

ALUULA COMPOSITES INC.
(the “Company”)

Form 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION
(for the financial year ended October 31, 2024)

The following information is provided in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation - Venture Issuers*.

Except where otherwise indicated, the information contained herein is stated as of October 31, 2024. All monetary amounts herein are expressed in Canadian Dollars (“\$”) unless otherwise stated.

For the purposes set out below, a “**Named Executive Officer**” or “**NEO**” means each of the following individuals:

“**CEO**” means the Company’s chief executive officer;

“**CFO**” means the Company’s chief financial officer;

“**Named Executive Officer**” or “**NEO**” means:

- (a) the CEO and each individual who, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) the CFO and each individual who, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer, other than the CEO and the CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended October 31, 2024, the Company had four NEOs, namely: Sage Berryman, President from February 12, 2024 to March 25, 2024, CEO from March 25, 2024 to the date hereof; Richard Myerscough, CEO from April 14, 2023 to March 25, 2024 and CIO from March 25 to April 30, 2024; Briony Bayer, CFO from October 23, 2023 to the date hereof; and John Zimmerman, Chief Operations Officer from April 14, 2023 to June 30, 2024.

Director and Named Executive Officer Compensation

The following table is a summary of compensation awarded to, earned by, paid to, or payable to each director and NEO of the Company for the two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year end	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Sage Berryman ⁽¹⁾ <i>President, CEO</i>	2024	203,550	58,500	Nil	Nil	Nil	262,050
	2023	Nil	Nil	Nil	Nil	Nil	Nil
Briony Bayer ⁽²⁾ <i>CFO, Corporate Secretary and Director</i>	2024	244,890	18,689	Nil	Nil	Nil	263,579
	2023	4,300	Nil	6,610	Nil	Nil	10,910
Richard Myerscough ⁽³⁾ <i>Director, former CEO</i>	2024	80,000	Nil	5,014	Nil	172,410	257,424
	2023	160,000	Nil	Nil	Nil	Nil	160,000
John Zimmerman ⁽⁴⁾ <i>Former Chief Operations Officer</i>	2024	99,425	Nil	Nil	Nil	172,809	272,234
	2023	157,504	Nil	Nil	Nil	Nil	157,504
Peter Gustavson <i>Director and Chairman</i>	2024	Nil	Nil	17,500	Nil	Nil	17,500
	2023	Nil	Nil	9,637	Nil	Nil	9,637
Jeremy South <i>Director</i>	2024	Nil	Nil	12,500	Nil	Nil	12,500
	2023	Nil	Nil	6,884	Nil	Nil	6,884
Hannes Blum <i>Director</i>	2024	Nil	Nil	11,774	Nil	Nil	11,774
	2023	Nil	Nil	5,507	Nil	Nil	5,507
Peter Berrang <i>Director</i>	2024	Nil	Nil	10,000	Nil	Nil	10,000
	2023	Nil	Nil	5,507	Nil	Nil	5,507
Peter Dorrius ⁽⁵⁾ <i>Former CFO</i>	2024	Nil	Nil	Nil	Nil	Nil	Nil
	2023	97,758	Nil	Nil	Nil	Nil	97,758

Notes:

- (1) Ms. Berryman was appointed as President of the Company effective February 12, 2024, and as CEO of the Company effective March 25, 2024. Ms. Berryman's compensation is paid to Prosperity Pollinators Management Inc., a company owned and controlled by Ms. Berryman.
- (2) In the fiscal year ended October 31, 2024, Mr. Myerscough received compensation in the amount of \$80,000 for acting as CEO and CIO of the Company and \$5,014 for acting as a director of the Company. In the fiscal year ended October 31, 2023, Mr. Myerscough received compensation in the amount of \$160,000 for acting as CEO of the Company and \$Nil for acting as a director of the Company. Mr. Myerscough ceased to act as the CEO of the Company effective as of March 25, 2024 and ceased to act as CIO of the Company effective April 30, 2025. The value of all other compensation of \$172,410 primarily includes amounts paid or payable to Mr. Myerscough for notice provided as outlined in his employment agreement.
- (3) In the fiscal year ended October 31, 2024, Ms. Bayer received compensation in the amount of \$263,579 for acting as CFO of the Company and \$Nil for acting as a director of the Company. In the fiscal year ended October 31,

2023, Ms. Bayer received compensation in the amount of \$4,300 for acting as CFO of the Company and \$6,610 for acting as a director of the Company.

- (4) Mr. Zimmerman ceased to act as the Chief Operations Officer of the Company effective as of June 30, 2024. The value of all other compensation of \$172,809 primarily includes amounts paid or payable to Mr. Zimmerman for notice provided as outlined in his employment agreement.
- (5) Mr. Dorrius ceased to act as the CFO of the Company effective as of October 23, 2023.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each director and NEO by the Company in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company, and outstanding compensation securities held by each director and NEO.

On March 12, 2025, the Company executed a share consolidation of its common shares on the basis of one (1) new common share for every existing twenty (20) common shares. The compensation security figures presented below have been adjusted for the consolidation.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class ⁽¹⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Sage Berryman ⁽²⁾ <i>President, CEO</i>	Stock Options	525,000 50%	February 12, 2024	2.70	3.00	1.90	February 12, 2029
Briony Bayer ⁽³⁾ <i>CFO, Corporate Secretary and Director</i>	Stock Options	25,000 2%	February 12, 2024	2.70	3.00	1.90	February 12, 2029
Richard Myerscough ⁽⁴⁾ <i>Director, former CEO</i>	-	-	-	-	-	-	-
John Zimmerman ⁽⁵⁾ <i>Former Chief Operations Officer</i>	-	-	-	-	-	-	-
Peter Gustavson ⁽⁶⁾ <i>Director and Chairman</i>	-	-	-	-	-	-	-
Jeremy South ⁽⁷⁾ <i>Director</i>	-	-	-	-	-	-	-
Hannes Blum ⁽⁸⁾ <i>Director</i>	-	-	-	-	-	-	-
Peter Berrang ⁽⁹⁾ <i>Director</i>	-	-	-	-	-	-	-

Notes:

- (1) Percentage of class is based on 1,041,158 total stock options outstanding, on a post-consolidation basis, at October 31, 2024.

- (2) Ms. Berryman's options vest over four years as follows: (i) the first 25% vested one year after the date of grant and the remaining options vest 2.08% monthly thereafter. As at October 31, 2024, Ms. Berryman held a total of 525,000 stock options.
- (3) Ms. Bayer's options vest over four years as follows: (i) the first 25% vested one year after the date of grant and the remaining options vest 2.08% monthly thereafter. As at October 31, 2024, Ms. Bayer held a total of 45,833 stock options.
- (4) As at October 31, 2024, Mr. Myerscough held a total of 94,866 stock options.
- (5) As at October 31, 2024, Mr. Zimmerman held a total of 13,775 stock options.
- (6) As at October 31, 2024, Mr. Gustavson held a total of 20,834 stock options.
- (7) As at October 31, 2024, Mr. South held a total of 20,833 stock options.
- (8) As at October 31, 2024, Dr. Blum held a total of 20,833 stock options.
- (9) As at October 31, 2024, Mr. Berrang held a total of 74,075 stock options.

No compensation securities were exercised by the directors or NEOs during the most recently completed financial year.

Stock option plans and other incentive plans

The Company currently has in place a 10% rolling stock option plan (the "**Plan**") that was approved by shareholders of the Company on April 26, 2024. The principal terms of the Plan are as follows:

Eligible Participants. Options may be granted under the Plan to bona fide directors and senior officers of the Company or its subsidiaries, management company employees (collectively, the "**Directors**"), employees of the Company or its subsidiaries (collectively, the "**Employees**") or consultants of the Company or its subsidiaries (collectively, the "**Consultants**"). The Board, in its discretion, determines which of the Directors, Employees or Consultants will be awarded options under the Plan

Number of Shares Reserved. The number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding common shares at the date of granting of options. Options that are exercised, cancelled or expire prior to exercise continue to be issuable under the Plan.

Limitations. Under the Plan, the aggregate number of options granted to any one person (including companies wholly-owned by that person) in a 12-month period must not exceed 5% of the issued and outstanding common shares of the Company, calculated on the date the option is granted. The aggregate number of options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding common shares of the Company, calculated at the date the option is granted. The aggregate number of options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding common shares of the Company in any 12-month period, calculated at the date an option is granted to any such person. Disinterested shareholder approval will be required for any grant of options which will result in the number of options granted to Insiders (as defined in the *Securities Act* (British Columbia)) as a group at any point in time or within a 12-month period exceeding 10% of the issued and outstanding common shares of the Company.

Exercise Price. The exercise price of options granted under the Plan is determined by the board of directors (the "**Board**"), provided that it is not less than the discounted market price, as that term is defined in the TSX Venture Exchange (the "**Exchange**") policy manual, or such other minimum price as is permitted by the Exchange in accordance with the policies in effect at the time of the grant, or, if the common shares are no longer listed on the Exchange, then such other exchange or quotation system on which the common shares are listed or quoted for trading. The exercise price of stock options granted to insiders may not be decreased without disinterested shareholder approval at the time of the proposed amendment.

Term of Options. Subject to the termination and change of control provisions noted below, the term of any options granted under the Plan is determined by the Board and may not exceed ten (10) years from the date of grant.

Disinterested shareholder approval will be required for any extension to stock options granted to individuals that are Insiders at the time of the proposed amendment.

Vesting. All options granted pursuant to the Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board. Options issued to persons retained to provide investor relations activities must vest in stages over 12 months with no more than one-quarter of the options vesting in any three month period. In the event of a Change of Control, as defined in the Plan, all unvested options will vest immediately. Even in the event of a Change of Control, the acceleration of Options granted to investor relations service providers is subject to prior Exchange approval.

Dividend Entitlement. The Plan does not include any dividend entitlement to participants. If participants were entitled to receive options in lieu of dividends declared by the Company, and if the Company did not have sufficient unallocated options available to satisfy the obligation, then the Company may settle those entitlements with cash.

Termination. Any options granted pursuant to the Plan will terminate upon the earliest of:

- (a) the end of the term of the option;
- (b) on the date the holder ceases to be eligible to hold the option (the “**Cessation Date**”), if the Cessation Date is as a result of dismissal for cause;
- (c) one year from the date of death or disability, if the Cessation Date is as a result of death or disability;
- (d) 90 days from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause; or
- (e) on such other date as fixed by the Board, provided that the date is no more than one year from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause.

Exercise of Options. The exercise price of an option must be paid in cash, other than as described below as determined by the Board:

- (a) Cashless Exercise. The Company may make an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to an optionee to purchase the common shares issuable upon exercise of their options. The brokerage firm would then sell a sufficient number of common shares to cover the exercise price of the options in order to repay the loan made to the optionee. The brokerage firm would then receive an equivalent number of common shares from the exercise of the options and the optionee would then receive the balance of the common shares or the cash proceeds from the balance of such common shares.
- (b) Net Exercise. The Company may accept the exercise of options by optionees other than those who provide investor relations services without the optionee making any cash payment so the Company does not receive any cash from the exercise of the subject options, and instead the optionee receives only the number of common shares that is the equal to the quotient obtained by dividing:
 - (i) the product of the number of options being exercised multiplied by the difference between the volume weighted average price (“**VWAP**”) of the common shares and the exercise price of the options; by
 - (ii) the VWAP of the common shares.

Adjustments. Any adjustment to stock options granted or issued (except in relation to a consolidation or share split) will be subject to the prior acceptance of the Exchange.

Employment, consulting and management agreements

Other than disclosed herein, the Company does not have any agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company that were performed by a director or NEO.

The Company entered into an agreement dated January 30, 2024 with Prosperity Pollinators Management Inc. (the “**Consultant**”), a company owned and controlled by Sage Berryman, pursuant to which the Company engaged the Consultant, effective February 12, 2024 for a term of two years, to provide Ms. Berryman to render full-time strategic advisory services to the Company, initially in the role as President. Pursuant to the agreement, the Company agreed to pay the Consultant a monthly fee of \$23,000 (which increased to \$25,300 effective October 1, 2024), plus applicable taxes, a \$21,000 one-time signing bonus, and 525,000 stock options of the Company (on a post-consolidated basis). Either party may terminate the agreement by providing 30 days’ written notice. On termination of the agreement, the Company is responsible to pay the Consultant any fees earned prior to the termination date. The agreement does not provide for any payments triggered by a change of control.

The Company entered into an agreement dated October 19, 2023, with Briony Bayer, pursuant to which the Company retained Ms. Bayer to act as CFO of the Company effective as of October 23, 2023. Pursuant to the agreement, the Company agreed to pay Ms. Bayer \$200 per hour, plus applicable taxes, payable on a monthly basis and agreed to grant 25,000 stock options (on a post-consolidated basis). The stock options were subsequently granted on February 12, 2024. Either party may terminate the agreement by providing 30 days’ written notice. On termination of the agreement, the Company is responsible to provide payment for all undisputed invoices and pre-approved expense reimbursements submitted by Ms. Bayer to the Company for payment, up to the termination date. The agreement does not provide for any payments triggered by a change of control.

The Company’s former subsidiary, Aluula Composites Canada Inc., entered into an employment agreement dated December 1, 2020, with John Zimmerman, pursuant to which Mr. Zimmerman acted as the Chief Operations Officer of the Company. Pursuant to the agreement, Mr. Zimmerman was entitled to an annual base salary of \$120,000 plus an annual growth-based commission of 5% of the gross margin each year based on year-over-year growth. In the event of termination without cause, Mr. Zimmerman was entitled to severance equal to 12 months of his base salary.

The Company’s former subsidiary, Aluula Composites Canada Inc., entered into an employment agreement dated March 22, 2024, with Richard Myerscough, pursuant to which Mr. Myerscough acted as the Chief Innovation Officer of the Company. Pursuant to the agreement, Mr. Myerscough was entitled to an annual base salary of \$160,000 plus variable compensation up to 25% of the annual base salary. In the event of termination without cause, Mr. Myerscough was entitled to severance equal to 12 months of his base salary.

Oversight and description of director and named executive officer compensation

The objective of the Company’s compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company’s fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Company, the Company’s resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, the Board may award cash or share bonuses when executive officers achieve corporate objectives for the fiscal year as set and approved by the Board in advance.

The base compensation of the executive officers is reviewed and set annually by the Board. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Company. In addition, the CEO and the Board from time to time determine the stock option grants to be made

pursuant to the Company's Plan. Previous grants of stock options are taken into account when considering new grants. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

Pension Disclosure

The Company does not have a pension plan that provides for payments or benefits to the NEOs or directors at, following, or in connection with retirement.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR+ website at www.sedarplus.ca.