ALUULA Provides Strategic Refocus Update

Victoria, British Columbia--(Newsfile Corp. - September 4, 2024) - ALUULA Composites Inc. (TSXV: AUUA) ("ALUULA" or the "Company") today announces a corporate update, sharing key activities completed in the last quarter and announce the initiation of a Global Advisory Board.

- ALUULA continues to focus on stabilization and growth of the core business
- Continued momentum as ALUULA sees new brand partnerships including Hyperlite Mountain Gear, The North Face and IM MEN as well as continued collaborative research and development with Airseas
- ALUULA has expanded the team with experts in sales, marketing, sustainability and engineering and announces the initiation of a Global Advisory Board

Strategic refocus update

"This quarter we have continued to make progress in our efforts to stabilize and refocus the business. With continued exploration into new applications for ALUULA fabric, there is a lot of momentum within the team and amongst current and prospective companies, and we continue to see increased interest in ALUULA fabrics," said Sage Berryman, CEO & President of ALUULA.

ALUULA announced a strategic refocus in May 2024. Part of this strategic refocus was the discontinuation of Ocean Rodeo Inc. ("Ocean Rodeo") operations. This decision was made to eliminate any perceived conflict with its growing windsports customer base, as well as to meet the increasing demand for their high-performance, durable, ultra-high-molecular weight polyethylene (UHMWPE) fabric in other industries.

The Company is still working on the divestiture of the Ocean Rodeo assets. Within this scope, ALUULA has agreed the transfer of two items of Ocean Rodeo's design related Intellectual Property (IP), parts of an existing agreement between the companies related to this specific IP, to brand partner Boards & More GmbH, owners of Duotone, in exchange for an exclusive license of a custom software database of materials and information.

Additionally, to eliminate future recurring patent maintenance costs, other underutilized ALUULA non-core IP (non-core being defined as not having progressed from a technical or commercial perspective and not being of strategic value for the future of the Company) has been returned to the original inventors or been allowed to lapse without renewal as required within the associated agreements assignment and licensing agreements. The disposition of the IP from ALUULA to Peter Berrang is a related-party transaction, as that term is defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because Mr. Berrang is a director of the Company. The Company will be relying on the exemptions from the formal valuation requirements contained in section 5.5(a) of MI 61-101 and the minority shareholder approval requirements contained in section 5.7(1) (a) of MI 61-101.

To support the progression of, and with increased interest in, advanced construction opportunities with ALUULA fabric, the Company recently sold underutilized engineering equipment to purchase a Macpi no sew welding machine. The purchase of this machine will support ALUULA's in-house capabilities for continued development and expansion of no sew construction techniques used in the construction of next generation ALUULA products.

Corporate amalgamation

On August 1, 2024, ALUULA was amalgamated with its wholly owned subsidiary Aluula Composites Canada Inc. The amalgamation was completed to simplify the organizational structure. The newly amalgamated entity will carry on business under the legal name Aluula Composites Inc.

Growth

"Having seen such a significant uptake of ALUULA fabric in windsports, we are endlessly impressed about the new and exciting opportunities for the application of ALUULA fabric. The team is working hard to continue our progress in windsports, but we are seeing more and more efforts in the ultra-light outdoor market, as well as some new innovative commercial opportunities," said Berryman.

This summer numerous windsports brands have released new wings and kites to the consumer market including, but not limited to, Duotone, Core, Ozone and Slingshot. These launches demonstrate a deepening commitment to ALUULA amongst windsports customers, with more products in their portfolios featuring the ultra-light durable material.

Sailing continues to be a strategic focus area of development for ALUULA. North Sails, the world's leading sailmaker has recently tested ALUULA fabric for spinnaker construction, which the Company are hopeful will lead to further opportunities within the target sector.

The Company has also seen growth in the ultra-light outdoor market. ALUULA will be working with outdoor ultralight specialists, Hyperlite Mountain Gear, on a piece of mountain safety equipment launching in fall 2024. ALUULA collaborated with The North Face and All Triangles on an exciting project to create a pair of bespoke prototype climbing boots for mountaineer Benjamin Védrines who recently broke the K2 summit record in 10h 59mn 59s, setting a new benchmark time without supplementary oxygen.

In a new sector for ALUULA, fashion, Japanese menswear brand IM MEN recently launched "KUSHA KUSHA", a tote bag, made using ALUULA's ultralight, ultra-durable Aeris™ fabric. With further announcements due to come later in the year, the momentum in these industries is promising for the composite material company.

ALUULA also notes the progression of a research and development project with Airseas, a company owned by K Line committed to decarbonising the maritime sector. With a common drive to develop innovative solutions for a more sustainable future, Airseas is exploring ALUULA as the chosen material for the construction of the automated kite system in its Seawing project. This project is working towards channeling wind power to tow cargo ships, reduce carbon emissions and lower fuel consumption.

Enhancing and expanding the ALUULA team

To excel their efforts in sales, marketing, sustainability and engineering, ALUULA has made several new hires, building a team of experts with a shared passion for sustainability and innovation.

Continuing the positive momentum and bolstering ALUULA's ambitious plans, the Company today also announces the initiation of a new Global Advisory Board formed of experts in the outdoor and textiles industry. The Company confirms the first two members of this advisory board with active conversations ongoing with prospective members with interest in and alignment with ALUULA's mission.

"We are delighted to welcome Alex Kutches and Christophe Dardel to the advisory board. Alex has a proven track record in managing high growth companies and successful exits in the US outdoor market, while Christophe brings a passion for sustainability and circularity with decades of global executive experience in the performance materials space. Their knowledge and understanding of the market will be vital as we continue to grow the ALUULA business and expand into new channels with an increased focus on our efforts to become a circular business," said Berryman.

Alex Kutches joins with a wealth of experience in the outdoor market. Most recently he served as President for Mystery Ranch backpacks, building the team as an empowering and enabling leader and working shoulder to shoulder to accomplish a 4x top line revenue growth during his tenure prior to their acquisition by Yeti.

Christophe Dardel brings experience as a global growth-based textiles and circular economy expert to the Advisory Board. Christophe is currently serving as the Director of Strategic Partnerships of AFYREN. Founded in 2012, AFYREN, a green chemistry company that offers the industry biobased, low-carbon products, raised over €150 million since its creation including an IPO of more than €70 million in 2021, which allows the company to grow from a pilot stage to industrial-scale production. He previously served as President of DSM Dyneema, the inventor and manufacturer of Dyneema®, the world's strongest fiber™.

About ALUULA Composites
ALUULA is a materials company that works with leading brands to make their products significantly lighter, stronger, and more sustainable with its range of 100% recyclable textiles. Proudly owned and manufactured on the Canadian west coast, ALUULA's sustainability efforts and innovative high-performance products are changing the game for its brand partners, putting them on the cutting edge of sustainability and performance.

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ALUULA's Brand Partners
The term "brand partners" does not refer to formal partnerships with our customers. The term refers to marketing relationships with our customers who use ALUULA's technology as a brand ingredient in their products.

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Forward-Looking Statements
The information in this news release includes certain information and statements about management's view of future events, expectations, plans, and prospects that constitute forward-looking statements. These statements include [identify specific forward looking statements e.g. launching new brands, commercialization etc.] are based on assumptions subject to significant risks and uncertainties as described in the Company's management discussion and analysis. Because of these risks and uncertainties and as a result of a variety of factors, including the timing and receipt of all applicable regulatory, corporate third-party approvals, the actual results, expectations, achievements, or performance may differ materially from those anticipated and indicated by these forward-looking statements. Although the Company believes that the expectations reflected in forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statement will prove to be correct. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise. Please see Aluula's MD&A at www.sedarplus.ca for a more comprehensive list of risk factors.

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