

Risks Relating to NXT



- Our commercial success depends on our ability to develop and operate production facilities for the commercial production of renewable diesel.
- Our limited history makes it difficult to evaluate our business and prospects and may increase the risks associated with your investment.
- Our management has identified conditions that raise substantial doubt about our ability to continue as a going concern, including those set forth below.
- Although information in this Presentation assumes no redemptions by ITAQ public stockholders, it is very unlikely that there will be no redemptions, and neither we nor ITAQ can predict the extent of such redemptions, which may be significant.
- We may need to raise additional funds in the near future, particularly if a large percentage of ITAQ's public stockholders exercise their redemption rights, and these funds may not be available when needed.
- Borrowings at higher levels than projected and interest at higher rates than projected may impair our ability to operate profitably or generate the anticipated EBITDA
- We may be unable to qualify for existing federal and state level low-carbon fuel credits and the carbon credit markets may not develop as quickly or efficiently as we anticipate or at all.
- In order to construct our proposed commercial production facilities, we expect to face a long and variable design, fabrication, and construction development cycle that requires significant resource commitments and may create fluctuations in whether and when revenue is recognized and may have an adverse effect on our business.
- Fluctuations in the price of product inputs, including animal fat, vegetable oil, and other feedstocks, is likely to affect our cost structure.
- Fluctuations in petroleum prices and customer demand patterns may reduce demand for renewable fuels and bio-based chemicals. A prolonged environment of low petroleum prices or reduced demand for renewable fuels or biofuels could have a material adverse effect on our long-term business prospects, financial condition and results of operations.
- We may face substantial competition from companies with greater resources and financial strength, which could adversely affect our performance and growth.
- Our proposed growth projects may not be completed or, if completed, may not perform as expected. Our project development activities may consume a significant portion of our management's focus, and if not successful, reduce our profitability.
- We may not be able to develop, maintain and grow strategic relationships, identify new strategic relationship opportunities, or form strategic relationships, in the future.
- We may acquire or invest in additional companies, which may divert our management's attention, result in additional dilution to our stockholders, and consume resources that are necessary to sustain our business with no assurance that such investment will not have a negative effect on our business going forward.
- Fluctuations in the price and availability of energy to power our facilities may harm our performance.
- We may be subject to liabilities and losses that may not be covered by insurance.
- Renewable diesel has not previously been used as a commercial fuel in significant amounts.
- The use of our fuel may subject us to product liability risks and we may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.
- Liabilities and costs associated with hazardous materials, contamination and other environmental conditions may require us to conduct investigations or remediation or expose us to other liabilities, either of which may adversely impact our operations and financial condition.
- Our operations, and future planned operations, are subject to certain environmental health and safety laws or permitting requirements, which could result in increased compliance costs or additional operating costs and restrictions. Failure to comply with such laws and regulations could result in substantial fines or other limitations that could adversely impact our financial results or operations.
- Increased focus on sustainability or other ESG matters could impact our operations.
- Failure of third parties to manufacture quality products or provide reliable services in accordance with schedules, prices, quality and volumes that are acceptable to us could cause delays in developing and operating our commercial production facilities, which could damage our reputation, adversely affect our strategic relationships or adversely affect our ability to operate profitably.
- We may be unable to successfully perform under future supply and distribution agreements to provide our renewable diesel, which could harm our commercial prospects.
- Third parties on whom we may rely for transportation services are subject to complex federal, state and other laws that could adversely affect our operations.
- Our business operations may be significantly disrupted upon the occurrence of a catastrophic event, information technology system failures or cyberattack.
- Our facilities and processes may fail to produce renewable diesel at the volumes, rates, and costs we expect.
- We may in the future use hedging arrangements to address certain risks, but the use of such derivative instruments could have a material adverse impact on our results of operations.

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- Business interruptions, including those related to the widespread outbreak of an illness, pandemic (such as Covid-19), fire, adverse weather conditions and the effects of climate change, particularly as it affects the Pacific Northwest, where we propose to operate, terrorism and other catastrophic events, may have an adverse impact on our business and results of our operations.
- Even if we are successful in completing our first commercial production facility and consistently produce renewable diesel on a commercial scale, we may not be successful in commencing and expanding commercial operations to support the growth of our business.
- We are a development stage company with a history of net losses, we are currently not profitable, and we may not achieve or maintain profitability. If we incur substantial losses and are not able to raise the funds to cover the losses, we may have to curtail our operations, which may prevent us from successfully developing, operating and expanding our business.
- Our actual costs may be greater than expected in developing our commercial production facilities or growth projects, causing us to realize significantly lower profits or greater losses.
- Disruption in the supply chain, including increases in costs, shortage of materials or other disruption of supply, or in the workforce could materially adversely affect our business.
- We may not be able to obtain, or comply with terms and conditions for, government grants, loans, and other incentives for which we may apply for in the future, which may limit our opportunities to expand our business.
- We may expand our operations globally, which would subject us to anti-corruption, anti-bribery, anti-money laundering, trade compliance, economic sanctions and similar laws of countries in addition to the United States, and non-compliance with such laws may subject us to criminal or civil liability and harm our business, financial condition and/or results of operations. We may also be subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls. Further, we may be at a competitive disadvantage to foreign companies that are not subject to laws that affect United States companies including the Foreign Corrupt Practices Act.
- Agreements containing confidentiality provisions and restrictive covenants with employees, consultants and other third-parties may not adequately prevent disclosures of trade secrets and other proprietary information.
- We may be subject to intellectual property rights claims by third parties, which could be costly to defend, could require us to pay significant damages and, if we are unsuccessful in defending such claims, could limit our ability to use certain technologies and compete.
- We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information or alleged trade secrets of third parties or competitors or are in breach of noncompetition or non-solicitation agreements with our competitors or their former employers.
- Our business and prospects depend significantly on our ability to build our brand. We may not succeed in continuing to establish, maintain, and strengthen our brand, and our brand and reputation could be harmed by negative publicity regarding our company or products.
- If we fail to comply with our obligations under license or technology agreements with third parties or are unable to license rights to use technologies on reasonable terms, we may be required to pay damages and could potentially lose license rights that are critical to our business.
- Our projections are subject to significant risks, assumptions, estimates and uncertainties, including assumptions regarding adoption of renewable fuels. As a result, our projected revenues, market share, expenses and profitability may differ materially from our expectations in any given quarter or fiscal year.
- If our estimates or judgments relating to our critical accounting policies prove to be incorrect or financial reporting standards or interpretations change, our operating results could be adversely affected.
- Inflation may adversely affect us by increasing costs of our business.
- The alternative fuel industry is rapidly evolving and may be subject to significant changes and developments in alternative technologies may adversely affect the demand for our fuel if we are not able to adapt to use the most current available technologies and processes.
- Concerns regarding the environmental impact of renewable diesel production could affect public policy which could impair our ability to operate at a profit and substantially harm our revenues and operating margins.
- If we lose key personnel, including key management personnel, or are unable to attract and retain additional personnel, it could make it more difficult for us to pursue strategic relationships or develop our own products or otherwise have a material adverse effect on our business.
- Our management team has limited experience in operating a public company.
- We will incur significant increased expenses and administrative burdens as a public company, which could have an adverse effect on our business, financial condition and results of operations.
- The requirements of being a public company may strain NXTClean Fuels' resources, divert management's attention and affect its ability to attract and retain qualified board members and officers.
- From time to time, we may be involved in litigation, regulatory actions or government investigations and inquiries, which could have an adverse impact on our profitability and consolidated financial position.