CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020 and 2019

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.

September 14, 2020

(signed) "Philip Mittleman"

PHILIP MITTLEMAN
Chief Executive Officer

(signed) "Steven Leonard"

STEVEN LEONARD
Chief Financial Officer

AIMIA

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions of Canadian dollars, except share and per share amounts)		Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
		(unaudited)	**(unaudited)** (Restated - Note 2(f))	**(unaudited)**	**(unaudited)** (Restated - Note 2(f))
Income					
Share of net earnings (loss) of equity-accounted investments	Note 7	**$ 4.0**	$ 7.0	**$ (1.5)**	$ 13.2
Net fair value gain on investments in equity instruments	Note 13	**4.6**	37.7	**4.6**	60.2
Interest income		**0.5**	2.4	**2.0**	4.8
Revenue from investment management fees		**0.1**	—	**0.1**	—
		9.2	47.1	**5.2**	78.2
Expenses					
Compensation and benefits		**0.3**	5.6	**2.8**	9.5
Professional, advisory and service fees		**2.4**	3.4	**4.5**	5.2
Technology and other office expenses		**0.2**	2.1	**3.6**	4.4
Other financial expense (income), net		**(1.3)**	(0.5)	**(1.1)**	5.9
Depreciation and amortization		**—**	—	**—**	0.1
		1.6	10.6	**9.8**	25.1
Earnings (loss) before income taxes		**7.6**	36.5	**(4.6)**	53.1
Income tax (expense) recovery					
Current		**(1.5)**	(1.8)	**(2.8)**	(15.7)
Deferred		**—**	—	**—**	—
		(1.5)	(1.8)	**(2.8)**	(15.7)
Net earnings (loss) from continuing operations		**6.1**	34.7	**(7.4)**	37.4
Net earnings from discontinued operations	Note 16A&B	**8.3**	8.8	**12.2**	1,053.2
Net earnings		**$ 14.4**	$ 43.5	**$ 4.8**	$ 1,090.6
Weighted average number of shares		**93,844,617**	137,252,440	**93,831,621**	144,738,230
Earnings (loss) per common share					
Continuing operations - Basic and fully diluted	Note 5	**$ 0.03**	$ 0.22	**$ (0.15)**	$ 0.20
Discontinued operations - Basic and fully diluted	Note 5	**0.09**	0.07	**0.13**	7.27
	Note 5	**$ 0.12**	$ 0.29	**$ (0.02)**	$ 7.47

AIMIA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of Canadian dollars)		Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net earnings		**$ 14.4**	$ 43.5	**$ 4.8**	$ 1,090.6
Other comprehensive income (loss):					
Items that may be reclassified subsequently to net earnings (loss)					
Foreign currency translation adjustments		**(3.9)**	(4.9)	**4.0**	(6.8)
Reclassification to net earnings of cumulative translation adjustments related to businesses disposed of	Note 16A	**21.6**	—	**21.6**	—
Items that will not be reclassified subsequently to net earnings (loss)					
Defined benefit plans actuarial losses, net of tax		**—**	—	**(0.3)**	(0.3)
Other comprehensive income (loss)		**17.7**	(4.9)	**25.3**	(7.1)
Comprehensive income (loss)		**$ 32.1**	$ 38.6	**$ 30.1**	$ 1,083.5
Comprehensive income (loss):					
Continuing operations		**2.4**	29.9	**(3.1)**	29.4
Discontinued operations		**29.7**	8.7	**33.2**	1,054.1
		$ 32.1	$ 38.6	**$ 30.1**	$ 1,083.5

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at *(in millions of Canadian dollars)*		June 30, 2020 (unaudited)	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		**$ 121.2**	$ 98.6
Restricted cash and cash held in escrow	Note 16A&B	**69.9**	97.1
Short-term investments		**—**	86.6
Income taxes receivable		**3.7**	—
Accounts receivable		**3.6**	66.8
Inventories		**—**	0.9
Prepaid expenses and deposits		**0.6**	18.2
Receivable from related party	Note 16A	**5.1**	—
		204.1	368.2
Long-term assets			
Deferred income taxes		**—**	5.9
Cash held in escrow	Note 16B	**—**	2.3
Long-term investments	Note 6	**73.8**	67.5
Equity-accounted investments	Note 7	**146.7**	74.6
Property and equipment		**0.4**	1.5
Intangible assets	Note 14A	**—**	18.9
Goodwill	Note 15	**14.4**	—
Other long-term assets	Note 14A	**34.1**	32.9
		$ 473.5	$ 571.8
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	Note 14A	**$ 8.1**	$ 60.9
Income taxes payable	Note 10	**—**	13.6
Provisions		**—**	1.4
Customer deposits		**—**	19.9
Deferred revenue	Note 4	**—**	23.9
		8.1	119.7
Long-term liabilities			
Other long-term liabilities	Note 14A	**4.3**	11.7
Deferred income taxes		**—**	1.5
Deferred revenue	Note 4	**—**	3.3
		12.4	136.2
Total equity	Note 11	**461.1**	435.6
		$ 473.5	$ 571.8
Contingencies and commitments	Notes 9 & 12		

Approved by the Board of Directors

(signed) David Rosenkrantz
David Rosenkrantz
Director

(signed) Jordan G. Teramo
Jordan G. Teramo
Director

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

AIMIA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2019 and 2020 (unaudited)		Common shares outstanding	Share capital	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Contributed surplus	Total equity
(In millions of Canadian dollars, except share amounts)							
Balance, December 31, 2018		152,307,196	$ 1,665.1	$ (3,139.5)	$ 24.3	$ 1,155.2	$ (294.9)
Change in accounting policy				(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				1,090.6			1,090.6
Other comprehensive income (loss):							
Foreign currency translation adjustments					(6.8)		(6.8)
Defined benefit plans actuarial losses, net of tax				(0.3)			(0.3)
Total comprehensive income (loss)		—	—	1,090.3	(6.8)	—	1,083.5
Transactions with owners, recorded directly in equity							
Common shares repurchased	Note 11	(38,348,474)	(0.2)			(163.2)	(163.4)
Dividends	Note 10			(34.8)			(34.8)
Reduction of stated capital account - common shares			(1,348.3)			1,348.3	—
Accretion related to stock-based compensation plans						(0.2)	(0.2)
Total contributions by and distributions to owners		(38,348,474)	(1,348.5)	(34.8)	—	1,184.9	(198.4)
Balance, June 30, 2019		113,958,722	$ 316.6	$ (2,094.8)	$ 17.5	$ 2,340.1	$ 579.4
Balance, December 31, 2019		**93,848,235**	**$ 231.7**	**$ (2,083.7)**	**$ 9.8**	**$ 2,277.8**	**$ 435.6**
Total comprehensive income (loss)							
Net earnings				**4.8**			**4.8**
Other comprehensive income (loss):							
Foreign currency translation adjustments					**4.0**		**4.0**
Reclassification to net earnings of foreign currency differences related to business disposed of	Note 16B				**21.6**		**21.6**
Defined benefit plans actuarial losses, net of tax				**(0.3)**			**(0.3)**
Total comprehensive income (loss)		**—**	**—**	**4.5**	**25.6**	**—**	**30.1**
Transactions with owners, recorded directly in equity							
Common shares issued - Business acquisition	Note 15	**3,072,628**	**4.4**			**—**	**4.4**
Common shares repurchased	Note 11	**(1,600,756)**	**—**			**(4.6)**	**(4.6)**
Dividends	Note 10			**(6.3)**			**(6.3)**
Contingent Common shares to be issued	Note 15			**—**		**1.9**	**1.9**
Total contributions by and distributions to owners		**1,471,872**	**4.4**	**(6.3)**	**—**	**(2.7)**	**(4.6)**
Balance, June 30, 2020		**95,320,107**	**$ 236.1**	**$ (2,085.5)**	**$ 35.4**	**$ 2,275.1**	**$ 461.1**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)		Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
CASH FLOWS FROM (USED IN)					
Operating activities					
Net earnings		**$ 14.4**	$ 43.5	**$ 4.8**	$ 1,090.6
Adjustments for:					
Depreciation and amortization		**0.8**	1.1	**1.9**	2.1
Share-based compensation and other performance awards		**(2.0)**	0.3	**(2.1)**	1.0
Share of net earnings (loss) of equity-accounted investments		**(4.2)**	(7.3)	**0.9**	(14.2)
Net financial income		**(1.5)**	(2.8)	**(2.8)**	1.1
Income tax expense		**6.4**	2.1	**6.7**	12.9
Net fair value gain on investments in equity instruments		**(4.6)**	(37.7)	**(4.6)**	(60.2)
Gain on disposal of businesses and other assets		**(15.2)**	(19.5)	**(15.2)**	(1,063.1)
Changes in operating assets and liabilities	Note 14B	**3.1**	(43.0)	**(9.8)**	(93.5)
Other		**(0.7)**	(0.3)	**(0.5)**	0.9
		(17.9)	(107.1)	**(25.5)**	(1,213.0)
Cash generated from (used in) operating activities before the following items:		**(3.5)**	(63.6)	**(20.7)**	(122.4)
Interest received		**1.3**	3.5	**2.5**	5.7
Distributions received from equity-accounted investments	Note 7	**9.6**	5.8	**19.1**	24.7
Proceeds from disposal of investments in equity portfolio	Note 13	**28.1**	—	**28.1**	—
Purchases of investments in equity portfolio	Note 13	**(21.1)**	—	**(21.1)**	—
Interest paid		**(0.1)**	(0.2)	**(0.3)**	(7.8)
Income taxes paid	Note 10	**(0.3)**	(1.1)	**(19.4)**	(3.1)
Net cash from (used in) operating activities	Note 16A&B	**14.0**	(55.6)	**(11.8)**	(102.9)
Investing activities					
Business acquisitions, net of cash acquired	Note 15	**(6.2)**	—	**(6.2)**	—
Net proceeds from (payments for) the disposal of businesses and other assets, net of cash disposed	Note 16A&B	**(34.3)**	14.7	**(34.3)**	500.5
Restricted cash	Notes 8 & 16B	**3.8**	2.0	**6.9**	(108.0)
Cash held in escrow	Note 16B	**—**	—	**—**	(2.3)
Proceeds from disposal of corporate and government bonds	Note 13	**106.0**	48.7	**154.6**	271.8
Purchases of investments in corporate and government bonds	Note 13	**—**	—	**—**	(223.1)
Purchase of investment in equity instruments of Clear Media	Note 13	**(76.2)**	—	**(76.2)**	—
Proceeds from disposal of LT investments in equity instruments	Note 13	**—**	—	**—**	9.8
Net cash from (used in) investing activities		**(6.9)**	65.4	**44.8**	448.7
Financing activities					
Dividends	Note 10	**(3.1)**	(4.3)	**(6.3)**	(69.5)
Acquisition of non-controlling interest		**—**	(2.3)	**—**	(2.3)
Repurchase of common shares	Note 11	**(4.5)**	(162.1)	**(4.6)**	(162.1)
Principal elements of lease payments		**(0.3)**	(0.4)	**(0.7)**	(0.7)
Repayment of the revolving facility	Note 8	**—**	—	**—**	(51.1)
Repayment of Senior Secured Notes	Note 8	**—**	—	**—**	(250.0)
Net cash used in financing activities		**(7.9)**	(169.1)	**(11.6)**	(535.7)
Net change in cash and cash equivalents		**(0.8)**	(159.3)	**21.4**	(189.9)
Translation adjustment related to cash		**(0.4)**	(1.1)	**1.2**	(2.3)
Cash and cash equivalents, beginning of period		**122.4**	280.1	**98.6**	311.9
Cash and cash equivalents, end of period		**121.2**	119.7	**121.2**	119.7

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:

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 777 Bay Street, Suite 2901, Toronto, Ontario, M5G 2C8.

As announced on April 29, 2020, the Corporation updated its corporate strategy to become an investment holding company with a focus on long-term investments in public and private companies, on a global basis, through controlling or minority stakes.

Aimia, through its own operations and those of its subsidiaries, currently operates two reportable and operating segments, namely, Investments and Holdings and Investment Management (*Note 3 & 15*).

Investments and Holdings

Investments and Holdings includes Aimia's long-term investments comprised of a 48.9% equity stake in PLM, the owner and operator of Club Premier, a Mexican coalition loyalty program, a 49.3% equity stake in Kognitiv Corporation ("Kognitiv"), a B2B technology platform and services company, a 20% equity stake in BIGLIFE, the operator of BIG Loyalty, AirAsia's loyalty program, as well as a 10.85% stake in Clear Media Limited, an outdoor advertising firm in China.

Investments & Holdings also includes central operating costs, including costs related to public company disclosure and Board costs, executive leadership, finance and administration. Until their respective disposals, Aimia also held minority interests in Cardlytics and Fractal Analytics (*Note 13*).

Investment Management

Investment Management includes Mittleman Investment Management ("MIM") a SEC-registered investment adviser that provides discretionary portfolio management to institutional investors and high-net-worth individuals *(Note 15).*

Discontinued Operations (Note 16)

Discontinued operations include the results of Aimia's former Loyalty Solution segment until June 18, 2020, the date of the closing of the transaction with Kognitiv (*Note 16A*). Discontinued Operations also include the results of the Aeroplan coalition loyalty program and related assets until their disposal on January 10, 2019 (*Note 16B*).

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 note 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, 2019.

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 September 14, 2020.

Impact of COVID-19 on the condensed interim financial statements

Over the past months, we have seen the major impact that the COVID-19 pandemic is having on human health, the global economy and associated government measures to curb the spread of the virus, which included varying degrees of self-quarantine and border closures. Aimia has been addressing the COVID-19 situation, working to mitigate the potential impacts on our employees and business. The change in Aimia's corporate strategy to an investment holding company and our ability to work remotely to perform these activities has enabled Aimia to operate in this difficult environment as the Corporation was able to close the Kognitiv and Mittleman Brothers transactions during the second quarter (Notes 15 & 16A) as well as perform other investment activities.

Prior to the close of the Kognitiv transaction, the Loyalty Solutions activities did not experience a significant reduction in business mainly because of its diversified portfolio of clients, its business model centered around subscription-based loyalty platforms and its ability to deliver loyalty services to the customers remotely.

The pandemic has significantly impacted the business of our airline partners our PLM and BIGLIFE joint ventures due to unprecedented border closures and travel restrictions. On June 30, 2020, Aeromexico commenced proceedings under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") in the United States to implement a court supervised financial restructuring, while continuing to serve its customers. At this time, the financial restructuring of Aeromexico is still ongoing and it is too early to assess the final outcome for the receivables from Aeromexico that PLM holds. However, a $12.5 million (US$9.0 million) expected credit loss provision has been recorded in the results of PLM in the three months ended June 30, 2020 related to certain unsecured receivables from Aeromexico. This provision impacted the share of net earnings from PLM recorded in the quarter.

Moreover, the turbulence in the financial markets has impacted certain lines in our financial statements. Foreign exchange rates have fluctuated significantly during the six months ended June 30, 2020, mainly in the first quarter of the year. The strengthening of US dollar against various currencies, including the Mexican peso and Canadian dollar, resulted in significant foreign exchange losses in our PLM joint venture, which negatively impacted their performance and our share of their net earnings (loss). It also significantly impacted the foreign currency translation adjustment associated with our international subsidiaries before their disposal in the Kognitiv transaction. There was no other material impact on the Corporation's results in the quarter.

Despite the above, and while we anticipate reduced cash flows and short-term impacts for our PLM and BIGLIFE joint ventures as a result of the reduced capacity of their associated airlines partners, Aimia does not expect the long-term profitability of these programs to be affected at this time. Moreover, Aimia currently expects that the court supervised financial restructuring will provide the airline additional liquidity and the ability to cut costs during this unprecedented reduction in airline travel, and that Aeromexico will exit Chapter 11 proceedings with an enhanced capital structure as a going concern. Aimia therefore considers that the recoverable value of these investments is higher than their current carrying value. Aimia will continue to monitor the situation closely.

(b) Basis of Measurement

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

- Investments in equity instruments are measured at fair value (*Notes 6 & 13*);
- 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. The Corporation loss control over the pension plan in the Kognitiv transaction (*Note 16A*).

(c) Presentation Currency

These interim financial statements are expressed in Canadian Dollars.

(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, 2019.

In addition, information about assumptions and estimation uncertainties described below with a significant risk of resulting in material adjustments within the next year are included within the following notes:

- Measurement of the fair value of the investment in Kognitiv *(Note 16A)*;
- Contingent consideration and deferred compensation associated with the purchase of Mittleman Brothers *(Note 15)*;
- Impact of COVID-19 on the value of Aimia's investments. Refer to section *(Note 2(a))* above.

(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, 2019, except as described below.

Changes in Accounting Policies

The Corporation added precision to its accounting policies as detailed below:

REVENUE RECOGNITION

Investment Management

Through MIM, Aimia derives investment management fees providing discretionary portfolio management to institutional and high-net-worth investors. Management fees are calculated based on a percentage of assets under management and are usually payable quarterly. Aimia recognizes this revenue on an over time basis, as the services are provided.

FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognized when they are originated. Regular way purchases of equity instruments are recognized using the settlement date, which is the date that the equity instruments are delivered to the Corporation. All other financial assets and financial liabilities are initially recognized when the Corporation becomes a party to the contractual provisions of the instrument.

The added precision has no impact on comparative information presented in these financial statements. There is no other change to the "Financial Instruments and Hedge Accounting" policy. Refer to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019 for the complete accounting policy.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

PRINCIPLES OF CONSOLIDATION

Investments in Associates and Joint Arrangements

When the Corporation contributes a controlled business to a joint venture or associate or when it decreases its stake in a controller business to that of an investment in a joint venture or associate, the Corporation recognizes a full gain under the IFRS 10 - *Consolidated Financial Statements* approach. IFRS 10 requires the retained interest in an associate or join venture to be measured at fair value, with the full disposal gain recognized in the income statement. The Corporation recorded the gain on the Kognitiv investment using this approach (*Note 16A*). There is no other change to the "Principles of Consolidation" policy. Refer to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019 for the complete accounting policy.

Changes in Accounting Policies - Revised standards

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

IFRS 9/IAS 39 and IFRS 7 Amendments, Interest rate benchmark reform

The IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 - *Financial Instruments: Disclosures*. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The Corporation has assessed the impact of the amendments and concluded that they had no impact on its consolidated financial statements.

IFRS 3 Amendments, Definition of a business

The IASB issued amendments to IFRS 3 - *Business combinations* to revise the definition of a business. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

IAS 1 and IAS 8 Amendments, Definition of material

The IASB issued amendments to IAS 1 - *Presentation of financial statements* and IAS 8 - *Accounting policies, changes in accounting estimates and errors* to revise the definition of material. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The Corporation has assessed the impact of the amendments and concluded that they had no impact on its consolidated financial statements.

Conceptual framework

The IASB issued the revised *Conceptual framework for financial reporting* to replace its 2010 conceptual framework. The revised conceptual framework is effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The Corporation assessed the revised conceptual framework and concluded that there is no impact on its consolidated financial statements.

(f) Change in presentation of expenses

Aimia as an investment holding company

The disposal of the Loyalty Solutions business combined with the change in the corporate strategy to become an investment holding company represents another significant change in the nature of the Corporation's operations. As a result of this change, the format of the consolidated statements of operations has been reorganized to reflect the new nature of Aimia's ongoing activities. While the Corporation has kept the same presentation of expenses by nature and continues to disclose the discontinued operations of Loyalty Solutions results per this format, certain nature of expenses are not significant for Aimia as an investment holding company. Therefore, expenses formerly presented separately as Technology, Rent and office costs, Travel and employee expenses and Other have been combined into the new "Technology and other office expenses" label. This reorganization has been applied retrospectively.

Aimia as a loyalty solutions company

The disposal of the Aeroplan coalition loyalty program and related assets (*Note 16B*) represented a significant change in the nature of the Corporation's former loyalty solutions operations in 2019. Following a review of its financial statements at the time, the Corporation believed that a classification of its expenses by nature instead of by function was more aligned with the services the Corporation was rendering and therefore provided information that was more useful and relevant to the users of its financial statements. That classification of expenses by nature was first applied in the Corporation's audited consolidated financial statements for the year ended December 31, 2019 and was applied retrospectively.

Comparative information has been reclassified as follows. This information has been split between continuing and discontinued operations following the Kognitiv transaction (*Note 16A*).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

	Three months Ended June 30, 2019		
	As originally presented	Change in classification	Restated
Statement of operations (extract)			
Revenue	**31.0**	—	**31.0**
Cost of sales			
Cost of rewards and direct costs	**2.2**	(2.2)	—
Depreciation and amortization	**0.3**	(0.3)	—
Amortization of accumulation partner's contract, customer relationships and technology	**0.8**	(0.8)	—
	3.3	(3.3)	—
Operating Expenses			
Selling and marketing expenses	**28.8**	(28.8)	—
General and administrative expenses	**20.6**	(20.6)	—
	49.4	(49.4)	—
Compensation and benefits	—	23.8	**23.8**
Technology	—	15.4	**15.4**
Professional, advisory and service fees	—	6.0	**6.0**
Rent and office costs	—	1.5	**1.5**
Travel and employee expenses	—	1.7	**1.7**
Depreciation and amortization	—	1.1	**1.1**
Other	—	3.2	**3.2**
	—	52.7	**52.7**
Operating loss	**(21.7)**	—	**(21.7)**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

	Six months Ended June 30, 2019		
	As originally presented	Change in classification	Restated
Statement of operations (extract)			
Revenue	**65.7**	—	**65.7**
Cost of sales			
Cost of rewards and direct costs	**4.2**	(4.2)	—
Depreciation and amortization	**0.5**	(0.5)	—
Amortization of accumulation partner's contract, customer relationships and technology	**1.6**	(1.6)	—
	6.3	(6.3)	—
Operating Expenses			
Selling and marketing expenses	**57.4**	(57.4)	—
General and administrative expenses	**42.7**	(42.7)	—
	100.1	(100.1)	—
Compensation and benefits	—	49.7	**49.7**
Technology	—	32.5	**32.5**
Professional, advisory and service fees	—	10.1	**10.1**
Rent and office costs	—	3.5	**3.5**
Travel and employee expenses	—	3.1	**3.1**
Depreciation and amortization	—	2.1	**2.1**
Other	—	5.4	**5.4**
	—	106.4	**106.4**
Operating loss	**(40.7)**	—	**(40.7)**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

3. SEGMENTED INFORMATION

On April 29, 2020, the Corporation updated its corporate strategy to become an investment holding company with a focus on long-term investments in public and private companies, on a global basis, through controlling or minority stakes. In light of the different skills required by the change in strategy, the board of directors has appointed Philip Mittleman as Chief Executive Officer with Mr. Mittleman becoming the new chief operating decision maker (CODM).

On June 18, 2020, the Corporation lost control of its Loyalty Solutions segment as it contributed those businesses, as well as cash, in exchange for an ownership interest in Kognitiv *(Note 16A)*. On June 19, 2020, Aimia closed the transaction to acquire Mittleman Brothers LLC *(Note 15)*. As a result of these changes, Aimia now consists of two operating and reportable segments, namely Investments and Holdings, and Investment Management, the results of which are reviewed by the Corporation's Chief Executive Officer on a monthly basis. Previously, before the change in corporate strategy, the Corporation had one reportable and operating segment, namely Loyalty Solutions, and also presented information for Corporate and Other. The comparative information has been restated to conform with the new segmentation of the Corporation while the Loyalty Solutions operating results are now presented as Discontinued Operations (*Note 16A*).

The Investments and Holdings segment includes Aimia's long-term investments comprised of a a 48.9% equity stake in PLM, the owner and operator of Club Premier, a Mexican coalition loyalty program, a 49.3% equity stake in Kognitiv, a B2B technology platform and services company, a 20% equity stake in travel technology company BIGLIFE, the operator of BIG Loyalty, AirAsia's loyalty program, as well as a 10.85% stake in Clear Media Limited, an outdoor advertising firm in China. Investments and Holdings also includes central operating costs, including costs related to public company disclosure and Board costs, executive leadership, finance and administration.

The Investment Management segment includes Mittleman Investment Management, a SEC-registered investment adviser of the same name that provides discretionary portfolio management to institutional investors and high-net-worth individuals.

Accounting policies applied for the Investments and Holdings and Investment Management segments 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 June 30,					
	2020	2019 [(b)]	2020	2019	2020	2019 [(b)]
Operating Segment	**Investments and Holdings**		**Investment Management** [(d)]		**Continuing operations**	
Share of net earnings (loss) of equity-accounted investments	**4.0**	7.0	**—**	—	**4.0**	7.0
Net fair value gain (loss) on investments in equity instruments	**4.6**	37.7	**—**	—	**4.6**	37.7
Interest Income	**0.5**	2.4	**—**	—	**0.5**	2.4
Revenue from investment management fees	**—**	—	**0.1**	—	**0.1**	—
Total Income	**9.1**	47.1	**0.1**	—	**9.2**	47.1
Total Expenses	**1.5**	10.6	**0.1**	—	**1.6**	10.6
Earnings (loss) before income taxes [(a)]	**7.6**	36.5	**—**	—	**7.6**	36.5
Total assets [(c)]	**458.7**	521.5	**14.8**	—	**473.5**	521.5

(a) The reconciliation of the consolidated earnings (loss) before income taxes to the consolidated net earnings (loss) for the three months ended June 30, 2020 and June 30, 2019 is presented in the consolidated statements of operations.

(b) 2019 financial information was restated to reflect the change in the presentation of the statement of operations. Refer to *Note 2(f)* for additional information.

(c) Total assets for 2019 financial information does not include assets in amount of $193.8 million that were held by Aimia's subsidiaries included in the Loyalty Solutions segment now presented as discontinued operations.

(d) Results for the 11 day period post June 19, 2020 transaction close.

Geographical information - long-term assets

As at	June 30,	
(in millions of Canadian dollars)	2020	2019
Canada	33.3	25.1
United States	14.4	2.6
United Arab Emirates	—	18.0
Total	**47.7**	45.7

Non-current assets for this purpose include amounts relating to property and equipment, intangible assets, goodwill and the tax deposit included in other long-term assets.

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

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

	Six months ended June 30,					
	2020	2019 [(b)]	2020	2019	2020	2019 [(b)]
Operating Segment	**Investments and Holdings**		**Investment Management** [(d)]		**Continuing operations**	
Share of net earnings (loss) of equity-accounted investments	**(1.5)**	13.2	**—**	—	**(1.5)**	13.2
Net fair value gain (loss) on investments in equity instruments	**4.6**	60.2	**—**	—	**4.6**	60.2
Interest Income	**2.0**	4.8	**—**	—	**2.0**	4.8
Revenue from investment management fees	**—**	—	**0.1**	—	**0.1**	—
Total Income	**5.1**	78.2	**0.1**	—	**5.2**	78.2
Total Expenses	**9.7**	25.1	**0.1**	—	**9.8**	25.1
Earnings (loss) before income taxes [(a)]	**(4.6)**	53.1	**—**	—	**(4.6)**	53.1
Total assets [(c)]	**458.7**	521.5	**14.8**	—	**473.5**	521.5

(a) The reconciliation of the consolidated earnings (loss) before income taxes to the consolidated net earnings (loss) for the six months ended June 30, 2020 and June 30, 2019 is presented in the consolidated statements of operations.

(b) 2019 financial information was restated to reflect the change in the presentation of the statement of operations. Refer to *Note 2(f)* for additional information.

(c) Total assets for 2019 financial information does not include assets in amount of $193.8 million that were held by Aimia's subsidiaries included in the Loyalty Solutions segment now presented as discontinued operations.

(d) Results for the 11 day period post June 19, 2020 transaction close.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

4. REVENUE

All of the Corporation's revenues from customers from continuing operations (investment management fees) have been recognized in the United States. Revenue from customers are attributed to a country on the basis of the country where the contractual and management responsibility for the customer resides.

DEFERRED REVENUE

A reconciliation of deferred revenue is as follows:

	Loyalty Units		Loyalty Services		Total	
As at	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Opening balance	**24.8**	2,962.8	**2.4**	5.4	**27.2**	2,968.2
Deferred revenue relating to the disposal of businesses (*Note 16A&B*)	**(18.9)**	(2,904.4)	**(3.4)**	(0.7)	**(22.3)**	(2,905.1)
Gross Billings related to discontinued operations (*Note 16A&B*)	**3.6**	44.5	**47.6**	123.7	**51.2**	168.2
Revenue related to discontinued operations (*Note 16A&B*)	**(5.9)**	(47.5)	**(46.6)**	(122.8)	**(52.5)**	(170.3)
Cost of rewards related to discontinued operations *(Note 16A&B)*[(a)]	**(4.4)**	(27.3)	**—**	—	**(4.4)**	(27.3)
Foreign currency and other adjustments	**0.8**	(3.3)	**—**	(3.2)	**0.8**	(6.5)
Ending balance	**—**	24.8	**—**	2.4	**—**	27.2
Represented by:						
Current portion	**—**	21.5	**—**	2.4	**—**	23.9
Long-term	**—**	3.3	**—**	—	**—**	3.3

(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, Aimia has determined that it acted as an agent in the delivery of the rewards to the members for the three and six months ended June 30, 2020 and for the year ended December 31, 2019; 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)

5. EARNINGS (LOSS) PER COMMON SHARE

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net earnings (loss) attributable to equity holders of the Corporation	**14.4**	43.5	**4.8**	1,090.6
Deduct: Dividends declared on preferred shares related to the period (*Note 10*)	**(3.1)**	(4.3)	**(6.3)**	(8.8)
Net earnings (loss) attributable to common shareholders	**11.3**	39.2	**(1.5)**	1,081.8
Weighted average number of basic and diluted common shares	**93,844,617**	137,252,440	**93,831,621**	144,738,230
Earnings (loss) per common share – Basic and fully diluted	**$ 0.12**	$ 0.29	**$ (0.02)**	$ 7.47
Continuing operations - Basic and fully diluted	**$ 0.03**	$ 0.22	**$ (0.15)**	$ 0.20
Discontinued operations - Basic and fully diluted	**0.09**	0.07	**0.13**	7.27

6. LONG-TERM INVESTMENTS

	June 30,	December 31,
	2020	2019
Investment in corporate and government bonds [(a)]	—	67.5
Investment in Clear Media Limited *(Note 13)*	73.8	—
Total	**73.8**	67.5

(a) The investment in corporate and government bonds amounted to $154.1 million at December 31, 2019 of which $86.6 million was classified as short-term investments and $67.5 million as long-term investments. All of the investments in corporate and government bonds were redeemed in the six months ended June 30, 2020.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

7. EQUITY-ACCOUNTED INVESTMENTS

As at	June 30, 2020	December 31, 2019
PLM Premier, S.A.P.I. de C.V. [(a)]	41.3	61.1
Kognitiv (*Note 16A*)	88.6	—
BIGLIFE	16.8	12.8
Aimia Kantar *(Note 16A)*	—	0.7
Total	**146.7**	74.6

(a) During the three and six months ended June 30, 2020, Aimia received distributions from PLM of $8.8 million (US $6.4 million) and $18.3 million (US$12.8 million), respectively, compared to distributions of $5.8 million (US$4.4 million) and $24.7 million (US$18.6 million) for the three and six months ended June 30, 2019.

Share of net earnings (loss) of equity-accounted investments	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
PLM Premier, S.A.P.I. de C.V.	(0.2)	6.4	(5.4)	12.9
Kognitiv	(0.1)	—	(0.1)	—
BIGLIFE	4.3	0.6	4.0	0.3
Total	**4.0**	7.0	**(1.5)**	13.2

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue	**32.5**	80.4	**106.0**	157.5
Cost of rewards and operating expenses	(35.5)	(56.3)	(87.0)	(111.5)
Depreciation and amortization	(0.9)	(1.0)	(1.3)	(1.6)
Income (loss) before the following:	**(3.9)**	23.1	**17.7**	44.4
Net financial income (expense)	9.4	(1.9)	(17.1)	(1.2)
Income tax expense	(4.1)	(6.3)	(8.0)	(13.3)
Net earnings (loss)	**1.4**	14.9	**(7.4)**	29.9

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net earnings (loss)	1.4	14.9	(7.4)	29.9
Share of net earnings of PLM @ 48.9%	0.7	7.3	(3.6)	14.6
Amortization expense related to identifiable assets recognized on a step basis	(0.9)	(0.9)	(1.8)	(1.7)
Aimia's share of PLM net earnings (loss)	**(0.2)**	6.4	**(5.4)**	12.9

On June 29, 2020, Aimia announced the signature of a new definitive agreement with Grupo Aeromexico S.A.B. de C.V. ("Aeromexico") reflecting the parties' previously announced agreement to make certain changes to the Shareholders Agreement between them and the commercial agreement (CPSA) between Aeromexico and PLM. The changes made to the CPSA include a 20-year extension of the current term to September 13, 2050.

Following the initial $69.3 million (US$50.0 million) loan to Aeromexico made by PLM under the existing PLM intercompany loan facility upon the signing of the letter of intent between Aimia and Aeromexico announced on May 12, 2020, PLM pre-purchased $69.3 million (US$50.0 million) of award tickets upon the execution of the amendments to the CPSA. The loan and pre-purchase are secured by Aeromexico's stake in PLM. Aimia and Aeromexico have also agreed to modify the Shareholders Agreement to grant Aeromexico a 7 year option to purchase Aimia's 48.9% equity interest in PLM at a price of US$400 million for Aimia's equity interest or at an Adjusted EBITDA multiple of 7.5x, whichever is greater, plus Aimia's pro-rata share of cash held by PLM, net of any third party financial debt.

On June 30, 2020, Aeromexico commenced proceedings under Chapter 11 in the United States to implement a court supervised financial restructuring, while continuing to serve its customers (refer to *Note 2 (a)* for additional details).

8. LONG-TERM DEBT

Following the completion of the sale of the Aeroplan Program and related assets (*Note 16B*), the Corporation's 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 were replaced by security in the form of cash collateral. Additionally, the 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. 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.

9. 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 or in regards to representations and warranties made by Aimia when Aimia disposed of businesses and other assets. No amount has been recorded in these financial statements with respect to the indemnification and guarantee agreements.

Kognitiv transaction

Refer to *Note 16A* for a description of the indemnification clauses related to the Kognitiv transaction.

Aeroplan transaction

Refer to *Note 16B* for a description of the indemnification clauses related to the disposal of Aeroplan Inc.

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 16B*), 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

Following the completion of the sale of the Aeroplan Program and related assets on January 10, 2019 (*Note 16B*), 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 consolidated financial statements as at December 31, 2019 and June 30, 2020.

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.

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

10. DIVIDENDS

Quarterly dividends declared to preferred shareholders of Aimia during the six months ended June 30, 2020 and 2019*,* excluding cumulative preferred dividends not previously declared and not recorded as at December 31, 2018, were as follows:

	2020		2019	
Three months ended	Amount	Per preferred share	Amount	Per preferred share
Series 1				
March 31,	0.8	0.281250	1.1	0.28125
June 30,	1.5	0.300125	1.1	0.28125
Total	**2.3**	**0.581375**	2.2	0.56250
Series 2				
March 31,	0.7	0.33670	1.0	0.336760
June 30,	—	—	1.0	0.338570
Total	**0.7**	**0.33670**	2.0	0.675330
Series 3				
March 31,	1.7	0.375688	2.4	0.390625
June 30,	1.6	0.375688	2.2	0.375688
Total	**3.3**	**0.751376**	4.6	0.766313

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 16B*) 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. As 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; and
- the payment on March 29, 2019 of cumulative preferred dividends not previously declared and recorded amounting to $26.0 million as at December 31, 2018.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

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 the TSX.

Given the facts listed above, the Corporation's common and preferred dividends activity for the six months ended June 30, 2019 was as follows:

Six Months Ended June 30,	2019	
	Declared	Paid
Preferred dividends originally declared on May 10, 2017	—	4.3
Cumulative preferred dividends not previously declared and recorded	26.0	26.0
Quarterly preferred dividends	8.8	8.8
Total preferred dividends on Series 1, Series 2 and Series 3	**34.8**	**39.1**
Common dividends originally declared on May 10, 2017	**—**	**30.4**
Total common and preferred dividends	**34.8**	**69.5**

Aimia is subject to Part VI.1 tax under the Income Tax Act (Canada) (the “ITA”) at an imposed tax rate of 40% associated with dividends paid on its preferred shares. For the three and six months ended June 30, 2020, the gross amount of Part VI.1 tax expense is $1.2 million and $2.5 million, respectively ($1.7 million and $15.6 million in 2019). 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 16B*), 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 and the Kognitiv transaction (*Note 16A*), Aimia and its related Canadian subsidiaries will 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.

During the six months ended June 30, 2020, the Corporation paid $19.2 million of Part VI.1 tax.

On September 14, 2020, the Board of Directors of Aimia declared quarterly dividends of $0.300125 per Series 1 preferred share and $0.375688 per Series 3 preferred share, in each case payable on September 30, 2020 to shareholders of record on September 23, 2020.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

11. CAPITAL STOCK

NORMAL COURSE ISSUER BID

On June 8, 2020, the Corporation announced it had received approval from the Toronto Stock Exchange to purchase up to 6,980,010 of its issued and outstanding common shares under a normal course issuer bid during the period from June 10, 2020 to no later than June 9, 2021.

From June 10, 2020 to June 30, 2020, Aimia repurchased 1,590,850 common shares for a total consideration of $4.6 million. Of this total, 1,555,450 common shares were paid and cancelled during the period representing $4.5 million, with the remainder being paid and cancelled during the third quarter of 2020. Share capital was reduced by a negligible amount and the remaining $4.6 million was accounted for as a reduction of contributed surplus.

Subsequent to June 30, 2020, Aimia repurchased 1,396,405 common shares for a total consideration of $4.4 million.

PREFERRED SHARES, SERIES 1 AND PREFERRED SHARES SERIES 2

On February 24, 2020, the Board of Directors resolved that the Corporation would not exercise its right to redeem all or any number of the currently issued and outstanding 2,921,275 Cumulative Rate Reset Preferred Shares, Series 1 (the "Series 1 Preferred Shares") nor all or any number of the currently issued and outstanding 2,161,865 Cumulative Floating Rate Preferred Shares, Series 2 (the "Series 2 Preferred Shares") on March 31, 2020. As a result and subject to certain conditions set out in the rights, privileges, restrictions and conditions attaching to the Series 1 Preferred Shares, the holders of the Series 1 Preferred Shares had the right to convert all or any number of their Series 1 Preferred Shares, on a one-for-one basis, into Series 2 Preferred Shares and subject to certain conditions set out in the rights, privileges, restrictions and conditions attaching to the Series 2 Preferred Shares, the holders of the Series 2 Preferred Shares had the right to convert all or any number of their Series 2 Preferred Shares, on a one-for-one basis, into Series 1 Preferred Shares of Aimia; in each case on March 31, 2020.

During the conversion notice period, 1,774,254 Series 2 Preferred Shares were tendered for conversion into Series 1 Preferred Shares. In accordance with the rights, privileges, restrictions and conditions attaching to the Series 2 Preferred Shares and the Series 1 Preferred Shares, since there would be fewer than 1,000,000 Series 2 Preferred Shares outstanding on March 31, 2020, after having taken into account all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares, all Series 2 Preferred Shares were automatically converted into Series 1 Preferred Shares on March 31, 2020.

In addition, despite the fact that during the conversion notice period, 17,370 Series 1 Preferred Shares were tendered for conversion into Series 2 Preferred Shares, since there would be fewer than 1,000,000 Series 2 Preferred Shares outstanding on March 31, 2020, after having taken into account all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares, holders of Series 1 Preferred Shares who elected to tender their shares for conversion did not have their Series 1 Preferred Shares converted into Series 2 Preferred Shares on March 31, 2020 in accordance with the rights, privileges, restrictions and conditions attaching to the Series 1 Preferred Shares and the Series 2 Preferred Shares.

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

As a result, all 2,161,865 Series 2 Preferred Shares were automatically converted into Series 1 Preferred Shares on March 31, 2020 and no Series 2 Preferred Shares remain issued and outstanding after March 31, 2020. The dividend rate of the Series 1 Preferred Shares for the five-year period from and including March 31, 2020 up to but excluding March 31, 2025 will be 4.802%, being 3.75% over the five-year Government of Canada bond yield, as determined in accordance with the rights, privileges, restrictions and conditions attaching to the Series 1 Preferred Shares. As of June 30, 2020, there are 5,083,140 issued and outstanding Series 1 Preferred Shares, all of which are listed on the Toronto Stock Exchange.

SUBSTANTIAL ISSUER BIDS

On March 27, 2019, Aimia's Board of Directors approved a substantial issuer bid to repurchase a portion of its outstanding common shares for cancellation, commencing on April 11, 2019. In accordance with the terms and conditions of this substantial issuer bid, Aimia purchased for cancellation 34,883,702 common shares. In addition, on November 18, 2019 Aimia's Board of Directors approved an additional substantial issuer bid to repurchase a portion of its outstanding common shares for cancellation. In accordance with the terms and conditions of this substantial issuer bid, Aimia purchased for cancellation 14,705,863 common shares. Of this amount, 9,906 common shares were effectively canceled in January 2020.

12. COMMITMENTS

As at June 30, 2020, the non-cancellable estimated future minimum payments under various short-term operating leases and other contractual obligations are as follows:

	Total	2020	2021	2022	2023	2024	Thereafter
Short-term operating leases	0.3	0.1	0.2	—	—	—	—
Technology infrastructure and other	1.2	1.2	—	—	—	—	—
Total	**1.5**	**1.3**	**0.2**	**—**	**—**	**—**	**—**

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

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position 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.

	Hierarchy	June 30, 2020	December 31, 2019
Financial assets			
Investment in Clear Media Limited (*Note 6*)	Level 1	73.8	—

Investments in equity instruments of Clear Media Limited

In May 2020, the Corporation invested $76.2 million (HKD 419.6 million) to acquire 58,774,450 common shares of Clear Media Limited, representing a 10.85% ownership interest in the company. Those common shares were acquired at prevailing market rates through a series of common share purchases in the open market, which included 19.6 million common shares previously held through Mittleman Investment Management's assets under management. Aimia did not acquire control or significant influence in the operations of Clear Media Limited. As of June 30, 2020, the fair value of the investment in equity instruments of Clear Media Limited is based on the quoted market value for its publicly traded equity securities. During the three months ended June 30, 2020, a net fair value loss of $2.4 million was recorded in the consolidated statements of operations related to the investment in Clear Media Limited, mainly due to the underlying foreign currency impact.

On July 14, 2020, Clear Media announced that the percentage of the public float of the shares of the company has fallen below 15% and that, at the request of the Clear Media, trading in the shares of Clear Media on The Stock Exchange of Hong Kong Limited were suspended with effect from 9:00 a.m. on July 14, 2020. Future valuation of the investment in Clear Media Limited will therefore fall under the Level 3 fair value hierarchy.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

Investments in equity instruments portfolio

During the three months ended June 30, 2020, the Corporation invested $21.1 million (US$14.9 million) in various public company securities. None of these investments gave any form of significant ownership, control or influence to Aimia. On June 9, 2020, the company completed the sale of this investment portfolio for proceeds of $28.1 million (US$21.0 million) and recorded a net fair value gain of $7.0 million.

Investments in equity instruments of Cardlytics

The fair value of the investment in equity instruments of Cardlytics was based on the quoted market value for its publicly traded equity securities. During the year ended December 31, 2019, the Corporation disposed of all of its investment in Cardlytics. During the three and six months ended June 30, 2019, fair value gains of $37.7 million and $60.2 million, respectively, were recorded in the consolidated statements of operations related to the investment in Cardlytics.

Investment in Fractal Analytics

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 as at December 31, 2018, no gain or loss was recorded in the consolidated statement of operations in the first quarter upon the sale of the investment.

Financial assets and financial liabilities at amortized cost

The carrying amounts reported in the consolidated statement of financial position 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.

As at December 31, 2019, the fair value of investments in corporate and government bonds was based on the quoted market price of the investments. Aimia's investments in corporate and government bonds carrying amount as at December 31, 2019, which were measured at amortized costs, and the fair value thereof, were as set out in the following table. Aimia redeemed the entirety of its investment in corporate and governments bonds in the six months ended June 30, 2020.

		June 30, 2020		December 31, 2019	
	Hierarchy	Carrying	Fair Value	Carrying	Fair Value
Investments in corporate and government bonds (including current portion)	Level 1	—	—	154.1	155.0

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

14. ADDITIONAL FINANCIAL INFORMATION

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

A) STATEMENTS OF FINANCIAL POSITION

INTANGIBLE ASSETS

As at	June 30, 2020	December 31, 2019
Accumulation partners' contracts and customer relationships	—	8.9
Software and technology	—	1.2
Trade names	—	8.8
Total	—	18.9

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. Restructuring expenses recorded during the six months ended June 30, 2020 consisted primarily of severance costs related to headcount reductions and changes associated with restructuring of the Corporation's executive leadership team.

	Total
Balance as at December 31, 2018	**6.4**
Liability recorded during the year	14.2
Payments made during the year	(16.5)
Balance as at December 31, 2019	**4.1**
Liability recorded during the period	2.0
Payments made during the period	(6.1)
Restructuring liability disposed of (*Note 16A*)	(0.1)
Foreign exchange translation adjustment	0.2
Balance as at June 30, 2020	**0.1**

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 and six months ended June 30, 2020 and 2019 for each segment are presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
Segment	2020	2019	2020	2019
Investments and Holdings	0.6	3.7	1.8	3.7
Discontinued operations - Loyalty Solutions	0.1	1.3	0.2	6.6
Total	**0.7**	5.0	**2.0**	10.3

OTHER LONG-TERM ASSETS

As at	June 30,	December 31,
	2020	2019
Tax deposit *(Note 16B)*	**32.9**	26.7
Other deposit	**—**	2.9
Net investment in a lease	**—**	2.1
Prepayments	**1.2**	1.2
Total	**34.1**	32.9

OTHER LONG-TERM LIABILITIES

As at	June 30,	December 31,
	2020	2019
Post-employment benefits	**0.3**	2.9
Lease liability	**—**	4.3
Share-based compensation and other performance awards	**2.2**	4.5
Contingent consideration *(Note 15)*	**1.8**	—
Total	**4.3**	11.7

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

B) STATEMENTS OF CASH FLOWS

CHANGES IN OPERATING ASSETS AND LIABILITIES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Restricted cash	**(0.7)**	0.9	**(5.8)**	0.2
Accounts receivable	**7.7**	(8.2)	**23.1**	(51.3)
Inventories	**1.0**	0.5	**0.3**	0.4
Prepaid expenses and deposits	**2.9**	(18.3)	**9.1**	(19.5)
Accounts payable and accrued liabilities	**(5.4)**	(9.0)	**(28.5)**	(2.4)
Customer deposits	**(0.2)**	(0.3)	**(1.0)**	1.5
Provisions	**—**	(0.7)	**—**	(1.4)
Other long-term liabilities	**(0.5)**	(1.5)	**(0.9)**	(2.9)
Deferred revenue	**(1.7)**	(6.4)	**(6.1)**	(18.1)
Total	**3.1**	(43.0)	**(9.8)**	(93.5)

15. ACQUISITION OF MITTLEMAN BROTHERS

On June 19, 2020, Aimia announced the closing of the previously announced acquisition all outstanding shares of Mittleman Brothers LLC, a related party to the Corporation and the parent company of Mittleman Investment Management, LLC, a SEC-registered value investment adviser that provides discretionary portfolio management to institutional investors and high-net-worth individuals. The expertise of Mittleman Brothers brings additional capabilities needed to execute Aimia's new strategy. With the close of this transaction, Philip Mittleman was appointed permanent Chief Executive Officer of Aimia, and Christopher Mittleman was appointed as the Chief Investment Officer and a member of the Board of Directors.

The fair value of the total consideration has been estimated at $16.4 million and includes of $14.4 million related to the business acquisition and $2.0 million of deferred compensation. The total consideration consists of $6.3 million (US$4.6 million) in cash paid at closing and up to approximately 4.2 million common shares of the Corporation. The consideration in common shares include 1.5 million common shares that were issued as initial consideration and up to 2.7 million common shares that will be issued to the sellers subject to achievement of certain earn-out and performance related targets. Of those 2.7 million common shares, 1.6 million are subject to forfeiture and/or clawback clauses, and have already been issued and deposited in escrow. The remaining 1.1 million common shares will be issued upon achieving the performance related targets.

The performance related targets include a significant increase in MIM's assets under management or Aimia's share price trading at a weighted average of $6.00/share or higher over a consecutive 20 day trading period, in each case, prior to the fourth anniversary of the closing of the transaction.

The fair value associated with the base consideration has been determined using the amount of cash paid and the fair value of the common shares issued at the closing date. The common shares had a fair value of $2.93 per common share, which is based on the quoted price of the common shares on the Toronto Stock Exchange on the closing date. The fair value associated with the contingent consideration has been estimated using the fair value of the common shares at the closing date and probability-weighted scenarios associated with the performance related targets.

A portion of the consideration attributed to Philip Mittleman and Christopher Mittleman (the "Management Sellers") is contingent upon their continued employment with Aimia for a 10-year period (with up to 0.9 million common shares deposited in escrow available for clawback) and will be accounted for as deferred compensation over that period. The Corporation incurred $0.6 million of transaction costs related to this acquisition which have been recognized as Professional, advisory and service fees expenses in the consolidated statements of operations.

The results of operations of MIM have been consolidated with those of the Corporation since June 19, 2020. The acquisition has been accounted for as a business combination in accordance with IFRS 3, Business Combinations, using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value. At this time, the Corporation has not finalized its purchase price allocation and the difference between the fair value of the net assets acquired and the fair value of the consideration has been temporarily assigned to goodwill.

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

The following table summarizes the allocations of the consideration paid and the amounts of estimated fair value of the assets acquired and liabilities assumed at the acquisition date:

Purchase price	
Base Consideration - Cash paid	6.3
Base Consideration - Initial shares consideration (share capital)	4.4
Contingent Consideration - contingent shares (contributed surplus)	1.9
Contingent Consideration - escrow shares (other long-term liabilities)	1.8
Total Consideration fair value to allocate	**14.4**
Preliminary - Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	0.4
Accounts receivable	0.1
Accounts payable and accrued liabilities	(0.5)
Total identifiable net assets (liabilities)	**—**
Goodwill	14.4
Total	**14.4**

After the finalization of the purchase price allocation in subsequent periods, any resulting goodwill related to the acquisition of MIM would be mainly composed of key employees' investment and capital allocation expertise and expected synergies associated with workforce that does not qualify for separate recognition. Any resulting goodwill will not be deductible for tax purposes.

16. DISCONTINUED OPERATIONS AND DISPOSAL OF BUSINESSES AND OTHER ASSETS

DISCONTINUED OPERATIONS

A) Kognitiv transaction - Loss of control in Loyalty Solutions business and related assets

On June 18, 2020, Aimia completed the Kognitiv transaction previously announced on April 29, 2020. The transaction is a contribution of cash and Aimia's Loyalty Solutions business, which includes Intelligent Shopper Solutions and the Air Miles Middle East program, in exchange of an ownership interest in Kognitiv, a B2B technology platform and services company. As part of the transaction, Kognitiv received a total of $28.7 million (US$21.1 million) with $20.4 million (US$15.0 million) coming from Aimia in funding in the form of 12% cumulative convertible preferred equity of Kognitiv and $8.3 million (US$6.1 million) from other investors. These preferred shares have similar voting rights as, and are convertible into, common shares of Kognitiv. Prior to the transaction close, Aimia had advanced $3.5 million (US$2.5 million) of that investment in the form of a convertible note that converted into convertible preferred equity at the transaction close. After the closing of both the contribution of the Loyalty Solutions business and the cash investments, Aimia owns 49.3% of Kognitiv.

The investors rights associated with its ownership percentage does not give Aimia control or joint control over Kognitiv or its operations, but rather a significant influence per the definition of IAS 28. Therefore, the transaction is accounted as a loss of control over the Loyalty Solutions business and related assets and a new investment in Kognitiv, which is accounted using the equity method. Under the equity method, net earnings are calculated on the same basis as if the two entities had been consolidated. The difference between the fair value of the investment and the net book value of Kognitiv's assets will be allocated to the fair value of identifiable assets, including finite and indefinite life intangible assets, and any remaining difference to be assigned to notional goodwill. At this time, the Corporation has not finalized its notional purchase price allocation and difference between the fair value of the net assets acquired and the fair value of the investment has been temporarily assigned to goodwill. The proportionate share of Kognitiv’s net earnings has been recorded since the closing of the transaction on June 18, 2020 *(Note 7).* The fair value of Aimia's investment in Kognitiv has been estimated at $88.7 million and is based on a combination of valuation techniques and inputs, including the financing round completed concurrently with the transaction, other recent Kognitiv financing rounds, discounted future cash flows generated from the new combined business and a market approach derived using a multiple of projected earnings.

The calculation of the discounted future cash flows was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the financial long range plan approved by Kognitiv management;
- Discount rate of 18%;
- Terminal growth rate of 3%;

Rates were determined based on economic indicators and other specific risks related to Kognitiv.

The key assumptions for the market approach included earnings projected based on past experience, actual operating results and the financial long range plan approved by Kognitiv management. The multiples were determined on the basis of historical and publicly available information of comparable companies.

Aimia and Kognitiv have agreed to provide each other transition services until December 31, 2020. These services include finance, technology, human resources and facility management. Aimia has also agreed to maintain certain guarantees (*Note 9*) as well as security in the form of cash collateral related to certain specified contracts for a period of up to 12 months in the case of guarantees and up to 24 months in the case of cash collateral. The current amount of such cash collateral as of June 30, 2020 is $0.5 million and is included in restricted cash on the statements of financial position.

The transaction agreement also provides that, as of and after the closing date, each of Aimia and Kognitiv 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 as well as for losses suffered as a result of customer terminated contracts pursuant to a change in control clause. With respect to those indemnification clauses, Aimia has no obligation to indemnify Kognitiv unless and until the aggregate amount of the losses incurred exceeds $2.25 million (US$ 1.7 million), in which case all losses are indemnifiable. Aimia’s liability for such indemnity claims shall not exceed $15.0 million in all cases except with respect to (i) Aimia’s fundamental representations and (ii) inaccuracy, misrepresentation or breach of any representation or warranty involving fraud, where Aimia's liability is uncapped.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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

Consideration associated with the Kognitiv transaction	
Investment in Kognitiv recognized at fair value	88.7
Cash investment	(20.4)
Transaction costs related to the loss of control	(4.2)
Consideration relating to disposed assets and liabilities, net of transaction costs	**64.1**
Preliminary closing adjustments related to working capital	5.1
Net consideration	**69.2**
Assets and liabilities disposed of	
Cash and cash equivalents	11.1
Restricted cash	22.3
Accounts receivable	42.5
Inventories	0.6
Prepaid expenses and deposits	9.6
Property and equipment	1.0
Software and technology	0.2
Equity-accounted investment (Aimia Kantar)	0.7
Accumulation partners' contracts and customer relationships	8.6
Trade names	8.6
Other long-term assets	4.3
Accounts payable and accrued liabilities	(28.6)
Customer deposits	(19.2)
Deferred revenue	(22.3)
Other long-term liabilities	(7.0)
Net assets (liabilities) disposed of	**32.4**
Gain before reclassification to net earnings of cumulative translation	**36.8**
Reclassification to net earnings of cumulative translation adjustments	(21.6)
Gain on the loss of control of the Loyalty Solutions business and related assets	**15.2**

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Results of the Loyalty Solutions business and related assets				
Total revenue	**22.9**	31.0	**52.5**	65.7
Compensation and benefits	**10.8**	18.2	**23.4**	40.2
Technology	**8.9**	14.2	**16.8**	29.4
Professional, advisory and service fees	**2.1**	2.6	**4.9**	4.9
Rent and office costs	**0.7**	1.2	**1.5**	3.1
Travel and employee expenses	**0.2**	1.3	**0.9**	2.4
Depreciation and amortization	**0.8**	1.1	**1.9**	2.0
Other	**1.3**	3.0	**2.5**	5.2
Total operating expenses	**24.8**	41.6	**51.9**	87.2
Operating income (loss)	**(1.9)**	(10.6)	**0.6**	(21.5)
Gain on disposal of businesses and other assets	**15.2**	—	**15.2**	—
Net financial income (expenses)	**(0.3)**	(0.2)	**(0.3)**	—
Share of net earnings of equity-accounted investments	**0.2**	0.3	**0.6**	1.0
Income tax (expense) recovery	**(4.9)**	(0.2)	**(3.9)**	3.9
Net earnings (loss)	**8.3**	(10.7)	**12.2**	(16.6)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net cash flows of the Loyalty Solutions business and related assets				
Cash flows from (used in):				
Operating activities	**3.4**	(48.0)	**(3.0)**	(67.3)
Investing activities - Payments for the disposal of businesses, including cash disposed	**(34.3)**	—	**(34.3)**	—
Financing activities - Acquisition of non-controlling interest	**—**	(2.3)	**—**	(2.3)
Financing activities - Principal elements of lease payments	**(0.3)**	(0.4)	**(0.7)**	(0.7)
Total	**(31.2)**	(50.7)	**(38.0)**	(70.3)

B) 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 amounted to $516.4 million, after final closing adjustments of $66.4 million which were primarily related to favourable working capital adjustments relative to the working capital target set out in the share purchase agreement. Offsetting this cash consideration is an aggregate of $16.0 million, consisting of transaction fees of $7.4 million as well as $8.6 million in termination fees associated with agreements entered into with Porter Airlines, Air Transat and Flair Airlines.

Aimia and Air Canada 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 the income tax audit conducted by the CRA regarding certain Aeroplan income tax matters dating back to 2013 (the "2013 CRA audit").

In regards to the indemnification clauses described above, $2.25 million of the purchase price proceeds were 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 were deposited in a separate interest-bearing account jointly controlled by Aimia and Air Canada pending the conclusion of the 2013 CRA audit. The escrow amount was released to Aimia in July 2020.

During the year ended December 31, 2019, Aimia received notices of reassessment for the 2012 through 2017 taxation years and notices of assessment for the 2018 and 2019 taxation years from the CRA for an aggregate amount of $26.9 million, including $4.1 million interest. Aimia received notices of reassessment for the 2012 through 2017 taxation years and the notice of assessment for the 2018 taxation year from Revenu Québec for a total amount of $5.5 million, including interest of $0.3 million. During the three months ended June 30, 2020, Aimia also received a notice of reassessment for the 2019 taxation year from Revenu Québec for a total amount of $0.8 million. Aimia has funded the amounts due upon receipt of the assessments from the restricted cash account. Aimia also received a refund of $0.3 million of interest from the CRA. The restricted cash account balance was $66.9 million as at June 30, 2020 and was released to Aimia in July 2020 in accordance with the terms of the SPA between Aimia and Air Canada.

Aimia, in conjunction with Aeroplan Inc., has initiated the process to vigorously contest these matters. Based on external advice it has received, the Corporation believes that it is more likely than not that Aeroplan Inc. will 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 income tax expenses related to discontinued operations in its financial statements (*Note 14)*. Should Aeroplan Inc. be successful in its recourse procedures,the $32.9 million remitted to the CRA from the original $100.0 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	(16.0)
Consideration relating to disposed assets and liabilities, net of transaction and termination fees	**434.0**
Closing adjustments related to working capital and future redemption liability	66.4
Net consideration [a)]	**500.4**
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 [b)]	**1,063.1**

(a) The net consideration 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;
- $16.0 million of transaction and termination fees paid during the year ended December 2019.

(b) As of March 31, 2019 the preliminary gain on disposal of the Aeroplan program was $1,043.6 million. During three month ended June 30, 2019, the gain on disposal was adjusted by $19.5 million, being an additional $19.7 million related to final closing adjustments related to working capital, offset by $0.2 million of transaction fees.

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Results of the Aeroplan Program and related assets				
Revenue from Loyalty Units	—	—	—	35.3
Revenue from Loyalty Services and Other	—	—	—	1.0
Total revenue	—	—	—	36.3
Cost of rewards and direct costs	—	—	—	24.5
Gross margin	—	—	—	11.8
Operating expenses before share-based compensation and other performance awards	—	—	—	4.2
Share-based compensation and other performance awards	—	—	—	(0.2)
Total operating expenses	—	—	—	4.0
Operating income	—	—	—	7.8
Gain on disposal of businesses and other assets	—	19.5	—	1,063.1
Income tax (expense) recovery	—	—	—	(1.1)
Net earnings from the Aeroplan Program and related assets	—	19.5	—	1,069.8

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net cash flows of the Aeroplan Program and related assets				
Cash flows from (used in):				
Operating activities	—	—	—	(27.6)
Investing activities				
Net proceeds from the disposal of businesses and other assets	—	14.7	—	500.5
Restricted cash	—	—	—	(100.0)
Cash held in escrow	—	—	—	(2.3)
Total	—	14.7	—	370.6