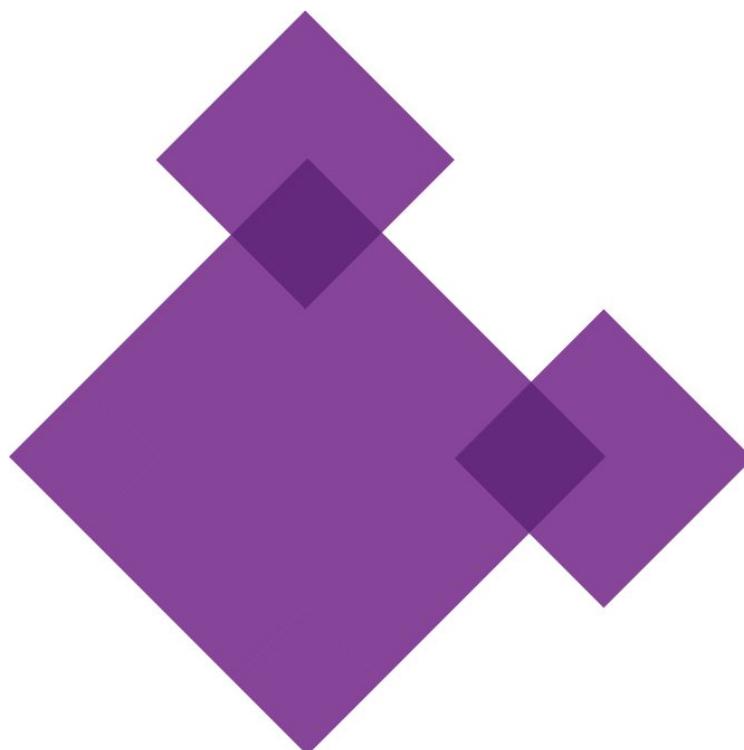




CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2019 and 2018

Unaudited





MANAGEMENT'S REPORT

The accompanying consolidated financial statements of Aimia Inc. are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, which are International Financial Reporting Standards ("IFRS"). The consolidated financial statements include some amounts and assumptions based on management's best estimates which have been derived with careful judgment.

In fulfilling its responsibilities, management of the corporation has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the financial statements. The Board of Directors reviews and approves the corporation's consolidated financial statements.

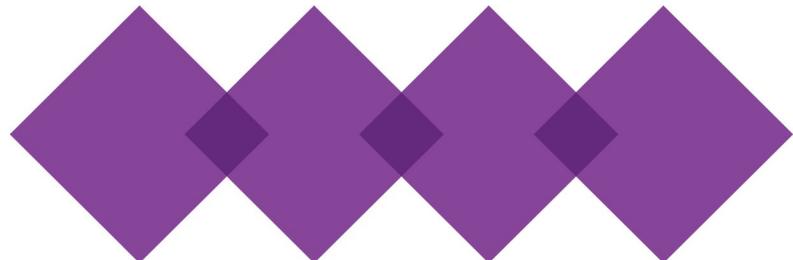
May 13, 2019

(signed) "Jeremy Rabe"

JEREMY RABE
Chief Executive Officer

(signed) "Steven Leonard"

STEVEN LEONARD
Chief Financial Officer





CONSOLIDATED STATEMENTS OF OPERATIONS

		Three Months Ended March 31,	
<i>(in millions of Canadian dollars, except share and per share amounts)</i>		2019	2018
		(unaudited)	(unaudited) (Restated - Note 5)
Revenue	Notes 3, 4 & 9	\$ 34.7	\$ 45.0
Cost of sales			
Cost of rewards and direct costs		2.0	4.3
Depreciation and amortization		0.2	3.8
Amortization of accumulation partners' contracts, customer relationships and technology		0.8	0.7
		3.0	8.8
Gross margin		31.7	36.2
Operating expenses			
Selling and marketing expenses		28.6	33.8
General and administrative expenses	Note 17A	22.1	17.8
		50.7	51.6
Operating loss		(19.0)	(15.4)
Loss on disposal of businesses and other assets	Note 5	—	(5.3)
Financial income		2.5	4.9
Financial expenses	Note 11	(6.4)	(7.4)
Net fair value gain on investments in equity instruments	Note 16	22.5	6.3
Net financial income		18.6	3.8
Share of net earnings of equity-accounted investments	Note 8	6.9	9.6
Earnings (loss) before income taxes		6.5	(7.3)
Income tax (expense) recovery			
Current		(11.5)	(0.7)
Deferred		1.8	(1.2)
		(9.7)	(1.9)
Net loss from continuing operations		(3.2)	(9.2)
Net earnings from discontinued operations	Note 5	1,050.3	30.6
Net earnings		\$ 1,047.1	\$ 21.4
Weighted average number of shares		152,307,196	152,307,196
Earnings (loss) per common share			
Continuing operations - Basic and fully diluted	Note 6	\$ (0.05)	\$ (0.09)
Discontinued operations - Basic and fully diluted	Note 6	6.90	0.20
	Note 6	\$ 6.85	\$ 0.11

The accompanying notes are an integral part of these interim financial statements.



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>(in millions of Canadian dollars)</i>	Three Months Ended March 31,	
	2019	2018
	(unaudited)	(unaudited)
Net earnings	\$ 1,047.1	\$ 21.4
Other comprehensive income (loss):		
<i>Items that may be reclassified subsequently to net earnings (loss)</i>		
Foreign currency translation adjustments	(1.9)	6.2
Reclassification to net earnings of cumulative translation adjustments related to businesses disposed of	—	(14.0)
	Note 5	
<i>Items that will not be reclassified subsequently to net earnings (loss)</i>		
Defined benefit plans actuarial gains (losses), net of tax	(0.3)	1.1
	Note 17C	
Other comprehensive loss	(2.2)	(6.7)
Comprehensive income	\$ 1,044.9	\$ 14.7
Comprehensive income (loss):		
Continuing operations	(5.1)	(4.0)
Discontinued operations	1,050.0	18.7
	\$ 1,044.9	\$ 14.7



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		March 31,	December 31,
<i>(in millions of Canadian dollars)</i>		2019	2018
		(unaudited)	
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents		\$ 280.1	\$ 311.9
Restricted cash	Note 5	129.7	19.0
Short-term investments		68.8	69.0
Accounts receivable		57.5	59.7
Inventories		1.8	1.8
Prepaid expenses	Note 2	10.7	18.7
Assets held for sale	Note 5	—	2,596.4
		548.6	3,076.5
<i>Long-term assets</i>			
Deferred income taxes		7.2	4.0
Cash held in escrow	Note 5	2.3	—
Long-term investments	Note 7	220.0	208.9
Equity-accounted investments	Note 8	70.0	83.5
Property and equipment		1.0	1.0
Intangible assets	Note 17A	22.1	23.4
		\$ 871.2	\$ 3,397.3
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	Notes 2 & 17A	\$ 70.1	\$ 119.7
Income taxes payable	Note 13	10.4	0.8
Provisions	Note 10	3.1	3.2
Customer deposits		13.0	11.3
Deferred revenue	Note 9	44.5	46.6
Current portion of long-term debt	Note 11	—	300.9
Liabilities held for sale	Note 5	—	3,187.7
		141.1	3,670.2
<i>Long-term liabilities</i>			
Provisions	Note 10	0.7	1.4
Other long-term liabilities	Notes 2 & 17A	13.5	11.1
Deferred income taxes		1.5	—
Deferred revenue	Note 9	5.9	9.5
		162.7	3,692.2
Total equity	Note 14	708.5	(294.9)
		\$ 871.2	\$ 3,397.3
Contingencies and commitments			
	Notes 12 & 15		

Approved by the Board of Directors

(signed) Robert Christopher Kreidler

Robert Christopher Kreidler
Director

(signed) Thomas D. Gardner

Thomas D. Gardner
Director



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three ended March 31, 2018 and 2019 (unaudited)	Common shares outstanding	Share capital	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Contributed surplus	Total equity
<i>(In millions of Canadian dollars, except share amounts)</i>						
Balance, December 31, 2017	152,307,196	\$ 1,665.1	\$ (3,070.4)	\$ 28.9	\$ 1,155.4	\$ (221.0)
Total comprehensive income (loss)						
Net earnings			21.4			21.4
Other comprehensive income (loss):						
Foreign currency translation adjustments				6.2		6.2
Reclassification to net earnings of cumulative translation adjustments related to businesses disposed of	Note 5			(14.0)		(14.0)
Defined benefit plans actuarial gains, net of tax	Note 17C		1.1			1.1
Total comprehensive income (loss)	—	—	22.5	(7.8)	—	14.7
Transactions with owners, recorded directly in equity						
Accretion related to stock-based compensation plans					0.3	0.3
Total contributions by and distributions to owners	—	—	—	—	0.3	0.3
Balance, March 31, 2018	152,307,196	\$ 1,665.1	\$ (3,047.9)	\$ 21.1	\$ 1,155.7	\$ (206.0)
Balance, December 31, 2018	152,307,196	\$ 1,665.1	\$ (3,139.5)	\$ 24.3	\$ 1,155.2	\$ (294.9)
Change in accounting policy	Note 2		(10.8)			(10.8)
Balance, January 1, 2019 - Restated	152,307,196	\$ 1,665.1	\$ (3,150.3)	\$ 24.3	\$ 1,155.2	\$ (305.7)
Total comprehensive income (loss)						
Net earnings			1,047.1			1,047.1
Other comprehensive income (loss):						
Foreign currency translation adjustments				(1.9)		(1.9)
Defined benefit plans actuarial losses, net of tax	Note 17C		(0.3)			(0.3)
Total comprehensive income (loss)	—	—	1,046.8	(1.9)	—	1,044.9
Transactions with owners, recorded directly in equity						
Dividends	Note 13		(30.5)			(30.5)
Reduction of stated capital account - common shares	Note 14	(1,348.3)			1,348.3	—
Accretion related to stock-based compensation plans					(0.2)	(0.2)
Total contributions by and distributions to owners	—	(1,348.3)	(30.5)	—	1,348.1	(30.7)
Balance, March 31, 2019	152,307,196	\$ 316.8	\$ (2,134.0)	\$ 22.4	\$ 2,503.3	\$ 708.5

The accompanying notes are an integral part of these interim financial statements.



CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three Months Ended March 31,	
		2019	2018
<i>(in millions of Canadian dollars)</i>		(unaudited)	(unaudited)
CASH FLOWS FROM (USED IN)			
Operating activities			
Net earnings		\$ 1,047.1	\$ 21.4
Adjustments for:			
Depreciation and amortization		1.0	54.5
Share-based compensation and other performance awards		0.7	(2.0)
Share of net earnings of equity-accounted investments		(6.9)	(10.1)
Net financial income		(18.6)	(2.1)
Income tax expense		10.8	7.0
Gain on disposal of businesses and other assets		(1,043.6)	(0.1)
Changes in operating assets and liabilities	Note 17B	(50.5)	(33.8)
Other		1.2	0.3
		(1,105.9)	13.7
Cash generated from (used in) operating activities before the following items:		(58.8)	35.1
Interest received		2.2	1.2
Distributions received from equity-accounted investments	Note 8	18.9	4.4
Interest paid		(7.6)	(0.7)
Income taxes received (paid), net		(2.0)	3.8
Net cash from (used in) operating activities	Note 5	(47.3)	43.8
Investing activities			
Net proceeds from (payments for) the disposal of businesses and other assets	Note 5	485.8	(166.4)
Restricted cash	Notes 5 & 11	(110.0)	—
Cash held in escrow	Note 5	(2.3)	—
Proceeds from disposal of investments in equity instruments	Note 7	9.8	—
Proceeds from investments in corporate and government bonds		223.1	9.5
Purchases of investments in corporate and government bonds		(223.1)	(9.2)
Additions to property, equipment, software and technology		—	(3.4)
Net cash from (used in) investing activities	Note 5	383.3	(169.5)
Financing activities			
Dividends	Note 13	(65.2)	—
Acquisition of non-controlling interest		—	(2.7)
Principal elements of lease payments		(0.3)	—
Repayment of the revolving facility	Note 11	(51.1)	(100.0)
Repayment of Senior Secured Notes	Note 11	(250.0)	—
Net cash used in financing activities		(366.6)	(102.7)
Net change in cash and cash equivalents		(30.6)	(228.4)
Translation adjustment related to cash		(1.2)	10.4
Cash and cash equivalents, beginning of period		311.9	489.9
Cash and cash equivalents, end of period		\$ 280.1	\$ 271.9

The accompanying notes are an integral part of these interim financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

THESE FINANCIAL STATEMENTS CONTAIN THE FOLLOWING NOTES:

1.	STRUCTURE OF THE CORPORATION	8
2.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	9
3.	SEGMENTED INFORMATION	14
4.	GEOGRAPHIC INFORMATION	17
5.	DISCONTINUED OPERATIONS AND DISPOSAL OF BUSINESSES AND OTHER ASSETS	18
6.	EARNINGS (LOSS) PER COMMON SHARE	25
7.	LONG-TERM INVESTMENTS	26
8.	EQUITY-ACCOUNTED INVESTMENTS	26
9.	DEFERRED REVENUE	28
10.	PROVISIONS	29
11.	LONG-TERM DEBT	31
12.	CONTINGENT LIABILITIES	32
13.	DIVIDENDS	34
14.	CAPITAL STOCK	35
15.	COMMITMENTS	37
16.	FAIR VALUE OF FINANCIAL INSTRUMENTS	38
17.	ADDITIONAL FINANCIAL INFORMATION	40

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

1. STRUCTURE OF THE CORPORATION

Aimia Inc. ("Aimia" or the "Corporation") was incorporated on May 5, 2008 under the *Canada Business Corporations Act*. The registered and head office of Aimia is located at 525 Viger Avenue West, Suite 1000, Montreal, Quebec, Canada, H2Z 0B2.

Aimia, a loyalty and travel consolidator, through its subsidiaries, operates one reportable and operating segment, namely, Loyalty Solutions, as well as Corporate and Other (*Note 3*).

Loyalty Solutions

Within the Loyalty Solutions segment, Aimia provides clients with comprehensive end-to-end loyalty solutions across the globe. The Loyalty Solutions business provides clients with loyalty strategy, program design, implementation, campaign, analytics and rewards fulfillment, as well as deploys Aimia's loyalty platforms, including the Aimia Loyalty Platform - Enterprise and Aimia Loyalty Platform - SAAS, as part of its loyalty solutions. The segment also includes the Middle East loyalty solutions business, which includes the Air Miles Middle East program, as well as Intelligent Shopper Solutions ("ISS"), Aimia's international analytics and services business.

Corporate and Other

Corporate and Other includes central operating costs, including costs related to public company disclosure and Board costs, consolidated reporting, treasury and M&A, that have not been allocated to the Loyalty Solutions segment. Corporate and Other also includes investments in the following joint ventures: PLM, the owner and operator of Club Premier, a Mexican coalition loyalty program, and BIGLIFE, the owner and operator of BIG Loyalty, AirAsia's loyalty program; as well as a minority interests in Cardlytics, a US-based company that makes marketing more relevant and measurable through their purchase intelligence platform, and Fractal Analytics until its disposal on February 14, 2019 (*Notes 7 & 16*).

Discontinued Operations (Note 5)

Discontinued operations include the results of the Aeroplan coalition loyalty program and related assets until their disposal on January 10, 2019. In addition, discontinued operations include the results of the Nectar U.K. coalition loyalty program, Aimia's Intelligent Shopper Solutions U.K. and Intelligent Research businesses, and its 50% participation in i2C, a joint venture with Sainsbury's, until their disposal on January 31, 2018.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

(a) Statement of Compliance

These condensed unaudited consolidated interim financial statements ("interim financial statements") were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and in compliance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Accordingly, certain information and notes disclosures normally included in the audited annual consolidated financial statements, have been omitted or condensed. These interim financial statements should be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2018.

The interim financial statements include all adjustments considered necessary by management to fairly state the Corporation's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

These interim financial statements were authorized for issue by the Corporation's Board of Directors on May 13, 2019.

(b) Basis of Measurement

These interim financial statements have been prepared on the historical cost basis except for the following balance sheet items:

- Assets held for sale are measured at the lower of carrying amount and fair value less costs of disposal (*Note 5*);
- Investments in equity instruments are measured at fair value (*Notes 7 & 16*);
- Liabilities for cash-settled share-based payment arrangements are measured at fair value;
- Accrued pension benefit liability was recognized as the net total of the fair value plan assets, less the present value of the defined benefit obligation (*Note 5*);
- Contingent considerations related to business acquisitions or disposals were measured at fair value (*Notes 5 & 16*).

(c) Presentation Currency

These interim financial statements are expressed in Canadian Dollars.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

(d) Use of Estimates and Judgments

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are the same as those set out in *Note 2* of the Corporation's audited annual consolidated financial statements for the year ended December 31, 2018.

(e) Accounting Policies

These interim financial statements have been prepared using the same accounting policies as those presented in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2018, except as described below.

Changes in Accounting Policies

The Corporation has adopted the following revised standards as detailed below:

IFRS 16 Leases

i. Transition impact

IFRS 16 - *Leases* replaces IAS 17 - *Leases* and related interpretations. The new standard has been applied using a modified restrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, being January 1, 2019, Aimia has elected to apply the definition of a lease from IAS 17 and related interpretations and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and related interpretations.

At the date of initial application, Aimia has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid lease payments that existed at the date of transition. On transition, Aimia has applied the optional exemptions to not recognize the right-of-use but to account for the lease expense on a straight-line basis over the remaining lease term for every leases previously accounted for as operating leases with a remaining lease term of less than 12 months, with the exception of its prepaid rent related to its operations in the UK.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 9.0%.

Due to impairment charges recognized in the past years in the businesses in which the Corporation has contracted leases, the Corporation has made the assessment that all of its right-of-use assets would be impaired on transition to IFRS 16. As a results, the right-of-use assets were impaired immediately in the 2019 opening equity.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

The following is a reconciliation of total operating lease commitments at December 31, 2018 to the lease liabilities recognized at January 1, 2019:

Total operating lease commitments as at December 31, 2018	10.0
Recognition exemptions - selected leases with remaining term of less than 12 months	(1.1)
Other minor adjustments relating to commitment disclosures	(0.1)
Operating lease liabilities before discounting	8.8
Discounting using incremental borrowing rate	(2.7)
Total lease liabilities recognized under IFRS 16 at January 1, 2019	6.1

The following is a summary of the impact of transition to IFRS 16 at January 1, 2019:

Retained earnings (deficit) at December 31, 2018	(3,139.5)
Impaired right-of-use asset related to prepaid rent	(4.7)
Lease liabilities	(6.1)
Retained earnings (deficit) at January 1, 2019	(3,150.3)

ii. Accounting Policy applicable from January 1, 2019

For any new contracts entered into on or after January 1, 2019, the Corporation considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Corporation assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation;
- the Corporation has the right to obtain substantially all of the economics benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Corporation has the right to direct the use of the identified asset throughout the period of use.

At March 31, 2019, the Corporation had contracted leases for office spaces only.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

At lease commencement date, the Corporation recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Corporation, an estimate of any costs to dismantle or restore the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, net of any incentive received.

The Corporation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the end of the lease term. The Corporation also assess the right-of-use asset for impairment when such indicators exist. As at March 31, 2019, due to impairment charges recorded in the past years in the businesses in which the Corporation has contracted leases, the right-of-use assets are not recognized on the balance sheet at commencement date, but rather recognized in operating expenses.

At the commencement date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Corporation's incremental borrowing rate. At March 31, 2019, the weighted average incremental borrowing rate applied to lease liabilities recognized was 9.0%.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including payments that are, in substance, fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonable certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Corporation has elected to account for short-term leases and leases of low-value assets using the practical expedients. As a result, instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, the short term portion of the lease liabilities has been included in accounts payables and accrued liabilities. The long term portion has been included in other long-term liabilities.

IAS 19 Amendments, Employee benefits

The IASB issued amendments to IAS 19 - *Employee benefits* which require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement. The amendments also require an entity to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments are effective for plan amendments, settlements or curtailments that occur after the beginning of the first annual reporting period beginning on or after January 1, 2019. The new standard had no impact on the Corporation's financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

Annual Improvements to IFRSs 2015-2017 Cycle

The IASB issued Annual Improvements to IFRSs 2015-2017 Cycle, which includes amendments to the following standards:

- IFRS 3, *Business Combinations* was amended to clarify measurement of previously held interests in a joint operation when control is obtained.
- IFRS 11, *Joint Arrangements* was amended to clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure previously held interests.
- IAS 12, *Income Taxes* was amended to clarify income tax consequences of payments on financial instruments classified as equity.
- IAS 23, *Borrowing Costs* was amended to clarify borrowing costs eligible for capitalization.

These amendments are effective for annual periods beginning on or after January 1, 2019. The Corporation has assessed the impact of the IFRS 3, IFRS 11, IAS 12 and IAS 23 amendments and concluded that they had no impact on its financial statements.

IFRIC 23, Uncertainty over income tax treatments

The IFRS Interpretations Committee issued IFRIC 23 - *Uncertainty over income tax treatments* which clarifies how the recognition and measurement requirements of IAS 12 - *Income Taxes* are applied where there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Corporation has assessed the impact of this Interpretation and concluded that it had no impact on its consolidated financial statements.

SEASONALITY OF OPERATIONS

Results of the Corporation are not significantly impacted by seasonality.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

3. SEGMENTED INFORMATION

Effective January 1, 2019, the Corporation was reorganized in a divisional structure, which consisted of a single reportable and operating segment, namely, Loyalty Solutions, as well as Corporate and Other. Previously, the divisional structure and its two reportable and operating segments were Coalitions and Insights & Loyalty Solutions, as well as Other Businesses. As a result of those changes, the comparative information has been restated to conform with the new segmentation.

For each of the operating segments, the Corporation's Chief Executive Officer reviews internal management reports on a monthly basis. The segments were identified on a divisional basis and are aligned with the organizational structure and strategic direction of the organization.

The Loyalty Solutions segment derives its revenues primarily from loyalty services, including revenue from the Aimia Loyalty Platform - Enterprise, the Aimia Loyalty Platform - SAAS, the Aimia Insights Platform and the Air Miles Middle East loyalty program.

Corporate and Other includes central operating costs, including costs related to public company disclosure and Board costs, consolidated reporting, treasury and M&A, that have not been allocated to the Loyalty Solutions segment. Corporate and Other also includes investments in the following joint ventures: PLM, the owner and operator of Club Premier, a Mexican coalition loyalty program, and BIGLIFE, the owner and operator of BIG Loyalty, AirAsia's loyalty program; as well as a minority interests in Cardlytics, a US-based company that makes marketing more relevant and measurable through their purchase intelligence platform, and Fractal Analytics until its disposal on February 14, 2019 (*Notes 7 & 16*).

Accounting policies relating to each segment are identical to those used for the purposes of the consolidated financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

The table below summarizes the relevant financial information by operating segment:

	Three Months Ended March 31,							
	2019	2018 ^(e)	2019	2018 ^(e)	2019	2018 ^(e)	2019	2018 ^(e)
Operating Segments	Loyalty Solutions		Corporate and Other		Eliminations		Continuing operations (unless otherwise noted)	
Revenue from Loyalty Units	4.1	4.3	—	—	—	—	4.1	4.3
Revenue from Loyalty Services and Other	30.6	40.7	—	—	—	—	30.6	40.7
Intercompany revenue	—	—	—	—	—	—	—	—
Total revenue	34.7	45.0	—	—	—	—	34.7	45.0
Cost of rewards and direct costs	2.0	4.3	—	—	—	—	2.0	4.3
Depreciation and amortization ^(a)	0.9	4.3	0.1	0.2	—	—	1.0	4.5
Gross margin	31.8	36.4	(0.1)	(0.2)	—	—	31.7	36.2
Operating expenses before share-based compensation and other performance awards	42.9	44.2	6.9	9.4	—	—	49.8	53.6
Share-based compensation and other performance awards	(0.2)	0.1	1.1	(2.1)	—	—	0.9	(2.0)
Total operating expenses	42.7	44.3	8.0	7.3	—	—	50.7	51.6
Operating income (loss) ^(b)	(10.9)	(7.9)	(8.1)	(7.5)	—	—	(19.0)	(15.4)
Additions to non-current assets ^(c)	—	3.3	—	—	N/A	N/A	—	3.3
Non-current assets ^(c)	22.6	68.1	0.5	2,584.2 ^(d)	N/A	N/A	23.1	2,652.3 ^(d)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

- (a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.
- (b) The reconciliation of the consolidated operating income (loss) to the consolidated earnings (loss) before income taxes for the three months ended March 31, 2019 and March 31, 2018 is presented in the consolidated statements of operations.
- (c) Non-current assets include amounts relating to goodwill, intangible assets and property and equipment.
- (d) Includes non-current assets related to the Aeroplan Program and related assets of \$2,583.3 million at March 31, 2018. At December 31, 2018, non-current assets related to the Aeroplan Program and related assets were presented as assets held for sale (*Note 5*).
- (e) The Corporation used the modified retrospective approach for its adoption of IFRS 16, therefore, 2018 financial information was not restated (*Note 2*).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

4. GEOGRAPHIC INFORMATION

Revenue from continuing operations

	Three Months Ended March 31,	
	2019	2018
Canada ^(a)	7.9	9.5
United Kingdom	8.3	9.0
United Arab Emirates	5.4	6.9
United States	5.5	7.5
Australia	4.5	6.9
Other	3.1	5.2
Total	34.7	45.0

(a) Includes revenue recognized by the Canadian loyalty solutions business for services rendered to the Aeroplan Program of \$2.3 million for the three months ended March 31, 2018.

Revenue from customers are attributed to a country on the basis of the country where the contractual and management responsibility for the customer resides.

Non-current assets

As at	March 31,	
	2019	2018
Canada ^(a)	0.9	2,584.6
United Arab Emirates	19.1	31.1
Other	3.1	36.6
Total	23.1	2,652.3

(a) Includes non-current assets related to the Aeroplan Program and related assets of \$2,583.3 million at March 31, 2018. At December 31, 2018, non-current assets related to the Aeroplan Program and related assets were presented as assets held for sale (*Note 5*).

Non-current assets for this purpose include amounts relating to goodwill, intangible assets and property and equipment.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

5. DISCONTINUED OPERATIONS AND DISPOSAL OF BUSINESSES AND OTHER ASSETS

DISCONTINUED OPERATIONS

Aeroplan coalition loyalty program and related assets

On January 10, 2019, Aimia completed the sale of Aeroplan Inc. (formerly known as Aimia Canada Inc.), the owner and operator of the Aeroplan loyalty program, to Air Canada, pursuant to the share purchase agreement entered into and announced on November 26, 2018 (the "SPA"). Gross transaction proceeds at closing amounted to \$496.7 million, after initial closing adjustments of \$46.7 million which were primarily related to favourable working capital adjustments relative to the working capital target set out in the share purchase agreement. The transaction proceeds are subject to final closing adjustments. Offsetting this cash consideration is an aggregate of \$15.8 million, consisting of transaction fees of \$7.2 million as well as \$8.6 million termination fees associated with agreements entered into with Porter Airlines, Air Transat and Flair Airlines.

Aimia and Air Canada have agreed to provide each other transition services for a period of up to 15 months. These services include finance, technology, human resources and facility management.

The SPA provides that, as of and after the closing date, each of Aimia and Air Canada shall indemnify one another, as well as certain affiliates and their respective representatives, for losses suffered as a result of or arising in connection with any inaccuracy, misrepresentation or breach of any representation or warranty made or given in the agreement or any certificate delivered pursuant thereto and any failure to observe, fulfill or perform any covenant or obligation in the agreement. With respect to those general indemnification clauses, Aimia has no obligation to indemnify Air Canada unless and until the aggregate amount of the losses incurred exceeds \$2.25 million, in which case all losses above \$2.25 million are indemnifiable. Aimia's liability for such indemnity claims shall not exceed \$55 million in all cases except with respect to (i) Aimia's fundamental representations, where its liability shall not exceed the purchase price (ii) tax claims for pre-closing tax periods, where Aimia's liability is uncapped, and (iii) non-compliance with anti-spam laws, consumer protection laws, privacy laws or other laws pertaining to the security and protection of personal information, where Aimia's liability is uncapped.

In addition to the foregoing, Aimia has agreed to indemnify Air Canada for income tax payments that may arise after the closing date relating to pre-closing tax periods for Aeroplan Inc. This includes an ongoing income tax audit conducted by the CRA regarding certain Aeroplan income tax matters dating back to 2013 (the "2013 CRA audit"). Aimia is of the view that in the event the CRA were to re-assess Aeroplan Inc., with respect to these 2013 tax matters, it is more likely than not that Aeroplan Inc. would prevail in the recourse procedures available to taxpayers in these situations, which could eventually lead to a court contestation. Based on this assessment, Aimia did not record any provision in its financial statements.

In regards to the indemnification clauses described above, \$2.25 million of the purchase price proceeds have been deposited with a third-party escrow agent to cover any potential valid general indemnity claims that may be made by Air Canada against Aimia under the SPA and \$100 million of the purchase proceeds have been deposited in a

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

separate interest-bearing account jointly controlled by Aimia and Air Canada pending the conclusion of the 2013 CRA audit. Any interest or other income earned on the funds in the account shall be transferred or disbursed to Aimia on a monthly basis.

On February 25, 2019, Aimia announced it received a final letter for the 2012 and 2013 taxation years from the CRA concluding on their audit. A notice of re-assessment is expected to follow. The re-assessed amount is expected to be approximately \$30 million in income taxes payable in addition to interest payable of up to \$5 million. Aimia will fund the amounts due upon receipt of the re-assessment from the \$100 million restricted cash account set up as part of the sale of Aeroplan Inc. The balance of the funds in the restricted cash account would be released to Aimia in accordance with the terms of the share purchase agreement between Aimia and Air Canada.

Once Aimia receives the notice of re-assessment, it will vigorously contest the matter. The Corporation believes that it is more likely than not that it would prevail in such recourse procedures, based on the external advice it has received. Should Aeroplan Inc. be successful in its recourse procedures, any amounts that were remitted to the CRA from the \$100 million restricted cash account would be returned to Aimia.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

Consideration associated with the disposal of the Aeroplan program and related assets	
Cash	450.0
Transaction and termination fees	(15.8)
Consideration relating to disposed assets and liabilities, net of transaction and termination fees	434.2
Initial closing adjustments related to working capital and future redemption liability	46.7
Net consideration ^{a)}	480.9
Assets and liabilities disposed of	
Cash and cash equivalents	0.2
Accounts receivable	163.7
Prepaid expenses	12.5
Property and equipment	14.4
Software and technology	77.7
Accumulation partners' contracts and customer relationships	423.4
Trade names	275.0
Goodwill	1,675.8
Accounts payable and accrued liabilities	(153.1)
Provisions	(10.7)
Deferred revenue	(2,905.1)
Pension and other long-term liabilities	(47.7)
Deferred income taxes	(88.8)
Net assets (liabilities) disposed of	(562.7)
Gain on disposal of the Aeroplan program and related assets	1,043.6

(a) The net consideration, subject to final closing adjustments, related to the disposal of the Aeroplan program and related assets includes the following:

- \$496.7 million of gross transaction proceeds received at initial transaction closing, of which \$100.0 million was set aside in a restricted account until conclusion of an ongoing CRA audit and \$2.25 million set aside in an escrow account;
- \$10.9 million of transaction and termination fees paid during the quarter. At March 31, 2019, \$4.9 million of transaction fees were not paid yet and were presented in accounts payable and accrued liabilities.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

The operating results are presented as discontinued operations and prior periods have been restated.

	Three Months Ended March 31,	
	2019	2018
Results of the Aeroplan Program and related assets		
Revenue from Loyalty Units	35.3	353.1
Revenue from Loyalty Services and Other	1.0	7.9 (b)
Intercompany revenue	—	—
Total revenue	36.3	361.0 (b)
Cost of rewards and direct costs	24.5	242.4 (b)
Depreciation and amortization (a)	—	50.0
Gross margin	11.8	68.6
Operating expenses before share-based compensation and other performance awards	4.2	40.5
Share-based compensation and other performance awards	(0.2)	—
Total operating expenses	4.0	40.5
Operating income	7.8	28.1
Gain on disposal of businesses and other assets	1,043.6	—
Income tax expense	(1.1)	(5.1)
Net earnings from the Aeroplan Program and related assets	1,050.3	23.0

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) These figures are net of intercompany transactions between the Canadian loyalty solutions business and the Aeroplan Program of \$2.3 million for the three months ended March 31, 2018.

Cash flows from (used in) discontinued operations included within the consolidated statements of cash flows are as follows:

	Three Months Ended March 31,	
	2019	2018
Net cash flows of the Aeroplan Program and related assets		
Cash flows from (used in):		
Operating activities	(27.6)	61.8
Investing activities		
Additions to property, equipment, software and technology	—	(0.1)
Net proceeds from the disposal of businesses and other assets	485.8	—
Restricted cash	(100.0)	—
Cash held in escrow	(2.3)	—
Total	355.9	61.7

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

Nectar coalition loyalty program and related assets

On January 31, 2018, Aimia sold the Nectar coalition loyalty program and related assets to J Sainsbury plc ("Sainsbury's"). The related assets include the Nectar trademarks, the Intelligent Shopper Solutions U.K and Intelligent Research businesses, and Aimia's 50% equity stake in its i2c joint venture.

The Corporation received gross consideration of \$104.3 million (£60.0 million). Offsetting this cash consideration was cash transferred to cover the Nectar redemption liability of \$182.7 million (£105.0 million) and net working capital of \$84.0 million (£48.3 million). The transaction was subject to customary working capital adjustments based on closing accounts. The amount owed to Sainsbury's related to working capital adjustments of \$20.5 million (£11.8 million) was accrued in the three months ended March 31, 2018, offsetting cash generated by the disposed business in January, and was paid in April 2018.

Aimia and Sainsbury's provided to each other transition services for a period of up to nine months. These services included finance, technology, human resources and facility management. Aimia has subleased the London office space from one of the entities which was sold to Sainsbury's in the transaction. As part of the arrangement, Aimia agreed to pay for the remaining lease term for the sublease space at the transaction date. Aimia recorded this prepayment of \$11.8 million (£6.7 million) as an outflow in cash from operating activities in the first quarter of 2018.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

Consideration associated with the disposal of the Nectar program and related assets	
Cash	104.3
Transaction costs	(4.0)
Consideration relating to disposed assets and liabilities, net of transaction costs	100.3
Working capital adjustment	(20.5)
Net consideration	79.8
Assets and liabilities disposed of	
Cash and cash equivalents	266.7
Accounts receivable	79.9
Prepaid expenses	3.1
Equity-accounted investments	3.4
Property and equipment	5.2
Software and technology	13.5
Accumulation partners' contracts and customer relationships	3.5
Trade names	36.1
Goodwill	116.1
Accounts payable and accrued liabilities	(189.2)
Deferred revenue	(248.0)
Deferred income taxes	(1.9)
Net assets (liabilities) disposed of	88.4
Loss before reclassification to net earnings of cumulative translation	(8.6)
Reclassification to net earnings of cumulative translation adjustments ^(a)	10.2
Gain on disposal of the Nectar program and related assets ^(a)	1.6

- (a) During the first quarter of 2018, the reclassification to net earnings of cumulative translation adjustments was determined to be \$14.0 million, resulting in a gain on disposal of \$5.4 million. During the fourth quarter of 2018, the reclassification to net earnings of cumulative translation adjustments amount was reduced to \$10.2 million, resulting in a reduction of \$3.8 million of the gain on disposal from \$5.4 million to \$1.6 million.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

The operating results are presented as discontinued operations and prior periods have been restated.

	Three Months Ended March 31,	
	2019	2018
Results of the Nectar Program and related assets		
Revenue from Loyalty Units	—	6.5
Revenue from Loyalty Services and Other	—	1.5
Intercompany revenue	—	—
Total revenue	—	8.0
Cost of rewards and direct costs	—	—
Depreciation and amortization	—	—
Gross margin	—	8.0
Total operating expenses	—	4.6
Operating income	—	3.4
Gain on disposal of businesses and other assets	—	5.4
Net financial expenses	—	(1.7)
Share of net earnings of equity-accounted investments	—	0.5
Income tax expense	—	—
Net earnings from the Nectar Program and related assets	—	7.6

Cash flows from (used in) discontinued operations included within the consolidated statements of cash flows are as follows:

	Three Months Ended March 31,	
	2019	2018
Net cash flows of the Nectar Program and related assets		
Cash flows from (used in):		
Operating activities	—	15.3
Investing activities - Additions to property, equipment, software and technology	—	—
Investing activities - Net payments for the disposal of businesses and other assets	—	(166.4)
Total	—	(151.1)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

DISPOSAL OF BUSINESSES AND OTHER ASSETS

Canadian Air Miles trademarks

On August 25, 2017, Aimia sold the Canadian Air Miles trademarks for a cash consideration of \$53.75 million. In addition, a contingent consideration, up to a maximum of \$13.75 million, to be paid to Aimia within the next three years, subject to certain milestones being met. These milestones included the long term contract renewal of Bank of Montreal as a program sponsor in the Canadian Air Miles Reward Program as well as the performance of the program post contract renewal. On August 25, 2017, the fair value of the contingent consideration receivable was estimated at \$5.3 million and was presented in long-term receivable in the consolidated statement of financial position.

During the first quarter of 2018, the carrying amount of the contingent consideration receivable was fully reversed given that certain milestone conditions were not met. The adjustment is recorded in loss on disposal of businesses and other assets in the consolidated statements of operations. In addition, current tax expense was reduced by \$1.3 million following the reversal of the contingent consideration receivable.

During the second quarter of 2018, Aimia paid income taxes of \$12.4 million related to the transaction which was included in investing activities in the consolidated statement of cash flows.

6. EARNINGS (LOSS) PER COMMON SHARE

	Three Months Ended March 31,	
	2019	2018
Net earnings attributable to equity holders of the Corporation	1,047.1	21.4
Deduct: Dividends declared on preferred shares related to the period (<i>Note 13</i>)	(4.5)	—
Deduct: Cumulative undeclared dividends on preferred shares related to the period (<i>Note 13</i>)	—	(4.3)
Net earnings attributable to common shareholders	1,042.6	17.1
Weighted average number of basic and diluted common shares	152,307,196	152,307,196
Earnings per common share – Basic and fully diluted	\$ 6.85	\$ 0.11
Continuing operations - Basic and fully diluted	\$ (0.05)	\$ (0.09)
Discontinued operations - Basic and fully diluted	6.90	0.20

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

7. LONG-TERM INVESTMENTS

	March 31,	December 31,
	2019	2018
Investments in equity instruments (Note 16) ^(a)	65.7	54.0
Investment in corporate and government bonds ^(b)	154.3	154.9
Total	220.0	208.9

(a) Includes the investment in Cardlytics at March 31, 2019 and December 31, 2018. On February 14, 2019, Aimia completed the sale of its investment in Fractal Analytics for cash consideration of \$9.8 million (US \$7.4 million).

(b) The investment in corporate and government bonds amounted to \$223.1 million at March 31, 2019 (December 31, 2018: \$223.9 million) of which \$68.8 million was classified as short-term investments (December 31, 2018: \$69.0 million) and \$154.3 million as long-term investments (December 31, 2018: \$154.9 million).

8. EQUITY-ACCOUNTED INVESTMENTS

As at	March 31,	December 31,
	2019	2018
Investment in PLM Premier, S.A.P.I. de C.V. ^(a)	53.7	67.5
Other equity-accounted investments in joint ventures	16.3	16.0
Total	70.0	83.5

(a) During the three months ended March 31, 2019, Aimia received distributions from PLM of \$18.9 million (US\$14.2 million), compared to distributions of \$4.4 million (US\$3.4 million) for the three months ended March 31, 2018.

Share of net earnings of equity-accounted investments	Three Months Ended March 31,	
	2019	2018
Investment in PLM Premier, S.A.P.I. de C.V.	6.5	9.4
Other equity-accounted investments in joint ventures	0.4	0.2
Total	6.9	9.6

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

INVESTMENT IN PLM PREMIER, S.A.P.I. DE C.V.

Presented below is the summarized statement of operations for PLM, excluding amounts relating to identifiable assets and goodwill recognized on a step basis. The information reflects the amounts presented in the financial statements of PLM adjusted for differences in accounting policies between the Corporation and PLM.

Summarized statement of operations

	Three Months Ended March 31,	
	2019	2018
Revenue	77.1	68.7
Cost of rewards and operating expenses	(55.2)	(46.5)
Depreciation and amortization	(0.6)	(0.7)
Operating income (loss)	21.3	21.5
Net financial income (expense)	0.7	2.8
Income tax recovery (expense)	(7.0)	(3.7)
Net earnings (loss)	15.0	20.6

Reconciliation of summarized statement of operations to Aimia's share of net earnings

	Three Months Ended March 31,	
	2019	2018
Net earnings (loss) for the year	15.0	20.6
Share of net earnings (loss) of PLM @ 48.9%	7.3	10.1
Amortization expense related to identifiable assets recognized on a step basis	(0.8)	(0.7)
Aimia's share of PLM net earnings (loss)	6.5	9.4

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

9. DEFERRED REVENUE

A reconciliation of deferred revenue is as follows:

As at	Loyalty Units		Loyalty Services and Other		Total	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Opening balance	2,962.8	3,236.2	5.4	10.0	2,968.2	3,246.2
Loyalty Units issued – Gross Billings	9.6	46.8	—	—	9.6	46.8
Other – Gross Billings	—	—	30.7	154.4	30.7	154.4
Revenue recognized	(4.1)	(12.5)	(30.6)	(154.6)	(34.7)	(167.1)
Cost of rewards - Air Miles Middle East program ^(a)	(9.1)	(30.6)	—	—	(9.1)	(30.6)
Deferred revenue relating to the disposal of businesses (Note 5)	(2,904.4)	(243.4)	(0.7)	(4.6)	(2,905.1)	(248.0)
Gross Billings related to discontinued operations (Note 5)	28.3	1,277.5	0.9	29.1	29.2	1,306.6
Revenue related to discontinued operations (Note 5)	(35.3)	(1,299.8)	(1.0)	(29.6)	(36.3)	(1,329.4)
Cost of rewards related to discontinued operations - Nectar program (Note 5) ^(a)	—	(23.0)	—	—	—	(23.0)
Foreign currency and other adjustments	(0.8)	11.6	(1.3)	0.7	(2.1)	12.3
Ending balance	47.0	2,962.8	3.4	5.4	50.4	2,968.2
Represented by:						
Current portion	41.1	42.0	3.4	4.6	44.5	46.6
Held for sale (Note 5)	—	2,911.3	—	0.8	—	2,912.1
Long-term	5.9	9.5	—	—	5.9	9.5

- (a) Gross Billings from the sale of loyalty units are deferred until the loyalty units are redeemed and the reward is provided to the member. With respect to the Air Miles Middle East program (and the Nectar program until its disposal), Aimia has determined that it acted as an agent in the delivery of the rewards to the members for the three months ended March 31, 2019 and for the year ended December 31, 2018, therefore, the expenses charged by the suppliers are recorded against the deferred revenue, with only the margin being recognized as revenue.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

MEASUREMENT UNCERTAINTY

Aimia may be required to provide rewards to members for unexpired Loyalty Units accounted for as Breakage on the Loyalty Units issued to date for which the revenue has been recognized or deferred and for which no liability has been recorded. The potential redemption cost for such Loyalty Units is estimated to be \$4.6 million at March 31, 2019.

The potential redemption costs, noted above, have been calculated on the basis of the current average redemption cost, reflecting actual prices with Redemption Partners and the experienced mix of the various types of rewards that members have selected, based on past experience.

10. PROVISIONS

	Card Migration Provision	Onerous Contract Provision	Total
Balance at December 31, 2017	2.4	17.2	19.6
Provision recorded during the year	—	—	—
Provision used during the year	(1.0)	(3.3)	(4.3)
Provision reversed during the year	(1.3)	—	(1.3)
Foreign exchange translation adjustment	—	1.3	1.3
Balance at December 31, 2018	0.1	15.2	15.3
Provision recorded during the period	—	—	—
Provision used during the period	—	(0.7)	(0.7)
Provision reversed during the period	—	—	—
Provision relating to the disposal of businesses (<i>Note 5</i>)	(0.1)	(10.6)	(10.7)
Foreign exchange translation adjustment	—	(0.1)	(0.1)
Balance at March 31, 2019	—	3.8	3.8
Represented by:			
Current portion	—	3.1	3.1
Long-term portion	—	0.7	0.7

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

ASSET PURCHASE AGREEMENT

On September 16, 2013, Aimia entered into an asset purchase agreement and a migration agreement with TD and CIBC, subject to certain regulatory approvals and other closing conditions, all of which were fulfilled on December 27, 2013. In relation to these agreements, based on the net migration of Aeroplan-branded credit card accounts between CIBC and TD, Aimia will be responsible for, or entitled to receive, up to \$100.0 million over the five year period ending in December 2018. As a result, a provision was recorded in general and administrative expenses during the fourth quarter of 2013.

During the first quarter of 2018, an amount of \$1.0 million was paid by Aimia, representing the payment relating to the 2017 calendar year in accordance with the terms of the migration agreement. Based on actual card migration data and management's estimate of migration patterns going forward, the Card Migration Provision was reduced by \$1.3 million during the year ended December 31, 2018. The adjustment was recorded as a reduction to general and administrative expenses and is presented within discontinued operations (*Note 5*).

At December 31, 2018, the provision was presented as held for sale. The provision was derecognized upon the completion of the sale of the Aeroplan Program and related assets on January 10, 2019 (*Note 5*).

ONEROUS CONTRACT PROVISION

Upon the disposal the U.S. CEL Business (*Note 5*), the costs under an IT outsourcing arrangement in the US were considered onerous as the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. As a result, a provision of \$20.3 million was recorded during the second quarter of 2017 in general and administrative expenses.

Based on the terms of the Agreement for the sale of the Aeroplan Program and related assets, a portion of the unavoidable costs has transferred to the buyer at the closing of the transaction on January 10, 2019 (*Note 5*). This portion of the provision was presented as held for sale at December 31, 2018. This portion of the provision was derecognized upon the completion of the sale of the Aeroplan Program and related assets on January 10, 2019 (*Note 5*).

The remaining provision represents the remaining payments to be made under the arrangement by Aimia until June 2020.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

11. LONG-TERM DEBT

The following is a summary of Aimia's authorized and outstanding revolving facility and Senior Secured Notes:

	Authorized at March 31, 2019	Drawn at March 31, 2019	Drawn at December 31, 2018
Revolving facility ^(a)	N/A	—	51.1
Senior Secured Notes Series 4 ^(b)	N/A	—	250.0
Unamortized transaction costs	N/A	—	(0.2)
Total long-term debt		—	300.9
Less: current portion ^{(a)/(b)}		—	300.9
Long-term debt		—	—

- (a) Following the completion of the sale of the Aeroplan Program and related assets (*Note 5*), the revolving facility was fully repaid and terminated. In connection with the termination of the credit facility, previously issued irrevocable letters of credit in the aggregate amount of \$10.0 million have been replaced by security in the form of cash collateral.

In 2018, in connection with the consent required for the release of one of Aimia's subsidiary guarantors under its credit agreement, Aimia reduced its overall debt level with a \$100.0 million repayment made at closing of the Nectar transaction (*Note 5*) on January 31, 2018. The overall size of the facility was also reduced to \$208.0 million. Depending on the Corporation's credit ratings, the interest rates applicable to the revolving facility ranged between Canadian prime rate plus 1.00% to 2.00% and the Bankers' Acceptances and LIBOR rates plus 2.00% to 3.00%. In addition, Aimia had agreed to other amendments which included quarterly debt pay-downs contingent on positive free cash flow performance, revised conditions around acquisitions and disposals, and tighter restrictions on common and preferred dividends payments, among others.

In May, August and November 2018, repayments of \$20.2 million, \$10.0 million and \$18.8 million, respectively, were made on the revolving facility, representing 50% of the reported free cash flow in the the first three quarters of 2018.

- (b) The issued Senior Secured Notes Series 4 in the principal amount of \$250.0 million, bearing interest at 6.85% per annum based on the Corporation's credit ratings, were early redeemed on February 8, 2019 following the completion of the sale of the Aeroplan Program and related assets (*Note 5*). Additionally, Aimia paid interest accrued on the Senior Secured Notes Series 4 up to repayment date, representing \$4.0 million, as well as an early redemption premium of \$2.8 million.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

12. CONTINGENT LIABILITIES

GUARANTEES AND INDEMNIFICATIONS

Aimia has agreed to indemnify its directors and officers, and the directors and officers of its subsidiaries, to the extent permitted under corporate law, against costs and damages incurred as a result of lawsuits or any other judicial, administrative or investigative proceeding in which said directors or officers are sued as a result of their services. The directors and officers are covered by directors' and officers' liability insurance.

In limited circumstances, Aimia may provide guarantees and/or indemnifications to third parties to support the performance obligations of its subsidiaries under commercial contracts. No amount has been recorded in these financial statements with respect to the indemnification and guarantee agreements.

Aeroplan transaction

Refer to *Note 5* for a description of the indemnification clauses related to the disposal of Aeroplan Inc.

Nectar transaction (Note 5)

As part of the sale of Nectar and related assets, the Corporation agreed to provide indemnification to the buyer in the event that the buyer suffers losses as a result of certain pre-completion actions and breaches of the purchase agreement, including breaches of covenants and representations and warranties. The terms of the indemnification obligations vary in duration, from 18 months to two years for certain types of indemnities, while terms for tax indemnification obligations are generally aligned to the applicable statute of limitations. The maximum potential future payments that the Corporation could be required to make under these indemnifications are generally contractually limited to a specified amount. The maximum potential future payments that the Corporation could be required to make under these indemnifications are not determinable at this time, as any future payments would be dependent on the type and extent of the related claims, and all available defences, which cannot be estimated. However, historically, costs incurred to settle claims related to these indemnifications have not been material to the Corporation's consolidated financial position, net income or cash flows.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

CLASS ACTIONS

Class action contesting changes to Aeroplan's mileage accumulation and expiry rules

Following the completion of the sale of the Aeroplan Program and related assets on January 10, 2019 (*Note 5*), any liability associated with the class action, including the liability related to the proposed settlement, has transferred to Air Canada.

Class actions seeking reimbursement of fuel surcharges, airport improvement fees and passenger charges

Upon the completion of the sale of the Aeroplan Program and related assets on January 10, 2019 (*Note 5*), Aimia will bear 50% of the liability and costs, if any, associated with these class action proceedings against Aeroplan Inc., up to a cap of \$25 million for Aimia, after which Air Canada is solely responsible.

Management believes that Aeroplan Inc. has a strong defense to these class actions and believes that it is more likely than not that its position will ultimately be sustained, therefore, no amount was recorded in the Corporation's financial statements at December 31, 2018 and March 31, 2019.

OTHER CLAIMS AND LITIGATION

From time to time, Aimia becomes involved in various claims and litigation as part of its normal course of business. While the final outcome thereof cannot be predicted, based on the information currently available, management believes the resolution of current pending claims and litigation will not have a material impact on Aimia's financial position and results of operations.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

13. DIVIDENDS

As communicated on June 14, 2017, the Corporation was prohibited from paying dividends declared on May 10, 2017 originally scheduled to have been paid on June 30, 2017, as well as declaring any further dividends on any of the outstanding common shares or preferred shares, based on Aimia's determination that the capital impairment test set forth in paragraph 42(b) of the *Canada Business Corporations Act* (the "CBCA") would not be satisfied.

Following the approval of a reduction in stated capital by the common shareholders on January 8, 2019, and having taken into account the effect of the sale of the Aeroplan Program (*Note 5*) on the Corporation's financial position, the Board of Directors approved the following matters on February 22, 2019:

- a reduction to the stated capital account maintained in respect of the common shares to an aggregate amount of \$1.0 million;
- the payment on March 29, 2019 of the dividends originally declared on May 10, 2017 to common and preferred shareholders. At December 31, 2018, the dividends declared but not paid to common and preferred shareholders, representing an amount of \$34.7 million, were presented in accounts payable and accrued liabilities;
- the payment on March 29, 2019 of cumulative preferred dividends not previously declared and recorded amounting to \$26.0 million at December 31, 2018; and
- the payment on March 29, 2019 of the first quarterly dividends in 2019 of \$0.28125 per Series 1 preferred share, \$0.336760 per Series 2 preferred share and \$0.390625 per Series 3 preferred share, amounting to \$4.5 million.

In reaching its decision, the Board of Directors considered the Corporation's ability to satisfy the applicable tests under the CBCA and the Corporation's obligation to pay unpaid dividends with a view to remaining in good standing with the applicable rules and policies of the Toronto Stock Exchange (the "TSX") and maintaining its listing on TSX.

Aimia is subject to Part VI.1 tax under the Income Tax Act (Canada) (the "ITA") at an imposed tax rate of 40% associated to dividends paid on its Preferred shares. At March 31, 2019, the gross amount of Part VI.1 tax payable is \$13.9 million. In prior years when Aimia paid dividends on its Preferred Shares, Aimia transferred all of its Part VI.1 tax liability to its related Canadian subsidiaries, which included Aeroplan Inc. (*Note 5*) to offset the Part VI.1 tax by reducing the taxable income of its Canadian subsidiaries and Part 1 tax liability. However, following the sale of Aeroplan, Aimia and its related Canadian subsidiaries do not have sufficient Canadian taxable income to benefit entirely from the Part VI.1 tax deduction to offset the Part 1 tax. Any unused Part VI.1 tax deduction will be carried forward as non-capital losses under the rules specifically provided under the ITA.

On May 13, 2019, the Board of Directors of Aimia declared quarterly dividends of \$0.28125 per Series 1 preferred share, \$0.338570 per Series 2 preferred share and \$0.375688 per Series 3 preferred share, in each case payable on June 28, 2019.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

14. CAPITAL STOCK

SERIES 3 PREFERRED SHARES

On February 25, 2019, the Corporation announced that it did not intend to exercise its right to redeem all or any number of the currently outstanding 6,000,000 Series 3 Preferred Shares on March 31, 2019. As a result of the decision not to redeem all or any number of the Series 3 Preferred Shares and subject to certain conditions set out in the rights, privileges, restrictions and conditions attaching to such shares, the holders of the Series 3 Preferred Shares had the right to convert all or any number of their Series 3 Preferred Shares, on a one-for-one basis, into Cumulative Floating Rate Preferred Shares, Series 4 (the "Series 4 Preferred Shares") of Aimia on April 1, 2019.

Based on the results of the conversion process and in accordance with the rights, privileges, restrictions and conditions attaching to the Series 3 Shares and the Series 4 Shares, since there would be less than 1,000,000 Series 4 Shares outstanding on April 1, 2019, after having taken into account all Series 3 Shares tendered for conversion into Series 4 Shares, holders of Series 3 Shares who elected to tender their shares for conversion will not have their Series 3 Shares converted into Series 4 Shares on April 1, 2019. As a result, no Series 4 Shares were issued on April 1, 2019.

With respect to the Series 3 Shares outstanding on or after April 1, 2019, holders of the Series 3 Shares are entitled to receive quarterly fixed, cumulative, preferential cash dividends, as and when declared by the company's Board of Directors, subject to compliance with the provisions of the *Canada Business Corporations Act*. The annual dividend rate for the five-year period from and including March 31, 2019 up to but excluding March 31, 2024 will be 6.01%, being 4.20% over the five-year Government of Canada bond yield, as determined in accordance with the rights, privileges, restrictions and conditions attaching to the Series 3 Shares.

SUBSTANTIAL ISSUER BID

On March 27, 2019, Aimia's Board of Directors approved a substantial issuer bid ("the Offer") of up to \$150 million to repurchase a portion of its outstanding common shares for cancellation, commencing on April 11, 2019 and expiring at 5:00 p.m. (Eastern time) on May 21, 2019, unless extended or withdrawn in accordance with applicable securities laws.

The Offer by Aimia is being made by way of "modified Dutch Auction", which will allow shareholders who choose to participate in the Offer to individually select the price, within a price range of not less than \$3.80 and not more than \$4.50 per common share (in increments of \$0.05 per share). Upon expiry of the Offer, Aimia will determine the lowest purchase price (which will not be more than \$4.50 per common share and not less than \$3.80 per common share) that will allow it to purchase the maximum number of common shares properly tendered to the Offer, and not properly withdrawn, having an aggregate purchase price not exceeding \$150 million.

Shareholders who wish to participate in the Offer will be able to do so through any of: (i) auction tenders, in which they will specify the number of common shares being tendered at a specific price per share; (ii) purchase price tenders, in which they will agree to have a specified number of common shares purchased at the purchase price to be determined pursuant to the auction and have their common shares considered as having been tendered at the

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

minimum price of \$3.80 for the purposes of determining the purchase price; or (iii) proportionate tenders, in which they will agree to sell, at the purchase price to be determined pursuant to the auction, a number of common shares that will result in them maintaining their proportionate share ownership in Aimia following completion of the Offer. Shareholders who validly deposit common shares without specifying the method in which they are tendering their shares will be deemed to have made a purchase price tender.

If, after taking into consideration the proportionate tenders, common shares with an aggregate purchase price of more than \$150 million are properly tendered and not properly withdrawn, Aimia will purchase the common shares on a pro rata basis after giving effect to proportionate tenders and "odd lot" tenders (of shareholders beneficially owning fewer than 100 common shares), which will not be subject to proration. All common shares tendered at or below the finally determined purchase price will be purchased, subject to proration, at the same purchase price determined pursuant to the terms of the Offer. Common shares that are not purchased, including shares tendered pursuant to auction tenders at prices above the purchase price, will be returned to shareholders.

The Offer is not conditional upon any minimum number of common shares being tendered.

REDUCTION OF STATED CAPITAL - COMMON SHARES

On February 22, 2019, the Board of Directors approved a reduction of the stated capital account maintained in respect of the common shares to an aggregate of \$1.0 million. The reduction of 1,348.3 million has been added to the contributed surplus of the Corporation. This reduction of stated capital did not result in any change to the total shareholders' equity.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

15. COMMITMENTS

A) OPERATING LEASE COMMITMENTS

The minimum lease payments under various non-cancellable short-term operating leases, not yet incurred at the end of the reporting period, are as follows:

Year ending December 31,	
2019	1.6
2020	—
Total	1.6

B) OPERATING COMMITMENTS AND OTHER

Operating expenditures contracted for at the end of the reporting period but not yet incurred are as follows:

Technology infrastructure and other	17.8
-------------------------------------	------

In addition to the above, the Corporation signed a new multi-year contract with the main coalition partner of the Air Miles Middle East program. The new contract terms, effective April 1, 2019, include a change from a pay on issuance model (where the gross proceeds from the sale of Loyalty Units are received by Aimia when Loyalty Units are issued) to a fixed program fee. In connection with this change, Aimia will make a one-time payment to the main coalition partner of approximately \$26.0 million, representing the Future Redemption Cost liability of the outstanding Loyalty Units relating to this coalition partner. The amount to be paid will be recorded as a receivable and applied against future costs of rewards as the Loyalty Units get redeemed. This one-time cash outflow, represents an accelerated payment of the rewards to be redeemed, which will have no impact on future cash flows, operating results nor the shareholder's equity of the Corporation.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - valuation techniques with significant unobservable market inputs.

A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

		March 31,	December 31,
	Hierarchy	2019	2018
Financial assets			
Investments in equity instruments (<i>Note 7</i>)	Levels 1 & 3	65.7	54.0

Investments in equity instruments and convertible notes of Cardlytics

Since the first quarter of 2018, the fair value of the investment in equity instruments of Cardlytics is based on the quoted market value for the publicly traded equity securities following Cardlytics's initial public offering on February 9, 2018. During the three months ended March 31, 2019 and 2018, fair value gains of \$22.5 million and \$6.3 million, respectively, have been recorded in the consolidated statements of operations related to the investment in Cardlytics.

Investment in Fractal Analytics

The fair value of the investment in Fractal Analytics was determined using a market approach consisting of a valuation technique based on the transaction price of recent transactions carried out by other investors involving similar instruments and comparison of financial indicators for similar companies. The value determined was then adjusted for, as deemed necessary, changes in market conditions, the performance of the investee and the passage of time. This approach required management to use judgement in identifying similar transactions, instruments and companies and to make estimates in determining the fair value of such instruments.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

During the fourth quarter of 2018, a fair value gain of \$6.5 million has been recorded in the consolidated statement of operations.

On February 14, 2019, Aimia completed the sale of its investment in Fractal Analytics for cash consideration of \$9.8 million (US \$7.4 million). Due to the investment being recorded at fair value at December 31, 2018, no gain or loss was recorded in the consolidated statement of operations for the three months ended March 31, 2019 upon the sale of the investment.

Financial assets and liabilities at amortized costs

The carrying amounts reported in the balance sheet for cash and cash equivalents, restricted cash, short-term investments, accounts receivable and accounts payable and accrued liabilities approximate fair values based on the immediate or short-term maturities of these financial instruments.

At March 31, 2019, the fair value of investments in corporate and government bonds is based on the quoted market price of the investments. At December 31, 2018, the fair value of the Senior Secured Notes was estimated as being the quoted market value for the publicly traded debt securities, while the fair value of borrowings under the revolving facility was calculated using a discounted cash flow model.

Aimia's long-term investments in corporate and government bonds and long-term debt carrying amounts at March 31, 2019 and December 31, 2018, which were measured at amortized cost, and the fair value thereof, were as set out in the following table.

	Hierarchy	March 31, 2019		December 31, 2018	
		Carrying	Fair Value	Carrying	Fair Value
Investments in corporate and government bonds (including current portion)	Level 1	223.1	224.3	223.9	223.0
Long-term debt (including current portion)	Levels 1 & 3	—	—	300.9	301.9

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

17. ADDITIONAL FINANCIAL INFORMATION

The following sections provide additional information regarding certain primary financial statement captions:

A) STATEMENTS OF FINANCIAL POSITION

INTANGIBLE ASSETS

	March 31, 2019	December 31, 2018
Accumulation partners' contracts and customer relationships	10.1	10.7
Software and technology	3.1	3.8
Trade names	8.9	8.9
Total	22.1	23.4

RESTRUCTURING LIABILITIES

Over the past few years, Aimia has engaged in a series of restructuring programs related to integrating and aligning our businesses, exiting certain activities, outsourcing certain internal functions and engaging in other actions designed to reduce our cost structure and improve productivity. As a result of these initiatives, Aimia recorded various severance provisions. Management continues to evaluate our business and, therefore, in future years, there may be additional provisions for new plan initiatives, as well as changes in estimates to amounts previously recorded, as payments are made or actions are completed.

	Total
Balance at December 31, 2017	7.0
Liability recorded during the year	18.9
Payments made during the year	(19.1)
Foreign exchange translation adjustment	(0.4)
Balance at December 31, 2018	6.4
Liability recorded during the period	5.3
Payments made during the period	(7.6)
Foreign exchange translation adjustment	—
Balance at March 31, 2019	4.1

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

Restructuring expenses recorded during the three months ended March 31, 2019 and 2018 for each segment are presented below:

Segment	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Loyalty Solutions	5.3	0.2
Corporate and Other	—	0.2
Discontinued operations - Aeroplan	—	0.6
Discontinued operations - Nectar	—	0.4
Total	5.3	1.4

Restructuring expenses recorded during the three months ended March 31, 2019 consisted primarily of severance costs related to headcount reductions associated with the Corporation's execution of the new strategic plan.

OTHER LONG-TERM LIABILITIES

As at	March 31, 2019	December 31, 2018
Post-employment benefits	6.2	7.0
Lease liability	4.8	—
Share-based compensation and other performance awards liability	2.5	4.1
Total	13.5	11.1

B) STATEMENTS OF CASH FLOWS

CHANGES IN OPERATING ASSETS AND LIABILITIES

	Three Months Ended March 31,	
	2019	2018
Restricted cash	(0.7)	1.7
Accounts receivable	(43.1)	0.7
Inventories	(0.1)	2.6
Prepaid expenses	(1.2)	(9.6)
Accounts payable and accrued liabilities	6.6	35.0
Customer deposits	1.8	(1.2)
Provisions	(0.7)	(1.9)
Other long-term liabilities	(1.4)	(4.5)
Deferred revenue	(11.7)	(56.6)
Total	(50.5)	(33.8)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(Tables in millions of Canadian dollars, except share and per share amounts)

C) STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

INCOME TAX EFFECTS

The defined benefit plan's actuarial gains (losses) attributable to the Aeroplan Program (*Note 5*) for the three months ended March 31, 2018 were net of deferred income tax (expenses) of \$(0.4) million.