

Loop Energy Reports Fourth Quarter & Year End 2022 Results, Highlights Plans For 2023 And Announces Strategic Review Process

VANCOUVER, British Columbia - March 29, 2023 - Loop Energy™ (TSX: LPEN) today reported consolidated financial results for the fourth quarter and full year ending December 31, 2022. All amounts are in Canadian dollars unless otherwise noted and have been prepared in accordance with International Financial Reporting Standards (IFRS).

"2022 has been both exhilarating and challenging for Loop Energy," said Ben Nyland, President and CEO of Loop Energy. "We have seen our customer base broaden in our core geographic and vertical markets. We have further seen repeat orders from multiple customers, signaling the beginning of a recurring unit order cycle. Finally, we have seen many strong indications that the market for fuel cell commercial vehicles is strengthening in our core applications."

"At the same time, recent headwinds in the capital markets, rising electricity costs, and overall inflationary pressure, have resulted in extended timelines for both new and existing projects," he continued. "This is impacting demand formation across the value chain in our industry. We have leveraged our close connection to the OEM customer ecosystem, acted collaboratively with our customer base, and implemented adjustments to our organization, production, and delivery schedules to adjust our business plan to this new reality."

Q4 2022 Commercial Highlights:

- Strong finish to 2022 calendar year, with 9 additional POs in Q4, bringing the total PO count for the year to 70 units
- Expanded the footprint in the all-important bus market, including a partnership with Rampini Carlo S.p.A.
- Continued to build on the success in the light and medium duty truck market, including a partnership with Avia Ingeniería
- Entered North American materials handling market with a partnership with Wiggins Lift Co., a leading American material handling vehicle manufacturer specializing in high-capacity forklifts
- Implemented strategic re-balancing, extending operating run-rate into the end of calendar 2023 while closely matching anticipated customer demand requirements.
- Strengthened the board of directors with the operating and financial expertise required to support the company going forward

Q4 and Full Year 2022 Financial Highlights:

- Q4 and full year 2022 revenues of \$0.7 million (2021; \$0.1 million) and \$3.3 million (2021; \$1.4 million) respectively
- Q4 and full year 2022 operating expenses of \$6.5 million (2021; \$5.7 million) and \$27.9 million (2021; \$19.9 million) respectively
- Q4 and full year 2022 net losses of \$9.7 million (2021; \$7.5 million) and \$37.5 million (2021; \$25.0 million) respectively
- Q4 and full year 2022 capital expenditures of \$7.6 million (2021; \$4.0 million) and \$15.0 million (2021; \$6.7 million) respectively
- Cash and cash equivalents of \$24.5 million as of December 31, 2022 (2021; \$67.0 million)

New Board Members

- Kent Thexton, Chairman of Loop Energy, announced two new Directors to the Board to strengthen its expertise and leadership in Dec 2022 and Jan 2023 respectively:
 - Paul Cataford, Director, Interim CFO and Corporate Secretary
<https://loopenergy.com/news/loop-strengthens-board-executive-management-focus-high-growth-markets/>
 - Brad Miller, Director <https://loopenergy.com/news/evolution-of-board-brad-miller/>

Fundraising Environment

On the back of a successful Initial Public Offering (IPO) in February of 2021, the Company embarked on an approximately 24-month development plan designed to enter the market, establish an initial customer base in the key growth applications and plot a course for scale-up and eventual profitability. Over the course of the ensuing 2 years, we have made significant progress on these objectives.

Our next phase of company development is largely centered on scaling up the business. This is dependent on the Company's ability to tap into the global financial markets when they re-emerge as well as being dependent on the industry's growth and demand profile. At this time, it does not appear that 2023 will present the combination of capital availability and demand growth necessary to proceed with plans for scale up in accordance with expected timelines. As a result, Loop Energy anticipates 2023 unit sales and revenues to be in line or slightly above 2022 with the potential for growth resuming in 2024 when market conditions are expected to improve.

Company Action Plan

In response to these changes in our business environment, we have worked collaboratively with our customers to align the Company's operations with their product demand. As a part of this exercise, the Company took steps during late 2022 and early 2023 to right-size the organization and align operating expenses with market conditions. The Company also looked into ways to extend its cash resources and reduce or delay reliance on new fundraising from government partners and financial markets. This reduction in operating and capital spend extends the Company's cash run-rate to the end of calendar 2023 with current cash and funding commitments. Importantly, these operating and capital expense reductions were made with the intent to preserve commitments to our customers based on their anticipated growth trajectory.

The Company has focused current resources on strategic initiatives to reduce cost through vertical integration of certain key components and to refine products for key market segments, such as municipal buses, that are less sensitive to capital availability. These efforts are not capital intensive but provide good return on investment in the current climate.

During the first quarter of 2023, we have further continued to evaluate the capital access options available in the financial markets and are now looking to industry experts to advise on strategic options.

Investigating Strategic Options

Loop Energy is announcing that Credit Suisse has been retained as financial advisor to advise on strategic alternatives. As part of this exercise, the Company will investigate strategic partnerships, licencing opportunities, joint development and outsource opportunities, and other ways to bring new capital, expertise and resources to the business and to identify growth opportunities and ways to support Loop Energy's expansion plans.

"We are excited to be working with Credit Suisse and our new board members all with deep expertise in finance and accelerating growth plans," said Ben Nyland, President and CEO of Loop Energy. "This exercise is timely as we look to position Loop Energy as an industry and technology leader in the transition to a low-carbon economy."



Conference Call

Loop Energy will hold a conference call on Wednesday, March 29, 2023 at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time) to review fourth quarter and full year results. Investors and members of the public can join the live call by dialing 1 (888) 330-2057 (toll-free) with the conference ID: 5946836. Following the call, a recording will be archived in the 'Financials' area of the 'Investors' section of Loop Energy's website (<https://loopenergy.com/investors/financials/>).

About Loop Energy Inc.



Loop Energy is a leading designer and manufacturer of hydrogen fuel cell systems targeted for the electrification of commercial vehicles, including light commercial vehicles, transit buses and medium and heavy-duty trucks. Loop Energy's products feature the company's proprietary eFlow™ technology in the fuel cell stack's bipolar plates. eFlow is designed to enable commercial customers to achieve performance maximization and cost minimization. Loop Energy works with OEMs and major vehicle sub-system suppliers to enable the production of hydrogen fuel cell electric vehicles. For more information about how Loop Energy is driving towards a zero-emissions future, visit www.loopenergy.com.

Forward Looking Warning

This press release contains forward-looking information within the meaning of applicable securities legislation, which reflect management's current expectations and projections regarding future events. Particularly, statements regarding the Company's expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information, including without limitation, purchase orders, cost reduction, profitability and revenue targets; our future growth prospects and business outlook including without limitation the expected demand for our products, the allocation of resources and funds, the expected timeline for profitability, the planned growth of our customer base and the expected growth of our operations globally. Forward-looking information is based on a number of assumptions (including without limitation assumptions with respect the current and future performance of the Company's products, growth in demand for the Company's products, the Company's ability to secure adequate financing to execute on its business strategy, the Company's ability to execute on its strategy, achieve its



targets and progress existing and future customers through the Customer Adoption Cycle in a timely way, and is subject to a number of risks and uncertainties, many of which are beyond the Company's control and could cause actual results and events to vary materially from those that are disclosed, or implied, by such forward-looking information.

Source: Loop Energy Inc.

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