** (2022 **\$778 (2023 - \$549,155)** **\$8,770**). During the year ended February 28, 2023, the Company recorded a stock-based compensation expense of **\$7,740,000** **\$7,740** related to the achievement of a performance milestone for 1,000,000 RSUs granted to the Company's CEO (Note 13). During the year ended February 28, 2023, the Company recorded a reversal of expenses for RSU forfeitures in the amount of **\$288,413** (2022 **-\$963,022**) RSUs.

Stock-Based Compensation Expense

During the year ended **February 28, 2023** **February 29, 2024**, stock-based compensation included in research and development expenses amounted to **\$1,337,167** (2022 **\$542 (2023 - \$1,536,734)** **\$1,337**), and in general and administrative expenses amounted to **\$8,749,019** (2022 **\$880 (2023 - \$525,632)** **\$8,749**). The amount recorded in general and administrative expenses for the year ended February 28, 2023 includes **\$7,740,000** **\$7,740** related to the achievement of a performance milestone for 1,000,000 RSUs granted to the Company's CEO (Note 13). During the year ended February 28, 2023, the Company recorded a reversal of stock-based compensation for forfeitures included in research and development expenses of **\$79,096** (2022 **-\$27,185**), and in general and administrative expenses of **\$209,317** (2022 **-\$935,837**) RSUs.

18.19. 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, 2023, the share reserve was increased by 1,500,000 shares. On March 1, 2022 and 2021, the Board of Directors opted to waive the annual share reserve increase. 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 years ended **February 28, 2023** **February 29, 2024** and **February 28, 2022** **February 28, 2023**:

	2023	2024	2022	2023
	Number of units*	Number of units*	Number of units*	Number of units*
Outstanding, Authorized, beginning of year period	120,486		1,043,705	1,083,412

Share Automatic share reserve increase		1,500,000	
Units granted	(1,123,605)	825,364	(353,219)
Units forfeited	200,386	53,122	313,512
Units expired			200,386
Outstanding, Authorized, end of year period		848,244	120,486
			1,043,705

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

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19. 20. Warrants

The following table summarizes the continuity of warrants during the years February 28, 2023 ended February 29, 2024 and February 28, 2022 February 28, 2023:

	2023		2022		2024		2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	11,659,418	\$ 14.44	4,133,720	\$ 10.99	7,089,400	\$ 16.65	11,659,418	\$ 14.44
Issued	-	-	7,550,698	16.31	-	-	-	-
Exercised	-	-	(25,000)	9.43	-	-	-	-
Expired	(4,570,018)	11.00	-	-	-	-	(4,570,018)	11.00
Outstanding, end of year	7,089,400	\$ 16.65	11,659,418	\$ 14.44	7,089,400	\$ 16.65	7,089,400	\$ 16.65

The expiration dates of the warrants outstanding as at February 28, 2023 February 29, 2024 are as follows:

	2023					
	Number of warrants	Weighted average		Number of warrants	Weighted average	
		exercise price	exercise price		warrants	exercise price
July 29, 2024	4,714,813	\$ 15.00	15.00	4,714,813	\$ 15.00	
(1)	2,357,407		20.00	2,357,407		
August 26, 2024	17,180		11.00	17,180		
Outstanding, end of year	7,089,400	\$ 16.65		7,089,400	\$ 16.65	

(1) *Warrant granted to SK Geo Centric, Ltd. in ("SKGC") pursuant to the transaction described in Note 14: securities purchase agreement entered into by the Company and SKGC on June 22, 2021:*

Expiration date is the earlier of (A) the date that is the third anniversary of the start of construction of the JV's first facility, (B) 18 months after the date both parties have approved the basic design package to be used for the JV facilities, provided that the agreements to form the JV have not been executed by that date, and (C) the third anniversary of the date that both parties approved the basic design package to be used for the JV facilities, provided that the start of construction of the JV's first facility has not occurred as of such date.

20. 21. Interest and Other Financial Expenses

Interest and other finance costs for the years ended February 28, 2023 February 29, 2024 and February 28, 2022 February 28, 2023 are as follows:

	2023	2022
Interest on long-term debt	\$ 86,028	\$ 98,700
Accretion expense	69,507	55,332
Other	33,221	287
	<u>\$ 188,756</u>	<u>\$ 154,319</u>

	2024	2023
Interest on long-term debt (Note 13)	\$ 84	\$ 86
Accretion expense (Notes 11 and 13)	79	70
Discount on due to customer (Note 11)	(238)	-
Other	34	33
	<u>\$ (41)</u>	<u>\$ 189</u>

21. 22. Income Taxes

The components of the Company's loss before taxes are summarized below:

	February 28, 2023	February 28, 2022	February 29, 2024	February 28, 2023
<i>U.S. operations</i>	<u>\$ (8,406,384)</u>	<u>\$ (12,690,909)</u>	<u>\$ (6,012)</u>	<u>\$ (8,406)</u>
<i>Foreign operations</i>	<u>(12,894,181)</u>	<u>(32,230,047)</u>	<u>(15,075)</u>	<u>(12,895)</u>
<i>Loss before taxes</i>	<u>\$ (21,300,565)</u>	<u>\$ 44,920,956</u>	<u>\$ (21,087)</u>	<u>\$ (21,301)</u>

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A reconciliation from the statutory U.S. income tax rate and the Company's effective income tax rate, as computed on loss before taxes, is as follows:

	February 28, 2023	February 28, 2022	February 29, 2024	February 28, 2023
<i>Statutory Federal rate</i>	<u>21%</u>	<u>21%</u>	<u>21%</u>	<u>21%</u>

Federal income tax at statutory rate	\$ (4,473,117)	\$ (9,433,405)	\$ (4,427)	\$ (4,473)
Effect of foreign jurisdiction	(740,545)	1,803,016)	(937)	(740)
Non-deductible expenses	762,149	329,054	1,435	762
Tax credits related to research and development expenditures	(201,628)	(76,327)	(367)	(202)
Unrecognized tax benefit of net operating losses and other available deductions	4,653,141	10,983,694	4,296	4,653
Effective income tax expense	\$ -	\$ -	\$ -	\$ -
Current	\$ -	\$ -	\$ -	\$ -
Deferred	\$ -	\$ -	\$ -	\$ -

The Company has net operating loss carry forwards of approximately \$38,122,411 (2022 \$37,472 (2023 - \$30,316,049) \$38,122) for U.S. Federal income tax purposes expiring between 2035 and 2038, post 2018 net operating losses may be carried forward indefinitely. The Company has net operating loss carry forwards for Canadian Federal and Québec tax purposes of approximately \$67,616,651 \$83,073 (CDN\$92,019,500) 112,797, 2022 2023 - \$59,310,541 \$67,617 (CDN\$74,288,683) 92,020, and \$70,746,629 \$89,532 (CDN\$96,279,088) 121,572, 2022 2023 - \$61,353,534 \$70,747 (CDN\$76,847,608) 96,279, respectively, expiring between 2037 and 2043. Realization of future tax assets is dependent on future earnings, the timing and amount of which are uncertain. Accordingly, the net future tax assets have been fully offset by a valuation allowance. The valuation allowance increased by \$4,346,788 \$4,905 and \$11,241,297 \$4,347, respectively, for the years ended February 28, 2023 February 29, 2024 and February 28, 2022 February 28, 2023. The Company has provided a full valuation allowance on the deferred tax assets as a result of the uncertainty regarding the probability of its realization.

The Company has approximately \$7,471,410 \$9,506 (CDN\$10,167,842) 12,903, 2022 2023 - \$5,998,338 \$7,471 (CDN\$7,616,689) 10,168 of research and development expenditures for Canadian Federal and Québec provincial purposes that are available to reduce taxable income in future years and have an unlimited carry forward period, the benefit of which has not been reflected in these financial statements. Research and development expenditures are subject to audit by the taxation authorities and accordingly, these amounts may vary.

The tax effect of temporary differences between US GAAP accounting and federal income tax accounting creating deferred income tax assets and liabilities were as follows:

	As at		As at	
	February 28, 2023	February 28, 2022	February 29, 2024	February 28, 2023
Deferred tax assets				
<i>Canada net operating loss carry forward</i>	\$ 18,278,360	\$ 15,735,374	\$ 22,765	\$ 18,278
<i>U.S. net operating loss carry forward</i>	8,005,706	6,366,370	7,869	8,006
<i>Accrual and reserves</i>	545,697	938,918	616	546
<i>Intangibles</i>	214,419	175,077	304	214
<i>Property, plant and equipment</i>	2,252,828	3,599,781	1,914	2,253
<i>Research and development expenditures and credits</i>	3,569,211	2,711,560	4,428	3,569
<i>Basis in partnership</i>	235,006	235,006	235	235
<i>Other</i>	894,525	698	859	895
Deferred tax assets	33,995,752	29,762,784	38,990	33,996
Deferred tax liabilities				
<i>Intangibles</i>	(319,771)	(267,813)	(409)	(320)
<i>Other</i>	-	(165,778)	-	-

Deferred tax liabilities	(319,771)	(433,591)	(409)	(320)
Deferred tax assets, net	33,675,981	29,329,193	38,581	33,676
Valuation allowance	(33,675,981)	(29,329,193)	(38,581)	(33,676)
Deferred tax assets, net	\$ -	\$ -	\$ -	\$ -

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Assessment of the amount of value assigned to the Company's deferred tax assets under the applicable accounting rules is judgmental. The Company is required to consider all available positive and negative evidence in evaluating the likelihood that the Company will be able to realize the benefit of its deferred tax assets in the future. Such evidence includes scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and the results of recent operations. Since this evaluation requires consideration of events that may occur some years into the future, there is an element of judgment involved. Realization of the Company's deferred tax assets is dependent on generating sufficient taxable income in future periods. Management does not believe that it is more likely than not that future taxable income will be sufficient to allow it to recover substantially all of the value assigned to its deferred tax assets. Accordingly, the Company has provided for a valuation allowance of the Company's deferred tax assets.

The tax years subject to examination by major tax jurisdiction include the years ended February 28, 2019 and forward by the U.S. Internal Revenue Service and most state jurisdictions, and the years ended February 28, 2019 and forward for the Canadian jurisdiction.

22. Commitments and Contingencies 23. Legal Settlement

Agreement to purchase of machinery and equipment

In December 2021, the Company entered into an agreement for the purchase of long lead machinery and equipment in connection with the construction of our first Infinite Loop™ manufacturing facility for up to \$8,546,000, subject to various terms and conditions, including fabrication timelines and equipment inspection. Pursuant to the agreement, the Company has paid cash deposits of \$3,395,650.

Contingencies

On October 13, 2020, the Company and certain of its officers were named as defendants in a proposed class-action lawsuit filed in the United States District Court for the Southern District of New York, captioned Olivier Tremblay, Individually and on Behalf of All Others Similarly Situated v. Loop Industries, Inc., Daniel Solomita, and Nelson Gentiletti, Case No. 7:20-cv-08538-NSR ("Tremblay Class Action"). The complaint alleges that the defendants violated Sections 10(b) and 20(a) and Rule 10b-5 of the Securities Exchange Act of 1934 by allegedly making materially false and/or misleading statements, as well as allegedly failing to disclose material adverse facts about the Company's business, operations, and prospects, which caused the Company's securities to trade at artificially inflated prices. The complaint seeks unspecified damages on behalf of a class of purchasers of Loop's securities between September 24, 2018 and October 12, 2020, inclusive.

On October 28, 2020, the Company and certain of its officers were named as defendants in a second proposed class-action lawsuit filed in the United States District Court for the Southern District of New York, captioned Michelle Bazzini, Individually and on Behalf of All Others Similarly Situated v. Loop Industries, Inc., Daniel Solomita, and Nelson Gentiletti, Case No. 7:20-cv-09031-NSR. The complaint allegations are similar in nature to those in the Tremblay Class Action.

On January 4, 2021, the United States District Court for the Southern District of New York consolidated the two proposed class-action lawsuits as *In re Loop Industries, Inc. Securities Litigation*, Master File No. 7:20-cv-08538-NSR. Sakari Johansson and John Jay Cappa were appointed as Co-Lead Plaintiffs and Glancy Prongay & Murray LLP and Pomerantz LLP were appointed as Co-Lead Counsel for the class.

Plaintiffs served a consolidated amended complaint on February 18, 2021, which alleged that the defendants violated Sections 10(b) and 20(a) and Rule 10b-5 of the Securities Exchange Act of 1934 by allegedly making materially false and/or misleading statements, as well as allegedly failing to disclose material adverse facts about the Company's business, operations, and prospects, which caused the Company's securities to trade at artificially inflated prices. The consolidated amended complaint relied on the October 13, 2020 report published by a third party regarding the Company to support their allegations. Defendants served a motion to dismiss the consolidated amended complaint on April 27, 2021. Plaintiffs' opposition to the motion to dismiss was served on May 27, 2021 and Defendants' reply in support of the motion to dismiss was served on June 11, 2021.

On March 1, 2022, the Company and the current and former officer defendants entered into an agreement for the settlement of *In re Loop Industries, Inc. Securities Litigation*, and, on March 4, 2022, advised the Court of the agreement to settle. The agreement, which was subject to certain conditions, including court approval, required the Company to pay \$3.1 million to the plaintiff class. As a result, the Company recorded a contingency loss of \$2,519,220 \$2,519 which was included in accounts payable and accrued liabilities at February 28, 2022 and expected to be the Company's approximate total cash contribution to the settlement and outstanding legal fees related to the lawsuit, net of the Company's D&O insurance carriers' contribution.

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On May 24, 2022, Lead Plaintiffs filed their motion for preliminary approval of the proposed class action settlement. On September 19, 2022, the Court entered an order preliminarily approving the settlement and providing for notice. The Court held a final settlement hearing on January 5, 2023 after which the Court entered an order and final judgment approving the class action settlement.

In October 2022, the Company made a payment in escrow of \$3,100,000 \$3,100 for the settlement and received \$837,782 \$838 from its D&O insurance carriers. As at February 28, 2023 February 29, 2024, the Company no longer has any amount related to the class action settlement included in accounts payable and accrued liabilities.

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The settlement agreement does not constitute an admission, concession, or finding of any fault, liability, or wrongdoing by the Company or any defendant.

On October 13, 2020, the Company, Loop Canada Inc. and certain of their officers and directors were named as defendants in a proposed securities class action filed in the Superior Court of Québec (District of Terrebonne, Province of Québec, Canada), in file no. 700-06-000012-205. The Application for authorization of a class action and for authorization to bring an action pursuant to section 225.4 of the Québec Securities Act ("the Application") was filed by an individual shareholder on behalf of himself and a class of buyers who purchased our securities during the "Class Period" (not defined). Plaintiff alleged that throughout the Class Period, the defendants allegedly made false and/or misleading statements and allegedly failed to disclose material adverse facts concerning the Company's technology, business model, operations and prospects, thus causing the Company's stock price to be artificially inflated and thereby causing plaintiff to suffer damages. Plaintiff sought unspecified damages stemming from losses he claimed to have suffered as a result of the foregoing. On December 13, 2020, the Application was amended in order to add allegations regarding specific misrepresentations. The authorization hearing was held on February 24, 2022.
Contractual agreement

In a judgment dated July 29, 2022, the Superior Court of Québec dismissed the Application for authorization of a class action and for authorization to bring an action pursuant to section 225.4 of the Québec Securities Act. The period to appeal the judgment is now expired.

23. Subsequent Events
Agreement with SKGC

On April 27, 2023, the Company and SK Geo Centric, Ltd ("SKGC") entered into an agreement to deploy the Company's depolymerization technology build Infinite Loop™ manufacturing facilities in the Asian market through multiple commercial manufacturing facilities. Asia. Pursuant to the agreement, the Company and SKGC agreed to form a new entity, which will be headquartered in Singapore. SKGC To date, no amounts have been contributed by the Company to the new entity.

25. Subsequent Events

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

On May 1, 2024, Loop 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 contribute 51% produce lower carbon footprint rDMT, rMEG and specialty polymers, using the Infinite Loop™ Technology. 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 and will each contribute 49% 50% of the initial equity capital of the new entity. The agreement outlines that the new entity will have exclusive rights to commercialize Loop's technology in the Asian market and Loop will receive an annual royalty fee for each of the commercial plants. India JV.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and the Chief Financial Officer, we are responsible for conducting an evaluation of the effectiveness of the design and operation of our internal disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as at the end of the fiscal year covered by this report. Disclosure controls and procedures means that the material information required to be included in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to our company, including any consolidating subsidiaries, and was made known to us by others within those entities, particularly during the period when this report was being prepared. Based on this assessment, management determined that the Company's disclosure controls and procedures over financial reporting as of February 28, 2023 February 29, 2024 were effective.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act, as amended, as a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets;

- Provide reasonable assurance **our that** transactions are recorded as necessary to permit preparation of our financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management, under the supervision of our Chief Executive Officer and Chief Financial Officer have performed an evaluation of our internal control over financial reporting under the framework in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at **February 28, 2023** **February 29, 2024**. Based on this assessment, management determined that the Company's internal control over financial reporting as of **February 28, 2023** **February 29, 2024** was effective.

Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of the Company's registered public accounting firm regarding internal controls over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to law, rules and regulations that permit us to provide only management's report in this Annual Report. Report on Form 10-K.

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Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during our most recent fiscal year the quarter ended February 29, 2024 that materially affected, or **were are** reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitation on the Effectiveness of Internal Controls

The effectiveness of any system of internal controls over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting can only provide reasonable, not absolute, assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure that such improvements will be sufficient to provide us with effective internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None. During the three months ended February 29, 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.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item concerning our directors is incorporated by reference to the information set forth in the section titled "Election" "Proposal One: Election of Directors" in our Proxy Statement. Statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended February 29, 2024 (our "Proxy Statement"). Information required by this item concerning our executive officers is incorporated by reference to the information set forth in the section entitled "Executive Officers" in our Proxy Statement. Information required by this item concerning our audit committee and our security holder director nomination procedures is incorporated by reference to the information set forth in the section entitled "Corporate Governance" in our Proxy Statement. Information regarding Section 16 reporting compliance is incorporated by reference to the information set forth in the section entitled "Section "Delinquent Section 16(a) Beneficial Ownership Reporting Compliance" Reports" in our Proxy Statement.

Our Board of Directors adopted a Code of Ethics for all of our directors, officers and employees on January 25, 2017. A copy of our Code of Ethics is available under Corporate Governance Documents in the Investors section of our website, and via the following hyperlink: <http://www.loopindustries.com/cms/documents/>. To date, there have been no waivers under our Code of Ethics. We will post any amendments to or waivers of, if and when granted, of our Code of Ethics on our website at www.loopindustries.com. The information contained on, or that can be accessed through, our website is not a part of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item regarding director's compensation table and compensation risk management disclosures are incorporated by reference to the information set forth in the section titled "Corporate Governance" in our Proxy Statement. All other information required by this item regarding executive compensation is incorporated by reference to the information set forth in the section sections titled "Executive Compensation" and "Compensation Tables" in our Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item regarding security ownership of certain beneficial owners and management and related stockholder matters is incorporated by reference to the information set forth in the sections titled "Security Ownership of Certain Beneficial Owners and Management" "Management," "Executive Compensation" and "Executive Compensation" "Compensation Tables" in our Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

It is the policy of the Board that all transactions required to be reported pursuant to Item 404 of Regulation S-K be subject to approval by the Audit Committee of the Board. Board of Directors. In furtherance of relevant Nasdaq rules and our commitment to corporate governance, the charter of the Audit Committee provides that the Audit Committee shall review and approve any proposed related party transactions, including transactions required to be reported pursuant to Item 404 of Regulation S-K for potential conflict of interest situations. The Audit Committee reviews the material facts of all transactions that require the committee's approval and either approves or disapproves of the transaction. In determining whether to approve a transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances.

The additional information required by this item regarding director independence and certain relationships and related party transactions is incorporated by reference to the information set forth in the sections titled "Transactions with Related Persons" and "Corporate Governance" in our Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this section is incorporated by reference from the information in the section entitled "Ratification" "Proposal Two: Ratification of Appointment of Independent Registered Public Accounting Firm" in our Proxy Statement.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(1) Financial Statements

The response to this portion of Item 15 is set forth under Item 8 above.

(2) Financial Statement Schedules.

All schedules have been omitted because they are not required or because the required information is given in the Consolidated Financial Statements or Notes thereto set forth under Item 8 above.

(3) Exhibits.

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

Exhibit Index

Number	Incorporated by Reference					Description	Form	File No.	Filing Date	Exhibit No.	Exhibit No.
	Description	Form	File No.	Filing Date	Exhibit No.						
2.1	<u>Share</u> <u>Exchange</u> <u>Agreement,</u> <u>dated June</u> <u>29, 2015, by</u> <u>and among</u> <u>First</u> <u>American</u> <u>Group Inc.,</u> <u>Loop</u> <u>Holdings,</u> <u>Inc., and the</u> <u>stockholders</u> <u>of Loop</u> <u>Holdings, Inc.</u>	8-K	000-54768	June 30, 2015	2.1	<u>Share</u> <u>Exchange</u> <u>Agreement,</u> <u>dated June 29,</u> <u>2015, by and</u> <u>among First</u> <u>American</u> <u>Group Inc.,</u> <u>Loop Holdings,</u> <u>Inc., and the</u> <u>stockholders</u> <u>of Loop</u> <u>Holdings, Inc.</u>	8-K	000- 54768	June 30, 2015	2.1	
3.1	<u>Articles of</u> <u>Incorporation,</u> <u>as amended</u> <u>to date</u>	10-K	000-54768	May 30, 2017	3.1						

<u>3.2</u>	<u>By-laws, as amended to date</u>	8-K	000-54768	April 10, 2018	3.1	<u>By-laws, as amended to date</u>	8-K	000-54768	April 10, 2018	3.1
<u>4.1</u>	<u>Description of Securities</u>	10-K	001-38301	May 8, 2019	4.1					
<u>4.2</u>	<u>Investors Rights Agreement, by and between SK Global Chemical Co., LTD, Loop Industries, Inc., and Daniel Solomita</u>	S-3	333-258982	August 20, 2021	4.1	<u>Investors Rights Agreement, by and between SK Global Chemical Co., LTD, Loop Industries, Inc., and Daniel Solomita</u>	S-3	333-258982	August 20, 2021	4.1
<u>4.3</u>	<u>Form of Indenture</u>	S-3	333-258982	August 20, 2021	4.2	<u>Form of Indenture</u>	S-3	333-258982	August 20, 2021	4.2
<u>4.4+</u>						<u>2017 Equity Incentive Plan</u>	10-Q	000-54768	October 11, 2017	4.2
<u>4.5+</u>						<u>Form of Stock Option Agreement</u>	10-Q	000-54768	October 11, 2017	4.3
<u>4.6+</u>						<u>Form of Restricted Stock Unit Agreement</u>	10-Q	000-54768	October 11, 2017	4.4
<u>10.1</u>						<u>Intellectual Property Assignment Agreement, dated October 27, 2014, as supplemented April 10, 2015, by and among Hatem Essaddam, Loop Holdings, Inc. and Daniel Solomita.</u>	10-K	000-54768	May 30, 2017	10.1

<u>10.2</u>	<u>Subscription Agreement, dated May 22, 2015, by and between 9121820</u>	10-K	000- 54768	May 30, 2017	10.2
<u>10.3</u>	<u>Canada Inc. and Loop Holdings, Inc. Technology Transfer Agreement, dated June 22, 2015, by and between 8198381</u>	8-K	000- 54768	June 30, 2015	10.7
<u>10.4+</u>	<u>Canada Inc. and Loop Holdings, Inc. Amended and Restated Employment Agreement, dated July 13, 2018, by and between Loop Industries, Inc. and Daniel Solomita.</u>	8-K	001- 38301	July 13, 2018	10.12
<u>10.5+</u>	<u>Form of Indemnification Agreement Limited Liability Company Agreement, dated September 24, 2018, by and between Loop Industries, Inc. and Indorama Loop Technologies, LLC.</u>	10-K	000- 54768	May 30, 2017	10.10
<u>10.6</u>	<u>between Loop Industries, Inc. and Indorama Loop Technologies, LLC.</u>	8-K	001-8301	September 28, 2018	10.1

10.7	<u>License Agreement, dated September 24, 2018, by and between Loop Industries, Inc. and Indorama Loop Technologies, LLC.</u>	8-K	001-8301	September 28, 2018	10.2
10.8	<u>License Agreement, dated September 24, 2018, by and between Loop Industries, Inc. and Indorama Loop Technologies, LLC.</u>	8-K	001-8301	September 28, 2018	10.3

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4.4	<u>2017 Equity Incentive Plan</u>	10-Q	000-54768	October 11, 2017	4.2
4.5	<u>Form of Stock Option Agreement</u>	10-Q	000-54768	October 11, 2017	4.3
4.6	<u>Form of Restricted Stock Unit Agreement</u>	10-Q	000-54768	October 11, 2017	4.4
10.1	<u>Intellectual Property Assignment Agreement dated October 27, 2014, as supplemented April 10, 2015, by and among Hatem Essaddam, Loop Holdings, Inc. and Daniel Solomita.</u>	10-K	000-54768	May 30, 2017	10.1
10.2	<u>Subscription Agreement, dated May 22, 2015, by and between 9121820 Canada Inc. and Loop Holdings, Inc.</u>	10-K	000-54768	May 30, 2017	10.2
10.3	<u>Technology Transfer Agreement, dated June 22, 2015 by and between 8198381 Canada Inc. and Loop Holdings, Inc.</u>	8-K	000-54768	June 30, 2015	10.7
10.4	<u>Amended and Restated Employment Agreement, dated July 13, 2018, by and between Loop Industries, Inc. and Daniel Solomita.</u>	8-K	001-38301	July 13, 2018	10.12
10.5	<u>Form of Indemnification Agreement</u>	10-K	000-54768	May 30, 2017	10.10

<u>10.6</u>	<u>Limited Liability Company Agreement, dated September 24, 2018, by and between Loop Industries, Inc. and Indorama Loop Technologies, LLC.</u>	8-K	001-8301	September 28, 2018	10.1
<u>10.7</u>	<u>License Agreement, dated September 24, 2018 by and between Loop Industries, Inc. and Indorama Loop Technologies, LLC.</u>	8-K	001-8301	September 28, 2018	10.2
<u>10.8</u>	<u>Marketing Agreement, dated September 24, 2018, by and between Loop Industries, Inc. and Indorama Loop Technologies, LLC.</u>	8-K	001-8301	September 28, 2018	10.3

<u>10.9+</u>	<u>Amendment No. 1, dated April 30, 2020, to the Amended and Restated Employment Agreement by and between Loop Industries, Inc. and Daniel Solomita, dated July 13, 2018.</u>	10-K	000-54768	May 5, 2020	10.22
<u>10.10</u>	<u>Amendment to Joint Venture Agreements, dated June 18, 2021, by and between the Company, Indorama Ventures Holdings LP and other parties thereto.</u>	10-Q	000-54768	July 15, 2021	10.1
<u>10.11</u>	<u>Securities Purchase Agreement, dated June 22, 2021, by and between SK Global Chemical Co. LTD.</u>	10-Q	000-54768	July 15, 2021	10.2
<u>10.12</u>	<u>Promise to Purchase Agreement, dated June 15, 2022, by and between Loop Canada Inc., 9409-4927 Quebec Inc. and NAI Terramont Commercial.</u>	10-Q	000-54768	October 12, 2022	10.2
<u>10.13+</u>	<u>Employment Agreement, dated March 22, 2023, by and between Loop Canada Inc. and Fady Mansour.</u>	10-K	001-38301	May 18, 2023	10.13
<u>10.14</u>	<u>Offer to Purchase Agreement, dated December 21, 2022, by and between Loop Canada Inc. and Société Du Parc Industriel Et Portuaire De Bécancour.</u>	10-K	001-38301	May 18, 2023	10.14
<u>10.15*</u>	<u>Joint Venture Agreement, dated April 27, 2023, between SK Geo Centric Co., Ltd. and Loop Industries, Inc.</u>	10-Q	001-38301	July 12, 2023	10.1
<u>10.16+</u>	<u>Employment Agreement, dated January 30, 2020, by and between Loop Canada Inc. and Stephen Champagne.</u>	10-Q	001-38301	July 14, 2020	10.1
<u>10.17</u>	<u>Operating Credit Facility dated July 26, 2022, by and between the Company, Loop Canada, Inc. and Canadian Imperial Bank of Commerce.</u>	10-Q	001-38301	October 12, 2022	10.1
<u>10.18</u>	<u>Enhanced Recycling Partnership Agreement, dated September 10, 2020, by and between Loop Industries, Inc. and Suez Groupe.</u>	10-Q	001-38301	October 7, 2020	10.3
<u>10.19</u>	<u>Know-how and Engineering Agreement, dated September 2, 2020, by and between Loop Canada Inc. and Chemtex Global Corporation.</u>	10-Q	001-38301	October 7, 2020	10.2
<u>14</u>	<u>Code of Ethics</u>	8-K	000-54768	Jan 31, 2017	14.1
<u>21.1</u>	<u>Subsidiaries of Registrant</u>	10-K	000-54768	May 30, 2017	21.1
<u>23.1</u>	<u>Consent of PricewaterhouseCoopers LLP</u>			Filed herewith	
<u>31.1</u>	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			Filed herewith	
<u>31.2</u>	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			Filed herewith	
<u>32.1</u>	<u>Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			Furnished herewith	
<u>32.2</u>	<u>Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			Furnished herewith	
<u>97.1</u>	<u>Policy Relating to Recovery of Erroneously Awarded Compensation</u>			Filed herewith	
<u>101.INS</u>	<u>XBRL Instance Document</u>			Filed herewith	
<u>101.SCH</u>	<u>XBRL Taxonomy Extension Schema Document</u>			Filed herewith	
<u>101.CAL</u>	<u>XBRL Taxonomy Extension Calculation Linkbase Document</u>			Filed herewith	
<u>101.DEF</u>	<u>XBRL Taxonomy Extension Definition Linkbase Document</u>			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)	

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<u>10.9</u>	<u>Amendment No. 1, dated April 30, 2020, to the Amended and Restated Employment Agreement by and between Loop Industries, Inc. and Daniel Solomita, dated July 13, 2018.</u>	10-K	000-54768	May 5, 2020	<u>10.22</u>
<u>10.10</u>	<u>Amendment to Joint Venture Agreements dated June 18, 2021 by and between the Company, Indorama Ventures Holdings LP and other parties thereto</u>	10-Q	000-54768	July 15, 2021	<u>10.1</u>
<u>10.11</u>	<u>Securities Purchase Agreement dated June 22, 2021 by and between SK Global Chemical Co. LTD.</u>	10-Q	000-54768	July 15, 2021	<u>10.2</u>
<u>10.12</u>	<u>Promise to Purchase Agreement dated June 15, 2022, by and between Loop Canada Inc., 9409-4927 Quebec Inc. and NAI Terramont Commercial.</u>	10-Q	000-54768	October 12, 2022	<u>10.2</u>
<u>10.13</u>	<u>Employment Agreement dated March 22, 2023, by and between Loop Canada Inc. and Fady Mansour</u>			Filed herewith	
<u>10.14</u>	<u>Offer to Purchase Agreement, dated December 21, 2022, by and between Loop Canada Inc. and Société Du Parc Industriel Et Portuaire De Bécancour</u>			Filed herewith	
<u>14</u>	<u>Code of Ethics</u>	8-K	000-54768	Jan 31, 2017	<u>14.1</u>
<u>21.1</u>	<u>Subsidiaries of Registrant</u>	10-K	000-54768	May 30, 2017	<u>21.1</u>
<u>23.1</u>	<u>Consent of PricewaterhouseCoopers LLP</u>			Filed herewith	
<u>31.1</u>	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			Filed herewith	
<u>31.2</u>	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			Filed herewith	
<u>32.1</u>	<u>Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			Furnished herewith	
<u>32.2</u>	<u>Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			Furnished herewith	
<u>101.INS</u>	<u>XBRL Instance Document</u>			Filed herewith	
<u>101.SCH</u>	<u>XBRL Taxonomy Extension Schema Document</u>			Filed herewith	
<u>101.CAL</u>	<u>XBRL Taxonomy Extension Calculation Linkbase Document</u>			Filed herewith	
<u>101.DEF</u>	<u>XBRL Taxonomy Extension Definition Linkbase Document</u>			Filed herewith	

101.LAB	<i>XBRL Taxonomy Extension Label Linkbase Document</i>	<i>Filed herewith</i>
101.PRE	<i>XBRL Taxonomy Extension Presentation Linkbase Document</i>	<i>Filed herewith</i>
104	<i>Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)</i>	

[*] Portions of this exhibit document (indicated by asterisks "[**]") have been omitted pursuant to because such information is not material and is the type of information that the registrant treats as private or confidential.

+ Represents a request for confidential treatment and this exhibit has been submitted separately to the SEC, management contract or a compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LOOP INDUSTRIES, INC.

Date: **May 18, 2023** May 29, 2024

By: /s/ Daniel Solomita

Name: **Daniel Solomita**

Title: **Chief Executive Officer, President, and Director**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Date: **May 18, 2023** May 29, 2024

By: /s/ Daniel Solomita

Name: **Daniel Solomita**

Title: **Chief Executive Officer, President, and Director
(principal executive officer)**

Date: **May 18, 2023** May 29, 2024

By: /s/ Fady Mansour

Name: **Fady Mansour**

Title: **Chief Financial Officer (principal accounting officer and principal financial officer)**

Date: **May 18, 2023** May 29, 2024

By: /s/ Laurence Sellyn

Name: **Laurence Sellyn**

Title: **Lead Director**

Date: **May 18, 2023** **May 29, 2024**

By: /s/ Andrew Lapham

Name: **Andrew Lapham**

Title: **Director**

Date: **May 18, 2023** **May 29, 2024**

By: /s/ Jonghyuk Lee

Name: **Jonghyuk Lee**

Title: **Director**

Date: **May 18, 2023** **May 29, 2024**

By: /s/ Louise Sams

Name: **Louise Sams**

Title: **Director**

Date: **May 18, 2023** **May 29, 2024**

By: /s/ Jay Stubina

Name: **Jay Stubina**

Title: **Director**

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EXHIBIT 10.13 3.1

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EXHIBIT 10.14.4.1

LOOP CANADA OFFER TO PURCHASE – 2022/12/20**OFFER TO PURCHASE****THIS OFFER TO PURCHASE CANCELS THE PREVIOUS OFFERS****SUBMITTED ON NOVEMBER 22, 25 AND 30, 2022**

By: The SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE DE BÉCANCOUR DESCRIPTION OF SHARE CAPITAL, a company duly incorporated under the Act respecting the Société du parc industriel et portuaire de Bécancour (R.S.Q. S-16.001), having its headquarters and principal place of business at 1000 Arthur Sicard Boulevard, Bécancour, Quebec G9H 2Z8, represented for the purposes hereof by its Chief Executive Officer, Donald Olivier, duly authorized for the purposes hereof by section 20 of the Act respecting the Société du parc industriel et portuaire de Bécancour (R.S.Q. S-16.001).

Hereafter the "Buyer".

To: LOOP CANADA INC., duly registered in Quebec under enterprise number 1172318561, having a place of business at 480 Fernand-Poitras Street, Terrebonne, Quebec J6Y 1Y4, represented for the purposes hereof by Daniel Solomita.

Hereafter the "Seller".

The Buyer hereby agrees following information describes our capital stock and provisions of our articles of incorporation, as amended (the "Articles"), and bylaws, as amended (the "Bylaws"). This description is only a summary. You should refer to buy from our Articles and Bylaws, which have been filed with the Seller, who promises to sell, at the prices, terms Securities and conditions set out below, the immovable hereinafter referred to as the "Immovable". Exchange Commission.

DESCRIPTION Share Capital**IMMOVABLE 1**

The Immovable is designated as being lot 6 459 139 in the land register Our Articles authorize 275,000,000 shares of Quebec (Cadastre du Québec), in the registration division capital stock, all with a par value of Nicolet (Nicolet 2), with an area of 334,585 square metres.

IMMOVABLE 2

The Immovable is designated as being lot 6 459 141 in the land register of Quebec (Cadastre du Québec), in the registration division of Nicolet (Nicolet 2), with an area of 559,874 square metres.

The Immovable \$0.0001 per share, which consists of an empty lot of:

PRICE

AND

1. METHOD 250,000,000 shares designated as common stock;
OF
PAYMENT•

1.1 •

The purchase price of Immovable 1 share designated as Series A Preferred Stock; and Immovable 2 is EIGHTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$18,500,000.00) (the "Purchase Price"), which the Buyer agrees to pay on the date of signing the deed of sale before the acting notary.

1.2 •

The sale price 24,999,999 shares as undesignated preferred stock, the rights, preferences and privileges of the Immovable includes the value which may be designated from time to time by our board of the land as well as the development work and geotechnical studies associated with the Immovable. directors.

Undesignated Preferred Stock

Subject to the rights of the preferred stockholders set forth in "Series A Preferred Stock; Common Stock-Protective Provisions" below, under the terms of our Articles, our board of directors is authorized to issue shares of our undesignated preferred stock in one or more series without stockholder approval. We have no present plans to issue any shares of additional preferred stock. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible future acquisitions and other corporate purposes, will affect, and may adversely affect, the rights of holders of common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of common stock until our board of directors determines the specific rights attached to that preferred stock. The effects of issuing preferred stock could include one or more of the following:

1.3 •

The Purchase Price excludes all applicable sales taxes. The Buyer will make declarations in restricting dividends on the Immovable purchase agreement to common stock;

- diluting the effect that it is a registrant under the provisions voting power of the Excise Tax Act and common stock;
- impairing the Act Respecting the Québec Sales Tax. Accordingly, it is the Buyer's obligation to remit the GST and QST on the Purchase Price to the tax authorities, to the full exemption liquidation rights of the Seller. common stock; or
- delaying or preventing changes in control or management of our company.

Series A Preferred Stock; Common Stock

Voting

Except as set forth below, each holder of Series A Preferred Stock has the same rights as holders of common stock and shall be entitled to notice of any stockholders' meeting. They shall also be entitled to vote with the holders of common stock, and not as a separate class, except as may otherwise be required by law. Except as set forth below, each stockholder shall be entitled to one (1) vote for each share of stock outstanding. Except as otherwise required by law, the Articles or the Bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the Articles or the Bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in all matters other than the election of directors, the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting

shall be the act of such class or series or classes or series, except as otherwise provided by law, the Articles or the Bylaws. There are no cumulative rights to voting.

LOOP CANADA OFFER TO PURCHASE – 2022/12/20 Each share of Series A Preferred Stock is entitled to the number of votes n calculated as follows:

2. TERMS AND CONDITIONS

$n = ((Ct / 0.35) -$

$(Ct + Cdp)) / SAt$

Where: Ct = The total number of shares of common stock outstanding and entitled to vote;

Cdp = The number of shares of common stock outstanding and entitled to vote and held by Daniel Solomita, our President and Chief Executive Officer, and his permitted transferees; and

SAt = The total number of shares of Series A Preferred Stock outstanding.

Additionally, for as long as any shares of Series A Preferred Stock

are outstanding, the holders of Series A Preferred Stock shall be entitled to elect one director (the "Series A Director").

Protective Provisions

For as long as any shares of Series A Preferred Stock are outstanding, the Company must obtain the approval of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, voting as a separate class, to:

2.1 Due diligence

This offer to purchase is conditional upon a due diligence Amend our Articles or, unless approved by our board of the Immovable

2.1.1. to be completed directors, including by the Buyer at the Buyer's expense, to its complete satisfaction. This due diligence will include, but not be limited to, the following checks: Series A Director, amend our Bylaws;

(i) 2. Title search;

(ii) Environmental characterization, phase I and phase II; Change or modify the rights, preferences or other terms of the Series A Preferred Stock, or increase or decrease the number of authorized shares of Series A Preferred Stock;

2.1.2. 3. The Seller agrees Reclassify or recapitalize any outstanding equity securities, or, unless approved by our board of directors, including by the Series A Director, authorize or issue, or undertake an obligation to deliver, within five (5) days of acceptance of this offer to purchase, a copy of all documents relating to the Immovable that it has in its possession, authorize or to which it can give access, including, but not limited to, all titles, plans, reports and environmental studies relating to the Immovable, whether produced on behalf of the Seller or of its authors, as well as all leases (including all amendments and renewals) that may affect the Immovable.

2.1.3. The Buyer will have a period of thirty (30) days from the acceptance of this offer to purchase, issue, any equity securities or any additional period agreed to in writing between debt securities convertible into or exercisable for any equity securities (other than the parties, to carry out the due diligence and notify the Seller in writing whether issuance of stock-options or not it is satisfied with it (the "Due Diligence Period"). If the Buyer fails to notify the Seller in writing within the prescribed period, the Buyer will be deemed dissatisfied with its due diligence. The Buyer agrees to repair securities under any damage to the Immovable caused by its inspections of the Immovable. The Buyer will notify the Seller at least 24 hours before accessing the Immovable to carry out its inspections.

2.1.4. If the Buyer declares itself dissatisfied employee option or is deemed to be dissatisfied, it may, at its discretion: benefit plan);

- (i) 4. ~~revoke~~ Authorize or effect any transaction constituting a Deemed Liquidation (as defined in this offer subparagraph), or any other merger or consolidation of the Company, where a Deemed Liquidation shall mean: (1) the closing of the sale, transfer or other disposition of all or substantially all of the Company's assets (including an irrevocable or exclusive license with respect to purchase, rendering it void; all or
- (ii) ~~report~~ substantially all of the defects, irregularities Company's intellectual property); (2) the consummation of a merger, share exchange or non-conformities found during consolidation with or into any other corporation, limited liability company or other entity (except one in which the due diligence, and holders of capital stock of the mechanisms and deadlines Company as constituted immediately prior to such merger, share exchange or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity (or its parent entity)), (3) authorizing or effecting any transaction liquidation, dissolution or winding up of the Company, either voluntary or involuntary; provided, however, that none of the following shall be considered a Deemed Liquidation: (A) a merger effected exclusively for in sections 4.3 and 4.4 will apply and the purpose of changing the domicile of the Company, or (B) a transaction or other event deemed to be adapted, exempt from the definition of a Deemed Liquidation by the holders of at least a majority of the then outstanding Series A Preferred Stock.

2.2 ~~Unfulfilled~~ 5. Increase or ~~unsatisfactory condition~~ decrease the size of our board of directors as provided in our Bylaws or remove the Series A Director (unless approved by our board of directors, including the Series A Director);

6. ~~Declare or pay any dividends or make any other distribution with respect to any class or series of capital stock (unless approved by our board of directors, including the Series A Director);~~

~~The terms~~ Redeem, repurchase or otherwise acquire (or pay into or set aside for in section 2 are a sinking fund for such purpose) any and outstanding shares of capital stock (other than the benefit repurchase of shares of common stock from employees, consultants or other service providers pursuant to agreements approved by our board of directors under which the Company provided 7. has the option to repurchase such shares at no greater than original cost upon the occurrence of certain events, such as the termination of employment) (unless approved by our board of directors, including the Series A Director);

8. ~~Create or amend any stock option plan of the Buyer and may be waived in whole or in part by the Buyer. Should Company, if any of these terms and conditions (other than amendments that do not be met to the Buyer's satisfaction within the time specified, the Buyer may terminate this Offer to Purchase by written notice to Seller (the "Notice of Termination") and consequently, each require approval of the parties will be released from its obligations hereunder, with no recourse for either party, stockholders under the terms of the plan or applicable law) or approve any new equity incentive plan;~~

9. ~~Replace the President and/or Chief Executive Officer of the Company (unless approved by our board of directors, including the Series A Director);~~

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10. ~~Transfer assets to any subsidiary or other affiliated entity (unless approved by our board of directors, including the Series A Director);~~

11. ~~Issue, or cause any subsidiary of the Company to issue, any indebtedness or debt security, other than trade accounts payable and/or letters of credit, performance bonds or other similar credit support incurred in the ordinary course of business, or amend,~~

12. ~~renew, increase or otherwise alter in any material respect the terms of any indebtedness previously approved or required to be approved by the holders of the Series A Preferred Stock (unless approved by our board of directors, including the Series A Director);~~

13. ~~Modify or change the nature of the Company's business;~~

14. ~~Acquire, or cause a subsidiary of the Company to acquire, in any transaction or series of related transactions, the stock or any~~

15. ~~material assets of another person, or enter into any joint venture with any other person (unless approved by our board of directors, including the Series A Director); or~~

Sell, transfer, license, lease or otherwise dispose of, in any transaction or series of related transactions, any material assets of the

14. Company or any subsidiary outside the ordinary course of business (unless approved by our board of directors, including the Series A Director).

Dividends

Subject to the rights of the preferred stockholders set forth in “-Protective Provisions” above, our board of directors shall have full power and discretion, to determine out of legally available funds what, if any, dividends or distributions shall be declared and paid. Dividends may be paid in cash, in property, or in shares of common stock. Shares of common stock and Series A Preferred Stock are treated equally and ratably, on a per share basis, with respect to any dividend or distribution from the Company. If a dividend is paid in the form of shares of common stock or rights to acquire common stock, the holders of common stock and Series A Preferred Stock shall both receive common stock or rights to acquire common stock. No dividends shall be declared or payable in the form of Series A Preferred Stock.

Liquidation Rights

If there is a liquidation, dissolution or winding up of the Company, holders of our common stock and Series A Preferred Stock would be entitled to share in our assets remaining after the payment of liabilities equally and ratably, on a per share basis.

Conversion

Voluntary Conversion: Each share of Series A Preferred Stock shall be convertible into one fully paid and nonassessable share of common stock at the option of the holder.

Automatic Conversion: Each share of Series A Preferred Stock shall automatically convert into one share of common stock upon the first to occur of (a) a transfer of such share of Series A Preferred Stock other than to a permitted transferee, (b) the death or incapacity of (i) the permitted transferee holding such share of Series A Preferred Stock or (ii) Daniel Solomita, (c) the resignation of Daniel Solomita as an officer of the Company, or (d) 5:00 p.m. in New York City, New York on the first business day falling on or after the date on which Daniel Solomita ceases to hold, together with his permitted transferees, an aggregate number of the outstanding shares of common stock held by him on February 12, 2016 that are at least equal to seven and one-half percent (7.5%) of the total number of outstanding shares of common stock on February 12, 2016 (as adjusted for any stock splits and stock dividends effected after February 12, 2016).

Other Provisions

Holders of our common stock and Series A Preferred Stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock or Series A Preferred Stock.

LOOP CANADA OFFER TO PURCHASE – 2022/12/20

Listing on the NASDAQ

2.3 General principles

**We
have been
approved to
list our
common
stock, par
value
\$0.0001 per
share, on
The Nasdaq
Global
Market
under the**

symbol

"LOOP".

Transfer

Agent and

Registrar

The

transfer

agent and

registrar for

our

common

stock is

American

Stock

Transfer &

Trust

Company.

Its address

is 6201 15th

Ave,

Brooklyn,

NY 11219.

Effect of

Certain

Provisions

of our

Articles and

Bylaws

The

following is

a summary

of certain

important

provisions

of the

Articles and

the Bylaws.

Please note

that this is

only a

summary

and is not

intended to

be

exhaustive.

This

summary is

subject to,

and is qualified in its entirety by reference to, the provisions of the Articles and the Bylaws. Articles and Bylaws Some provisions of our Articles and Bylaws contain provisions that could make the following transactions more difficult:

The Immovable will be sold without any legal or contractual warranty whatsoever, at the Buyer's own risk, with the sole exception being the declarations and warranties acquisition of the Seller expressly contained herein. The Buyer acknowledges that the Seller is not a professional seller within the meaning of the Civil Code of Québec and that the Seller has not made or given nor will make or give, with respect to the Immovable, with the sole exception being the declarations and warranties expressly contained herein, any representations or warranties of any kind, legal or contractual, including, but not limited to, any representation or warranty as to the quality, description, condition, title, state of repair, substance, value, use, financial matters, compliance to laws, rules and

2.3.1 • regulations, usage, quantity, quality, durability, environmental condition, structural condition, physical use or condition of the Immovable, or the fact that the Immovable is suitable for the use intended by the Buyer. For greater certainty, and without limiting the generality of the foregoing, except for the express representations and warranties made by the Seller herein, the parties agree to exclude the legal warranties of ownership and quality set forth in article 1716 of the Civil Code of Québec, the Buyer purchasing the Immovable at its own risk within the meaning of article 1733 of the Civil Code of Québec and acknowledges that the Seller is not a professional seller. This declaration will survive the signing of the Offer to Purchase and the signing of the deed of sale.

2.3.2 It is specifically agreed by the Parties that the Seller will have no liability or obligation towards the Buyer with regard to the Immovable after the signing of the deed of sale. This clause will survive the signing of the deed of sale.

2.3.3 *It is specifically agreed by the Parties that no warranty is given to the Buyer by the Seller with respect to the compliance of the Immovable with environmental laws (as defined below) and the Buyer acknowledges that it is acquiring the Immovable at its own risk with respect to the environmental condition of the Immovable. For the purposes hereof, "Environmental Laws" means all laws relating to the protection of the environment and the working environment, which include, without limiting the generality of the foregoing and without limitation, the laws of Canada entitled Hazardous Products Act, Radiation Emitting Devices Act, Canadian Environmental Protection Act, 1999, and Fisheries Act, the laws of Quebec entitled Act respecting occupational health and safety, Environment Quality Act and Petroleum Products Act as well as all other provincial and federal environmental laws, regulations, decrees and ordinances applicable in the province of Quebec, including all regulations adopted under these laws, as well as all municipal, intermunicipal and supramunicipal regulations and ordinances.*

2.3.4 *The Buyer will be responsible, at its own expense, for any characterization and rehabilitation study of the Immovable required under Environmental Laws resulting from the definitive cessation of the activities of the Seller of the Immovable and/or the change in use of a designated activity on the Immovable. This clause will survive the signing of the deed of sale.*

The Buyer acknowledges that it relies solely and entirely on the findings of its own inspection of the Immovable and that any information provided by the Seller does not constitute a guarantee of accuracy.

LOOP CANADA OFFER TO PURCHASE – 2022/12/20

3. OBLIGATIONS OF THE BUYER

3.1 *The Buyer will pay the Immovable transfer duties.*

3.2 *The Buyer will pay the costs and fees related to the deed of sale, its publishing and copies for all parties, including any mortgage creditors.*

4. OBLIGATIONS OF THE SELLER

4.1 *The Immovable must be delivered, at the time of the sale, in the same condition it was in when this Offer to Purchase was signed.*

4.2 *Should any defects, irregularities or non-conformities (hereinafter collectively referred to as the "Irregularities") be found during the due diligence and reported to the Seller or in the event of non-compliance with any warranty or obligation of the Seller contained herein, the Seller will have seven (7) days from receipt of the Buyer's written notice to that effect, to notify the Buyer in writing: tender offer;*

a) that it intends to remedy, as soon as possible and at its own expense, the Irregularities or the non-compliance acquisition of the warranties or obligations reported; or

b) that it cannot remedy the Irregularities or the non-compliance of the warranties or obligations reported.

4.3 *Upon receipt us by means of a notice from the Seller that it cannot remedy the Irregularities proxy contest or the non-compliance of the warranties otherwise; or obligations reported, the Buyer must, within seven (7) days of receipt of said notice, notify the Seller in writing:*

a) that it chooses to buy the Immovable despite the alleged Irregularities, in which case the Seller's warranty will be reduced accordingly; or removal of our incumbent officers and directors.

These provisions, summarized below, are designed to discourage coercive takeover practices and inadequate takeover bids and to promote stability in our management. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors.

•

b) **Undesignated Preferred Stock.** The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that it chooses not could impede the success of any attempt to go through with change control. These and other provisions may have the Offer to Purchase, effect of deferring hostile takeovers or delaying changes in which case the Offer to Purchase will become null and void without further recourse for either party. control or management of our Company.

4.4 • **Protective Provisions.** The Seller will certify by declaration Series A Preferred Stock has certain protective provisions, as set forth in the deed "-Protective Provisions," that could have an effect of sale that it is delaying, deferring or preventing a Canadian corporation within the meaning change in control of the Income Tax Act and within the meaning of the Taxation Act. Otherwise, the Seller is advised that the Buyer must make the applicable withholdings from the sale price under Canadian tax laws. Company.

LOOP CANADA OFFER TO PURCHASE – 2022/12/20

5. **OTHER TERMS AND CONDITIONS**

5.1 The deed of sale must be received by a notary of the Buyer's choice no later than February 24, 2023.

5.2 The Buyer will become the owner and take possession of the Immovable upon signing the deed of sale and will occupy it on the same date.

5.3 All the usual payments relating, in particular, to tax, insurance premiums, rents, fuel and other operating costs, will be made on the date of the deed of sale.

6. **DECLARATIONS BY THE SELLER**

The Seller declares, represents and warrants to the Buyer as follows, and these declarations must be true on the date of signing the deed of sale:

6.1 It is a corporation legally constituted under the laws of Canada and duly registered under the laws of the province of Quebec and is legally and validly existing under these laws;

6.2 It has the full capacity, power and authority required to sell the Immovable and to contract its obligations hereunder and under any other related agreement and the formalities, terms and conditions required to allow the Seller to sign this Offer of Purchase have been fulfilled;

6.3 The Immovable is not the subject of a sale or exchange agreement and no pre-emptive right or right of first refusal has been granted to a third party;

6.4 The Seller is not aware of any judgment, decree, injunction or order issued by any court or administrative tribunal regarding the Immovable;

6.5 The Seller is not aware of any legal proceedings regarding the Immovable;

6.6 It has not received any notice from a competent authority disclosing that the Immovable does not meet the laws and regulations in force, following which it did not remedy the defect disclosed therein.

6.7 It has not received any notice from an insurer following which it did not fully remedy the defect disclosed therein and it was not aware of any factor relating to the Immovable that could significantly decrease its value or increase its expenditure.

6.8 The Seller has not received any notice that the Immovable is in violation of any environmental laws, regulations or policies.

6.9 **The Seller has not failed to disclose to the Buyer any material fact whatsoever, the knowledge of which would have had discouraged the Buyer or reduced the price offered if the Buyer had been aware of it;**

6.10. **No real estate brokers are involved in this transaction;**

LOOP CANADA OFFER TO PURCHASE – 2022/12/20

6.11 **All of the Seller's declarations and warranties set forth in this Offer to Purchase are true, accurate and complete as of the date hereof and will remain so as of the date of signing the deed of sale and will be reiterated in the deed of sale, along with the provisions typically found in a deed of sale, and will survive the sale.**

7. **DECLARATIONS OF THE BUYER**

The Buyer declares, represents and warrants to the Seller as follows and these declarations must be true on the date of signing the deed of sale:

7.1 **It is a corporation legally constituted under the laws of the province of Quebec and is legally and validly existing under these laws;**

7.2 **It is a Canadian resident within the meaning of the Income Tax Act and within the meaning of the Taxation Act and does not intend to change this residence;**

7.3 **It has the full capacity, power and authority required to acquire the Immovable and to contract its obligations hereunder and under any other related agreement, subject to the upcoming adoption of a resolution of the municipal council ratifying and authorizing this promise to purchase and sell, the issuance of a certificate of availability of funds by the City treasurer and the adoption of the loan by-law having received all the necessary authorizations under the terms of the law;**

7.4 **All formalities, terms and conditions required to allow the Buyer to execute this Offer to Purchase and other related agreements have been fulfilled.**

8. **ELECTION OF DOMICILE**

8.1 **For the purposes of serving any notice or other proceeding, the Buyer and the Seller elect domicile at the addresses appearing first in this document. If it is impossible to serve one of the parties at their elected domicile, all notices and proceedings must be served at the office of the Superior Court of the district of Joliette.**

9. **APPLICABLE LAWS**

9.1 **This Offer to Purchase is governed by the laws of the province of Quebec.**

10. **PERIOD OF ACCEPTANCE AND NOTIFICATION**

10.1 **This Offer to Purchase is irrevocable until 5:00 p.m. on December 21, 2022. If the Offer to Purchase is not accepted within this period, it will be null and void. However, if the Offer to Purchase is accepted, it will constitute a legally binding contract between the parties.**

10.2 **The Buyer acknowledges having read and understood this Offer to Purchase and having received a copy thereof.**

[SIGNATURES ON THE NEXT PAGE]

LOOP CANADA OFFER TO PURCHASE – 2022/12/20

Signed at _____, on _____, at _____.

**SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE
DE BÉCANCOUR**

Per: _____

Witness

11. ACCEPTANCE BY SELLER

11.1 I, _____, the undersigned, duly authorized under a resolution of the board of directors of LOOP CANADA INC., accept this Offer to Purchase on behalf of the Seller and promise to sell the Immovable described herein at the price and conditions mentioned herein.

Signed at _____, on _____, at _____.

LOOP CANADA INC.

Per: _____

Witness

LOOP CANADA OFFER TO PURCHASE – 2022/12/20

Number of copies signed: 2

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No 333-258982) and on Form S-8 (No 333-232600) of Loop Industries, Inc. of our report dated May 18, 2023 relating to the consolidated financial statements, which appear in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Montreal, Canada

May 18, 2023

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EXHIBIT 31.1

SECTION 302 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Daniel Solomita, certify that:

- 1. I have reviewed this annual report on Form 10-K 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: **May 18, 2023** **May 29, 2024**

/s/ Daniel Solomita

Daniel Solomita

President and Chief Executive Officer (principal executive officer)

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EXHIBIT 31.2

SECTION 302 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Fady Mansour, certify that:

1. *I have reviewed this annual report on Form 10-K 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: **May 18, 2023** **May 29, 2024**

/s/ Fady Mansour

Fady Mansour

**Chief Financial Officer (principal financial officer
and principal accounting officer)**

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EXHIBIT 32.1

SECTION 906 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

*In connection with the accompanying Annual Report on Form 10-K of Loop Industries, Inc. for the year ended **February 28, 2023** **February 29, 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 Annual Report on Form 10-K for the year ended **February 28, 2023** **February 29, 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 Annual Report on Form 10-K for the year ended **February 28, 2023** **February 29, 2024**, fairly presents, in all material respects, the financial condition and results of operations of Loop Industries, Inc.

Date: **May 18, 2023** **May 29, 2024**

/s/ Daniel Solomita

Daniel Solomita

President and Chief Executive Officer (principal executive officer)



EXHIBIT 32.2

SECTION 906 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

In connection with the accompanying Annual Report on Form 10-K of Loop Industries, Inc. for the year ended **February 28, 2023** **February 29, 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 Annual Report on Form 10-K for the year ended **February 28, 2023** **February 29, 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 Annual Report on Form 10-K for the year ended **February 28, 2023** **February 29, 2024**, fairly presents, in all material respects, the financial condition and results of operations of Loop Industries, Inc.

Date: **May 18, 2023** **May 29, 2024**

/s/ Fady Mansour

Fady Mansour

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



EXHIBIT 97.1

Loop Industries, Inc.
Compensation Clawback Policy
Adopted October 11, 2023

Purpose

The Board of Directors (the "Board") of Loop Industries, Inc. (the "Corporation") has adopted this compensation clawback policy (the "Policy") which provides for the recoupment of incentive-based compensation in the event of an accounting restatement. This Policy is intended to comply with Section 10D of the Securities Exchange Act of 1934 (the "Act"), the rules promulgated thereunder by the Securities and Exchange Commission (the "SEC"), and the listing standards of the Nasdaq Global Market ("Nasdaq" and such rules and listing standards the "Applicable Rules"), and will be interpreted consistent therewith.

Applicability and Effective Date

This Policy is effective October 11, 2023 (the "Effective Date") and is applicable to all Incentive-Based Compensation (as defined below) received by Executive Officers (as defined below) on or after October 2, 2023. The Policy will be administered by the Board or, if so designated by the Board, the Compensation Committee of the Board (the "Committee"), in which case references to the Board will be deemed to be references to the Committee. Any determination made by the Board under this Policy will be final and binding on all affected individuals. Each Executive Officer shall be required to execute the acknowledgement in Appendix A of this Policy as soon as practicable after the later of (i) the Effective Date and (ii) the date on which the employee is

designated as an Executive Officer; provided, however, that failure to execute such acknowledgement shall have no impact on the enforceability of this Policy.

Restatement Clawback

In the event the Corporation is required to prepare an Accounting Restatement (as defined below), any Executive Officer who received Excess Compensation (as defined below) during the three (3) completed fiscal years preceding the date the Corporation is required to prepare an Accounting Restatement (the "Look-Back Period") shall be required to repay or forfeit such Excess Compensation reasonably promptly. For purposes of this Policy, the date the Corporation is required to prepare an Accounting Restatement is deemed to be the earlier of the date (i) the Board concludes, or reasonably should have concluded, that the Corporation is required to prepare an Accounting Restatement, or (ii) a court, regulator, or other legally authorized body directs the Corporation to prepare an Accounting Restatement.

Method of Repayment, Conditions for Non-Recovery

The Board shall have discretion to determine the appropriate means of recovery of Excess Compensation, which may include, without limitation, direct payment in a lump sum from the Executive Officer, recovery over time, cancellation of outstanding awards, the reduction of future pay and/or awards, and/or any other method which the Board determines is advisable to achieve reasonably prompt recovery of Excess Compensation. At the direction of the Board, the Corporation shall take all actions reasonable and appropriate to recover Excess Compensation from any applicable Executive Officer, and such Executive Officer shall be required to reimburse the Corporation for any and all expenses reasonably incurred (including legal fees) by the Corporation in recovering such Excess Compensation in accordance with this Policy.

The Committee, or in the absence of the Committee, a majority of the independent directors on the Board, may determine that repayment of Excess Compensation (or a portion thereof) is not required only where it determines that recovery would be impracticable and one of the following circumstances exists: (i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, provided the Corporation has (A) made a reasonable attempt to recover such Excess Compensation, (B) documented such reasonable attempt, and (C) provided such documentation to Nasdaq; or (ii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Corporation, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

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No Fault Application, No Indemnification

Recovery of Excess Compensation under this Policy is on a "no fault" basis, meaning that it will occur regardless of whether the Executive Officer engaged in misconduct or was otherwise directly or indirectly responsible, in whole or in part, for the Accounting Restatement. No Executive Officer may be indemnified by the Corporation, or any of its affiliates, from losses arising from the application of this Policy.

Definitions

For purposes of this Policy, the following definitions will apply:

"Accounting Restatement" means an accounting restatement due to the material noncompliance of the Corporation with any financial reporting requirement under securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that corrects an error that is not material to previously issued financial statements but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

Changes to financial statements that do not constitute an Accounting Restatement include retroactive: (i) application of a change from one generally accepted accounting principle to another generally accepted accounting principle; (ii) revisions to reportable segment information due to a change in internal organization; (iii) reclassification due to a discontinued operation; (iv) application of a change in reporting entity, such as from a reorganization of entities under common control; and (v) revisions for stock splits, reverse stock splits, stock dividends, or other changes in capital structure.

"Excess Compensation" means any amount of Incentive-Based Compensation received by an Executive Officer after commencement of service as an Executive Officer that exceeds the amount of Incentive-Based Compensation that

otherwise would have been received had it been determined based on the Accounting Restatement, computed without regard to any taxes paid. For Incentive Compensation based on stock price or total shareholder return, where the amount to be recovered is not subject to mathematical recalculation directly from information in the Accounting Restatement, the amount to be recovered shall be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return, as applicable, and the Corporation shall retain documentation of the determination of such estimate and provide such documentation to Nasdaq if so required by the Applicable Rules. Incentive-Based Compensation is deemed received during the fiscal year during which the applicable financial reporting measure, stock price and/or total shareholder return measure, upon which the payment is based, is achieved, even if the grant or payment occurs after the end of such period.

"Executive Officer" means an individual who is, or was during the Look-Back Period, an executive officer of the Corporation within the meaning of Rule 10D-1(d) under the Act.

"Incentive-Based Compensation" means any compensation that is granted, earned or vested based wholly or in part on stock price, total shareholder return, and/or the attainment of (i) any financial reporting measure(s) that are determined and presented in accordance with the accounting principles used in preparing the Corporation's financial statements and/or (ii) any other measures that are derived in whole or in part from such measures.

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Compensation that does not constitute "Incentive-Based Compensation" includes equity incentive awards for which the grant is not contingent upon achieving any financial reporting measure performance goal for an individual to receive such award and that vest exclusively upon completion of a specified employment period, without any performance condition, and bonus awards that are discretionary or based on subjective goals or goals unrelated to financial reporting measures.

Administration, Amendment, and Termination

This Policy will be enforced and, if applicable, appropriate proxy disclosures and exhibit filings will be made in accordance with the Applicable Rules and any other applicable rules and regulations of the SEC.

The Board shall have authority to (i) exercise all of the powers granted to it under this Policy, (ii) construe, interpret, and implement this Policy, and (iii) make all determinations necessary or advisable in administering this Policy.

In addition, the Board may amend this Policy, from time to time in its discretion, and shall amend this Policy, as it deems necessary, including to reflect changes in applicable law, rule or regulation. The Board may terminate this Policy at any time. Any such amendment (or provision thereof) or termination shall not be effective if such amendment or termination would (after taking into account any actions taken by the Corporation contemporaneously with such amendment or termination) cause the Corporation to violate the Applicable Rules.

In the event of any conflict or inconsistency between this Policy and any other policies, plans, or other materials of the Corporation (including any agreement between the Corporation and any Executive Officer subject to this Policy), this Policy will govern.

This Policy will be deemed to be automatically updated to incorporate any requirement of law, rule or regulation applicable to the Corporation, including those promulgated by the SEC and the Applicable Rules.

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Appendix A

:

Loop Industries, Inc.
Compensation Clawback Policy
ACKNOWLEDGMENT

The undersigned acknowledges and agrees that the undersigned (i) is, and will be, subject to the Compensation Clawback Policy to which this acknowledgement is appended, as may be amended from time to time (the "Policy") and (ii) will abide by the terms of the Policy, including by returning Excess Compensation pursuant to whatever method the Board determines is advisable to achieve reasonably prompt recovery of such Excess Compensation, as prescribed under the Policy.

Capitalized terms used but not defined have the meanings set forth in the Policy.

Print Name

Signature

Dated:

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