

Risk Factors Comparison 2024-05-29 to 2023-05-18 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

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.

~~14 RISKS~~ **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 ~~28-29, 2023-2024~~ was \$ 21. ~~30-09~~ 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~~ **improved slightly** during 2022-2023 ; ~~as COVID-19 eases declined worldwide and restrictions were lifted. However~~ **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. ~~It~~ **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 ~~2023 recent months~~, 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. ~~Our~~ **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 **SKGC, SK-Geo-Centric and Suez , Ester and 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-Oréal~~ **Oreal-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. ~~If~~ **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. ~~The~~ **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. ~~We~~ ~~19~~ ~~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. ~~17~~ ~~We~~ ~~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~~ ~~Annual report~~ ~~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. ~~Our~~ **20**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. ~~18~~ **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. 21**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. 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. 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. 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; ~~20~~ · 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 ~~17-28, 2023-2024~~, 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.** ~~Moreover~~ **24As 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~~ **Because** of the ~~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. ~~21Anti-~~ **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,” 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**. ~~Because~~ **25Because** 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~~ **Annual report Report on Form 10-K** before you decide to purchase our securities. If any of ~~the~~ **these** following 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.**