



Q3 2024 Quarterly Update

**QUARTER ENDED  
NOVEMBER 30, 2023**

January 16<sup>th</sup>, 2024

 Nasdaq: LOOP



# EXECUTIVE SUMMARY

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## Financing Update

- Significant milestone achieved with Reed Partnership
- \$66M in non-dilutive capital committed by Reed:
  - \$33 million investment to be provided to Loop for tech commercialization globally
  - Remaining \$33 million commitment to cover initial costs to develop projects in Europe, including Loop's equity contribution to previously announced JV to construct Infinite Loop™ plant in France
- Well advanced in discussions with other stakeholders – expect final announcements in next few months

## Commercial Update

- Joint venture with SK Geo Centric progressing well, expect to break ground on Infinite Loop manufacturing facility in Ulsan, South Korea in the first half of 2024
- Loop attended groundbreaking ceremony for the Ulsan ARC on November 15th, 2023 in South Korea

## Financial Results

- Q3 2024: Excluding gain on sale of land in Q3, 2023, 45% YoY reduction in total net expenses, showing continued benefit of cost control initiatives
- Cash burn rate, which excludes non-cash stock compensation, depreciation, and amounts expected to be recoverable from the Asia JV, was \$3.5M for Q3 2024
- Prospectively, monthly cash burn rate expected to be in \$1.0-1.2M range

# FINANCIAL RESULTS

## 3<sup>RD</sup> QUARTER

### FY2024

AMOUNTS IN USD 000'S

	Three months ended November 30,		
	2023	2022	Change
<b>Revenue from contracts with customers</b>	\$ 26	\$ 25	\$ 1
<b>Expenses</b>			
Research and development			
Employee compensation	1,107	1,540	(433)
Stock-based compensation	161	455	(294)
Machinery and equipment expenditures	4	1,059	(1,055)
External engineering	262	707	(445)
Plant and laboratory operating expenses	322	916	(594)
Tax credits	(221)	(300)	79
Other	198	205	(7)
Total research and development	1,833	4,582	(2,749)
General and administrative			
Employee compensation	599	492	107
Stock-based compensation	236	419	(183)
Professional fees	720	1,278	(558)
Insurance	645	710	(65)
Other	258	284	(26)
Total general and administrative	2,458	3,183	(725)
Gain on disposition of assets	-	(6,704)	6,704
Depreciation and amortization	131	134	(3)
Interest and other financial expenses	42	54	(12)
Interest income	(166)	(13)	(153)
Foreign exchange gain	(28)	(198)	170
<b>Total expenses</b>	<b>4,270</b>	<b>1,038</b>	<b>3,232</b>
<b>Net loss</b>	<b>\$ (4,244)</b>	<b>\$ (1,013)</b>	<b>\$ (3,231)</b>

## Year over Year Variances (Q3-24 vs Q3-23)

- R&D expenses reduced by \$2.7M:
  - Reduction in engineering fees
  - Reduction in compensation & plant/lab OPEX due to cost saving measures
- G&A expenses reduced by \$0.7M:
  - Reduction in legal & Accounting fees
- Gain from the sale of Bécancour land
- Excluding land sale, net loss decreased by \$3.5M

# CASH FLOWS

## 3<sup>RD</sup> QUARTER

### FY2024 YTD

AMOUNTS IN USD 000'S

(in thousands of U.S. dollars)

	Nine Months Ended November 30,	
	2023	2022
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (15,995)	\$ (26,724)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	400	411
Stock-based compensation expense	1,140	9,969
Gain on disposition of assets	-	(6,704)
Accretion and accrued interest expenses	53	118
Changes in operating assets and liabilities:		
Sales tax and tax credits receivable	670	20
Inventories	(210)	(426)
Prepaid expenses	147	(24)
Accounts payable and accrued liabilities	(955)	(2,652)
Customer deposits	(12)	1,000
Net cash used in operating activities	(14,762)	(25,012)
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposition of assets	-	8,559
Deposits on equipment	(5,065)	(1,271)
Additions to property, plant and equipment	(10)	(68)
Additions to intangible assets	(378)	(225)
Net cash used in investing activities	(5,453)	6,995
<b>Cash Flows from Financing Activities</b>		
Repayment of long-term debt	(47)	-
Net cash (used) provided by financing activities	(47)	-
Effect of exchange rate changes	37	(419)
Net decrease in cash	(20,225)	(18,436)
Cash, cash equivalents and restricted cash, beginning of period	30,591	44,061
Cash, cash equivalents and restricted cash, end of period	\$ 10,366	\$ 25,625
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Income tax paid	\$ -	\$ -
Interest paid	\$ 63	\$ -
Interest received	\$ 347	\$ 36

## Year over Year Variances (Q3-24 vs Q3-23)

- Sale of land in Q3 fiscal 2023
- Deposits on long-lead equipment for \$5.1 million
- Net cash outflow for Q3-24: \$20.2M, of which \$6.3M will be recovered from JV Asia

# BALANCE SHEET

## NOVEMBER 30, 2023

AMOUNTS IN USD 000'S

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

	As at	
	November 30, 2023	February 28, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 9,366	\$ 29,591
Restricted cash	1,000	1,000
Sales tax, tax credits and other receivables	411	1,075
Inventories	937	727
Deposits on equipment	8,460	3,395
Prepaid expenses and other deposits	470	636
Total current assets	20,644	36,424
Investment in joint venture	381	381
Property, plant and equipment, net	2,267	2,545
Intangible assets, net	1,485	1,210
Total assets	\$ 24,777	\$ 40,560
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,560	\$ 2,510
Customer deposits	1,000	1,012
Current portion of long-term debt	501	62
Total current liabilities	3,061	3,584
Long-term debt	2,814	3,240
Total liabilities	5,875	6,824
<b>Stockholders' Equity</b>		
Series A Preferred stock	-	-
Common stock	5	5
Additional paid-in capital	171,510	170,370
Additional paid-in capital – Warrants	20,385	20,385
Accumulated deficit	(171,878)	(155,883)
Accumulated other comprehensive loss	(1,120)	(1,141)
Total stockholders' equity	18,902	33,736
Total liabilities and stockholders' equity	\$ 24,777	\$ 40,560

- Cash balance: \$10.4M including restricted cash
- Deposits on equipment for long-lead equipment, expected to be reimbursed from JV Asia

# CONCLUSION

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## **Financing Update**

- Advanced discussions with various strategic and government partners to secure remaining equity for the Ulsan facility

## **Commercial Update**

- Groundbreaking targeted for H1, 2024

## **Financial Results**

- The Company expects to have a cash burn rate of between \$1.0–1.2M per month for the balance of the current fiscal year
- Sufficient net liquidity to cover back office expenses to early 2026