ALUULA Reports Second Quarter 2025 Financial Results

From windsports to wind power- ALUULA prepares for broader market growth

Victoria, British Columbia--(Newsfile Corp. - June 25, 2025) - ALUULA Composites Inc. (TSXV: AUUA) ("**ALUULA**" or the "**Company**") today reported its financial results for the three and six month periods ended April 30, 2025 ("**Q2 2025**" and "**YTD Q2 2025**" respectively). All currency amounts noted are in Canadian dollars.

Building on momentum from its first quarter, the Company continued to progress against its fiscal 2025 strategic initiatives during Q2 2025. ALUULA reported ongoing diversification of its customer base and sales pipeline, leveraged its expertise in kite design to advance leads in the wind power vertical market, and maintained gross margins within its target range.

"This quarter is pivotal for us as we're turning towards a higher growth phase for the company," said Sage Berryman, President & CEO. "Our start in windsports has laid a strong technical and commercial foundation and we are building on that momentum to move into verticals such as wind power and beyond. We see the outlines of a future defined by high growth, diversification and broader market relevance. We are aligning our product innovation, our continued focus on circularity, our team, and partnerships to meet our growth potential."

Key Q2 2025 Highlights

- **Sales** for Q2 2025 were $1,573,677 compared to $1,403,151 for the three-month period ended April 30, 2024 ("**Q2 2024**"), which represents a $170,526 or 12% increase.
- Sales increased across both of ALUULA's sales channels, with Performance Outdoor increasing by $113,935 and Commercial Industrial increasing by $56,591.
- The Company also continued to make progress against its customer diversification goals by:
  - Reducing sales concentration with the windsport vertical market to 76% compared to 96% in Q2 2024.
  - Continuing to diversify the sales pipeline with 100% of prototype size orders being generated by customers outside the windsport vertical market, compared to 94% in Q2 2024.
- **Gross margins** for Q2 2025 were 43% compared to 40% in Q2 2024, which is within the Company's expected range of 40%-45%.
- **Operating expenses** were $881,843 in Q2 2025 compared to $1,556,493 in Q2 2024 representing a decrease of $674,650. Operating expenses in Q2 2024 were higher due to costs incurred to effect organizational changes including $390,000 in severance payments and $50,000 in general & administration ("**G&A**") costs resulting from the write off of patents and trademarks no longer needed to support the Company's future growth. Also contributing to higher G&A costs in Q2 2024 were warranty provisions recorded for older materials with higher-than-average warranty rates.
- **Other Income** was $15,540 in Q2 2025 compared to $752,379 in Q2 2024 representing a decrease of $736,839. In Q2 2024, Other Income included a fair value adjustment of $749,391 associated with the Company's investment in Xlynx Materials Inc. common shares (the "**Xlynx Shares**"). The fair value adjustment was based on the sale price negotiated for the Xlynx Shares in a May 2024 purchase and sale agreement.
- **Net and comprehensive loss from Ocean Rodeo's discontinued operations** was $60,936 Q2 2025 compared to a net and comprehensive loss of $394,680 in Q2 2024 representing a

decrease of $333,744. This decrease is a direct result of cost cutting measures implemented in April 2024 after the decision was made to discontinue Ocean Rodeo's operations.

Key YTD Q2 2025 Highlights

- **Sales** for YTD Q2 2025 were $2,835,206 compared to $3,400,430 during YTD Q2 2024, which represents a decrease of $565,224 or 17%.
- The decrease in YTD Q2 2025 sales is due to timing of receipt of windsport customer orders, which varied significantly across fiscal 2024 quarters and are expected to be more consistent throughout fiscal 2025, a trend that is holding true through the six-month period ending April 30, 2025.
- **Gross margins** for YTD Q2 2025 were 43%, which was consistent with the YTD Q2 2024 period and within the Company's expected range of 40%-45%.
- **Operating expenses** were $1,701,373 in YTD Q2 2025 compared to $2,239,525 in Q2 2024 representing a decrease of $538,152. Operating expenses in YTD Q2 2024 were higher due to costs incurred to effect organizational changes detailed earlier in this press release. The Company also reported a $106,723 reduction in marketing expenses in YTD Q2 2025 due to the decision not to exhibit at two tradeshows in Germany that were attended in YTD Q2 2024.
- **Net and comprehensive loss from Ocean Rodeo's discontinued operations** was $66,331 in YTD Q2 2025 compared to a net and comprehensive loss of $741,237 in YTD Q2 2024 representing a decrease of $674,906. This decrease is a direct result of cost cutting measures implemented in April 2024 after the decision was made to discontinue Ocean Rodeo's operations.

Outlook

The Company continues to work with its growing list of brand partners, developing products that are lighter, stronger, and recycle-ready. These partnerships are built on the mutual understanding that performance and circularity can be synonymous in the outdoor industry and beyond. The products that are born from these partnerships work to change their respective industries for the better.

The Windsport and other Performance Outdoor categories are still the core drivers of ALUULA's growth as more companies move from concept into commercialization, launching new ALUULA-enabled products. Collaborative research and development programs with other industrial partners, such as Michelin Inflatable Solutions and AirSeas, continue to advance the materials' development as these opportunities move towards commercial application.

While these existing opportunities continue to progress, the Company is also prioritizing proactive sales outreach in large and growing markets where strong product fit exists and ALUULA's high-performance materials enable uses not possible with incumbent materials. This includes focusing on Commercial Industrial applications such as renewable energy sources (wind power is one example, with the current drive towards decarbonization of the shipping industry) and defense applications (such as ultra-light and ultra-strong sustainable portable shelters, particularly for extreme cold environments).

With the Company's corporate foundation now stabilized, ALUULA is focused on key areas including sales pipeline expansion, product innovation, and circularity. The Company has prioritized these areas as well as continued improvements to the patented manufacturing process, as it expects them to contribute to improved efficiencies and profitability. All of these operational aspects will work together to achieve ALUULA's mission, which is to help instigate a global composite textile revolution and prove that high-performance and circularity are synonymous.

Financial Statements and Management's Discussion and Analysis

This earnings press release should be read in conjunction with ALUULA's unaudited interim condensed consolidated financial statements for the six months ended April 30, 2025 and the related management discussion and analysis, which can be found on ALUULA's website and its issuer profile on the System for Electronic Document Analysis and Retrieval Plus at www.sedarplus.ca.

About ALUULA Composites

ALUULA is an ultra-light, high performance and recycle-ready composite materials brand that enhances the performance of outdoor gear. Proudly owned and manufactured on the Canadian west coast, ALUULA's innovation is driven by a deep understanding that equipment does not need to sacrifice performance for sustainability. ALUULA's materials are known for their unique construction capabilities and their ability to make products lighter, stronger, and more sustainable.

aluula.com | (TSXV: AUUA)

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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.

TSX Venture Exchange

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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, including, but not limited to: the Company's list of brand partners growing; the Company's advancement of its materials development; the Company's future focus on Commercial Industrial and defense applications; ; the Company achieving its mission. These statements 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.

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