

ALUULA Composites Inc. Announces Rights Offering

Victoria, British Columbia--(Newsfile Corp. - December 16, 2024) - [ALUULA Composites Inc.](#) (TSXV: AUUA) ("**ALUULA**" or the "**Company**") is pleased to announce that it is offering rights (the "**Rights Offering**") to raise proceeds of up to approximately C\$2,500,000, with a C\$1,500,000 standby commitment.

Pursuant to the Rights Offering, each holder of the Company's common shares (the "**Shares**") of record at the close of business on December 30, 2024 (the "**Record Date**") resident in Canada will receive one transferable right (a "**Right**") for each one Share held. Each Right will entitle the holder to subscribe for one Share of the Company a subscription price of C\$0.01 per Share (the "**Basic Subscription Privilege**").

The Rights issued under the Rights Offering will expire at 2:00 p.m. PST on January 21, 2025 (the "**Expiry Date**"), after which time unexercised Rights will be void and of no value. The Rights Offering includes an additional subscription privilege under which eligible holders of Rights who fully exercise their Basic Subscription Privilege will be entitled to subscribe for additional available Shares on a *pro-rata* basis that are not otherwise subscribed for under the Basic Subscription Privilege.

The Rights will be listed for trading on the TSX Venture Exchange under the symbol "AUUA.RT" beginning on December 30, 2024, and the Rights will be de-listed at 9:00 a.m. PST on January 21, 2025. ALUULA expects use the gross proceeds from Rights Offering to repay indebtedness, purchase equipment for use in research and development and production, investigate alternative manufacturing methods, and for working capital and general corporate purposes. The expected closing date of the Rights Offering is January 24, 2025.

Details of the Rights Offering are set out in the Company's Rights Offering notice (the "**Notice**") and Rights Offering circular (the "**Circular**"), which are available under ALUULA's profile on SEDAR+ at www.sedarplus.ca. It is expected that the Notice, a DRS statement representing the Rights, and a subscription form will be mailed to each registered shareholder of the Company resident in Canada as at the Record Date. Registered shareholders who wish to exercise their Rights must deliver a completed subscription form, together with the applicable payment, to the Company's depository and rights agent, Odyssey Trust Company, at or before 2:00 p.m. PST on the Expiry Date. Shareholders who hold their Shares through an intermediary, such as a bank, trust company, securities dealer, or broker, are expected to receive materials and instructions from their intermediary. Shareholders are encouraged to refer to the Notice, Circular, and their DRS statement and subscription form for detailed information on the Rights Offering, as well as complete instructions for exercising their Rights.

Additionally, in connection with the Rights Offering, the Company has entered into a standby purchase agreement (the "**Standby Purchase Agreement**") with certain directors and officers of the Company (the "**Standby Purchasers**"), who have agreed to: (i) fully exercise their Basic Subscription Privilege to purchase 58,256,014 Shares; and (ii) to purchase up to an additional 150,000,000 Shares not otherwise subscribed for under the Rights Offering (the "**Standby Commitment**"), which will ensure that the Company receives gross proceeds under the Rights Offering of at least approximately C\$2,000,000.

As consideration for the Standby Commitment, the Company has agreed to issue up to 26,250,000 bonus warrants to the Standby Purchasers. Each bonus warrant will be exercisable into one Share at a price of C\$0.10 per Share for a period of five years after issuance. If the Standby Commitment is utilized in full and no other shareholders exercise Rights, the Company anticipates that two parties will be new 'control persons' of the Company. Gustavson Capital Corporation, a company controlled by director Peter Gustavson, will own approximately 29.63% of the issued and outstanding Shares on completion of the Rights Offering, on an undiluted basis, and Peter Berrang, director of the Company, will own,

beneficially, approximately 23.19% of the the issued and outstanding Shares on completion of the Rights Offering, on an undiluted basis.

The Rights and the Common Shares issuable upon exercise of the Rights have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, accordingly, the Rights and the Common Shares are not being publicly offered for sale in the "United States" or to "U.S. persons" (as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended). This press release does not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. There shall be no sale of the securities in any jurisdiction in which an offer to sell, a solicitation of an offer to buy, or a sale would be unlawful.

About ALUULA Composites Inc.

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)

On behalf of the Board of Directors,
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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

Certain information in this news release includes statements about management's view of future events, expectations, plans, and prospects that constitute forward-looking statements, including, but not limited to: the terms of the Rights Offering; expected gross proceeds under the Rights Offering; intended use of proceeds from the Rights Offering; expectations with respect to the Standby Purchase Agreement; fulfilment of the Standby Commitment and Gustavson Capital Corporation's and Mr. Berrang's ownership position following completion of the Rights Offering; expectations with respect to the closing of the Rights Offering, including timing thereof; and expectations with respect to mailing the Notice, DRS statement, and subscription form to each registered shareholder of the Company resident in Canada as of the Record Date. These statements are based on assumptions subject to significant risks and uncertainties. Because of these risks and uncertainties, and as a result of a variety of factors, including the timing and

receipt of all applicable regulatory, and 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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