

American Aires Announces Q1 2024 Results with Strong 37% YoY Sales Growth Despite Traditionally Soft Q1 Consumer Spending

- Quarterly sales exceeded \$2.0M
- Gross margin held strong at 60%
- Cash balance grew to \$2.3M

Toronto, Ontario--(Newsfile Corp. - May 28, 2024) - American Aires Inc. (CSE: WIFI) (OTCQB: 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 filing of the Company's Financial Statements and Management's Discussion & Analysis (MD&A) for Q1 2024.

Quarterly performance was in line with Aires management's expectations, with a strong 37% YoY increase in sales despite expected Q1 consumer spending weakness due to Q4's traditionally increased seasonal purchases. Management also notes that order volume growth has materially increased in April 2024 to 47% YoY and to date in May 2024 to 132% YoY. The Company improved its balance sheet in the quarter, with cash balance going from \$0.03M in Q4 2023 to \$2.3M in Q1 2024, thanks to an oversubscribed \$4,000,000 financing in February 2024. Subsequent to Q1 2024, the Company further strengthened its treasury by closing a financing in 2 tranches in May 2024 for gross proceeds of \$3,770,465 to Aires.

American Aires CEO, Josh Bruni, commented: "Now that Q1 and our heavy lifting on the IR front are behind us, we're refocusing our efforts on deploying the capital we raised across 3 major fronts: forging prominent new marketing partnerships, building universal brand awareness, and expanding internationally. In other words, continuing to do what's enabled our multi-year trajectory of significant revenue growth so we can make 2024 our best year ever. With a stronger balance sheet to fuel the process, we'll scale up our growth engine's proven data-driven advertising model for greater efficiency and effectiveness. We'll also continue to create strategic marketing partnerships and seek mass media exposure that can help grow sales and build Aires Tech into a household brand, as we've already done through our partnerships with former NFL record-setter Tiki Barber, UFC star Maycee Barber, and representative of the stars WME (William Morris Endeavor), and through our coverage on Fox Business Network's popular Dr. Drew show and on Rumble's video platform featuring Russell Brand reading Aires ads. When you put it all together, our expectation is for our YoY sales growth to accelerate through the remainder of the year."

Management strategically increased its focus on capital markets initiatives during Q1 2024 to widen awareness of the Company within the investment community and to raise sufficient capital to enable future sales growth by scaling up data-driven advertising, promotion and marketing investments. Capital market initiatives included the execution of 2 equity financings; uplisting the Company's OTC listing to OTC QB to attract more US-based investors; and strategic IR campaigns and investor meetings to introduce or provide updates about the Aires story to individual investors, financial advisors and investment banks. Management will continue building on the ground gained through these initiatives though at a more measured pace.

The Aires stock price trended up strongly throughout Q1 2024, rising from \$0.20 on January 2nd to \$0.95 as of May 28, 2024.

The 63% increase in advertising and promotion expenses in Q1 2024 was consistent with management's expectations and its annual strategy of proactively investing in Q1 toward creating new partnerships and brand content that will have its largest impact on sales growth in the year's following quarters. This investment strategy successfully drove strong sales growth on an annual basis in both

2022 and 2023 and has materially increased our order volume growth in April 2024 to 47% YoY and to date in May 2024 to 132% YoY.

The 27% POP increase in marketing expenses was mainly due to a marketing partner switching from being paid 30 days after month's end to instead being paid at the start of each month, which created a higher than usual marketing expense for a single month in Q1 2024. Otherwise, the increase in marketing expenses would have been only 6% POP.

Adjusted EBITDA loss increased slightly by \$241,720 (i.e., 38%) due to the discussed increases in brand development and content creation costs combined with higher overhead.

Condensed Consolidated Interim Statements of Financial Position (Unaudited) (in Canadian Dollars)

<u>Revenue</u>		Q1 2024		Q1 2023	POP %
Sales	\$	2,037,395	\$	1,487,372	37%
Cost of sales	\$	(811,865)	\$	(595,754)	36%
Gross margin	\$	1,225,529	\$	891,619	37%
Gross margin %		60%		60%	
 <u>Core expenses</u>					
Advertising and promotion	\$	(1,083,848)	\$	(663,724)	63%
Marketing	\$	(554,874)	\$	(437,243)	27%
Core Net Income (Loss)	\$	(413,192)	\$	(209,348)	97%
 <u>Overhead costs</u>					
Office and general	\$	(130,242)	\$	(77,539)	68%
Consulting and payroll	\$	(312,276)	\$	(256,627)	22%
Legal and professional	\$	(21,187)	\$	(91,663)	-77%
Adjusted EBITDA	\$	(876,897)	\$	(635,177)	38%
 <u>Other</u>					
Investor relations consulting	\$	(127,829)	\$	-	N/A
Interest charges	\$	(44,882)	\$	(191,608)	-77%
Depreciation	\$	(33,334)	\$	(34,489)	-3%
Net Income (Loss)	\$	(1,082,942)	\$	(861,274)	26%

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 QB under the symbol 'AAIRF'. Learn more at www.investors.airestech.com.

On behalf of the board of directors

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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, YoY sales growth in 2024, sales growth resulting from advertising and promotion expenses, marketing partnerships, international expansion, ability to attract US-based investors, efficiency and effectiveness of the Company's advertising model, future market position, growth, innovations, global impact, business strategy, achieving universal brand awareness and 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. 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.

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