# American Aires Announces Record Q4 and Annual 2023 Order Volume and Significant Q4 EBITDA Profitability

- Record quarterly order volume of $3.7 million and gross margin of 59%[1]
- Record annual order volume of $10.4 million (79% increase YoY) and gross margin of 61%[1]
- First significant adjusted quarterly EBITDA profitability[1]

Toronto, Ontario--(Newsfile Corp. - April 11, 2024) - American Aires Inc. (CSE: WIFI) (OTC Pink: AAIRF) ("**Aires**" or the "**Company"**), a pioneer in cutting-edge technology designed to protect against electromagnetic radiation and optimize human health, is pleased to announce the filing the Company's Financial Statements and Management's Discussion & Analysis (MD&A) for the year ended December 31, 2023 and disclose key performance metrics (non-IFRS and unaudited financial results). To keep financial results comparable on a YoY basis while making them consistent with ongoing and future reporting, all figures below combine the results of Aires and those achieved by HUCK Project LLC ("**HUCK**") pursuant to the Distributor-Royalty agreement initially announced on August 28, 2023 and which has been subsequently terminated by mutual agreement of the parties, as announced on February 16, 2024.

The Aires team is proud of its Q4 2023 performance, achieving record order volume of $3.7 million,[1] largely due to enhancements made to Aires' marketing and advertising strategy. The increased order volume represents strong growth YoY (up $1.3 million for 53% growth), while advertising and promotion expenses grew by only a modest $0.3 million YoY as we continue to scale up our growth engine, and marketing costs were slightly reduced by 2% YoY.

The record level of quarterly order volume was achieved despite a temporary shortage of product that limited sales. The related supply chain constraint has now been resolved, and the Company has been fully stocked since that time thanks to the negotiation of new supply terms and increased working capital from our recently closed $4 million financing, as announced on February 16, 2024.

The Company's most important quarterly achievement was reporting its first significant adjusted quarterly EBITDA profitability at $77,750, which is a milestone that underscores the Company's ongoing strategic delivery of shareholder value. EBITDA adjustments are for inclusion of HUCK results and non-recurring expenses associated with restructuring and other one-time costs. Please see "Adjusted EBITDA Reconciliation Table for Q4/2023" below for more details.

The Aires team is equally proud of its annual performance in 2023 on multiple fronts. The Company drove an impressive order volume increase of 79% YoY to $10.4 million (up from $5.8 million in 2022). The strong order volume financial results are a direct result of the brand-building vision of American Aires CEO, Josh Bruni, and his ability to consistently drive growth, such as 2022's order volume increase of 128% YoY. As with previous years, the main catalyst for revenue growth was Bruni's measured, data-driven and iterative growth engine.

American Aires CEO, Josh Bruni, commented: "This success builds on the hard work and sustainable growth we've demonstrated over the past 2 years. These financial results are just the latest proof that we have what it takes to reach and convert the massive and growing consumer market focused on wellbeing and EMF protection. Now it's time to focus on making 2024 our best year ever and continuing our trajectory of significant revenue growth. That means staying the course but with the welcomed advantage of working with a larger budget. That will involve ramping up our predictable growth engine to drive further revenue increases and deepening and widening our relationships with athletes, celebrities and performers to elevate Aires to the level of household brand."

Gross margin as a percentage in 2023 was mostly in line at 61% relative to from 2022's level (62%), exemplifying continued focus on optimization of manufacturing and fulfillment costs. Gross margin in dollars increased by 76% YoY to $6.4 million (up from $3.6 million in 2022) on the back of stronger order volumes.

The financial results for 2023 demonstrate the effectiveness and ROI of the Company's revamped advertising and promotions approach, which includes expanded spending on social media platforms and further spending on developing affiliate relationships to promote Aires' products. During the year, advertising and promotion spend increased by only $1.3 million YoY compared to an annual YoY increase in order volume that was 3.4x greater ($4.6 million).

Marketing expenses remained relatively stable with a modest 8% YoY increase to $2.1 million. The expenses are based on contracts with a number of marketing agencies that provide services based on a fee as opposed to commissions. As a result, marketing expenses are not expected to increase in the same proportion to sales.

Overhead costs for the year remained flat at $1.9 million. Largely non-recurring legal and professional fees increased mainly related to an increased use of legal firms during the year for capital raising events and restructuring activities. In contrast, the Company diligently drove down office and general costs by 5% and consulting and payroll expenses by 7%, demonstrating our commitment to efficiency and to creating value for Aires shareholders.

American Aires Chief Financial Officer, Vitaliy Savitsky, commented: "American Aires is a young high-growth company, so a lot of my focus has been on disciplining growth, measuring effectiveness of ad spend, and reducing costs. That strategy paid off tremendously in 2023 with its difficult year in the capital markets. Instead of losing ground, we focused on hitting adjusted EBITDA profitability and on growing sustainably. I'm very excited about scaling up the business in existing markets and expanding internationally in 2024 and beyond with this disciplined approach. That's our strategy and vision for further strengthening our industry leader status and delivering more shareholder value."

## Detailed breakdown of preliminary, non-IFRS, unaudited figures

Due to the HUCK agreement being in effect since August 28, 2023 and for the entire Q4 2023, the Company realized the economic benefit from the sale of its products in the form of royalty and credit reimbursement rather than the typical formula of revenues less cost of goods sold ("**COGS**"), less advertising and promotion, less marketing and other expenses. As a result, accounting rules required revenues, COGS, advertising and promotion, marketing and certain other expenses to be allocated to HUCK during this period. The Company reported cash royalty income and credit reimbursement income for 2024 in the amounts of $283,427 and $197,183, respectively, or $480,610 combined. Management believes that the overall net income effect of the HUCK agreement on the Company's bottom line was negligible in 2024 as HUCK realized neither profit nor loss from the distribution partnership. However, to keep investors well informed and be able to compare results with prior years and future quarters, since the HUCK agreement was terminated as of January 1, 2024, the Company is pleased to provide certain relevant metrics on a combined basis, removing the effect of the HUCK agreement to demonstrate the true state of operations. More details are available in the table below.

## HUCK-Aires Reconciliation Table

| Revenue | 2023 Aires | 2023 HUCK | 2023 Combined | 2022 Comparison |
|---|---|---|---|---|
| **Sales** | ***$ 5,499,689*** | ***$ 4,912,433*** | **$ 10,412,122** | **$ 5,822,140** |
| Cost of sales | *$ (2,081,563)* | *$ (1,969,637)* | $ (4,051,200) | $ (2,211,890) |
| Gross margin | *$ 3,418,126* | *$ 2,942,796* | $ 6,360,921 | $ 3,610,250 |
| Gross margin % | *62%* | *60%* | 61% | 62% |
| | | | | |
| Core expenses | | | | |
| Advertising and promotion | *$ (2,210,866)* | *$ (1,571,541)* | $ (3,782,406) | $ (2,443,604) |
| Marketing | *$ (1,307,692)* | *$ (824,846)* | $ (2,132,538) | $ (1,970,265) |
| Core Net Income (Loss) | *$ (100,432)* | *$ 546,409* | $ 445,977 | $ (803,619) |
| | | | | |
| Overhead costs | | | | |

| | | | | |
|---|---|---|---|---|
| Office and general | $ (293,557) | $ (53,867) | $ (347,424) | $ (363,818) |
| Consulting and payroll | $ (1,149,231) | $ (11,875) | $ (1,161,105) | $ (1,249,912) |
| Legal and professional | $ (392,190) | $ (58) | $ (392,248) | $ (283,864) |
| **Adjusted EBITDA** | **$ (1,935,410)** | **$ 480,610** | **$ (1,454,800)** | **$ (2,701,213)** |
| | | | | |
| Other | | | | |
| Cash royalty income/(expense) | $ 283,427 | $ (283,427) | $ - | $ - |
| Credit reimbursement income/(expense) | $ 197,183 | $ (197,183) | $ - | $ - |
| Stock-based compensation | $ (554,744) | $ - | $ (554,744) | $ (139,667) |
| Interest charges | $ (616,809) | $ - | $ (616,809) | $ (502,089) |
| Equity-based finance charge | $ (953,444) | $ - | $ (953,444) | $ (353,000) |
| Consulting fees settled in shares | $ (782,057) | $ - | $ (782,057) | $ - |
| Depreciation | $ (137,958) | $ - | $ (137,958) | $ (138,359) |
| Foreign exchange settlement | $ (100,000) | $ - | $ (100,000) | $ - |
| Sales tax provision | $ (146,707) | $ - | $ (146,707) | $ (74,520) |
| **Net Income (Loss)** | **$ (4,746,519)** | **$ -** | **$ (4,746,519)** | **$ (3,908,848)** |

*Note: The "2023 HUCK" and "2023 Combined" columns contain non-IFRS, unaudited figures.

## Adjusted EBITDA Reconciliation Table for Q4/2023

| Revenue | Q4 Aires | Q4 HUCK | Q4 2023 Combined |
|---|---|---|---|
| **Sales** | $ - | $ 3,746,442 | $ 3,746,442 |
| Cost of sales | $ - | $ (1,546,300) | $ (1,546,300) |
| Gross margin | $ - | $ 2,200,142 | $ 2,200,142 |
| Gross margin % | N/A | 59% | 59% |
| | | | |
| Core expenses | | | |
| Advertising and promotion | $ - | $ (1,144,965) | $ (1,144,965) |
| Marketing | $ - | $ (624,499) | $ (624,499) |
| Core Net Income (Loss) | $ - | $ 430,678 | $ 430,678 |
| | | | |
| Overhead costs | | | |
| Office and general | $ (43,133) | $ (40,580) | $ (83,713) |
| Consulting and payroll | $ (159,542) | $ (8,679) | $ (168,221) |
| Legal and professional | $ (100,937) | $ (58) | $ (100,995) |
| **Adjusted EBITDA** | **$ (303,612)** | **$ 381,362** | **$ 77,750** |
| | | | |
| Other | | | |
| Cash royalty income/(expense) | $ 168,392 | $ (168,392) | $ - |
| Stock-based compensation | $ (554,744) | $ - | $ (554,744) |
| Interest charges | $ (27,843) | $ - | $ (27,843) |
| Equity-based finance charge | $ - | $ - | $ - |
| Consulting fees settled in shares | $ (782,057) | $ - | $ (782,057) |
| Depreciation | $ (34,489) | $ - | $ (34,489) |
| Foreign exchange settlement | $ (100,000) | $ - | $ (100,000) |
| Legal costs - restructuring | $ (20,000) | $ - | $ (20,000) |
| Sales tax provision | $ (146,707) | $ - | $ (146,707) |
| **Net Income (Loss)** | **$ (1,801,061)** | **$ 212,970** | **$ (1,588,091)** |

*Note: The "Q4 HUCK" and "Q4 Combined" columns contain non-IFRS, unaudited figures.

In addition, the Company has also extended its engagement of Clarkham Capital Ltd. ("Clarkham") (phone: +44-20-3883-9398; address: Flat 285 - 61 Praed Street, London, W2 1NS, United Kingdom) to provide investor relations and consulting services with a focus on the German stock market and the German-speaking investor community. The services will include the preparation of articles and coverages on several financial platforms and newsletters. The services will also include the translation and distribution of news releases in Germany. The services commenced on April 11, 2024 and will end on May 11, 2024. The Company will pay Clarkham EUR€150,000 for its services. The Company will not issue any securities to Clarkham in consideration of the services. The Company and Clarkham deal at arm's length and do not have any prior relationship.

### 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 has developed a proprietary silicon-based resonator that protect against the harmful effects of electromagnetic radiation (EMR). Aires' Lifetune products target EMR 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 OTC Pink under the symbol 'AAIRF'. Learn more at www.investors.airestech.com.

**On behalf of the board of directors**

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*The financial results of HUCK included in this news release are unaudited and actual results may vary materially from the estimated results included in this press release. The Company undertakes no obligation to update or supplement the information with respect to HUCK's financial results provided in this press release. The HUCK 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 International Financial Reporting Standards and is not necessarily indicative of the results to be achieved for any future periods.*

*This news release refers to certain financial performance measures that are not defined by and do not have a standardized meaning under International Financial Reporting Standards including "Adjusted EBITDA" (termed "Non-IFRS measures"). Non-IFRS measures are used by management to assess the financial and operational performance of the Company. The Company believes that these Non-IFRS measures, in addition to conventional measures prepared in accordance with International Financial Reporting Standards, enable investors to evaluate the Company's operating results, underlying performance and prospects in a similar manner to the Company's management. As there are no standardized methods of calculating these Non-IFRS measures, the Company's approach may differ from those used by others, and accordingly, the use of these measures may not be directly comparable. Accordingly, these Non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with International Financial Reporting Standards. The Corporation defines EBITDA as earnings before interest tax depreciation and amortisation. Adjusted EBITDA removes irregular and non-recurring items that distort EBITDA.*

*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 and financial measures, future market position, growth, innovations, global impact, business strategy, brand development, product adoption, use of proceeds, corporate vision, proposed acquisitions, strategic partnerships, joint ventures, 2024 being our best year ever, continuing our trajectory of revenue growth, relationships with athletes, celebrities and performers, the size and growth of the consumer market focused on wellbeing and EMF protection, strategic alliances and co-operations, budgets, cost and plans and objectives of or involving the Company. 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, the occurrence of force majeure events, developments and changes in laws and regulations, competitive factors, 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](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 newinformation, future events, or otherwise, except as required by securities laws.*

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*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.*

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[1] Please see "HUCK-Aires Reconciliation Table" for a breakdown of order volume generated by Aires and by HUCK pursuant to the Distributor-Royalty agreement between Aires and HUCK, prior to termination of the agreement.

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