American Aires Announces Record Preliminary Q4/2024 Performance & Provides 2025 Guidance

- Q4 Revenue: $8.8M for 135% YoY growth
- Q4 Gross Profit Margin: up 400 basis points to 63% on cost-cutting strategies
- 2025 Guidance: Sales of $28M to $32M; EBITDA of -$2M loss to $2M profit
- Strong cash balance of $4.2 million as of January 24 supports 2025 growth

Toronto, Ontario--(Newsfile Corp. - January 27, 2025) - American Aires Inc. (CSE: WIFI) (OTCQB: AAIRF) ("**Aires**" or the "**Company"**), a pioneer in advanced technology designed to protect against electromagnetic field (EMF) radiation and optimize human health, provides preliminary unaudited results for the three months ending December 31, 2024 ("**Q4/2024**") and twelve months ending December 31, 2024 ("**fiscal 2024**").

Management expects to file audited annual financial statements and MD&A for fiscal 2024 in April of 2025. The Company is providing investors with preliminary and unaudited Q4/2024 metrics at this time due to the relevance of the quarter's contribution to the annual 2024 results and also its strategic importance for the Company's success in 2025.

Cash and Inventory Balances at Record $6.5 Million

As of December 31, 2024, inventories were $2.3 million, reflecting the significant investments the Company made into building up inventory levels to facilitate sales growth. As of January 24, 2025, Aire's cash balance was $4.2 million, reflecting two separate revenue-based lending arrangements the Company had entered into in December 2024 and January 2025 to finance the expected growth in inventory and sales. Both lenders - ClearCo and Shopify Capital - have worked with the Company in the past, scaling up their respective lending facilities to US$520,000 and C$2.77 million, respectively. Management expects additional lending renewals during the summer of 2025. Management also expects both lenders to become long-term inventory financing partners for the Company, increasing their lending amounts with Aires' sales and inventory levels, thus facilitating the Company's growth plans and lowering the Company's overall cost of capital.

2025 Guidance

Management expects 2025 Sales in the $28 million to $32 million range and EBITDA in the range of a $2 million loss to a $2 million profit. The ranges represent Management's increased focus on advertising and marketing efficiencies compared to 2024. The Company has already made significant investments in 2024 and expects advertising expenses on a percentage of sales basis to decrease in 2025. In addition, management has already renegotiated several of the line items that will lower the Company's Cost of Goods, including lowered product and fulfillment costs. EBITDA is expected to be significantly affected by the timing of cost reductions impacting the income statement since the Company is entering 2025 with a large inventory position from before said cost reductions were in place, which may delay the beneficial impact of said cost reductions until all pre-cost-reduction inventory has been sold.

While still a young and rapidly growing company, as evidenced by 75% sales growth in 2024, 79% in 2023, and 128% in 2022, Management's data driven approach enables a higher degree of confidence in the Company's predictable growth trajectory. Growth realized over the past three years demonstrates the success of Management's long-term strategy to build a brand with staying power, while balancing challenging financial and consumer markets and seasonal volume spikes in order to prioritize strategic growth. Our strong Q4/2024 performance has set the stage for a promising 2025, with a focus on market share, efficiency, and scaling successful partnerships.

Management is also pleased to disclose that from January 1 through January 24, order volumes grew 111% year-over-year, reflecting continued momentum in early 2025 and an early indication of the Company benefitting from and building on the success of strategic efforts in 2024.

Aires CEO Josh Bruni commented: "In many ways, 2024 was our year for laying a foundation of really significant partnerships. And Q4/2024 was the first full quarter where we had a lot of those partnerships and related assets up to speed and operating in the market at one time. The ability to leverage those partnerships enabled us to create Q4 growth that wouldn't have been possible otherwise in the face of the higher media costs and the election distractions.

"When it comes to 2025 and beyond, I'm super optimistic and excited. First, we'll have the full year to strategically amplify and benefit from our partnerships and all the conversations around them, so it will be a lot of fun and we expect it to be transformative for our business. The reality with bigger partnerships is you can't expect real-time returns. But the more we ramp up and build momentum, the more we're able to realize advertising efficiencies from building on the efforts and investments we've already made.

"Second, we'll also be increasing our focus on reaching consumers that might not follow sports through mass market exposure opportunities, such as our upcoming Q1 2025 appearance on one of America's leading branded reality TV shows, Military Makeover with Montel Williams.[2]

"Third, we're very well prepared operationally thanks to having a strong cash balance and much needed inventory and growth lending arrangements.

"That excitement and our multi-year growth trend is reflected in our first-ever guidance on sales and EBITDA, as we remain confident in and committed to aggressive growth to strengthen our leading brand position while balancing for profitability at the same time."

Record Q4/2024 Revenue of $8.8 Million Grew 135% YoY

Q4/2024 set yet another quarterly record with $8.8 million in sales, marking a 135% increase over the $3.7 million reported in Q4/2023 (on a combined Aires + HUCK basis[1]). The record Q4/2024 sales performance continues the trend of high year-over-year growth the Company had previously reported. This growth is largely driven by the execution of strategic marketing partnerships entered into during 2024. Management notes that only a portion of the overall benefits from 2024 initiatives were realized in Q4 as the Company continued to ramp up sales partnerships during that period, and not all partnerships had yet begun contributing to sales. In addition, Q4/2024 represented significantly higher media costs and consumer behaviour distractions due to the U.S. Presidential election, and a shorter than usual shipping window for the holiday shopping season. The level of partnerships and investments made earlier in the year enabled the Company to successfully balance promotional activity in order to maintain high margins, and leverage pent-up demand without excessive discounting, which is reflected in Gross Profit margin improvement.

Gross Profit margin improved 400 basis points to 63% (from 59% reported a year ago) largely due to certain cost cutting measures undertaken in early 2024, as well as a more strategic and measured approach to discounting. Advertising expenses increased 197% year-over-year to $3.4 million (from $1.1 million in the prior year) as the Company made a concerted effort to increase its scale and the prominence of Aires as a brand in the eyes of consumers, to extract the most out of the key partnerships with the UFC, WWE, Canada Basketball, and other athletes and celebrities, and to prepare Aires for continued growth in 2025. Marketing expenses increased 187% to $1.8 million (from $0.6 million a year ago), reflecting amortization of the previously mentioned strategic marketing partnerships along with some minor cost reductions.

As a result, Q4/2024 EBITDA was reported at -$0.3 million (versus $0.08 million reported last year).

2024 Revenue of $18.2 Million: Highest Annual Sales, Following Similar 2023 Performance

On an annual basis, sales increased 75% year-over-year to $18.2 million (from $10.4 million in 2023), while Gross Profit margin improved 100 basis points to 62% (from 61% a year earlier). Advertising and Marketing Expenses increased 115% and 97%, respectively, to $8.1 million and $4.2 million for the same factors as mentioned in the Q4/2024 overview above. EBITDA loss for 2024 increased to $3.3 million (from $1.5 million in 2023).

The Company is entering 2025 with the strongest operational foundation in its history, ensuring sustained growth. Unlike in 2024, Management expects to realize the full annual benefit from existing strategic partnerships in 2025. Partnerships with prominent organizations like the UFC and Canada Basketball provide credibility and enable Aires to reach new markets, regions and demographics. Record Q4/2024 performance has also enabled Management to leverage customer insights in order to tailor marketing strategies, ensuring alignment with consumer preferences, and potentially enhancing product offerings.

Table 1: Preliminary Statements of Financial Position for Q4/2024 (Unaudited) (in Canadian Dollars)[1]

	Q4 2024	Q4 2023 *Aires*	Q4 2023 *HUCK*	Q4 2023 Combined	POP %
Revenue					
Order Volume	**$ 9,220,626**	*$ -*	***$ 3,876,004***	**$ 3,876,004**	**138%**
Adjustments	-$ 410,870	*$ -*	*-$ 129,562*	-$ 129,562	N/A
Sales	**$ 8,809,756**	*$ -*	***$ 3,746,442***	**$ 3,746,442**	**135%**
Cost of sales	-$ 3,250,651	*$ -*	*-$ 1,546,300*	-$ 1,546,300	110%
Gross profit	**$ 5,559,105**	*$ -*	***$ 2,200,142***	**$ 2,200,142**	**153%**
Gross margin %	63%	*N/A*	*59%*	59%	
Core expenes					
Advertising and promotion	-$ 3,403,578	*$ -*	*-$ 1,144,965*	-$ 1,144,965	197%
Marketing	-$ 1,789,435	*$ -*	*-$ 624,499*	-$ 624,499	187%
Core Net income (Loss)	**$ 366,092**	*$ -*	***$ 430,678***	**$ 430,678**	**-15%**
Overhead costs					
Office and general	-$ 173,352	*-$ 43,133*	*-$ 40,580*	-$ 83,713	107%
Consulting and payroll	-$ 408,087	*-$ 159,542*	*-$ 8,679*	-$ 168,221	143%
Legal and professional	-$ 101,735	*-$ 100,937*	*-$ 58*	-$ 100,995	1%
Adjusted EBITDA	**-$ 317,083**	***-$ 303,612***	***$ 381,362***	**$ 77,750**	**-508%**
Other					
Cash royalty income/(expense)	$ -	*$ 168,392*	*-$ 168,392*	$ -	N/A
Investor relations consulting	-$ 270,095	*$ -*	*$ -*	$ -	N/A
Performance-based consulting and payroll	-$ 725,917	*-$ 782,057*	*$ -*	-$ 782,057	-7%
Interest charges	-$ 23,165	*-$ 27,843*		-$ 27,843	-17%
Share-based compensation	-$ 427,147	*-$ 554,744*	*$ -*	-$ 554,744	-23%
Depreciation	-$ 33,428	*-$ 34,489*		-$ 34,489	-3%
Foreign exchange settlement	$ -	*-$ 100,000*		-$ 100,000	N/A
Legal costs - restructuring	$ -	*-$ 20,000*		-$ 20,000	N/A
Sales tax provision	$ -	*-$ 146,707*		-$ 146,707	N/A
Net Income (Loss)	**-$ 1,796,834**	***-$ 1,801,061***	***$ 212,970***	**-$ 1,588,091**	**13%**

Table 2: Preliminary Statements of Financial Position for 2024 (Unaudited) (in Canadian Dollars)[1]

	2024	2023 *Aires*	2023 *HUCK*	2023 Combined	YOY %
Revenue					
Order Volume	**$ 19,274,860**	***$ 5,507,798***	***$ 4,918,584***	**$ 10,426,382**	**85%**
Adjustments	-$ 1,044,268	*-$ 8,109*	*-$ 6,151*	-$ 14,260	N/A
Sales	**$ 18,230,592**	***$ 5,499,689***	***$ 4,912,433***	**$ 10,412,122**	**75%**
Cost of sales	-$ 6,841,162	*-$ 2,081,563*	*-$ 1,969,637*	-$ 4,051,200	69%
Gross profit	**$ 11,389,430**	***$ 3,418,126***	***$ 2,942,796***	**$ 6,360,922**	**79%**
Gross margin %	62%	*N/A*	*60%*	61%	
Core expenes					
Advertising and promotion	-$ 8,122,507	*-$ 2,210,866*	*-$ 1,571,541*	-$ 3,782,407	115%

Marketing	-$ 4,195,732	-$ 1,307,692	-$ 824,846	-$ 2,132,538	97%
Core Net income (Loss)	**-$ 928,808**	**-$ 100,432**	**$ 546,409**	**$ 445,977**	**-308%**
Overhead costs					
Office and general	-$ 718,365	-$ 293,557	-$ 53,867	-$ 347,424	107%
Consulting and payroll	-$ 1,415,997	-$ 1,149,231	-$ 11,875	-$ 1,161,106	22%
Legal and professional	-$ 200,430	-$ 392,190	-$ 58	-$ 392,248	-49%
Adjusted EBITDA	**-$ 3,263,599**	**-$ 1,935,410**	**$ 480,610**	**-$ 1,454,800**	**124%**
Other					
Cash royalty income/(expense)	$ -	$ 283,427	-$ 283,427	$ -	N/A
Credit reimbursement income/(expense)	$ -	$ 197,183	-$ 197,183	$ -	N/A
Investor relations consulting	-$ 1,571,959	$ -	$ -	$ -	N/A
Performance-based consulting and payroll	-$ 725,917	-$ 782,057	$ -	-$ 782,057	-7%
Equity-based finance charge	$ -	-$ 953,444	$ -	-$ 953,444	N/A
Interest charges	-$ 252,982	-$ 616,809	$ -	-$ 616,809	-59%
Share-based compensation	-$ 538,560	-$ 554,744	$ -	-$ 554,744	-3%
Depreciation	-$ 133,619	-$ 137,958	$ -	-$ 137,958	-3%
Foreign exchange settlement	$ -	-$ 100,000	$ -	-$ 100,000	N/A
Sales tax provision	$ -	-$ 146,707	$ -	-$ 146,707	N/A
Net Income (Loss)	**-$ 6,486,636**	**-$ 4,746,519**	**$ -**	**-$ 4,746,519**	**37%**

About American Aires Inc.

American Aires Inc. is a Canadian-based nanotechnology company committed to enhancing well-being and environmental safety through science-led innovation, education, and advocacy. The Company is selling a line of proprietary patented silicon-based resonator products that protect against the potentially harmful effects of electromagnetic field (EMF) radiation.* Aires' Lifetune products diffract EMF radiation emitted by consumer electronic devices such as cellphones, computers, baby monitors, and Wi-Fi, including the more powerful and rapidly expanding high-speed 5G networks. Aires is listed on the CSE under the ticker 'WiFi' and on the OTCQB under the symbol 'AAIRF'. Learn more at www.investors.airestech.com.

*Note: Based on the Company's internal and peer-reviewed research studies and clinical trials. For more information please visit https://airestech.com/pages/tech.

1. Note that on August 28, 2023, the Company entered a partnership with HUCK Project LLC (HUCK) whereby HUCK became a non-exclusive global, retail-only distribution partner. From January 1, 2023 to August 28, 2023 (the pre-HUCK period during the year), American Aires continued to build on the strength in demand and recorded sales of $5.5 million. For the remainder of the year, the Company sold through HUCK, generating $4.9 million of sales. From an accounting perspective, HUCK received the sales but American Aires got the profits. Combining American Aires and HUCK sales resulted in non-IFRS combined sales of $10.4 million, representing a 79% year-over-year growth.

2. Note: Based on original description provided by Military Makeover with Montel® and BrandStar. For more information, please visit https://militarymakeover.tv/promo.

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Non-IFRS measures

The Company uses certain terms in this news release, such as 'EBITDA' which do not have a standardized or prescribed meaning under International Financial Reporting Standards (IFRS), and accordingly, these measurements may not be comparable with the calculation of similar measurements used by other companies.

Forward-Looking Information

Aires' financial closing procedures with respect to the estimated financial information, including revenue, provided in this press release are not yet complete, and as a result, the Company's final results may vary materially from the preliminary results included in this press release. Aires undertakes no obligation to update or supplement the information provided in this press release until the Company releases its financial statements for the year ended December 31, 2024. The preliminary financial information included in this press release reflects the Company's current estimates based on information available as of the date of this press release and has been prepared by management of the Company. This preliminary financial information should not be viewed as a substitute for full financial statements prepared in accordance with GAAP and is not necessarily indicative of the results to be achieved for any future periods. This preliminary financial and operational information could be impacted by the effects of financial closing procedures, final adjustments, and other developments. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation for purposes of applicable securities laws.

Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding: future financial position, future sales, future EBITDA, future market position, growth, innovations, global impact, business strategy, product adoption, use of proceeds, corporate vision, proposed acquisitions, strategic partnerships, joint ventures and strategic alliances and co-operations, budgets, cost and plans and objectives of or involving the Company; timing for filing of the audited annual financial statements and MD&A for fiscal 2024; expected renewals of the lending facilities; developing a relationship with financing partners and anticipated effects thereof; effects of management's data driven approach; managements' ability to lower its advertising expenses and Cost of Goods; . Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions, industry conditions and dependence upon regulatory approvals. Certain material assumptions regarding such forward-looking statements may be discussed in this news release and the Company's annual and quarterly management's discussion and analysis filed at www.sedarplus.ca. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.

No securities regulatory authority has either approved or disapproved of the contents of this news release. The Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States, or to or for the account or benefit of any person in the United States, absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any common shares in the United States, or in any other jurisdiction in which such offer, solicitation or sale would be unlawful. We seek safe harbour.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Aires