AIMIA

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the years ended December 31, 2020 and 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Aimia Inc. (together with its direct and indirect subsidiaries, where the context requires, “Aimia” or the “Corporation”) was incorporated on May 5, 2008 under the laws of Canada.

The following management's discussion and analysis of financial condition and results of operations (the “MD&A”) presents a discussion of the financial condition and results of operations for Aimia.

The MD&A is prepared as at March 24, 2021 and should be read in conjunction with the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020 and the notes thereto, and Annual Information Form dated March 24, 2021.

The earnings and cash flows of Aimia are affected by certain risks. For a description of those risks, please refer to the *Risks and uncertainties affecting the business* *section.*

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Forward-looking statements are included in this MD&A. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would” and “should”, and similar terms and phrases, including references to assumptions. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts, predictions or forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business and its corporate structure. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, business and industry disruptions related to natural disasters, security issues and global health crises particularly as they might affect the airline, travel and hospitality sectors, risks and uncertainties to Aimia's investment in PLM arising from Aeromexico's Chapter 11 filings, the execution of the strategic plan, investment risks, including in connection with how and when to deploy and invest Aimia’s considerable cash and other liquid assets, holding company liquidity risk, investment partnerships risks, airline industry changes and increased airline costs, reliance on key personnel, market price and trading volume of the common shares and preferred shares, uncertainty of dividend declarations and/or payments on either common shares or preferred shares, passive foreign investment company risk, limitations on utilization of tax losses, technological disruptions and inability to use third-party software and outsourcing, regulatory matters related to privacy, foreign operations, interest rate and currency fluctuations, legal proceedings, audit by tax authorities, as well as the other factors identified throughout this MD&A and throughout Aimia's public disclosure records on file with the Canadian securities regulatory authorities. The forward-looking statements contained herein represent Aimia's expectations as of March 24, 2021, and are subject to change after such date. However, Aimia disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS MD&A CONTAINS THE FOLLOWING SECTIONS:

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

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 176 Yonge Street, Office 06-128, Toronto, Ontario, M5C 2L7.

The Corporation updated its corporate strategy during the year to become a holding company with a focus on long-term investments in public and private companies, on a global basis, through controlling or minority stakes. Refer to the *Strategic Update* section for additional information.

The company operates an investment advisory business through its wholly-owned subsidiary Mittleman Investment Management, LLC, and owns a diversified portfolio of valuable investments including a 48.9% equity stake in PLM Premier, S.A.P.I. de C.V. (PLM), owner and operator of Club Premier, the coalition loyalty program in Mexico that operates the Aeromexico Frequent Flyer program, a 48.9% equity stake in Kognitiv, a B2B technology growth company enabling collaborative commerce, a 10.85% stake in Clear Media Limited, one of the largest outdoor advertising firms in China, as well as minority stakes in a portfolio of public company securities.

Aimia, through its own operations and those of its subsidiaries, currently operates two reportable and operating segments, namely, Holdings, and Investment Management.

Holdings

Holdings includes Aimia's long-term investments in PLM, BIGLIFE, Kognitiv, Clear Media Limited as well as various minority investments in public securities and an investment in a special purpose vehicle.

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.

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.

Discontinued Operations

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. Discontinued Operations also include the results of the Aeroplan coalition loyalty program and related assets until their disposal on January 10, 2019. Please refer to the section *Discontinued Operations and Disposal of Businesses and Other Assets* for additional information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INVESTMENTS IN EQUITY INSTRUMENTS, ASSOCIATES AND JOINT ARRANGEMENTS

The table below summarizes Aimia's main long-term investments in equity instruments, associates and joint arrangements at December 31, 2020:

Name	Nature of business	Nature of investment	Reporting segment	Place of business	% of ownership interest	Measurement method
PLM	Coalition Loyalty	Joint venture	Holdings	Mexico	48.9	Equity
BIGLIFE	Coalition Loyalty	Joint venture	Holdings	Malaysia	20.0	Equity
Kognitiv	B2B Technology	Associate	Holdings	Worldwide	48.9	Equity
Clear Media Limited	Outdoor advertising	Equity instrument	Holdings	China	10.85	Fair value

Q4 2020 HIGHLIGHTS

Gain realized on Village Roadshow investment

During the fourth quarter of 2020, the Corporation invested $24.8 million (AU$26.1 million) in common shares of Village Roadshow (VRL.AU). On December 29, 2020, the company completed the sale of all of its stake for net proceeds of $30.7 million (AU$31.4 million) and recorded a fair value gain of $5.9 million.

Capital deployment

Investments in equity instruments

During the fourth quarter of 2020, the Corporation purchased 481,164 common shares of JCDecaux (DEC.PA), the global industry leader in outdoor advertising, for a total of $10.5 million (€6.8 million). As of December 31, 2020, the investment was worth $14.1 million, with a $3.6 million unrealized fair value gain being recognized in the three months ended December 31, 2020.

Aimia also invested $4.7 million in other public company securities. These investments did not give any form of significant ownership, control or influence to Aimia.

Investment in a special purpose vehicle

The Corporation committed an initial $6.4 million (US$5.0 million) to a special purpose vehicle created to pursue a leveraged buyout of a target. At December 31, 2020, US$2.5 million of that commitment has already been funded. Aimia also has the option to purchase up to a total of 25% of the potential acquisition in the event the leveraged buyout is consummated.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COVID-19 Impact Update

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 includes 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 holding company and our ability to work remotely to perform these activities has enabled Aimia to operate in this difficult environment without significant impact. However, the pandemic is impacting the operations of our investments or certain of their partners to various degrees.

PLM

The PLM coalition program has been impacted by COVID-19. The most significant impact has been on Aeromexico, the airline partner of PLM due to unprecedented border closures and travel restrictions. As the activities of Aeromexico are reduced, the cash inflows of PLM are reduced given lower points accumulation by the program members who accumulate on Aeromexico flights. In addition, the pandemic has impacted businesses and consumers credit card spending which has adversely impacted cash inflows of the program. Partially offsetting these impacts are lower cash outflows due to a significant reduction in points redemption by the program members with respect to airline rewards and cost cutting initiatives put in place by PLM to mitigate the lower levels of operating margins generated.

On June 30, 2020, Aeromexico commenced proceedings under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") 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 $15.4 million (US$11.5 million) expected credit loss provision has been recorded in the results of PLM related to certain unsecured receivables from Aeromexico in the twelve months ended December 31, 2020, which impacted Aimia's share of net earnings from PLM.

In October 2020, the United States Bankruptcy Court approved on a final basis Aeromexico’s Debtor-in-possession ("DIP") financing facility for up to US$1.0 billion, consisting of a senior secured Tranche 1 facility of US$200.0 million, and a senior secured Tranche 2 facility of US$800.0 million. In addition, the airline has since renegotiated terms with its suppliers, including aircraft lessors, and with its unionized labor forces to improve its cost structure and liquidity.

As long as various travel restrictions remain in place, Aimia anticipates reduced cash flows and net earnings for PLM compared to pre-pandemic levels as a result of the reduced air travel demand and capacity of Aeromexico. While Aimia cannot predict the full impact or exact timing for when these adverse conditions may improve, Aimia does not expect these conditions to be permanent. As such, Aimia does not expect the long-term profitability of the program to be affected significantly at this time. Consequently, taking into consideration that previous calculations show that the investment's recoverable value is significantly greater than its carrying amount, Aimia did not consider that the current pandemic nor Aeromexico's Chapter 11 proceedings would have eliminated that difference.

Refer to the *Note 2 (a)* of the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020 for more details. Subsequent to December 31, 2020, the PLM board of directors approved a distribution of US$16.1 million, of which Aimia received its share of $9.8 million (US$7.9 million).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BIGLIFE

The BIGLIFE coalition program has been impacted by COVID-19. The pandemic has significantly impacted the business of AirAsia Berhad, the anchor airline partner and majority shareholder of the BIGLIFE joint venture due to unprecedented border closures and travel restrictions. It has also significantly affected AirAsia X, the long haul carrier operating under the AirAsia banner and a program partner of BIGLIFE. As the activities of AirAsia are reduced, the cash inflows of BIGLIFE are reduced given lower points accumulation by the program members who accumulate on AirAsia flights. In addition, the pandemic has impacted businesses and consumers credit card spending which has adversely impacted cash inflows of the program. Partially offsetting these impacts are lower cash outflows due to a significant reduction in points redemption by the program members with respect to airlines rewards and cost cutting initiatives put in place by BIGLIFE to mitigate the lower levels of operating margins generated.

Both airline partners have announced financing plans to facilitate an injection of fresh equity in light of the liquidity constraints faced during these adverse conditions. At this time, AirAsia Berhad has raised MYR300.0 million in debt and undertook a private placement initiative for the issuance of up to 20% of the total number of issued shares of the company. The first and second tranches of that private placement were completed with AirAsia Berhad raising approximately MYR337.0 million. Aimia participated in the second tranche of the private placement and subscribed for 35.6 million of common shares for an amount of $9.4 million (US$7.5 million).

Aimia anticipates reduced cash flows for BIGLIFE compared to pre-pandemic levels as a result of the reduced air travel demand and capacity of AirAsia Berhad and AirAsia X due to updated travel restrictions, which includes, but not limited to, the reinstatement of the Malaysian Government Movement Control Order in January and February 2021. Those challenges, along with the uncompleted financing initiatives of the airlines and recent delays in the expected recovery of the BIGLIFE operating activities has been considered an indication that the carrying value of the investment in BIGLIFE might be impaired and thus, tested for impairment. Based on the results of the impairment test, the carrying amount of the BIGLIFE investment was determined to be lower than its recoverable amount and therefore, no impairment has been recorded. Refer to *Note 10* of the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020. Subsequent to December 31, 2020, Aimia entered into a binding memorandum of understanding with AirAsia Berhad to sell Aimia's 20% investment in BIGLIFE in exchange of 85.9 million of new common shares of AirAsia Berhad. This agreement is subject to AirAsia Berhad's shareholders approval. As of March 24, 2021, those common shares had a value of $29.3 million, which is significantly higher than BIGLIFE's carrying value of $16.4 million at December 31, 2020.

Kognitiv

The Loyalty Solutions activities that Aimia contributed into Kognitiv did not experience a significant reduction in business caused by COVID-19 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 customers remotely. However, Kognitiv's services provided to the travel and hospitality industries have been impacted by the travel restrictions and border closures. This current environment was taken into account when Aimia recorded the investment in Kognitiv at fair value on June 18, 2020. However, the extension of travel restrictions is causing delays in the execution of the initial business plan. Kognitiv has reported a net loss of $(22.9) million since the transaction date, which Aimia's share of this net loss has impacted negatively the carrying value of the investment. Aimia considered this to be an indication that Kognitiv's carrying value might be impaired and thus tested the investment for impairment. Based on the results of the impairment test, the carrying amount of the Kognitiv investment was determined to be lower than its recoverable amount and therefore, no impairment has been recorded. The assumptions and estimates used in the impairment test of the Kognitiv investment are described in *Note 10* of the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020.

Clear Media

Clear Media's revenues began to decline substantially in February 2020 amid the outbreak of COVID-19 which further slowed China's economic growth, negatively impacted customers' advertising spend and reduced demand for advertising space. In its March 17, 2021 Annual Results Announcement, Clear Media indicated that its revenue bottomed in March 2020 (prior to Aimia's investment in Clear Media) and that its revenue had been recovering in the second quarter of 2020. The recovery in total monthly revenue continued in the third and fourth quarter of 2020. Total revenue in the fourth quarter of 2020 also slightly exceeded the level of the same period in the prior year. Clear Media further indicated that, in the absence of any significant recurrence of COVID-19 pandemic or adverse macro-economic development, the 2021 total revenue is expected to be materially more than in 2020. The investment in the equity instruments of Clear Media is recorded at fair value at each reporting period. The assumptions and estimates used in the valuation of Clear Media are described in *Note 9* of the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020.

Aimia continues to monitor the COVID-19 impacts on all its investments closely. Refer to the *Risks and uncertainties affecting the business* section for more details.

Subsequent Events

Sale of BIGLIFE to AirAsia Berhad

On March 22, 2021, Aimia entered into a binding memorandum of understanding with AirAsia Berhad to sell Aimia's 20% investment in BIGLIFE in exchange for 85.9 million of new common shares of AirAsia Berhad. This agreement is subject to AirAsia Berhad shareholders approval. As of March 24, 2021, those common shares had a value of approximately $29.3 million. If approved, the transaction will generate a gain equivalent to the difference between the fair value of those shares and the carrying amount of the investment in BIGLIFE at transaction close. As of December 31, 2020, the investment in BIGLIFE's carrying amount was $16.4 million.

Investment in AirAsia Berhad

In March 2021, the Corporation participated in the second tranche of a private placement of new ordinary shares in AirAsia Berhad. Aimia subscribed for 35.6 million of new common shares for an amount of $9.4 million (US$7.5 million).

Investment in equity instruments

Subsequent to December 31, 2020, the Corporation invested an additional amount of $8.2 million in various public company securities. None of these investments gave any form of significant ownership, control or influence to Aimia.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OTHER 2020 HIGHLIGHTS

Extending relationship with Aeromexico

On June 29, 2020, Aimia announced the signing of a new definitive agreement with Aeromexico reflecting the parties' previously announced agreement to make certain changes to the Shareholders Agreement between them and to 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 amended the Shareholders Agreement, which included granting 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.

Investment in Kognitiv

On April 29, 2020, Aimia announced it had signed a binding letter agreement to contribute cash and its Loyalty Solutions business, which includes ISS and the Air Miles Middle East program, in exchange for an investment in Kognitiv, a B2B technology growth company enabling collaborative commerce. The transaction closed on June 18, 2020.

As part of the transaction, and in addition to the contribution of the Loyalty Solutions business, 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, and $8.3 million (US$6.1 million) from other investors. After June 30, 2020, Kognitiv obtained additional financing of US$2.0 million in the form convertible promissory note from another investor. Aimia now owns 48.9% of Kognitiv. The results of Loyalty Solutions up to June 18, 2020 are presented in the section *Discontinued Operations and Disposal of Businesses and Other Assets*. Aimia equity-accounts for the results of Kognitiv after June 18, 2020.

Investment in 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 and the investment is measured at fair value.

Aimia's investment in Clear Media represents an outstanding opportunity, diversifying our holdings and taking advantage of the COVID-19 related economic malaise in the U.S. and China. Aimia now owns a large stake in a leader in the outdoor advertising market in China with a 20-year track record of strong growth and free cash flow generation, and 19 years as a public company, backed by a blue chip consortium of investors, namely Ever Harmonic Global Ltd., which is owned by Clear Media's CEO Han Zi Jing, Ant Financial (controlled by Jack Yun Ma), JCDecaux SA (FP: DEC), and JIC Capital Management Ltd.

On July 14, 2020, as expected, 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.

Purchase and sale of equity instruments portfolio

On April 2, 2020, Aimia announced it had made amendments to its investment policy, as approved by the Corporation's Board, to permit Aimia to invest in a diversified portfolio of public company securities, fixed income securities and hybrid securities. During the three months ended June 30, 2020, the Corporation invested $21.1 million (US$14.9 million) in various public company securities. On June 9, 2020, the Corporation 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.

NCIB

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 December 31, 2020, Aimia repurchased 4,422,745 common shares for a total consideration of $14.6 million.

Acquisition of Mittleman Brothers LLC

On June 19, 2020, Aimia announced the acquisition of 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. Refer to the *Note 27* of the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020 for more details.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

STRATEGIC UPDATE

New Corporate Strategy

As announced on April 29, 2020, the recently reconstituted board of directors of Aimia formed an ad hoc Strategic Review Committee to explore and review strategic alternatives to create lasting shareholder value. The result of that process was the approval by the Board of Directors of a new strategy to focus on long-term investments in public and private companies, on a global basis, through controlling or minority stakes. The targeted companies will exhibit durable economic advantages, evidenced by a well-established track record of substantial free cash flow generation over complete business cycles, guided by strong, experienced management teams. Aimia is now positioned to invest wherever a suitable opportunity can be identified, in any sector. In addition, Aimia will consider investments that may efficiently utilize the Corporation's approximately $700 million in operating and capital loss carryforwards to further enhance stakeholder value.

New executive appointments

In light of the different skills required by the change in strategy, the Board of Directors appointed Philip Mittleman as Chief Executive Officer, Michael Lehmann as President and Christopher Mittleman as Chief Investment Officer.

PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)

GAAP FINANCIAL MEASURES

To measure performance, the Corporation uses and presents several financial measures in accordance with GAAP, including, but not limited to, various source of Income, Expenses, Earnings (loss) before income taxes, Net earnings (loss) and Earnings (Loss) by Common Share. The summary of Aimia's significant accounting policies is included in *Note 2* of the accompanying audited consolidated financial statements for the year ended December 31, 2020 dated March 24, 2021.

Please refer to the *Critical Accounting Estimates* section for a discussion on the identified areas that are the most subject to judgments, inherently uncertain and which could change significantly in subsequent periods, as well as the *Change in Accounting Policies* section for the list of revised accounting standards and accounting policies adopted during the year ended December 31, 2020 and their impacts on the consolidated financial statements.

NON-GAAP FINANCIAL MEASURES

In order to complement the analysis of the financial performance of its investments, certain Non-GAAP measures are presented in this MD&A. A reconciliation to these investments' most comparable GAAP measure can be found in the *Non-GAAP Financial Measures for Investments* section.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OPERATING AND FINANCIAL RESULTS

Certain of the following financial information of Aimia has been derived from, and should be read in conjunction with, the consolidated financial statements for the years ended December 31, 2020 and 2019, and the notes thereto. Results of the Corporation are not significantly impacted by seasonality.

SELECTED ANNUAL CONSOLIDATED OPERATING RESULTS

	Years Ended December 31,					
(in millions of Canadian dollars, except share and per share information)	2020		2019		2018	
Continuing operations						
Share of net earnings (loss) of equity-accounted investments	**1.4**		29.6		(5.8)	
Net fair value gain (loss) on investments in equity instruments	**9.5**		89.6		(3.1)	
Interest Income	**2.5**		8.1		8.0	
Revenue from investment management fees	**0.9**		—		—	
Total Income	**14.3**		127.3		(0.9)	
Expenses	**24.5**	*(b)*	43.0	*(b)*	75.6	*(b)*
Earning (loss) before income taxes	**(10.2)**		84.3		(76.5)	
Distributions from equity-accounted investments	**18.3**		35.3		17.9	
Including continuing and discontinued operations, unless otherwise noted						
Net earnings (loss) attributable to equity holders of the Corporation	**(4.1)**	*(c)(d)*	1,112.4	*(c)(d)*	(72.0)	*(d)*
Net earnings (loss) attributable to equity holders of the Corporation - Continuing operations	**(15.1)**	*(d)*	65.1	*(d)*	(76.4)	*(d)*
Net earnings (loss) attributable to equity holders of the Corporation - Discontinued operations	**11.0**	*(c)*	1,047.3	*(c)*	4.4	*(c)*
Weighted average number of common shares	**93,067,109**		126,795,975		152,307,196	
Earnings (loss) per common share [(a)]	**(0.18)**		8.80		(0.59)	
Earnings (loss) per common share - Continuing operations - Basic and fully diluted [(a)]	**(0.30)**		0.54		(0.62)	
Earnings (loss) per common share - Discontinued operations - Basic and fully diluted	**0.12**		8.26		0.03	
Total assets	**444.2**		571.8		3,397.3	
Total long-term liabilities	**8.5**		16.5		22.0	
Dividends paid on preferred shares	**12.7**		47.9		—	
Dividends paid on common shares	**—**		30.4		—	

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(a) After deducting cumulative preferred shares dividends (whether declared or not) and after adding the excess of preferred shares' assigned value over consideration paid for the repurchase.

(b) Includes stock-based compensation and other performance awards expense of $2.2 million, $4.2 million and $2.4 million for the years ended December 31, 2020 and 2019 and 2018, respectively.

(c) Includes the gain on the loss of control of the Loyalty Solution business and related assets of $13.3 million for the year ended December 31, 2020.

Includes the impact of the gain of $1,063.1 million on the disposal of the Aeroplan Program and related assets during the year ended December 31, 2019 as well as the impact of the gain of $1.6 million on the disposal of the Nectar Program and related assets during the year ended December 31, 2018.

(d) Net Earnings (Loss) from continuing operations for the years ended December 31, 2020, 2019 and 2018 include the effect of $(4.9) million, $(19.2) million and $0.4 million of current income tax recoveries (expenses), respectively. Net Earnings (Loss) from continuing operations for the year ended December 31, 2018 also includes $(0.3) million of deferred income tax recovery.

For the year ended December 31, 2020, current income taxes related to continuing operations are primarily related to Part VI.1 tax expense recognized in our Canadian operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SELECTED QUARTERLY CONSOLIDATED OPERATING RESULTS

	Three Months Ended December 31,			
(in millions of Canadian dollars, except share and per share information)	2020		2019	
Continuing operations				
Share of net earnings (loss) of equity-accounted investments	**3.1**		11.6	
Net fair value gain (loss) on investments in equity instruments	**6.4**		5.6	
Interest Income	**0.3**		1.8	
Revenue from investment management fees	**0.4**		—	
Total Income	**10.2**		19.0	
Expenses	**5.9**	*(b)*	7.4	*(b)*
Earning (loss) before income taxes	**4.3**		11.6	
Distributions from equity-accounted investments	**—**		4.8	
Including continuing and discontinued operations, unless otherwise noted				
Net earnings (loss) attributable to equity holders of the Corporation	**1.9**	*(c)(d)*	4.9	*(d)*
Net earnings (loss) attributable to equity holders of the Corporation - Continuing operations	**3.0**	*(d)*	9.9	*(d)*
Net earnings (loss) attributable to equity holders of the Corporation - Discontinued operations	**(1.1)**	*(c)*	(5.0)	
Weighted average number of common shares	**91,976,643**		108,384,453	
Earnings (loss) per common share [(a)]	**(0.01)**		0.20	
Earnings (loss) per common share - Continuing operations - Basic and fully diluted [(a)]	**—**		0.24	
Earnings (loss) per common share - Discontinued operations - Basic and fully diluted	**(0.01)**		(0.04)	
Total assets	**444.2**		571.8	
Total long-term liabilities	**8.5**		16.5	
Dividends paid on preferred shares	**3.2**		4.4	

(a) After deducting cumulative preferred shares dividends (whether declared or not) and after adding the excess of preferred shares' assigned value over consideration paid for the repurchase.

(b) Includes stock-based compensation and other performance awards expense of $1.8 million and $2.6 million for the three months ended December 31, 2020 and 2019, respectively.

(c) Includes the gain (loss) on the loss of control of the Loyalty Solution business and related assets of $(1.8) million for the three months ended December 31, 2020.

(d) Net Earnings (Loss) from continuing operations for the three months ended December 31, 2020 and 2019 include the effect of $(1.3) million and $(1.7) million of current income tax recoveries (expenses), respectively.

For the three months ended December 31, 2020, current income taxes related to continuing operations are primarily related to Part VI.1 tax expense recognized in our Canadian operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SEGMENTED OPERATING RESULTS

This section provides a discussion of the segmented operating results.

HOLDINGS

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Income				
Share of net earnings (loss) of equity-accounted investments	**3.1**	11.6	**1.4**	29.6
Net fair value gain (loss) on investments in equity instruments	**6.4**	5.6	**9.5**	89.6
Interest Income	**0.3**	1.8	**2.5**	8.1
Total Income	**9.8**	19.0	**13.4**	127.3
Expenses				
Compensation and benefits	**4.1**	5.1	**10.5**	18.1
Professional, advisory and service fees	**1.0**	3.0	**6.3**	10.7
Technology and other office expenses	**(0.8)**	7.2	**3.8**	17.1
Expenses before the following:	***4.3***	*15.3*	***20.6***	*45.9*
Fair value loss on contingent consideration	**0.2**	—	**0.9**	—
Other financial expense (income), net	**—**	(7.9)	**0.9**	(3.0)
Depreciation and amortization	**0.3**	—	**0.4**	0.1
Total Expenses	**4.8**	7.4	**22.8**	43.0
Earning (loss) before income taxes	**5.0**	11.6	**(9.4)**	84.3
Included in Expenses and Earnings (loss) before income taxes:				
Share-based compensation and other performance awards	**1.8**	2.6	**2.2**	4.2
Additional Information				
Distributions from equity-accounted investments	**—**	4.8	**18.3**	35.3

SHARE OF NET EARNINGS (LOSS) OF EQUITY-ACCOUNTED INVESTMENTS

The share of net earnings (loss) of equity-accounted investments amounted to $3.1 million and $1.4 million for the three months and the year ended December 31, 2020, a decrease of $8.5 million and $28.2 million, respectively, compared to the same period in the prior year, and is a direct result of the underlying performance of the equity-accounted investments analyzed below.

Share of net earnings (loss) of equity-accounted investments	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
PLM Premier, S.A.P.I. de C.V.	11.9	13.4	11.3	31.4
Kognitiv	(8.7)	—	(13.6)	—
BIGLIFE	(0.1)	(1.8)	3.7	(1.8)
Total	**3.1**	11.6	**1.4**	29.6

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Revenue	**46.7**	89.7	**188.7**	332.7
Cost of rewards and operating expenses	(36.9)	(64.2)	(146.2)	(237.2)
Depreciation and amortization	(0.7)	(1.4)	(2.7)	(3.8)
Earnings before net financial expense and income tax expense	**9.1**	24.1	**39.8**	91.7
Net financial (expense) recovery	2.8	9.9	(18.0)	3.7
Income tax (expense) recovery	14.2	(4.8)	8.4	(24.0)
Net earnings	**26.1**	29.2	**30.2**	71.4
Share of net earnings of PLM @ 48.9%	**12.8**	14.3	**14.8**	34.9
Amortization expense related to identifiable assets recognized on a step basis	(0.9)	(0.9)	(3.5)	(3.5)
Aimia's share of PLM net earnings	**11.9**	13.4	**11.3**	31.4
Additional financial information				
Gross Billings [(a)]	**48.5**	94.7	**197.5**	363.1
Adjusted EBITDA [(a)]	**11.5**	28.7	**50.7**	112.6
Cash from (used in) operating activities	**25.1**	12.7	**(41.9)** *(b)*	113.4
Free Cash Flow [(a)]	**23.4**	12.2	**(44.1)** *(b)*	112.3

(a) A non-GAAP measurement. Please refer to the *Non-GAAP Financial Measures for Investments* section for additional information on this measure.

(b) Cash flow used in operating activities and Free Cash Flow for the year ended December 31, 2020 includes a $69.3 million (US$50.0 million) payment to Aeromexico as a pre-purchase of award tickets provided with the execution of the amendments to the CPSA in the second quarter of 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Summarized balance sheet

As at *(in millions of Canadian dollars)*	December 31, 2020	December 31, 2019
Cash and cash equivalents	85.3	114.3
Other current assets	91.7	172.6
Total current assets	177.0	286.9
Total non current assets	223.5	145.2
Total assets	**400.5**	432.1
Total current liabilities	(143.2)	(312.2)
Total non-current liabilities	(393.8)	(256.5)
Total liabilities	**(537.0)**	(568.7)
Net liabilities	**(136.5)**	(136.6)

On June 29, 2020, Aimia announced the signature of a 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. Aimia and Aeromexico have also strengthened the Shareholders Agreement, which included granting 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.

Quarter ended December 31, 2020 compared to quarter ended December 31, 2019

Revenue for the three months ended December 31, 2020 amounted to $46.7 million, a decrease of $43.0 million, mostly due to a decrease in redemption volume as a result of the COVID-19 impact on Aeromexico and other commercial partners. Cost of rewards and operating expenses amounted to $36.9 million, a decrease of $27.3 million, mainly due to the decrease in redemption volume, lower unit cost of rewards driven by a higher proportion of non-air rewards, and cost reduction initiatives, partly offset by an additional $2.3 million provision related to unsecured Aeromexico receivables.

Gross Billings for the three months ended December 31, 2020 amounted to $48.5 million, a decrease of $46.2 million, mostly due to a decrease in accumulation volume as a result of the COVID-19 impact on Aeromexico and other accumulation partners. Adjusted EBITDA amounted to $11.5 million, a decrease of $17.2 million, mainly due to lower Gross Billings and an additional $2.3 million provision related to unsecured Aeromexico receivables, partly offset by lower unit costs of rewards and other operating expenses related to cost reduction initiatives.

Cash flow from (used in) operating activities for the three months ended December 31, 2020 amounted to $25.1 million. Free Cash Flow amounted to $23.4 million, an increase of $11.2 million compared to the same period in the prior year, mainly due to a decrease in income taxes paid, lower cost of rewards and other operating expenses as well as the usage of air tickets pre-purchased in the first quarter of 2020, offset in part by lower gross billings.

PLM did not pay any distributions in the three months ended December 31, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue for the year ended December 31, 2020 amounted to $188.7 million, a decrease of $144.0 million, mostly due to a decrease in redemption volume as a result of the COVID-19 impact on Aeromexico and other commercial partners. Cost of rewards and operating expenses amounted to $146.2 million, a decrease of $91.0 million mainly due to the decrease in redemption volume, lower unit cost of rewards driven by a higher proportion of non-air rewards, and cost reduction initiatives, offset in part by a $9.9 million (US$7.3 million) expected credit loss provision related to certain unsecured receivables that PLM has with Aeromexico that was recorded based on Aeromexico's voluntary Chapter 11 filing on June 30, 2020.

Gross Billings for the year ended December 31, 2020 amounted to $197.5 million, a decrease of $165.6 million, mostly due to a decrease in accumulation volume as a result of the COVID-19 impact on Aeromexico and other accumulation partners, slightly offset by higher yield. Adjusted EBITDA amounted to $50.7 million, a decrease of $61.9 million, mainly due to lower Gross Billings and the $9.9 million provision related to unsecured Aeromexico receivables, partly offset by lower costs of rewards and operating expenses.

Cash flow from (used in) operating activities for the year ended December 31, 2020 amounted to $(41.9) million. Cash flow used in operating activities included a $69.3 million (US$50.0 million) payment to Aeromexico as a pre-purchase of award tickets provided with the execution of the amendments to the CPSA in the second quarter of 2020 as well as a $20.1 million (US$15.0 million) pre-purchase of award tickets in the first quarter of 2020. Excluding these pre-purchases in the first and second quarters of 2020, cash flow from operating activities was $23.8 million when adjusted for the usage of the air tickets during the year, a decrease compared to the year ended December 31, 2019 due to lower Gross Billings resulting from the current pandemic, offset by lower cost of rewards and operating expenses as well as lower income taxes paid. Free Cash Flow amounted to $(44.1) million. Excluding the $69.3 million advance through pre-purchase of award tickets and $20.1 million pre-purchase in the first quarter of 2020, Free Cash Flow for the year ended December 31, 2020 amounted to $21.6 million when adjusted for the usage of the air tickets during the year.

PLM also paid distributions of $35.6 million during the year ended December 31, 2020, with Aimia's share being $18.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investment in BIGLIFE

Selected Operating Results

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Revenue and other income	**5.2**	12.6	**42.3**	48.3
Cost of rewards and operating expenses	**(6.0)**	(16.4)	**(20.4)**	(55.8)
Earnings (loss) before depreciation and amortization and net income tax expense	**(0.8)**	(3.8)	**21.9**	(7.5)
Net earnings (loss)	**(0.6)**	(2.9)	**21.7**	(7.3)
Gross Billings [(a)]	**3.6**	16.3	**19.5**	50.3
Adjusted EBITDA [(a)]	**(1.0)**	0.7	**(1.8)**	(4.0)
Cash from (used in) operating activities	**0.2**	2.6	**(0.7)**	1.2
Free Cash Flow [(a)]	**0.2**	2.5	**(0.9)**	0.6

(a) A non-GAAP measurement. Please refer to the *Non-GAAP Financial Measures for Investments* section for additional information on this measure.

Summarized balance sheet

As at	December 31,	December 31,
(in millions of Canadian dollars)	2020	2019
Cash, cash equivalents and short-term investment	18.3	19.4
Other current assets	3.4	8.9
Total current assets	21.7	28.3
Total non current assets	1.5	1.7
Total assets	**23.2**	30.0
Total current liabilities	(17.4)	(33.3)
Total non-current liabilities	(26.4)	(27.5)
Total liabilities	**(43.8)**	(60.8)
Net liabilities	**(20.6)**	(30.8)

Quarter ended December 31, 2020 compared to quarter ended December 31, 2019

Revenue and other income for the three months ended December 31, 2020 amounted to $5.2 million, a decrease of $7.4 million compared to the same period in the prior year, mostly due to a decrease in redemption volume as a result of the COVID-19 impact on AirAsia and other commercial partners. Cost of rewards and operating expenses amounted to $6.0 million, a decrease of $10.4 million, mainly due to the decrease in redemption volume and cost reduction initiatives.

Gross Billings for the three months ended December 31, 2020 amounted to $3.6 million, a decrease of $12.7 million, mostly due to a decrease in accumulation volume as a result of the COVID-19 impact on AirAsia and other accumulation partners. Adjusted EBITDA amounted to $(1.0) million, a decrease of $1.7 million, explained mainly by lower Gross Billings, offset in part by lower cost of rewards and operating expenses.

Cash flow from (used in) operating activities for the three months ended December 31, 2020 amounted to $0.2 million and Free Cash Flow amounted to $0.2 million.

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue and other income for the year ended December 31, 2020 amounted to $42.3 million, a decrease of $6.0 million compared to the same period in the prior year. Revenue and other income for the year ended December 31, 2020 include an amount of $25.6 million related to to the first year application of a point expiry policy. Excluding this impact, revenue for the year ended December 31, 2020 amounted to $16.7 million, a decrease of $31.6 million, mostly due to a decrease in redemption volume as a result of the COVID-19 impact on AirAsia and other commercial partners. Cost of rewards and operating expenses amounted to $20.4 million, a decrease of $35.4 million mainly due to the decrease in redemption volume and cost reduction initiatives.

Gross Billings for the year ended December 31, 2020 amounted to $19.5 million, a decrease of $30.8 million compared to the same period in the prior year, mostly due to a decrease in accumulation volume as a result of the COVID-19 impact on AirAsia and other accumulation partners. Adjusted EBITDA amounted to $(1.8) million, an improvement of $2.2 million, mainly due to reduced operating expenses.

Cash flow from (used in) operating activities for the year ended December 31, 2020 amounted to $(0.7) million and and Free Cash Flow amounted to $(0.9) million.

Investment in Kognitiv

Summarized statement of operations

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020 [(b)]	2019
Revenue	**23.9**	—	**53.1**	—
Cost of sale and operating expenses	**(36.0)**	—	**(73.6)**	—
Depreciation and amortization	**(0.3)**	—	**(1.1)**	—
Loss before net financial income and income tax expense	**(12.4)**	—	**(21.6)**	—
Net loss	**(14.2)**	—	**(22.9)**	—
Share of net loss of Kognitiv	**(6.9)**	—	**(11.2)**	—
Amortization expense related to identifiable assets recognized on acquisition	**(1.3)**	—	**(1.3)**	—
Cumulative undeclared dividends on preferred shares not owned by Aimia	**(0.5)**	—	**(1.1)**	—
Aimia's share of Kognitiv's net loss	**(8.7)**	—	**(13.6)**	—
Additional financial information				
Adjusted EBITDA [(a)]	**(9.5)**	—	**(16.3)**	—

(a) A non-GAAP measurement. Please refer to the *Non-GAAP Financial Measures for Investments* section for additional information on this measure.

(b) Results for the period post June 18, 2020 transaction close.

Summarized balance sheet

As at	December 31, 2020	December 31, 2019
Cash and cash equivalents	21.2	—
Other current assets	67.5	—
Total current assets	88.7	—
Total non current assets	5.6	—
Total assets	**94.3**	—
Total current liabilities	(71.8)	—
Total non-current liabilities	(12.2)	—
Total liabilities	**(84.0)**	—
Net assets	**10.3**	—

Aimia closed the Kognitiv transaction on June 18, 2020. The above results for the year ended December 31, 2020 are from June 19, 2020 to December 31, 2020. Kognitiv's revenues are derived from platforms and managed services. The services provided to the travel and hospitality industries have been impacted as a result of the COVID-19 pandemic. The company is currently focused on the transformation of its business model following the acquisition of Loyalty Solutions and is currently implementing a rigorous synergy realization program through 2021. The reduction in revenue and net loss for the three months ended December 31, 2020 compared to the three months ended September 30, 2020 is mainly due to reduced rewards fulfillment activities in Canada as a results of clients that were expected to terminate during the quarter, higher one-time professional fees costs, higher technology expense due to phasing and higher severances related to headcount reduction initiatives.

NET FAIR VALUE GAIN (LOSS) ON INVESTMENTS IN EQUITY INSTRUMENTS

		Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	Hierarchy	2020	2019	2020	2019
Realized fair value gain (loss)					
Investment in equity instruments portfolio	Level 1	**—**	—	**7.0**	—
Investment in Village Roadshow	Level 1	**5.9**	—	**5.9**	—
Investment in Cardlytics	Level 1	**—**	5.6	**—**	89.6
Unrealized fair value gain (loss)					
Investment in JCDecaux	Level 1	**3.6**	—	**3.6**	—
Investment in Clear Media	Level 3	**(3.3)**	—	**(7.2)**	—
Other investments in equity instruments	Levels 1 & 3	**0.2**	—	**0.2**	—
Net fair value gain on investments in equity instruments		**6.4**	5.6	**9.5**	89.6

The net fair value loss on investment in equity instruments related to the investment in Clear Media Limited in the three months and year ended December 31, 2020 is mainly due to the underlying foreign currency impact.

INTEREST INCOME

The interest income for the three and twelve months ended December 31, 2020 and 2019 mainly consist of interest income on investments in corporate and government bonds as well as cash and cash equivalents balances. The decrease compared to the three and twelve months period of the previous year is explained by the lower level of investment in bonds given that redeemed investments were not replaced, and the associated capital was allocated differently. All of the investments in corporate and government bonds were redeemed in the year ended December 31, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXPENSES

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Compensation and benefits	**4.1**	5.1	**10.5**	18.1
Professional, advisory and service fees	**1.0**	3.0	**6.3**	10.7
Technology and other office expenses	**(0.8)**	7.2	**3.8**	17.1
Expenses before the following:	***4.3***	*15.3*	***20.6***	*45.9*
Fair value loss on contingent consideration	**0.2**	—	**0.9**	—
Other financial expense (income), net	**—**	(7.9)	**0.9**	(3.0)
Depreciation and amortization	**0.3**	—	**0.4**	0.1
Total Expenses	**4.8**	7.4	**22.8**	43.0
Included in compensation and benefits expense:				
Share-based compensation and other performance awards	**1.8**	2.6	**2.2**	4.2

Quarter ended December 31, 2020 compared to quarter ended December 31, 2019

Expenses for the three months ended December 31, 2020 amounted to $4.8 million, a decrease of $2.6 million compared to the three months ended December 31, 2019.

Expenses from compensation and benefits, professional, advisory and service fees, as well as technology and other office expenses amounted to $4.3 million for the three months ended December 31, 2020, down 71.9% compared to the same quarter in the prior year. This is mainly due to lower technology and other office expenses as a result of $4.4 million of information technology decoupling and other transition costs associated with the sale of the Aeroplan business that were incurred in the three months ended December 31, 2019 as well as a $1.0 million credit related to a variable technology transitional services true-up received in the three months ended December 31, 2020. The decrease is also due to lower rent and office expenses as a result of a $0.5 million credit related to lower than originally estimated dilapidation costs of a previous UK office and due to the Corporation moving into a new office in 2020. Compensation and benefits expense for the three months ended December 31, 2020 decreased by 19.6% compared to the same quarter in the prior year with lower severances and stock-based compensation and other compensation awards being partly offset by an increase in short-term incentive awarded to certain executives during the three months ended December 31, 2020. The $1.8 million share-based compensation and other compensation awards expense for the three months ended December 31, 2020 is mainly due to an increase in Aimia's common share price during the quarter as well as the expense associated with new deferred share units granted to executives appointed at the end of the second quarter.

The decrease of the total expenses compared to the same quarter in the prior year was offset by a net financial income of $7.9 million which included a foreign exchange gain realized upon disposal of our investment in Cardlytics and conversion of proceeds to Canadian dollars in the three months ended December 31, 2019.

Year ended December 31, 2020 compared to year ended December 31, 2019

Expenses for the year ended December 31, 2020 amounted to $22.8 million, a decrease of $20.2 million compared to the year ended December 31, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Expenses from compensation and benefits, professional, advisory and service fees, as well as technology and other office expenses amounted to $20.6 million for the year ended December 31, 2020, down 55.1% compared to the year ended December 31, 2019 and is mainly due to lower technology and other office expenses as a result of $8.4 million of information technology decoupling and other transition costs incurred in year ended December 31, 2019 as well a $1.0 million credit related to a variable technology transitional services true-up received in the three months ended December 31, 2020. The decrease is also attributable to lower compensation and benefits expense driven by reduced headcount, lower severance expense as well as a reversal of share-based compensation and other performance awards expense. The decrease is also due to lower rent and office expenses as a result of a $0.5 million credit related to lower than originally estimated dilapidation costs of a previous UK office and due to the Corporation moving into a new office in 2020.

Offsetting the year over year decrease in total expense is higher net financial expense mainly due to 2019 activity which included a foreign exchange gain realized upon disposal of our investment in Cardlytics and conversion of proceeds to Canadian dollars, offset in part by interest expense of $4.9 million on long-term debt, including an early redemption premium of $2.8 million related to the Senior Secured Notes Series 4. During the year ended December 31, 2020, a fair value loss on contingent consideration associated with the Mittleman Brothers acquisition of $0.9 million was recorded in the consolidated statements of operations, due to the increase in the share price of the Corporation since the acquisition of the company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INVESTMENT MANAGEMENT

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars, except share and per share information)	2020	2019	2020 [(a)]	2019
Revenue from investment management fees	**0.4**	—	**0.9**	—
Total Income	**0.4**	—	**0.9**	—
Compensation and benefits	**0.4**	—	**0.8**	—
Professional, advisory and service fees	**0.1**	—	**0.2**	—
Technology and other office expenses	**—**	—	**0.1**	—
Expenses before the following:	**0.5**	—	**1.1**	—
Depreciation and amortization	**0.6** *(b)*	—	**0.6** *(b)*	—
Total Expenses	**1.1**	—	**1.7**	—
Earning (loss) before income taxes	**(0.7)**	—	**(0.8)**	—

(a) Results for the period post June 19, 2020 transaction close.

(b) Depreciation and amortization on customer relationships intangible assets.

Aimia closed the MIM acquisition on June 19, 2020. The above results are from the acquisition date to December 31, 2020. Revenue from investment management fees have been slightly more than offset by compensation and benefits expense and office expenses.

As of December 31, 2020, MIM had $230.3 million (US$180.2 million) of assets under management, a 14.3% increase from the assets under management as of September 30, 2020 mainly due a strong performance from the MIM portfolio offset in part by client asset outflows.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SUMMARY OF QUARTERLY RESULTS

This section includes sequential quarterly data for the eight quarters ended December 31, 2020.

	2020				2019			
(in millions of Canadian dollars, except per share amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Income	**10.2** ***(d)***	(1.1) *(d)*	9.2 *(d)*	(4.0) *(d)*	19.0 *(d)*	30.1 *(d)*	47.1 *(d)*	31.1 *(d)*
Expenses	**5.9**	8.8	1.6	8.2	7.2	10.5	10.6	14.5
Earnings (loss) before tax from continuing operations	**4.3**	(9.9)	7.6	(12.2)	11.8	19.6	36.5	16.6
Net earnings (loss) attributable to equity holders of the Corporation	**1.9** ***(c)***	(10.8) *(c)*	14.4 *(c)*	(9.6)	4.9	16.9	43.5 *(b)*	1,047.1 *(b)*
Net earnings (loss) attributable to equity holders of the Corporation - Continuing operations	**3.0**	(10.7)	6.1	(13.5)	10.1	17.8	34.7	2.7
Net earnings (loss) attributable to equity holders of the Corporation - Discontinued operations	**(1.1)** ***(c)***	(0.1) *(c)*	8.3 *(c)*	3.9	(5.2)	(0.9)	8.8 *(b)*	1,044.4 *(b)*
Earnings (loss) per common share [(a)]	**(0.01)** ***(c)***	(0.15) *(c)*	0.12 *(c)*	(0.14)	0.20	0.11	0.29 *(b)*	6.85 *(b)*
Earnings (loss) per common share - Continuing operations [(a)]	**—**	(0.15)	0.03	(0.18)	0.25	0.12	0.22	(0.01)
Earnings (loss) per common share - Discontinued operations	**(0.01)** ***(c)***	— *(c)*	0.09 *(c)*	0.04	(0.05)	(0.01)	0.07 *(b)*	6.86 *(b)*
Distribution from equity-accounted investments - continuing operations	**—** ***(e)***	— *(e)*	8.8	9.5	4.8	5.8	5.8	18.9

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(a) After deducting cumulative preferred shares dividends (whether declared or not) for the period and after adding the excess of preferred shares' assigned value over consideration paid for the repurchase.

(b) Includes the impact of the gain of $19.5 million and $1,043.6 million related to the disposal of the Aeroplan Program and related assets during the three months ended June 30, 2019 and March 31, 2019, respectively.

(c) Includes the impact of the gain (loss) of $(1.8) million, $(0.1) million and of $15.2 million related to the loss of control of the Loyalty Solutions business and related assets during the three months ended December 31, 2020, September 30, 2020 and June 30, 2020, respectively.

(d) Includes net fair value gains (losses) related to investments in equity instruments of $6.4 million for the three months ended December 31, 2020, $(1.5) million for the three months ended September 30, 2020, $4.6 million for the three months ended June 30, 2020, $5.6 million for the three months ended December 31, 2019, $23.8 million for the three months ended September 30, 2019, $37.7 million for the three months ended June 30, 2019 and $22.5 million for the three months ended March 31, 2019.

(e) As a result of COVID-19 impacts, PLM has temporarily halted distributions payments in the second half of 2020. As the business gradually recovers, we expect distributions to Aimia to resume in the 2021 calendar year. Subsequent to December 31, 2020, the PLM board of directors approved a distribution of US$16.1 million, of which Aimia received its share of $9.8 million (US$7.9 million).

FINANCING STRATEGY, LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2020, Aimia had $146.1 million of cash and cash equivalents and $0.5 million of restricted cash for a total of $146.6 million. These sources of capital provide sufficient resources to fund its working capital and capital allocation requirements as well as preferred shares dividends, if and when declared and paid, for the foreseeable future.

During the year ended December 31, 2020, the Corporation early redeemed its corporate and government bonds scheduled to mature in 2021 and $22.3 million of restricted cash related to the Loyalty Solutions operations were included in the assets and liabilities disposed of in the Kognitiv transaction (refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section for more details).

The following table provides an overview of Aimia's cash flows for the periods indicated:

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Cash and cash equivalents, beginning of period	**172.2**	**182.8**	**98.6**	**311.9**
Cash from (used in) operating activities	(12.5)	(12.1)	(32.0)	(117.9)
Cash from (used in) investing activities	(3.7)	59.9	108.8	600.3
Cash used in financing activities	(8.9)	(132.1)	(28.2)	(693.8)
Translation adjustment related to cash	(1.0)	0.1	(1.1)	(1.9)
Cash and cash equivalents, end of period	**146.1**	**98.6**	**146.1**	**98.6**

OPERATING ACTIVITIES

Following the loss of control of the Loyalty Solutions business and investment in Kognitiv, Cash from (used in) operating activities is mainly generated from distributions received from equity-accounted investments, proceeds of equity instruments held for trading, revenues from investment management as well as interest income, and is reduced by operating expenses, purchases of equity instruments held for trading as well as income taxes paid. Prior to the Kognitiv and Aeroplan transactions, cash from (used in) operating activities was generated from the collection of Gross Billings and was reduced by the cash required to provide loyalty services, cash required to deliver rewards when Loyalty Units are redeemed and by operating expenses.

Cash flows from (used in) operating activities amounted to $(12.5) million for the three months ended December 31, 2020, compared to $(12.1) million for the three months ended December 31, 2019. Cash flows from (used in) operating activities amounted to $(32.0) million and $(117.9) million for the year ended December 31, 2020 and 2019, respectively.

Cash flows from (used in) operating activities attributable to the continuing operations amounted to $(14.9) million for the three months ended December 31, 2020, compared to $(7.4) million for the three months ended December 31, 2019. The negative cash flows for the three months ended December 31, 2020 are primarily due to $(15.2) million of purchase of various investments held for trading, the quarterly operating expenses and $(1.3) million of income tax paid mainly due to Part VI.1 tax installments, offset in part by the net realized gain of $5.9 million on the purchase and sale of Village Roadshow common shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cash flows from (used in) operating activities attributable to continuing operations amounted to $(31.4) million and $(21.0) million for the year ended December 31, 2020 and 2019, respectively. The negative cash flows for the year ended December 31, 2020 were mainly due to $(22.0) million of Part VI.1 tax paid. Of that amount, $(18.7) million related to Part VI.1 tax paid during the three months ended March 31, 2020 mainly as a result of preferred dividends paid in 2019, which included $26.0 million cumulative preferred dividends not previously declared. The outflows also included payments of $(4.9) million related to restructuring expenses, annual operating expenses as well as net outflows of $(2.3) in regards to investments held for trading, which included $(15.2) million of purchase of various investments held for trading still held by the Corporation as of December 31, 2020, offset in part by the net proceeds associated with the gains of $12.9 million realized on investments in an equity portfolio in the second quarter of 2020 and on investments in Village Roadshow common shares in the fourth quarter of 2020. These outflows were also offset in part by distributions of $18.3 million received from PLM and $3.0 million of interest received.

INVESTING ACTIVITIES

Cash from (used in) investing activities for the three months ended December 31, 2020 includes $(3.3) million invested in a special purpose vehicle created to pursue a leveraged buyout of a target company and $(0.4) million of remaining transaction costs related to the Kognitiv transaction.

During the year ended December 31, 2020, Aimia deployed capital through several transactions. These cash from (used in) investing activities included an investment of $(76.5) million to acquire a 10.85% stake in Clear Media Limited, an investment of $(35.6) million in Kognitiv (including cash disposed in the business and transaction related costs paid), $(6.5) million for the acquisition of Mittleman Brothers (including transaction related costs and net of cash acquired) and $(3.3) million invested in a special purpose vehicle created to pursue a leveraged buyout of a target company.

During the year ended December 31, 2020, cash from (used in) investing activities also included the release to Aimia of $66.9 million of restricted cash and $2.3 of cash held in escrow in accordance with the terms of the SPA between Aimia and Air Canada related to the sale of the Aeroplan program and related assets. Aimia also redeemed its remaining corporate and government bonds for proceeds of $154.6 million.

Cash from (used in) investing activities for the year ended December 31, 2019 reflect the net proceeds from the disposal of the Aeroplan Program and related assets of $500.4 million, including proceeds of $450.0 million on the closing of the transaction and closing adjustments payment of $66.4 million, offset by transaction and termination fees of $(16.0) million. Investing activities for the year ended December 31, 2019 also reflect an amount of $(100.0) million set aside in a restricted account related to the 2013 CRA audit, $(10.0) million set aside in a restricted account to act as cash collateral for previously issued irrevocable letters of credit and $(2.3) million set aside in an escrow account to cover potential general indemnity claims related to the sale of the Aeroplan Program. During the year ended December 31, 2019, $2.3 million of net cash collateral was released.

Investing activities for the year ended December 31, 2019 also reflect proceeds of $141.2 million from the sale of common shares in Cardlytics and Fractal Analytics ($60.5 million in the three months ended December 31, 2019 related to the investment in Cardlytics) as well as net proceeds of $68.7 from investments in corporate and government bonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCING ACTIVITIES

Cash from (used in) financing activities for the three months and the year ended December 31, 2020 reflect the payment of $(3.2) million and $(12.7) million, respectively, related to preferred share dividends, payments of $(5.7) million and $(14.8) million, respectively, for repurchases of common shares through the normal course issuer bid as well as the principal elements of lease payments related to discontinued operations of nil and $(0.7) million.

Cash from (used in) financing activities for the three months and year ended December 31, 2019 reflect the payment of $(4.4) million and $(78.3) million, respectively, related to common and preferred dividends, as well as the principal elements of lease payments related to discontinued operations of $(0.2) million and $(1.2) million, respectively. The Corporation also repurchased common shares through two substantial issuer bid and its normal course issuer bid processes for an aggregate amount of $(247.2) million (including $(63.8) million during the three months ended December 31, 2019). During the fourth quarter of 2019, the Corporation also repurchased preferred shares through one substantial issuer bid process for an amount of $(63.7) million.

Financing activities for the year ended December 31, 2019 also reflect the repayment of the revolving facility of $(51.1) million and the early redemption of the Senior Secured Notes Series 4 of $(250.0) million.

Finally, financing activities for the year ended December 31, 2019 includes the payment of $(2.3) million related to the final installment of the base consideration related to the acquisition of the remaining 40% ownership interest in Aimia Middle East (discontinued operations).

LIQUIDITY

Excluding any investing activities, Aimia anticipates to have an annualized cash expenses of $12.0 to $13.0 million going forward. In addition, cash requirements for preferred shares dividends, if and when declared and paid, and associated Part VI.1 tax, will be comfortably met from the Corporation’s significant existing cash and cash equivalents.

The amount held in cash, cash equivalents and investments, as well as the types of securities in which it may be invested, are based on policies established by the Board of Directors, which are reviewed periodically. As of December 31, 2020, the Corporation held $146.6 million in cash and cash equivalents and restricted cash.

CREDIT FACILITIES AND LONG-TERM DEBT

Following the completion of the sale of the Aeroplan Program and related assets (refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section), 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, 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.

CONTINGENT LIABILITIES AND GUARANTEES

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 the *Discontinued Operations and Disposal of Businesses and Other Assets* for a description of the indemnification clauses related to the Kognitiv transaction.

Aeroplan transaction

Refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section for a description of the indemnification clauses related to the disposal of Aeroplan.

Class actions

a) 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, any liability associated with the class action, including the liability related to the proposed settlement, has transferred to Air Canada. For more information on the Aeroplan transaction, please refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section.

b) 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, Aimia will bear 50% of the liability and costs, if any, associated with these class action proceedings against Aeroplan, up to a cap of $25 million for Aimia, after which Air Canada is solely responsible. For more information on the Aeroplan transaction, please refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section.

Management believes that Aeroplan has a strong defence 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 December 31, 2020.

Other claims and litigation

Claim from a former executive

On November 12, 2020, a former executive of the Corporation filed a statement of claim with the Ontario Superior Court against Aimia seeking, among other remedies, an aggregate of at least $9.0 million in compensatory and punitive damages for breach of contract and wrongful dismissal. Aimia intends to vigorously defend against the claim. Given the stage of the proceedings, it is too early to assess whether there will be a material impact as a result of this claim. No amount has been recorded in these financial statements with respect to this claim.

SUMMARY OF CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at December 31, 2020, estimated future minimum payments under Aimia's contractual obligations and commitments are as follows:

(in millions of Canadian dollars)	Total	2021	2022	2023	2024	2025	Thereafter
Funding of special purpose vehicle [(a)]	3.2	3.2	—	—	—	—	—
Operating leases	0.1	0.1	—	—	—	—	—
Technology infrastructure and other	0.1	0.1	—	—	—	—	—
Total Contractual Obligations and Commitments	**3.4**	**3.4**	**—**	**—**	**—**	**—**	**—**

(a) The Corporation committed an initial $6.4 million (US$5.0 million) to a special purpose vehicle created to pursue a leveraged buyout of a target. At this time, US$2.5 million of that commitment has already been funded. Aimia also has the option to purchase up to a total of 25% of the potential acquisition in the event the leveraged buyout is consummated.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAPITAL STOCK

At December 31, 2020, Aimia had 92,488,212 common shares, 5,083,140 Series 1 Preferred Shares and 4,355,263 Series 3 Preferred Shares issued and outstanding for an aggregate amount of $235.9 million. In addition, there were 644,310 stock options issued and outstanding under the Aimia Long-Term Incentive Plan.

COMMON SHARES

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 December 31, 2020, Aimia repurchased 4,422,745 common shares for a total consideration of $14.6 million. Share capital was reduced by $0.2 million and the remaining $14.4 million was accounted for as a reduction of contributed surplus.

On June 3, 2019, the Corporation announced it has received approval from the Toronto Stock Exchange respecting the establishment of a normal course issued bid. The Corporation has received approval to purchase up to 8,879,302 of its issued and outstanding common shares during the period from June 6, 2019 to no later than June 5, 2020. From June 6, 2019 to August 13, 2019, Aimia repurchased 8,879,302 common shares for a total consideration of $32.7 million. Share capital was reduced by $0.1 million, and the remaining $32.6 million was accounted for as a reduction of contributed surplus.

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 total equity.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PREFERRED SHARES

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.

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 December 31, 2020, there are 5,083,140 issued and outstanding Series 1 Preferred Shares, all of which are listed on the Toronto Stock Exchange.

Preferred shares, Series 3

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 Corporation'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 November 18, 2019 Aimia's Board of Directors approved substantial issuer bid to repurchase for cancellation up to $31.25 million of its Cumulative Rate Reset Preferred Shares, Series 1 (the "Series 1 Preferred Shares") and its Cumulative Floating Rate Preferred Shares, Series 2 (the "Series 2 Preferred Shares"), each at a fixed price of $17.20 per share, and up to $31.25 million of its Cumulative Rate Reset Preferred Shares, Series 3 (the "Series 3 Preferred Shares") at a fixed price of $19.00 per share. This substantial issuer bid expired at 10:00 p.m. (Eastern time) on December 27, 2019.

In accordance with the terms and conditions of the substantial issuer bid, Aimia purchased for cancellation 1,032,090 Series 1 Preferred Shares and 784,770 Series 2 Preferred Shares at a purchase price of $17.20 per share and 1,644,737 Series 3 Preferred Shares at a purchase price of $19.00 per share, for aggregate consideration of approximately $63.7 million, including transaction costs. Share capital was reduced by $84.7 million. The excess of the preferred shares' assigned value over the consideration paid of $21.0 million was accounted for as an increase in contributed surplus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DIVIDENDS

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

Three months ended	2020		2019	
(in millions of Canadian dollars, except per share information)	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
September 30,	1.6	0.300125	1.1	0.28125
December 31,	1.5	0.300125	1.1	0.28125
Total	**5.4**	**1.181625**	4.4	1.12500
Series 2				
March 31,	0.7	0.33670	1.0	0.336760
June 30,	—	—	1.0	0.338570
September 30,	—	—	1.0	0.342605
December 31,	—	—	1.0	0.339518
Total	**0.7**	**0.33670**	4.0	1.357453
Series 3				
March 31,	1.7	0.375688	2.4	0.390625
June 30,	1.6	0.375688	2.2	0.375688
September 30,	1.6	0.375688	2.3	0.375688
December 31,	1.7	0.375688	2.3	0.375688
Total	**6.6**	**1.502752**	9.2	1.517689
Total preferred dividends on Series 1, Series 2 and Series 3	**12.7**		17.6	

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 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.

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 year ended December 31, 2019 was as follows:

Years Ended December 31,	2019	
(in millions of Canadian dollars)	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	17.6	17.6
Total preferred dividends on Series 1, Series 2 and Series 3	**43.6**	**47.9**
Common dividends originally declared on May 10, 2017	**—**	**30.4**
Total common and preferred dividends	**43.6**	**78.3**

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 year ended December 31, 2020, the gross amount of Part VI.1 tax expense is $4.9 million ($19.1 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 (refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section) 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 subsidiary 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.

During the year ended December 31, 2020, the Corporation paid $22.0 million of Part VI.1 tax.

On March 19, 2021, 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 March 31, 2021 to shareholders of record on March 26, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EARNINGS (LOSS) PER COMMON SHARE

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars, except share and per share information)	2020	2019	2020	2019
Net earnings (loss) attributable to equity holders of the Corporation	**1.9**	4.9	**(4.1)**	1,112.4
Deduct: Dividends declared on preferred shares related to the period	**(3.2)**	(4.4)	**(12.7)**	(17.6)
Add: Excess of preferred shares' assigned value over consideration paid for repurchase	**—**	21.0	**—**	21.0
Net earnings (loss) attributable to common shareholders	**(1.3)**	21.5	**(16.8)**	1,115.8
Weighted average number of basic and diluted common shares	**91,976,643**	108,384,453	**93,067,109**	126,795,975
Earnings (loss) per common share – Basic and fully diluted	**$ (0.01)**	$ 0.20	**$ (0.18)**	$ 8.80
Continuing operations - Basic and fully diluted	**$ —**	$ 0.24	**$ (0.30)**	$ 0.54
Discontinued operations - Basic and fully diluted	**(0.01)**	(0.04)	**0.12**	8.26

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RELATED PARTIES TRANSACTIONS

ACQUISITION OF MITTLEMAN BROTHERS

On June 19, 2020, Aimia announced the acquisition of 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. Refer to the *Note 27* of the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020 for more details.

TRANSACTIONS WITH KOGNITIV

On June 18, 2020, Aimia completed the Kognitiv transaction. The transaction is a contribution of cash and Aimia's Loyalty Solutions business, in exchange of an ownership interest in Kognitiv. After the closing of both the contribution of the Loyalty Solutions business and the cash investments, Aimia owned 49.3% of Kognitiv. Aimia and Kognitiv have provided each other transition services. For the year ended December 31, 2020, Aimia has incurred a net expense of $0.7 million in regards to these transition services. Any receivable or payable balance as of December 31, 2020 in regards to these services or other outstanding amounts in regards to the transaction are reported as receivable from related party and payable to related party on the consolidated statement of financial position. Refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section for more details on the Kognitiv transaction.

DISCONTINUED OPERATIONS AND DISPOSAL OF BUSINESSES AND OTHER ASSETS

DISCONTINUED OPERATIONS

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 growth company enabling collaborative commerce. 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 owned 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 have been allocated to the fair value of identifiable assets and any remaining difference has been assigned to notional goodwill. The Corporation has identified a total $41.1 million of intangible assets from technology and customer relationships. The resulting residual notional goodwill in regards to this investment is $90.4 million.

The proportionate share of Kognitiv's net earnings has been recorded since the closing of the transaction on June 18, 2020. The fair value of Aimia's investment in Kognitiv at transaction date 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. This included assumptions of revenue growth rate up to 2024 averaging 13% per year and operating cash flow minus capital expenditures up to 2024 averaging 15% of revenues;
- 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 were as follows:

- Earnings projected based on past experience, actual operating results and the financial long range plan approved by Kognitiv management.
- EBITDA multiples range of 6.0x - 8.0x. The multiples were determined on the basis of historical and publicly available information of comparable companies.

Aimia and Kognitiv had originally agreed to provide each other transition services until December 31, 2020. These services include finance, technology, human resources and facility management. Aimia and Kognitiv have extended certain finance and technology transition services until April 30, 2021. Aimia has also agreed to maintain certain guarantees 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 December 31, 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.

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	(4.3)
Consideration relating to disposed assets and liabilities, net of transaction costs	**64.0**
Preliminary closing adjustments related to working capital	4.3
Future technology decoupling funding	(0.8)
Net consideration	**67.5**
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	9.8
Property and equipment	1.0
Software and technology	0.2
Equity-accounted investment	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	**32.6**
Gain before reclassification to net earnings of cumulative translation	**34.9**
Reclassification to net earnings of cumulative translation adjustments	(21.6)
Gain on the loss of control of the Loyalty Solutions business and related assets	**13.3**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

	Three Months Ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Results of the Loyalty Solutions business and related assets				
Total revenue	**—**	35.0	**52.5**	134.0
Compensation and benefits	**—**	20.7	**23.4**	77.8
Technology	**—**	11.7	**16.8**	53.8
Professional, advisory and service fees	**—**	2.3	**4.9**	9.5
Rent and office costs	**—**	1.3	**1.5**	2.7
Travel and employee expenses	**—**	1.4	**0.9**	4.8
Depreciation and amortization	**—**	1.4	**1.9**	4.4
Other	**—**	1.3	**2.6**	8.2
Total operating expenses	**—**	40.1	**52.0**	161.2
Operating income	**—**	(5.1)	**0.5**	(27.2)
Gain on disposal of businesses and other assets	**(1.8)**	—	**13.3**	—
Net financial income (expenses)	**—**	0.1	**(0.3)**	0.3
Share of net earnings of equity-accounted investments	**—**	0.4	**0.6**	1.8
Income tax (expense) recovery	**0.7**	(0.4)	**(3.1)**	2.9
Net earnings (loss)	**(1.1)**	(5.0)	**11.0**	(22.2)

Variances in operating results generated for the three and twelve months ended December 31, 2020 compared to the same periods in the prior year are mostly explained by the loss of control of the Loyalty Solutions business in the Kognitiv transaction on June 18, 2020.

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

	Three Months Ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Net cash flows of the Loyalty Solutions business and related assets				
Cash flows from (used in):				
Operating activities	**2.4**	(4.5)	**(0.6)**	(69.0)
Investing activities - Payments for the disposal of businesses, including cash disposed	**(0.4)**	—	**(35.6)**	—
Financing activities - Acquisition of non-controlling interest	**—**	—	**—**	(2.3)
Financing activities - Principal elements of lease payments	**—**	(0.5)	**(0.7)**	(1.2)
Total	**2.0**	(5.0)	**(36.9)**	(72.5)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Aeroplan coalition loyalty program and related assets

On January 10, 2019, Aimia completed the sale of Aeroplan 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 quarter ended June 30, 2020, Aimia 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 remaining restricted cash account balance of $66.9 million 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. Should Aeroplan Inc. be successful in its recourse procedures, the $32.9 million remitted to the CRA and Revenu Québec from the original $100.0 million restricted cash account would be returned to Aimia.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars unless otherwise noted)	2020	2019	2020	2019
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	—	—	—	4.5
Share-based compensation and other performance awards	—	—	—	(0.2)
Total operating expenses	—	—	—	4.3
Operating income	—	—	—	7.5
Gain on disposal of businesses and other assets	—	—	—	1,063.1
Income tax expense	—	—	—	(1.1)
Net earnings from the Aeroplan Program and related assets	—	—	—	1,069.5

Cash flows from (used in) the Aeroplan Program and related assets included within the consolidated statements of cash flows are as follows:

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Net cash flows of the Aeroplan Program and related assets				
Cash flows from (used in):				
Operating activities	—	(0.2)	—	(27.9)
Investing activities - Net proceeds from the disposal of businesses and other assets	—	—	—	500.4
Investing activities - Restricted Cash	—	—	—	(100.0)
Investing activities - Cash held in escrow	—	—	—	(2.3)
Total	—	(0.2)	—	370.2

CHANGES IN ACCOUNTING POLICIES

Adoption of revised accounting 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. The Corporation has applied the amendments for the business combination that occurred during the year (acquisition of Mittleman Brothers Inc.).

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.

Change in accounting policy

Change in presentation of expense

The disposal of the Loyalty Solutions business combined with the change in the corporate strategy to become a holding company represented a 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 expenses are not significant for Aimia as a 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FUTURE ACCOUNTING CHANGES

The following standards and amendments have been published and their adoption is mandatory for future accounting periods.

IFRS 9/IAS 39 Interest rate benchmark reform (Phase II)

The IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 representing the finalisation of Phase II to address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate. The amendments are effective for annual reporting periods beginning on or after January 1, 2021. The Corporation does not expect a significant impact on its consolidated financial statements.

IFRS 16 COVID-19 rent concession amendment

The IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. The amendments are effective for annual reporting periods beginning on or after January 1, 2021. The Corporation does not expect a significant impact, if any, on its consolidated financial statements.

Annual Improvements to IFRS Standards 2018-2020

The IASB issued 'Annual Improvements to IFRS Standards 2018 - 2020, which includes amendments to the following standards:

- IFRS 9, *Financial instruments* was amended to address which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 1, *Presentation of financial statements* amended the exemption to allow a subsidiary adopting IFRS at a later date than its parent to also measure cumulative translation differences using the amounts reported by the parent based on the parent's date of transition to IFRS.
- IFRS 16, *Leases* amended illustrative example 13 to remove the illustration of payments from the lessor related to leasehold improvements.
- IAS 41 *Agriculture* was amended to remove the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41, Agriculture.

These amendments are effective for annual reporting periods beginning on or after 1 January 2022. IFRS 1 and IAS 41 amendments will not have any impact on the consolidated statements of the Corporation.

For the IFRS 16 amendments, at this time, the Corporation does not anticipate that they will have a significant impact, if any, on its consolidated financial statements.

The Corporation is reviewing the impact that the IFRS 9 amendments might have on its consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reference to Conceptual Framework (Amendments to IFRS 3)

The IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3) with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements, add a new exception for certain liabilities and contingent liabilities to refer to IAS 37 or IFRIC 21 rather than the 2018 Conceptual Framework, and clarify that an acquirer should not recognize contingent assets at the acquisition date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. At this time, the Corporation does not anticipate that these changes will have a significant impact, if any, on its consolidated financial statements.

IAS 37 Onerous contracts - Cost of fulfilling a contract

The IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. At this time, the Corporation does not anticipate that these changes will have a significant impact, if any, on its consolidated financial statements.

IAS 1 Classification of liabilities as current or non-current

The IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023. At this time, the Corporation is reviewing the impact that these amendments will have on its consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with the International Financial Reporting Standards ("IFRS") requires management to make estimates, judgments and assumptions that management believes are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from those estimates (refer to *Caution regarding forward-looking information*).

Management has identified the areas, discussed below, which it believes are the most subject to judgments, often requiring the need to make estimates about the effects of matters that are inherently uncertain and may change significantly in subsequent periods.

The impact of COVID-19 on the value of certain of Aimia's investments

The current pandemic has affected the business of certain of Aimia's investments. Significant estimates, judgments and assumptions have been made by management in regards to the identification of potential indicators of impairments as well as for the determination of the recoverable value for the investments for which potential indicators of impairment were identified. Refer to the *Q4 2020 Highlights* section and *Note 10* in the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020 for more details.

Measurement of the fair value of the investment in Clear Media

In May 2020, the Corporation invested $76.2 million (HK$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. On July 14, 2020, Clear Media announced that the percentage of the public float of the shares of the company had 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.

As of December 31, 2020, the fair value of the investment in equity instruments of Clear Media Limited has been estimated at $69.0 million (HK$7.12 per common share) and is based on a combination of valuation techniques and inputs, including the public offer made by Ever Harmonic Global Ltd. to acquire all outstanding shares of Clear Media that closed on July 13, 2020 at a price of HK$7.12 per common share and a market approach derived using a multiple of EBITDA as outlined below. Therefore, the resulting unrealized fair value loss of $7.2 million is almost exclusively due to the strengthening of the Canadian dollar versus the Hong Kong dollar.

The key assumptions used in this valuation includes:

- EBITDA based on historical results (adjusted for change in accounting pronouncements), with historical profitability recovery scenarios by either 2023 or 2024;
- EBITDA (adjusted for change in accounting pronouncements) multiple ranging from 7.5x to 8.0x determined on the basis of publicly available information of comparable companies;
- Discount rates ranging from 17% to 20%;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

A change of +/- 1% in the discount rate would have had a +/- $1.7 million impact on the estimated fair value of Clear Media, while a change of +/- 1.0x in normalized EBITDA multiple would have had a +/- $9.0 million impact on the estimated fair value.

Measurement of the fair value of the initial investment in Kognitiv

The fair value of Aimia's initial 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. Refer to the *Discontinued Operations and disposal of businesses and other assets 2020* section for more details.

Contingent consideration associated with the purchase of Mittleman Brothers

On June 19, 2020, Aimia announced the closing of the acquisition of 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 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, with 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. 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 was 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. Refer to *Note 27* in the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020 for more details.

Income taxes

Following an income tax audit conducted by the CRA regarding certain Aeroplan income tax matters dating back to 2013, 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 and Revenu Québec for an aggregate amount of $32.9 million. Aimia has funded the amounts due upon receipt of the assessments from the $100.0 million restricted cash account set aside as part of the Aeroplan transaction.

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 and recorded the amount remitted as an other long-term asset. Should Aeroplan Inc. be successful in its recourse procedures, the $32.9 million remitted to the CRA and Revenu Québec would be returned to Aimia.

Impairment of non-financial assets

As of December 31, 2020, all of the Corporation's goodwill is allocated to the Holdings cash-generating unit ("CGU"). The Corporation tests at least annually whether goodwill suffered any impairment. Management makes key assumptions and estimates in determining the recoverable amount of the CGU, including determination of the recoverable values of Aimia's investments using different valuation techniques classified as level 1 and level 3 in accordance with the fair value hierarchy as well as future operating costs of the CGU.
Refer to *Note 12* in the accompanying audited consolidated financial statements of Aimia for the year ended December 31, 2020 for more details.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures within Aimia have been designed to provide reasonable assurance that all relevant information is identified to the Disclosure Policy Committee to ensure appropriate and timely decisions are made regarding public disclosure.

An evaluation of the design and effectiveness of the operation of Aimia's disclosure controls and procedures has been conducted by Aimia, under the oversight of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"). Based on this evaluation, the CEO and CFO have concluded that, as of December 31, 2020, Aimia's disclosure controls and procedures, as defined by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings, are effective to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified therein.

The Audit, Finance and Risk Committee reviewed this MD&A, and the consolidated financial statements, and the Board of Directors of Aimia approved these documents prior to their release.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of Aimia's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Aimia, under the oversight of the CEO and CFO, has used the criteria established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), to assess the effectiveness of Aimia's internal controls over financial reporting. Based on this evaluation, the CEO and CFO have concluded that internal control over financial reporting, as defined by National Instrument 52-109, was effective as at December 31, 2020 based on the applicable criteria.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

A material change in internal control over financial reporting (ICFR) is a change that has, or is reasonably likely to materially affect, the issuer's ICFR. During the year ended December 31, 2020, the Corporation has implemented the Workday financial system for its financial operations. The Workday solution enhanced and streamlined the Corporation's financial operations by placing Aimia and all of its former Loyalty Solutions subsidiaries on the same transactional platform. The Corporation lost control over its Loyalty Solutions subsidiaries with the Kognitiv transaction (refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section for more details).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Given the material nature of the transactions that are now processed through this new system, management considers this implementation to be a material change in ICFR. Accordingly, management has evaluated this change, and determined that ICFR under the Workday system has been appropriately designed.

SCOPE LIMITATION

The Corporation has limited the scope of design of internal controls over financial reporting for Kognitiv. This scope limitation is in accordance with National Instrument 52-109 section 3.3 (1) (b), which allows for an issuer to limit scope for equity-accounted investments and businesses it acquired not more than 365 days prior to the end of the fiscal period.

The summary financial information related to Kognitiv presented in Aimia's annual consolidated financial statements and MD&A for the year ended December 31, 2020 is as follows:

	Year Ended December 31,
(in millions of Canadian dollars)	2020
Revenue	53.1
Net loss	(22.9)
Aimia's share of Kognitiv's net loss	(13.6)
Total Assets	94.3
Total Liabilities	84.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RISKS AND UNCERTAINTIES AFFECTING THE BUSINESS

The results of operations and financial condition of Aimia are subject to a number of risks and uncertainties, and are affected by a number of factors outside of the control of Management. The following section summarizes certain of the major risks and uncertainties that could materially affect our future business results going forward. The risks described below may not be the only risks faced by Aimia. Other risks which currently do not exist or which are deemed immaterial may surface and have a material adverse impact on Aimia’s results of operations and financial condition.

Business and Industry Disruptions Related to Global Health Crises, Natural Disasters and Security Issues

Strong demand for air travel in the loyalty programs operated by Aimia’s investee companies creates a significant dependency on the airline industry in general. Any disruptions or other material adverse changes in the airline industry, whether domestic or international, affecting any airline related to any of the loyalty programs which Aimia invests in could have a material adverse impact on its business. This could manifest itself in an inability to fulfill member’s flight redemption requests or to provide sufficient accumulation opportunities, and would adversely affect Aimia’s financial results as a result of lower returns on investment, particularly our investments in PLM as operator of the Club Premier business and in BIGLIFE as the operator of BIG Rewards given those investments’ exposure to the airline and travel sectors. A reduction in member use of these loyalty programs could impact their ability to retain their current commercial partners and members and to attract new commercial partners and members and adversely affect returns on investments. Such disruptions or changes may result from global health crises, war, terrorist attacks and security measures, casualty losses, extreme weather events, global and changes in domestic and foreign regulation. The global airline and travel industry is facing a severe and abrupt drop in traffic as a result of the coronavirus (“COVID-19”) pandemic and the travel restrictions imposed in many countries around the world. The system-wide impact of the COVID-19 pandemic began to be felt in traffic and sales figures commencing in early March 2020. There is very limited visibility on travel demand given government restrictions in place and concerns about travel due to the COVID-19 virus and passenger expectations about the need for certain precautions such as physical distancing. We cannot predict the full impact or the timing for when conditions improve. Aimia is actively monitoring the situation and will respond as the impact of the COVID-19 pandemic evolves, which will depend on a number of factors including the course of the pandemic, outbreaks of novel strains of the coronavirus, government actions, and traveler reaction, none of which can be predicted with any degree of certainty.

Chapter 11 Filing by Grupo Aeromexico

In June 2020, Grupo Aeroméxico S.A.B. de C.V. (“Aeromexico”) and certain of its affiliates commenced proceedings under Chapter 11 of the United States Bankruptcy Code ("Chapter 11"). Aeromexico owns a 51.1% equity stake in PLM Premier, S.A.P.I. de C.V (“PLM”), owner and operator of Club Premier, the leading coalition program in Mexico. Aimia owns the remaining 48.9% equity interest in PLM and shares joint control of PLM with Aeromexico. Flight redemptions are Club Premier’s most popular redemption, with members able to access Aeromexico, Aeromexico Connect and other SkyTeam member airlines or code-share airlines flights and promotions. Prior to Aeromexico’s Chapter 11 filing, PLM had made a US$50.0 million loan to Aeromexico under an intercompany loan facility and an additional US$50.0 million advance to Aeromexico through pre-purchases of award tickets. This financial support totals US$100.0 million and is secured by Aeromexico's stake in PLM.

There are a number of risks and uncertainties to Aimia's investment in PLM arising from Aeromexico's Chapter 11 proceedings, including whether Aeromexico will successfully assume its commercial, loan and financing agreements with PLM and Aimia under the Chapter 11 proceedings, whether Aeromexico will emerge from Chapter 11 proceedings and continue to operate its airline business in Mexico and internationally, the treatment of PLM's financial support to Aeromexico in the Chapter 11 proceedings, the length of time Aeromexico will operate under Chapter 11 proceedings and the potential adverse effects of the Chapter 11 proceedings on Aeromexico's liquidity and operations. Any further disruptions to Aeromexico's business could have an adverse impact on PLM and Aimia's investment therein. In particular, an inability to fulfill Club Premier members' flight redemption requests or to provide sufficient accumulation opportunities would adversely affect Aimia's financial results as a result of lower returns on our investment in PLM. A reduction in member use of the Club Premier loyalty program could impact its ability to retain other current commercial partners and members and to attract new commercial partners and members and adversely affect returns on investment. Aimia is actively monitoring Aeromexico's Chapter 11 proceedings.

The execution of the strategic plan

On April 29, 2020, Aimia announced that, following the comprehensive strategic review process undertaken by a special committee of independent directors (the "Special Committee"), the Board of Directors approved the Special Committee's recommendation that Aimia focus on long-term investments in public and private companies, on a global basis, through controlling or minority stakes. The targeted companies will exhibit durable economic advantages, evidenced by a well-established track record of substantial free cash flow generation over complete business cycles, guided by strong, experienced management teams.

There can be no assurance that the strategic plan will succeed in whole or in part. Implementation of this plan presents various managerial, organizational, administrative, operational and other challenges. Aimia has a very lean senior leadership team upon which the successful execution of the strategic plan is dependent. The strategic plan may be affected by the following items:

- Aimia's ability to source, diligence, analyze and execute upon accretive, cash-flow generative new investment and/or acquisition targets, particularly with a lean senior leadership team; and
- Aimia's ability to recruit, develop, motivate and retain talented employees as required to implement and execute the strategic plan.

If Aimia is unable to successfully execute on any or all of the initiatives contained in the strategic plan, its revenues, operating results, profits and asset values would be adversely affected. Further, even if Aimia successfully implements such plan, there can be no guarantee that it will be able to achieve its intended long-term growth, profitability and asset values, including generating and/or enhancing revenues, operating results and profitability. Modifications to the strategic plan may be required to achieve such objectives. Further, while Aimia currently has sufficient resources to undertake its strategic plan, there can be no assurance that its financial resources will continue to be sufficient in the future to fund potential new investment and/or acquisition opportunities and, consequently, Aimia may be required to obtain additional financing in order to successfully implement its strategic plan. Failure to secure any such financing may result in delays in implementing the strategic plan and, if required funding is unavailable, or only available on unfavourable terms, Aimia's ability to pursue its business strategy may be adversely affected and consequently Aimia's business, financial condition and results of operation may be adversely impacted.

Investment risks, including in connection with how and when to deploy and invest Aimia's considerable cash and other liquid assets

Aimia is a holding company with a focus on long-term investments in public and private companies, on a global basis, through controlling or minority stakes. The nature and timing of the use of Aimia's cash, other sources of liquidity and investments in implementing its strategic plan will be determined by Management and the Board at their discretion, and there can be no certainty, and Aimia cannot provide any assurance as to how, and when, such investments will be made and, if made, whether such investments will be successful and provide a satisfactory return above its cost of capital.

The success of Aimia's investment strategy will depend, in part, on Aimia's ability to:

- identify suitable investments;
- complete the investments on acceptable terms (including acceptable levels of valuation) and within expected time frames; and
- capitalize and execute on such investments, including integrating the acquisitions, and creating and executing on cost-saving and other synergies between new businesses acquired and Aimia's existing businesses and investments.

Aimia may not be able to identify appropriate investments or acquire any suitable investments that it identifies. Moreover, competition may reduce the number of investment opportunities available to Aimia and may lead to unfavourable terms as part of any investment, including high purchase prices.

Holding company liquidity risk

Aimia makes certain investments in the securities of private companies and illiquid securities. These investments may offer relatively high potential returns, but may also be subject to a relatively higher degree of risk. From time to time it may be in the best interests of Aimia to exit these investments. However, securities of private companies and illiquid securities may not have a ready market and Aimia may not be able to sell such securities at acceptable prices on a timely basis or at all. Illiquidity may limit Aimia's ability to realize a return or to vary components of its investment portfolio promptly in response to changing conditions. The valuation of private companies is inherently difficult because there is a certain level of uncertainty in the assumptions used to determine the fair value of these investments.

As a holding company, Aimia's ability to meet its obligations, including payment of operating expenses and dividends, depends in large part on dividends from its principal investments, including PLM. Dividends from these investments are dependent on the operating performance, profitability and financial position of these investments. Reductions in the operating performance, profitability or financial position of Aimia's investments, or the inability to monetize investments in a timely manner, may negatively impact our ability to meet our obligations.

Investment partnership risks

Aimia's relationships with its partners in certain of its investments, such as PLM, BIGLIFE and Kognitiv Corporation, are governed by shareholders' and investor rights agreements that set forth the shareholders' rights and obligations, and typically contain transfer restrictions. Certain provisions of these shareholder agreements are complex, and the agreements are often governed by the laws of foreign jurisdictions. Disputes may arise between the shareholders.

Aimia may incur significant costs, including legal fees, in exercising its rights under the shareholders' agreements in the event of disputes, and there can be no assurance that such disputes will be resolved in Aimia's favor.

Airline industry changes and increased airline costs

The airline industry has been subject to a number of increasing costs over the last several years, including increases in the cost of fuel, insurance, airport user fees and air navigation fees. In addition, new and proposed legislation have been considered or adopted concerning carbon emissions emanating from the airline industry, including the setting of emissions allowances and charging aircraft operators for a certain percentage of these allowances. These increased costs may be passed on to consumers, increasing the cost of redeeming Loyalty Units for air travel rewards in our investee businesses. This may negatively impact consumers' incentives to participate in such loyalty programs, which may in turn adversely affect Aimia's financial results and return on investment.

Reliance on Key Personnel

Aimia has a very lean senior leadership team. Aimia's strategic plan relies on such team and requires it to have a hands-on operational approach to managing existing businesses and portfolio companies in which Aimia invests. Aimia's success depends on the abilities, experience, industry knowledge and personal efforts of its Management and other key employees, including the ability to retain and attract skilled employees at appropriate compensation levels as Aimia develops and grows pursuant to its strategic plan.

The loss of the services of members of our Management team, and any other key employees, could have a material adverse effect on our business, financial condition or future prospects. Aimia's strategic plans may also put additional strain and demand on senior Management and key employees and produce risks in both productivity and retention levels. In addition, we may not be able to attract and retain additional qualified management as needed in the future.

Market Price and Trading Volume of the Common Shares and Preferred Shares

The market price and trading volume of the common shares and/or the Preferred Shares may materially decrease or experience increased fluctuation due to a variety of factors, primarily in connection with the level of Aimia's success in executing on its strategic plan but also general market conditions of the worldwide economy, including as a result of the COVID-19 pandemic. The effects of these and other factors on the market prices of the common shares and/or the Preferred Shares may result in volatility in the trading prices of the common shares and/or the Preferred Shares. The market price of the common shares and/or the Preferred Shares may be affected by numerous factors beyond the control of Aimia. There can be no assurance that the market price of the common shares and/or the Preferred Shares will not materially decrease or experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance.

Uncertainty of Dividend Declarations and/or Payments on either Common Shares or Preferred Shares

Having unveiled the Corporation's strategic plan to focus on long-term investments in public and private companies, on a global basis, through controlling or minority stakes, Aimia currently has no intention of resuming the declaration and payment of regular dividends on its common shares in the foreseeable future as it intends to deploy and invest its cash and other sources of liquidity in the implementation of its strategic plan.

Furthermore, while Aimia is, as of the date hereof, up to date on the declaration and payment of the quarterly dividends on our outstanding Preferred Shares, any future decision and/or inability by Aimia to declare and/or pay dividends on our Preferred Shares could have an adverse effect on the trading price or value of such shares.

Under the terms of Aimia's Preferred Shares, Aimia is subject to tax under Part VI.1 of the Income Tax Act (Canada) (the "ITA") associated with dividends paid on its Preferred Shares. For corporations subject to Part VI.1 tax, there is an equivalent Part I tax deduction. As permitted under the ITA, a corporation may allocate its Part VI.1 tax liability and equivalent Part I tax deduction to its related subsidiaries. Aimia can provide no assurance that under its newly announced strategic plan, it will have sufficient taxable income and equivalent Part I tax available to be reduced from the Part VI.1 tax associated with future dividends paid on the Preferred Shares. If there is no equivalent Part I tax reduction, Aimia or its remaining related Canadian subsidiary will have non-capital losses that can be carried forward under rules specifically provided under the ITA. See "Risks and uncertainties affecting the business - Tax losses", below.

As a result of Preferred Shares dividend payments, Aimia will be liable to pay Part VI.1 tax at a rate of 40% of these dividends payments. Aimia can provide no assurance that it will be able to recover or mitigate the effect of any Part VI.1 tax that is required to pay in respect of the 2020 tax year, and any such recurring Part VI.1 tax would adversely impact Aimia's earnings and liquidity.

There can be no assurance that Aimia has not been, and will not be, a "passive foreign investment company" (a "PFIC") for United States ("U.S.") federal income tax purposes for any prior taxable year or during the current taxable year. If Aimia were a PFIC for any taxable year in which a U.S. shareholder held our shares, then the U.S. federal income tax consequences could be materially and adversely worse for such holder of our shares as compared to if Aimia is not a PFIC.

In general, a non-U.S. corporation will be a PFIC with respect to a U.S. holder of shares if, for any taxable year in which the U.S. shareholder holds shares, either (i) at least 75% of the corporation's gross income (without reduction for operating expenses) for the taxable year is passive income or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income includes, among other things, dividends, interest, rents or royalties (other than certain rents or royalties derived from the active conduct of a trade or business), annuities, and gains from assets that produce passive income. If a non-U.S. corporation owns at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

PFIC classification status depends upon the composition of a non-U.S. corporation's income, assets and activities from year-to-year as well as the application of complex U.S federal income tax rules, which are subject to differing interpretations. Based on its income, assets, and activities, Aimia does not believe that it was a PFIC for the taxable years ending December 31, 2020 and December 31, 2019. In addition, Aimia believes that it should not be a PFIC for the taxable year ending December 31, 2021. However, this determination is factual in nature and cannot be made until the close of the tax year in question. Therefore, no assurance can be provided that Aimia has not been, and will not be, a PFIC for any prior taxable year nor during the current taxable year. If Aimia were a PFIC for any taxable year in which a U.S. shareholder held shares, then the U.S. federal income tax consequences could be materially and adversely worse for such holder of shares as compared to if Aimia is not a PFIC.

If Aimia were a PFIC for any taxable year during which a U.S. shareholder held shares, and such U.S. shareholder does not make a "mark-to-market" election or a “qualified electing fund” election (each discussed below), then generally any gain recognized by such U.S. shareholder upon the sale or other disposition of shares would be allocated ratably over such holder’s holding period for the shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before Aimia became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year (without reducing such amount for offsetting deductions or losses) would be subject to tax at the highest rate on ordinary income in effect for individuals or corporations, as appropriate for that taxable year, and an interest charge would be imposed on the resulting tax liability. Further, to the extent that any distribution received by a U.S. shareholder on its shares exceeds 125% of the average of the annual distributions on the shares received during the preceding three years or the U.S. shareholder’s holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. The favourable U.S. tax rates generally applicable to long-term capital gains with respect to dividends paid to non-corporate U.S. shareholders would not apply.

A U.S. shareholder that owns shares in a PFIC can avoid certain of the adverse rules described above by making a mark-to-market election with respect to its shares, provided that the shares are “marketable.” Shares will be marketable if they are “regularly traded” on a “qualified exchange” or other market within the meaning of applicable Treasury regulations. If a U.S. shareholder makes the mark-to-market election, it generally will recognize as ordinary income any excess of the fair market value of the shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. shareholder makes the election, the holder’s tax basis in the shares will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of shares in a year when Aimia is a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election).

In addition, a U.S. shareholder that owns shares in a PFIC can also avoid certain of the adverse rules described above by making a “qualified electing fund” election (a “QEF Election”) with respect to such PFIC if the PFIC provides the information necessary for such election to be made. If a United States person makes a QEF Election with respect to a PFIC, the United States person will be currently taxable on its pro rata share of the PFIC’s ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for each taxable year that the entity is classified as a PFIC and will not be required to include such amounts in income when actually distributed by the PFIC. Aimia does not currently plan to provide information necessary for U.S. shareholders to make QEF Elections.

Subject to certain exceptions, if a U.S. shareholder were to own shares during any taxable year in which Aimia is a PFIC, that holder generally will be required to file IRS Form 8621 both with respect to Aimia and with respect to any lower-tier PFICs. Significant penalties are imposed for failing to file IRS Form 8621, and the failure to file such form may suspend the running of the statute of limitations for U.S. federal income tax purposes.

U.S. shareholders are urged to consult their own tax advisors regarding the adverse tax consequences if Aimia were a PFIC for any relevant taxable year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Tax losses

Aimia is carrying forward both operating and capital tax losses that it may be able to utilize in the future. There can be no certainty that Aimia will be able to utilize these losses going forward and the value of these losses could be adversely impacted in many ways, including changes in tax legislation. In addition, certain of the losses carried forward will expire if not used within a certain period of time. If there were to be a change of control of the Corporation as defined under applicable tax laws, such a change of control could significantly reduce the value of the tax losses being carried forward, in some cases reducing them to nil.

Technological Disruptions and Inability to use Third-Party Software and Outsourcing

In order to achieve cost and operational efficiencies and to have access to leading processes and solutions, specialized expertise and innovation, we outsource to third-party vendors many of the information technology systems and other services that are integral to our operations. A failure to adequately manage our third-party service providers or to monitor our third party service providers' compliance with regulatory or legal requirements could result in economic and reputational harm to us. There is also a risk that the confidentiality, privacy and/or security of data held by third parties or communicated over third party networks or platforms could become compromised, which could significantly harm our business even if the attack or breach does not impact our systems. In addition, the management of multiple third-party vendors increases our operational complexity and decreases our control.

Regulatory Matters - Privacy

The entities in which Aimia invests operate globally, and consequently may be subject to Canadian and foreign privacy and data security laws, regulations and codes of conduct. Such laws, regulations and codes may not be consistent from one jurisdiction to another and may be subject to varying and changing interpretations. The scrutiny by regulators, governments and third parties internationally with respect to the collection, processing, use, storage, sharing and transmission of personal data continues to grow, which may result in new laws, regulations and codes, as well as interpretations of existing laws, regulations and codes - complying with all such international laws, regulations and codes increases the complexity of ensuring compliance. Laws such as the Privacy Act or Federal PIPEDA in Canada, or the General Data Protection Regulation ("GDPR") in Europe, and other international data protection and privacy laws, as well as industry self-regulatory codes that may exist for the businesses in which Aimia invests, including the loyalty and travel industry, may impose new obligations on Aimia's investments and Aimia, and expand the scope of their and its liability. Further, if countries pass or consider passing legislation limiting data transfers, as some have begun to do, and, in the extreme, requiring data to remain localized in a particular country, the entities in which Aimia invests may face new and unforeseen challenges and costs to manage their ability to transfer data, as required.

The enactment of new, or amendments to existing, legislation or industry regulations relating to consumer privacy issues and/or marketing, in any of the markets where Aimia's investments conduct business, may materially impact their relationships with their customers. If the practices of the entities in which the Corporation invests, are perceived negatively with respect to privacy and data protection practices, this may result in public criticism, reputational harm and claims and/or fines by regulators, governments and/or third parties, all of which may interrupt their operations and hinder Aimia's ability to successfully implement and undertake its strategic plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Foreign Operations, Interest Rate and Currency Fluctuations

A material portion of the operations of the companies in which Aimia has investments are located in the Mexico, China, U.S and the Asia Pacific region with Aimia’s corporate costs largely based in Canada. As a result, the Corporation is subject to the risks of doing business internationally, including changes to foreign laws and regulations and general changes in economic and geopolitical conditions. In addition, Aimia's financial results are sensitive to the changing value of the Canadian dollar and foreign operations are sensitive to the fluctuations of other currencies. A significant deterioration of the Canadian dollar relative to any of these other currencies could have a negative impact on Aimia's results of operations or financial position.

Legal Proceedings

From time to time, Aimia becomes involved in various claims and litigation as a result of carrying on its business. In addition, as part of the disposal of the Aeroplan and Loyalty Solutions businesses, Aimia made certain representations and warranties to the respective purchasers of those businesses and agreed to indemnify them in the event of certain losses. Some of these representations and warranties and indemnification obligations will not expire for a significant period of time or at all. While no claims have been made at this time in respect of these representations and warranties, there can be no guarantee that claims will not be made in the future. Any future claims or litigation could have a material adverse effect on our business and results from operations.

Audits by Tax Authorities

In the ordinary course of business, the Corporation is subject to ongoing audits by tax authorities. While Aimia believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities. Should an outcome of any such review or challenge materially differ from existing provisions, the Corporation’s effective tax rate, its earnings, and its liquidity and working capital position could be materially affected (positively or negatively) in the period in which matters are resolved.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NON-GAAP FINANCIAL MEASURES FOR INVESTMENTS

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

PLM Adjusted EBITDA

Adjusted EBITDA for PLM ("PLM Adjusted EBITDA”) is earnings before net financial income (expense) and net income tax expense adjusted to exclude depreciation, amortization and impairment charges related to non-financial assets, as well as adjusted for certain factors particular to PLM, such as changes in deferred revenue and Future Redemption Costs.

Change in deferred revenue is calculated as the difference between Gross Billings and revenue recognized, including recognition of Breakage.

Future Redemption Costs represent management's estimated future cost of rewards in respect of Loyalty Units sold which remain outstanding and unbroken at the end of any given period. Future Redemption Costs are revalued at the end of any given period by taking into account the most recently determined average unit cost per Loyalty Unit redeemed for that period (cost of rewards / Loyalty Units redeemed) and applying it to the total Unbroken Loyalty Units outstanding at the end of that period. As a result, Future Redemption Costs and the change in Future Redemption Costs must be calculated at the end of any given period and for that period. The simple addition of sequential inter-period changes to arrive at a cumulative change for a particular period may result in inaccurate results depending on the fluctuation in the Average Cost of Rewards per Loyalty Unit redeemed for the period in question.

PLM Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to net earnings in measuring profitability, and is not comparable to similar measures used by other issuers. Aimia and PLM's management do not believe that PLM Adjusted EBITDA has an appropriate directly comparable GAAP measure. However, a reconciliation to earnings before net financial income (expense) and net income tax expense is provided below.

PLM Adjusted EBITDA is used by Aimia and PLM's management to evaluate performance. Aimia and PLM's management believe PLM Adjusted EBITDA assists investors in comparing PLM's performance on a consistent basis without regard to depreciation and amortization and impairment charges related to non-financial assets, which are non-cash in nature and can vary significantly depending on accounting methods, and non-operating factors such as historical cost.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Earnings before net financial expense and income tax expense	**9.1**	24.1	**39.8**	91.7
Depreciation and amortization	0.7	1.4	2.7	3.8
Adjustments:				
Change in deferred revenue				
Gross Billings	48.5	94.7	197.5	363.1
Revenue	(46.7)	(89.7)	(188.7)	(332.7)
Change in Future Redemption Costs [(b)]	(0.1)	(1.8)	(0.6)	(13.3)
Subtotal of adjustments	**1.7**	3.2	**8.2**	17.1
PLM Adjusted EBITDA [(a)]	**11.5**	28.7	**50.7**	112.6

(a) A non-GAAP measurement.

(b) Represents the change in the estimated Future Redemption Cost liability for any quarter (for interim periods) or fiscal year (for annual reporting purposes). For the purposes of this calculation, the opening balance of the Future Redemption Cost liability is revalued by retroactively applying to all prior periods the latest available Average Cost of Rewards per Loyalty Unit. It is calculated by multiplying the change in estimated Unbroken Loyalty Units outstanding between periods by the Average Cost of Rewards per Loyalty Unit for the period.

Free Cash Flow

Free Cash Flow is a non-GAAP measures, does not have a standardized meaning and is not comparable to similar measures used by other issuers. It is used in order to provide a consistent and comparable measurement of cash generated from operations and used as indicators of financial strength and performance.

Free Cash Flow is defined as cash flows from operating activities as reported in accordance with GAAP, less capital expenditures as reported in accordance with GAAP.

A reconciliation of Free Cash Flow to cash flows from operating activities (GAAP) is presented below.

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Cash flows from (used in) operating activities	**25.1**	12.7	**(41.9)**	113.4
Capital expenditures	(1.7)	(0.5)	(2.2)	(1.1)
Free Cash Flow [(a)]	**23.4**	12.2	**(44.1)**	112.3

(a) A non-GAAP measurement.

BIGLIFE

BIGLIFE Adjusted EBITDA

Adjusted EBITDA for BIGLIFE ("BIGLIFE Adjusted EBITDA") is earnings before depreciation, amortization and impairment charges related to non-financial assets and net income tax expense adjusted for certain factors particular to BIGLIFE, such as changes in deferred revenue and Future Redemption Costs.

Change in deferred revenue is calculated as the difference between Gross Billings and revenue recognized, including recognition of Breakage.

Future Redemption Costs represent management's estimated future cost of rewards in respect of Loyalty Units sold which remain outstanding and unbroken at the end of any given period. Future Redemption Costs are revalued at the end of any given period by taking into account the most recently determined average unit cost per Loyalty Unit redeemed for that period (cost of rewards / Loyalty Units redeemed) and applying it to the total Unbroken Loyalty Units outstanding at the end of that period. As a result, Future Redemption Costs and the change in Future Redemption Costs must be calculated at the end of any given period and for that period. The simple addition of sequential inter-period changes to arrive at a cumulative change for a particular period may result in inaccurate results depending on the fluctuation in the Average Cost of Rewards per Loyalty Unit redeemed for the period in question.

BIGLIFE Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to net earnings in measuring profitability, and is not comparable to similar measures used by other issuers. Aimia and BIGLIFE's management do not believe that BIGLIFE Adjusted EBITDA has an appropriate directly comparable GAAP measure. However, a reconciliation to earnings before depreciation and amortization and net income tax expense is provided below.

BIGLIFE Adjusted EBITDA is used by Aimia and BIGLIFE's management to evaluate performance. Aimia and BIGLIFE's management believe BIGLIFE Adjusted EBITDA assists investors in comparing BIGLIFE's performance on a consistent basis without regard to depreciation and amortization and impairment charges related to non-financial assets, which are non-cash in nature and can vary significantly depending on accounting methods, and non-operating factors such as historical cost.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Earnings (loss) before depreciation and amortization and net income tax expense	**(0.8)**	(3.8)	**21.9**	(7.5)
Adjustments:				
Change in deferred revenue				
Gross Billings	3.6	16.3	19.5	50.3
Revenue	(5.2)	(12.6)	(42.3)	(48.3)
Change in Future Redemption Costs [(b)]	1.4	0.8	(0.9)	1.5
Subtotal of adjustments	**(0.2)**	4.5	**(23.7)**	3.5
BIGLIFE Adjusted EBITDA [(a)]	**(1.0)**	0.7	**(1.8)**	(4.0)

(a) A non-GAAP measurement.

(b) Represents the change in the estimated Future Redemption Cost liability for any quarter (for interim periods) or fiscal year (for annual reporting purposes). For the purposes of this calculation, the opening balance of the Future Redemption Cost liability is revalued by retroactively applying to all prior periods the latest available Average Cost of Rewards per Loyalty Unit. It is calculated by multiplying the change in estimated Unbroken Loyalty Units outstanding between periods by the Average Cost of Rewards per Loyalty Unit for the period.

Free Cash Flow

Free Cash Flow is a non-GAAP measures, does not have a standardized meaning and is not comparable to similar measures used by other issuers. It is used in order to provide a consistent and comparable measurement of cash generated from operations and used as indicators of financial strength and performance.

Free Cash Flow is defined as cash flows from operating activities, as reported in accordance with GAAP, less capital expenditures as reported in accordance with GAAP.

A reconciliation of Free Cash Flow to cash flows from operating activities (GAAP) is presented below.

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Cash flows used in operating activities	**0.2**	2.6	**(0.7)**	1.2
Capital expenditures	—	(0.1)	(0.2)	(0.6)
Free Cash Flow [(a)]	**0.2**	2.5	**(0.9)**	0.6

(a) A non-GAAP measurement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

KOGNITIV

Kognitiv Adjusted EBITDA

Adjusted EBITDA for Kognitiv ("Kognitiv Adjusted EBITDA") is earnings before net financial income (expense) and net income tax expense adjusted to exclude depreciation, amortization, shared-based compensation, restructuring expenses, business acquisition related expenses and impairment charges related to non-financial assets. Adjusted EBITDA also includes distributions and dividends received or receivable from equity accounted investments.

Kognitiv Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to net earnings in measuring profitability, does not have a standardized meaning and is not comparable to similar measures used by other issuers. A reconciliation to earnings before net financial income (expense) and net income tax expense is provided below.

Kognitiv Adjusted EBITDA is used by Aimia and Kognitiv's management to evaluate performance. Aimia and Kognitiv's management believe Adjusted EBITDA assists investors in comparing Kognitiv's performance on a consistent basis excluding depreciation, amortization, impairment charges related to non-financial assets, share-based compensation, which are non-cash in nature and can vary significantly depending on accounting methods as well as non-operating factors such as historical cost. Aimia and Kognitiv's management believe that the inclusion of distributions and dividends received or receivable from equity-accounted investments in Adjusted EBITDA assists investors by adding a performance indicator representative of earnings from equity-accounted investments accessible to Kognitiv. Aimia and Kognitiv's management believe that the exclusion of restructuring and business acquisition related expenses assists investors by excluding expenses that are not representative of the run-rate cost structure of Kognitiv.

	Three Months Ended December 31,		Years Ended December 31,	
(in millions of Canadian dollars)	2020	2019	2020	2019
Loss before net financial income and income tax expense	**(12.4)**	—	**(21.6)**	—
Depreciation and amortization	0.3	—	1.1	—
Share-based compensation	0.7	—	1.5	—
Restructuring expenses	1.2	—	2.0	—
Dividends from equity accounted investments	0.7	—	0.7	—
Kognitiv's Adjusted EBITDA [(a)]	**(9.5)**	**—**	**(16.3)**	**—**

(a) A non-GAAP measurement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GLOSSARY

"Accumulation Partners" - means Commercial Partners that purchase coalition loyalty services, including Loyalty Units;

"Aeroplan" - means Aeroplan Inc. (formerly Aimia Canada Inc.);

"Aeroplan Program" - means the coalition loyalty program owned and operated by Aeroplan, which was sold on January 10, 2019;

"Aimia" or the "Corporation" - means Aimia Inc., and where the context requires, includes its subsidiaries and affiliates;

"Aeromexico" - means Aerovias de Mexico, S.A de C.V.;

"Aimia Middle East" - means Aimia Middle East Free Zone LLC, the company that owns and operates the Air Miles Middle East program;

"Average Cost of Rewards per Loyalty Unit" - means for any reporting period, the cost of rewards for such period divided by the number of Loyalty Units redeemed for rewards during the period;

"BIGLIFE" - means BIGLIFE Sdn Bhd (formerly Think Big Digital Sdn Bhd), the owner and operator of BIG Rewards, a loyalty and lifestyle program;

"Breakage" - means the estimated Loyalty Units sold which are not expected to be redeemed. By its nature, Breakage is subject to estimates and judgment. The breakage estimate of the Air Miles Middle East program at December 31, 2019 and up until the contribution of the business into Kognitiv was 30%;

"Broken Loyalty Units" - means Loyalty Units issued, but not expired and not expected to be redeemed;

"Cardlytics" - means Cardlytics, Inc., a publicly traded US-based company;

"Commercial Partners" - means Accumulation Partners and Redemption Partners;

"CPSA" - means the Amended and Restated Commercial Participation and Services Agreement, dated June 29, 2020, between Aeromexico and PLM;

"CRA" - means the Canada Revenue Agency;

"Future Redemption Costs" - means the total estimated liability of the future costs of rewards for Loyalty Units which have been sold and remain outstanding, net of Breakage and valued at the Average Cost of Rewards per Loyalty Unit, experienced during the most recent rolling twelve-month period;

"GAAP" - means generally accepted accounting principles in Canada which are in accordance with IFRS;

"Gross Billings" - means gross proceeds from the sale of loyalty services rendered or to be rendered and Loyalty Units;

"IFRS" - means International Financial Reporting Standards;

"Kognitiv" - means Kognitiv Corporation, a Canadian B2B technology platform and services company;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Loyalty Units" - means the miles, points or other loyalty program units issued by Aimia's equity-accounted investments under the respective programs owned and operated by each of the entities;

"Nectar Program" - means the coalition loyalty program in the United Kingdom, which was sold on January 31, 2018;

"PLM" - means PLM Premier, S.A.P.I. de C.V., together with its predecessor Premier Loyalty & Marketing, S.A.P.I. de C.V., owner and operator of Club Premier, a Mexican coalition loyalty program;

"Redemption Partners" - means Commercial Partners that offer air travel, shopping discounts or other rewards to members upon redemption of Loyalty Units;

"Unbroken Loyalty Units" - means Loyalty Units issued, not expired and expected to be redeemed;

ADDITIONAL INFORMATION

Additional information relating to Aimia and its operating businesses, including Aimia's Annual Information Form dated March 24, 2021, is available on SEDAR at www.sedar.com or on Aimia's website at www.aimia.com under “Investor Relations”.