AIMIA

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

For the three and six months ended June 30, 2021 and 2020

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 August 12, 2021 and should be read in conjunction with the accompanying condensed interim consolidated financial statements of Aimia for the three and six months ended June 30, 2021 and the notes thereto, the audited consolidated financial statements of Aimia for the year ended December 31, 2020 and the notes thereto, and the 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 related 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 August 12, 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 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 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 company operates an investment advisory business through its wholly-owned subsidiary Mittleman Investment Management, LLC, and owns a diversified portfolio of 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 48.4% equity stake in Kognitiv, a B2B technology growth company enabling collaborative commerce, a 12.3% equity stake in TRADE X, a global B2B cross-border automotive trading platform, a 10.85% stake in Clear Media Limited, one of the largest outdoor advertising firms in China, as well as minority stakes in various public company securities and investments in limited partnerships.

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, 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.

Investment Management

Investment Management includes Mittleman Investment Management ("MIM"), an 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 Solutions segment until June 18, 2020, the date of the closing of the transaction with Kognitiv. 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 investments in equity instruments, associates and joint arrangements at June 30, 2021:

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
Kognitiv	B2B Technology	Associate	Holdings	Worldwide	48.4	Equity
Clear Media Limited	Outdoor advertising	Equity instrument	Holdings	China	10.85	Fair value

Q2 2021 HIGHLIGHTS

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 investment in BIGLIFE in exchange for 85.9 million of new common shares of AirAsia Berhad. On April 14, 2021, the parties entered into a share sale and purchase agreement under the same terms. This agreement was subject to AirAsia Berhad shareholders approval as well as approval from Bursa Malaysia Securities Berhad ("Bursa Securities") on the listing of and quotation for the shares on the Main Market of Bursa Securities. With both conditions fulfilled in the three months ended June 30, 2021, the sale of Aimia's investment in BIGLIFE closed on June 28, 2021.

The fair value of the AirAsia Berhad common shares received on that date was $22.3 million (MYR75.1 million), resulting in a gain on disposal of equity-accounted investment of $6.9 million.

Realized gain on disposal of JCDecaux securities

During the year ended December 31, 2020, the Corporation purchased 481,164 common shares of JCDecaux (DEC.PA), for a total of $10.5 million (€6.8 million). During the three months ended June 30, 2021, the Corporation disposed of all of its JCDecaux common shares for proceeds of $17.4 million (€11.8 million), resulting in a $6.9 million overall realized gain on the investment.

Investment in Precog Capital Partners L.P.

On June 1, 2021, the Corporation invested $25.0 million (US$20.7 million) in Precog Capital Partners L.P. ("Precog"), a Delaware limited partnership. The primary investment objective of the fund is to maximize return, while attempting to limit risk, via a value-oriented strategy. The fund may invest in equity, debt or hybrid investments both domestically and internationally of varying market capitalization. Precog's general partner and investment manager is MIM, a wholly-owned subsidiary of the Corporation. The Corporation's capital invested in the fund represented approximately 81% of the total limited partners' capital as of June 30, 2021. As a result of the investment, Aimia concluded it had control over the investment fund per the IFRS 10 definition and therefore is required to consolidate the fund since June 1, 2021.

For more details on the accounting implications of the Precog consolidation, refer to *Note 14* of the condensed interim consolidated financial statements of Aimia for the three and six months ended June 30, 2021 and 2020.

Clear Media voluntary conditional offer

On July 5, 2021, Ever Harmonic Global Ltd. and Clear Media Limited jointly announced a voluntary conditional offer to acquire all of the shares of Clear Media Limited that are not already owned or agreed to be acquired by the consortium or parties acting in concert with it. The conditional offer proposes to owners of Clear Media Limited shares to accept either (1) the cash alternative (HK$7.12 per common share), or (2) the share alternative (one new holding company share per Clear Media Limited common share). The new holding company will have a direct investment in Ever Harmonic Global Ltd., which in turn will hold 100% of Clear Media Limited common shares. Following Aimia's review of the Composite Document dated August 2, 2021, Aimia has elected to accept the share offer and will maintain an indirect 10.85% shareholding in the privatized Clear Media. The transaction is expected to close in the third quarter of 2021.

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 its employees and business. Aimia has the ability to perform its activities as a holding company by working remotely without significant disruption.

However, the pandemic is impacting the operations of our investments or certain of their partners to various degrees, which are detailed below.

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.

On April 22, 2021, Aimia filed Proof of Claims in the United States Bankruptcy Court for the Southern District of New York against the Aeromexico Debtors, including Grupo Aeromexico, S.A.B. de C.V., Aeroliteral, S.A., Aerovias de Mexico, S.A. de C.V. and Aerovias Empresa de Cargo, S.A. de C.V. Similar Proof of Claims were also filed by PLM. Aimia and PLM were compelled to file these claims by April 25, 2021, which was the Aeromexico Debtors’ claims bar date applicable to Aimia and PLM. On April 22, 2021, PLM also filed with the Bankruptcy Court, a Motion of PLM for an Order Pursuant to Fed. R. Bankr. P. 9019 Approving the Stipulation Among the Debtors, PLM and Aimia. The Motion which was initially scheduled to be heard before the Bankruptcy Court on May 21, 2021, has been adjourned to September 20, 2021. It remains too early to assess the final outcome of Aeromexico’s Chapter 11 proceedings and their impact on PLM and Aimia’s investment therein. Aimia continues to actively monitor Aeromexico’s Chapter 11 proceedings and engage with all relevant parties as required from time to time in order to ensure that its economic interests are protected.

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 condensed interim consolidated financial statements of Aimia for the three and six months ended June 30, 2021 for more details. During the three and six months ended June 30, 2021, the PLM board of directors approved a distribution of US$8.7 million and US$24.8 million, of which Aimia received its share of $5.3 million (US$4.2 million) and $15.1 million (US$12.1 million);

Kognitiv

Kognitiv's services provided to the travel and hospitality industries have been impacted by the travel restrictions and border closures. The emergence of new COVID-19 variants, extension of travel restrictions and restructuring activities following the ISS transaction have caused additional delays in the execution of Kognitiv’s business plan. These delays to the business plan, which have pushed out the achievement of profitability further, are considered to be an indication that Kognitiv's carrying amount might be impaired and thus, Aimia tested the investment for impairment as of June 30, 2021. Based on the results of the impairment test, the carrying amount of the Kognitiv investment was determined to be lower than its recoverable value and therefore, no impairment has been recorded. *Note 6* of the accompanying condensed interim consolidated financial statements of Aimia for the three and six months ended June 30, 2021 for more details.

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

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. On August 3, 2021, Clear Media indicated that, as COVID-19 remained under control, a similar trend was noted for the five months ended May 31, 2021. 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 5* of the accompanying condensed interim consolidated financial statements of Aimia for the three and six months ended June 30, 2021.

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

Investment in TRADE X

On July 27, 2021, Aimia invested $44.0 million (US$35.0 million) in convertible preferred shares of TRADE X, a global B2B cross-border automotive trading platform powered by its proprietary TRADE X ‘Brain’ data and analytics technology, at a US$250 million pre-money valuation.

On August 11, 2021, an additional US$10.0 million of convertible preferred shares were issued by TRADE X to other strategic investors in a subsequent closing to achieve its target round size of US$45.0 million, bringing Aimia's fully diluted stake at 12.3%. Aimia will benefit from customary preferred shareholder protections, as well as board of directors representation. After giving effect to the transaction, TRADE X’s board of directors will consist of five directors, of which one board seat will be occupied by Aimia’s CEO, Phil Mittleman.

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

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 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 three and six months ended June 30, 2021 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.

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 three and six months ended June 30, 2021 and 2020, and the notes thereto. Results of the Corporation are not significantly impacted by seasonality.

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

SELECTED CONSOLIDATED OPERATING RESULTS

	Three Months Ended June 30,				Six Months Ended June 30,			
(in millions of Canadian dollars, except share and per share information)	2021		2020		2021		2020	
Continuing operations								
Share of net earnings (loss) of equity-accounted investments	**(2.4)**		4.0		**(6.8)**		(1.5)	
Net change in fair value of investments in equity instruments	**4.1**		4.6		**9.5**		4.6	
Interest Income	**0.2**		0.5		**0.4**		2.0	
Revenue from investment management fees	**0.9**		0.1		**1.4**		0.1	
Gain on disposal of equity-accounted investments	**6.9**		—		**6.9**		—	
Total Income	**9.7**		9.2		**11.4**		5.2	
Expenses	**5.9**	*(b)*	1.6	*(b)*	**14.7**	*(b)*	9.8	*(b)*
Decrease in limited partners' capital liability	**0.3**		—		**0.3**		—	
Earning (loss) before income taxes	**4.1**		7.6		**(3.0)**		(4.6)	
Distributions from equity-accounted investments	**5.3**		8.8		**15.1**		18.3	
Including continuing and discontinued operations, unless otherwise noted								
Net earnings (loss) attributable to equity holders of the Corporation	**3.1**	*(c)*	14.4	*(c)*	**(5.3)**	*(c)*	4.8	*(c)*
Net earnings (loss) attributable to equity holders of the Corporation - Continuing operations	**2.9**	*(c)*	6.1	*(c)*	**(5.5)**	*(c)*	(7.4)	*(c)*
Net earnings (loss) attributable to equity holders of the Corporation - Discontinued operations	**0.2**		8.3		**0.2**		12.2	
Weighted average number of common shares	**90,922,527**		93,844,617		**90,922,527**		93,831,621	
Earnings (loss) per common share *(a)*	**—**		0.12		**(0.13)**		(0.02)	
Earnings (loss) per common share - Continuing operations - Basic and fully diluted *(a)*	**—**		0.03		**(0.13)**		(0.15)	
Earnings (loss) per common share - Discontinued operations - Basic and fully diluted	**—**		0.09		**—**		0.13	
Total assets	**440.3**		473.5		**440.3**		473.5	
Total long-term liabilities	**14.0**		4.3		**14.0**		4.3	
Dividends paid on preferred shares	**3.2**		3.1		**6.4**		6.3	

(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, if any.

(b) Includes stock-based compensation and other performance awards expense (reversal) of $1.2 million (2020: $(1.7) million) and $4.7 million (2020: $(2.1) million) for the three and six months ended June 30, 2021 and 2020, respectively.

(c) Net Earnings (Loss) from continuing operations for the three and six months ended June 30, 2021 and 2020 include the effect of $1.2 million (2020: $1.5 million) and $2.5 million (2020: $2.8 million) of current income tax expenses, respectively.

For the three and six months ended June 30, 2021 and 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 June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	2021	2020	2021	2020
Income				
Share of net earnings (loss) of equity-accounted investments	**(2.4)**	4.0	**(6.8)**	(1.5)
Net change in fair value of investments in equity instruments	**4.1**	4.6	**9.5**	4.6
Interest Income	**0.2**	0.5	**0.4**	2.0
Gain on disposal of equity-accounted investments	**6.9**	—	**6.9**	—
Total Income	**8.8**	9.1	**10.0**	5.1
Expenses				
Compensation and benefits	**2.9**	0.2	**8.4**	2.7
Professional, advisory and service fees	**1.1**	2.4	**2.0**	4.5
Technology and other office expenses	**1.0**	0.2	**1.8**	3.6
Expenses before the following:	***5.0***	*2.8*	***12.2***	*10.8*
Fair value (gain) loss on contingent consideration	**(0.2)**	—	**0.7**	—
Other financial expense (income), net	**0.2**	(1.3)	**—**	(1.1)
Depreciation and amortization	**—**	—	**—**	—
Total Expenses	**5.0**	1.5	**12.9**	9.7
Decrease in limited partners' capital liability	**0.3**	—	**0.3**	—
Earning (loss) before income taxes	**4.1**	7.6	**(2.6)**	(4.6)
Included in Expenses and Earnings (loss) before income taxes:				
Share-based compensation and other performance awards	**1.2**	(1.7)	**4.7**	(2.1)
Additional Information				
Distributions from equity-accounted investments	**5.3**	8.8	**15.1**	18.3

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

The share of net earnings (loss) of equity-accounted investments amounted to $(2.4) million and $(6.8) million for the three and six months ended June 30, 2021, a decrease of $6.4 million and $5.3 million 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 June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	2021	2020	2021	2020
PLM Premier, S.A.P.I. de C.V.	6.8	(0.2)	8.5	(5.4)
Kognitiv	(8.9)	(0.1)	(14.6)	(0.1)
BIGLIFE	(0.3)	4.3	(0.7)	4.0
Total	**(2.4)**	4.0	**(6.8)**	(1.5)

Investment in PLM Premier, S.A.P.I. DE C.V.

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

Summarized statement of operations

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	2021	2020	2021	2020
Revenue	**59.6**	32.5	**96.0**	106.0
Cost of rewards and operating expenses	(42.8)	(35.5)	(70.2)	(87.0)
Depreciation and amortization	(0.7)	(0.9)	(1.4)	(1.3)
Earnings (loss) before net financial expense and income tax expense	**16.1**	(3.9)	**24.4**	17.7
Net financial income (expense)	7.3	9.4	7.2	(17.1)
Income tax expense	(7.9)	(4.1)	(10.9)	(8.0)
Net earnings (loss)	**15.5**	1.4	**20.7**	(7.4)
Share of net earnings of PLM @ 48.9%	**7.6**	0.7	**10.1**	(3.6)
Amortization expense related to identifiable assets recognized on a step basis	(0.8)	(0.9)	(1.6)	(1.8)
Aimia's share of PLM net earnings (loss)	**6.8**	(0.2)	**8.5**	(5.4)
Additional financial information				
Gross Billings [(a)]	**54.7**	27.8	**99.6**	114.0
Adjusted EBITDA [(a)]	**15.4**	(4.7)	**29.9**	25.5
Cash from (used in) operating activities	**30.9**	(53.1)	**55.3**	(75.5)
Free Cash Flow [(a)]	**30.4**	(54.2)	**54.6**	(75.8)

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

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

Summarized balance sheet

As at	June 30,	December 31,
(in millions of Canadian dollars)	2021	2020
Cash and cash equivalents	108.9	87.1
Other current assets	79.0	101.5
Total current assets	187.9	188.6
Total non current assets	223.8	221.7
Total assets	**411.7**	410.3
Total current liabilities	(265.2)	(238.6)
Total non-current liabilities	(280.9)	(308.2)
Total liabilities	**(546.1)**	(546.8)
Net liabilities	**(134.4)**	(136.5)

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 12, 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 June 30, 2021 compared to quarter ended June 30, 2020

Revenue for the three months ended June 30, 2021 amounted to $59.6 million, an increase of $27.1 million, mostly due to an increase in redemption volume as a result of the recovery from the COVID-19 impact on Aeromexico and other commercial partners that took place in the same period in the prior year, offset in part by the strengthening of the Canadian dollar currency over the US dollar in the three months ended June 30, 2021 compared to the same period in the prior year (as Aimia presents PLM's results in Canadian dollars above). Cost of rewards and operating expenses amounted to $42.8 million, an increase of $7.3 million, mainly due to the increase in redemption volume compared to the same period in the prior year, higher unit cost of rewards driven by a recovery of the air rewards in the redemption mix, and higher operating expense due to cost reduction initiatives that were in place in the three months ended June 30, 2020 to address the COVID-19 impact, offset in part by the 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, as well as the strengthening of the Canadian dollar currency over the US dollar.

Gross Billings for the three months ended June 30, 2021 amounted to $54.7 million, an increase of $26.9 million, mostly due to an increase in accumulation volume as a result of the recovery from the COVID-19 impact on Aeromexico and other commercial partners that took place in the same period in the prior year, offset in part by the strengthening of the Canadian dollar currency over the US dollar. Adjusted EBITDA amounted to $15.4 million, an increase of $20.1 million, mainly due to higher Gross Billings, partly offset by higher unit costs of rewards and higher operating expenses.

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Cash flow from (used in) operating activities for the three months ended June 30, 2021 amounted to $30.9 million. Free Cash Flow amounted to $30.4 million, an increase of $84.6 million compared to the same period in the prior year, mainly due to a $69.3 million (US$50.0 million) advance to Aeromexico by PLM through pre-purchases of award tickets provided with the execution of the amendments to the CPSA that took place in the three months ended June 30, 2020, higher gross billings, the benefits from the usage of the pre-purchased awards tickets, offset in part by higher cost of rewards and by the strengthening of the Canadian dollar currency. Excluding the benefits from the usage of pre-purchased awards tickets, Free Cash Flow for the three months ended June 30, 2021 would have amounted to $14.7 million.

PLM also paid distributions of US$8.7 million during the three months ended June 30, 2021, with Aimia's share being $5.3 million (US$4.2 million).

Six Months ended June 30, 2021 compared to six months ended June 30, 2020

Revenue for the six months ended June 30, 2021 amounted to $96.0 million, a decrease of $10.0 million, mostly due to the strengthening of the Canadian dollar currency over the US dollar in the three months ended June 30, 2021 compared to the same period in the prior year (as Aimia presents PLM's results in Canadian dollars above). In US dollars, which is PLM's functional currency, the decrease in revenue was of US$1.3 million, due to the gradual recovery from COVID-19 that is taking place in the six months ended June 30, 2021 compared to the same period in the prior year which had a full quarter of normal activities before being impacted by the COVID-19 pandemic in the second quarter of 2020. Cost of rewards and operating expenses amounted to $70.2 million, a decrease of $16.8 million mainly due to an 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 as well as the strengthening of the Canadian dollar currency.

Gross Billings for the six months ended June 30, 2021 amounted to $99.6 million, a decrease of $14.4 million, mostly due to the the strengthening of the Canadian dollar currency over the US dollar and the fact that the same period in the prior year which had a full quarter of normal activities before being severely impact by the COVID-19 pandemic in the second quarter of 2020, offset in part by the gradual recovery from COVID-19 that is taking place in the six months ended June 30, 2021. Adjusted EBITDA amounted to $29.9 million, an increase of $4.4 million, mainly due to the provision related to unsecured Aeromexico receivables recorded in the same period in the prior year and the strengthening of the Canadian dollar currency, partly offset by lower gross billings.

Cash flow from (used in) operating activities for the six months ended June 30, 2021 amounted to $55.3 million. Free Cash Flow amounted to $54.6 million, an increase of $130.4 million compared to the same period in the prior year, mainly due to a $69.3 million (US$50.0 million) advance to Aeromexico by PLM through pre-purchases of award tickets provided with the execution of the amendments to the CPSA that took place in the three months ended June 30, 2020, as well as a $20.1 million (US$15.0 million) pre-purchase of award tickets in the first quarter of 2020. The increase is also due to the benefits from the usage of the pre-purchased awards tickets in the six months ended June 30, 2021, offset in part by the strengthening of the Canadian dollar currency. Excluding the benefits from the usage of pre-purchased awards tickets, Free Cash Flow for the six months ended June 30, 2021 would have amounted to $34.2 million.

PLM also paid distributions of US$24.8 million during the six months ended June 30, 2021, with Aimia's share being $15.1 million (US$12.1 million).

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

Investment in Kognitiv

Summarized statement of operations

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	2021	2020 [(b)]	2021	2020 [(b)]
Revenue [(c)]	**13.1**	4.0	**27.5**	4.0
Cost of sale and operating expenses [(c)]	**(26.1)**	(4.5)	**(52.7)**	(4.5)
Depreciation and amortization	**(0.3)**	(0.1)	**(0.6)**	(0.1)
Loss before net financial income and income tax expense [(c)]	**(13.3)**	(0.6)	**(25.8)**	(0.6)
Net loss	**(16.8)**	(0.2)	**(27.0)**	(0.2)
Share of net loss of Kognitiv	**(8.0)**	(0.1)	**(12.9)**	(0.1)
Amortization expense related to identifiable assets recognized on acquisition	**(0.4)**	—	**(0.7)**	—
Cumulative undeclared dividends on preferred shares not owned by Aimia	**(0.5)**	—	**(1.0)**	—
Aimia's share of Kognitiv's net loss	**(8.9)**	**(0.1)**	**(14.6)**	**(0.1)**
Additional financial information				
Adjusted EBITDA [(a)(c)]	**(12.0)**	**(0.5)**	**(23.4)**	**(0.5)**
Included in Net loss:				
Net earnings from discontinued operations [(d)]	**—**	—	**3.2**	—

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

(b) The Kognitiv transaction closed on June 18, 2020.

(c) Revenue, cost of sale and operating expenses, loss before net financial income and income tax expense as well as Adjusted EBITDA are presented on a continuing operations basis, excluding ISS discontinued operations.

(d) Net earnings from discontinued operations include ISS operations up to March 17, 2021 and the preliminary gain on disposal. The preliminary gain on disposal has been calculated based on the transaction terms and the values of the net assets disposed of. This includes values from Aimia's notional purchase price allocation process for customer relationships and technology intangible assets as well as goodwill that have been allocated to the ISS business based on the relative values of the operations disposed of and the ones retained. The preliminary gain is subject to the finalization of closing working capital and indebtedness.

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

Summarized balance sheet

As at	June 30,	December 31,
(in millions of Canadian dollars)	2021	2020
Cash and cash equivalents	27.2	21.2
Other current assets	49.2	67.5
Total current assets	76.4	88.7
Total non current assets	11.1	5.6
Total assets	**87.5**	94.3
Total current liabilities	(49.4)	(71.8)
Total non-current liabilities	(11.3)	(12.2)
Total liabilities	**(60.7)**	(84.0)
Net assets	**26.8**	10.3

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 synergy realization program through 2021.

In March 2021, Kognitiv announced a sales transaction and partnership agreement with IRI, a provider of big data, predictive analytics and forward-looking insights for CPG, OTC health care organizations, retailers, financial services and media companies. IRI acquired from Kognitiv the Intelligent Shopper Solutions ("ISS") business. Through the partnership agreement, IRI and ISS will also explore opportunities for IRI's retailer clients to leverage Kognitiv's Platform-as-a-Service to scale their partnerships, connect peer-to-peer and deliver new value to consumers through hyper-personalized experiences within their ecosystem. The transaction generated significant upfront proceeds, with remaining proceeds scheduled to be received by Kognitiv over the next four years. ISS operations are presented as discontinued operations in Kognitiv's summarized statement of operations.

The variance between the three and six months ended June 30, 2021 and the three and six months ended June 30, 2020 results is explained by the fact that the Kognitiv transaction closed on June 18, 2020.

Revenue for the three months ended June 30, 2021 amounted to $13.1 million, a $1.3 million decrease compared to the revenue for the three months ended March 31, 2021. The reduction in revenue is mainly due to a reduction in revenue for the Air Miles Middle East business due to lower redemption activity and lower yield. Cost of sale and operating expenses for the three months ended June 30, 2021 amounted to $26.1 million, a $0.5 million decrease compared to the cost of sale and operating expenses for the three months ended March 31, 2021. The decrease is mainly due to lower audit fees.

The net loss for the three months ended June 30, 2021 amounted to $16.8 million, an increase of $6.6 million compared to the net loss for the three months ended March 31, 2021. This increase is mainly due to the gain realized on the ISS disposal in the three months ended March 31, 2021, and an increase in foreign exchange loss, as well as other factors explained above.

NET CHANGE IN FAIR VALUE OF INVESTMENTS IN EQUITY INSTRUMENTS

		Three Months Ended June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	Hierarchy	2021	2020	2021	2020
Realized fair value gain (loss)					
JCDecaux	Level 1	**6.9**	—	**6.9**	—
Equity instruments portfolio	Level 1	**—**	7.0	**—**	7.0
Net change in unrealized fair value on investments in equity instruments					
JCDecaux	Level 1	**(4.8)**	—	**(3.6)**	—
Newmark Group	Level 1	**2.2**	—	**5.7**	—
Clear Media	Level 3	**(0.9)**	(2.4)	**(2.0)**	(2.4)
AirAsia Berhad	Level 1	**(0.6)**	—	**0.6**	—
Cineplex	Level 1	**1.8**	—	**2.2**	—
Other equity instruments - held through Precog Capital Partners, L.P.	Level 1	**(1.4)**	—	**(1.4)**	—
Special purpose vehicle	Level 2	**0.9**	—	**1.1**	—
Net change in fair value of investments in equity instruments		**4.1**	4.6	**9.5**	4.6

The net change in unrealized fair value related to the investment in Clear Media Limited in the three and six months ended June 30, 2021 is due to the underlying foreign currency impact.

GAIN ON DISPOSAL OF EQUITY-ACCOUNTED INVESTMENTS

The gain on disposal of equity-accounted investments is due to the disposal of Aimia's 20% share in BIGLIFE in exchange for 85.9 million of new common shares of AirAsia Berhad. The fair value of the AirAsia Berhad common shares received on June 28, 2021 was $22.3 million (MYR75.1 million), resulting in a gain on disposal of equity-accounted investment of $6.9 million.

EXPENSES

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	2021	2020	2021	2020
Compensation and benefits	**2.9**	0.2	**8.4**	2.7
Professional, advisory and service fees	**1.1**	2.4	**2.0**	4.5
Technology and other office expenses	**1.0**	0.2	**1.8**	3.6
Expenses before the following:	***5.0***	*2.8*	***12.2***	*10.8*
Fair value (gain) loss on contingent consideration	**(0.2)**	—	**0.7**	—
Other financial expense (income), net	**0.2**	(1.3)	**—**	(1.1)
Total Expenses	**5.0**	1.5	**12.9**	9.7
Included in compensation and benefits expense:				
Share-based compensation and other performance awards	**1.2**	(1.7)	**4.7**	(2.1)

Quarter ended June 30, 2021 compared to quarter ended June 30, 2020

Total expenses for the three months ended June 30, 2021 amounted to $5.0 million, an increase of $3.5 million compared to the three months ended June 30, 2020.

Expenses from compensation and benefits, professional, advisory and service fees, as well as technology and other office expenses amounted to $5.0 million for the three months ended June 30, 2021, an increase of $2.2 million compared to the same quarter in the prior year. This is mainly due to an increase of $2.7 million in compensation and benefits driven by an increase of $2.9 million of share-based compensation and other performance awards which included a reversal of previously accrued liability in the three months ended June 30, 2020, which was offset by lower restructuring expenses. The increase in expenses from compensation and benefits, professional, advisory and service fees, as well as technology and other office expenses was offset by a decrease of $1.3 million in professional, advisory and service fees compared to the three months ended June 30, 2020, which included $0.6 million in transaction costs related to the MIM acquisition as well as higher audit fees.

Six months ended June 30, 2021 compared to six months ended June 30, 2020

Total expenses for the six months ended June 30, 2021 amounted to $12.9 million, an increase of $3.2 million compared to the six months ended June 30, 2020.

Expenses from compensation and benefits, professional, advisory and service fees, as well as technology and other office expenses amounted to $12.2 million for the six months ended June 30, 2021, an increase of $1.4 million compared to the six months ended June 30, 2020. This is mainly due to an increase of $5.7 million in compensation and benefits driven by an increase of $6.8 million of share-based compensation and other performance awards which included a reversal of previously accrued liability in the six months ended June 30, 2020. The $4.7 million share-based compensation and other compensation awards expense for the six months ended June 30, 2021 is mainly due to a 18.2% increase in Aimia's common share price in 2021 as well as the expense associated with deferred share units granted to executives appointed at the end of the second quarter in 2020. The increase in expenses was partly offset by lower technology and other office expenses as a result of information technology decoupling and other transition costs associated with the sale of the Aeroplan business that were incurred in the six months ended June 30, 2020, as well as lower professional, advisory and service fees compared to the compared to the six months ended June 30, 2020, which included $0.6 million of transaction costs related to the MIM acquisition.

The total expenses in 2021 include a $0.7 million fair value loss on contingent consideration associated with the MIM acquisition, due to the increase in the share price of the Corporation during the six months ended June 30, 2020.

INVESTMENT MANAGEMENT

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars, except share and per share information)	2021	2020 [(a)]	2021	2020 [(a)]
Revenue from investment management fees	**0.9**	0.1	**1.4**	0.1
Total Income	**0.9**	0.1	**1.4**	0.1
Compensation and benefits	**0.5**	0.1	**1.0**	0.1
Professional, advisory and service fees	**—**	—	**0.1**	—
Technology and other office expenses	**0.1**	—	**0.1**	—
Expenses before the following:	**0.6**	0.1	**1.2**	0.1
Depreciation and amortization	**0.3** *(b)*	—	**0.6** *(b)*	—
Total Expenses	**0.9**	0.1	**1.8**	0.1
Earning (loss) before income taxes	**—**	—	**(0.4)**	—

(a) The MIM acquisition closed on June 19, 2020.
(b) Depreciation and amortization on customer relationships intangible assets.

Revenue from investment management fees for the three months ended June 30, 2021 includes a $0.3 million of one-time revenue. Excluding this item, revenue from investment management fees for the three months ended June 30, 2021 have been offset by compensation and benefits expense and office expenses.

As of June 30, 2021, MIM had $226.9 million (US$182.7 million) of assets under management, including $30.5 million related to Precog Capital Partners L.P. which is now consolidated in the results of the company. Refer to the *Q2 2021 Highlights* section for more details. This represents a 5.9% decrease (in US dollars) from the assets under management as of March 31, 2021, mainly due to net client asset outflows, offset in part by positive performance of the investment portfolio.

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 June 30, 2021.

	2021		2020				2019	
(in millions of Canadian dollars, except per share amounts)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total Income	**9.7** *(d)(e)*	**1.7** *(d)*	10.2 *(d)*	(1.1) *(d)*	9.2 *(d)*	(4.0) *(d)*	19.0 *(d)*	30.1 *(d)*
Expenses	**5.9**	**8.8**	5.9	8.8	1.6	8.2	7.2	10.5
Earnings (loss) before tax from continuing operations	**4.1**	**(7.1)**	4.3	(9.9)	7.6	(12.2)	11.8	19.6
Net earnings (loss) attributable to equity holders of the Corporation	**3.1**	**(8.4)**	1.9 *(c)*	(10.8) *(c)*	14.4 *(c)*	(9.6)	4.9	16.9
Net earnings (loss) attributable to equity holders of the Corporation - Continuing operations	**2.9**	**(8.4)**	3.0	(10.7)	6.1	(13.5)	10.1	17.8
Net earnings (loss) attributable to equity holders of the Corporation - Discontinued operations	**0.2**	**—**	(1.1) *(c)*	(0.1) *(c)*	8.3 *(c)*	3.9	(5.2)	(0.9)
Earnings (loss) per common share [a]	**—**	**(0.13)**	(0.01) *(c)*	(0.15) *(c)*	0.12 *(c)*	(0.14)	0.20	0.11
Earnings (loss) per common share - Continuing operations [a]	**—**	**(0.13)**	—	(0.15)	0.03	(0.18)	0.25	0.12
Earnings (loss) per common share - Discontinued operations	**—**	**—**	(0.01) *(c)*	— *(c)*	0.09 *(c)*	0.04	(0.05)	(0.01)
Distribution from equity-accounted investments - continuing operations	**5.3**	**9.8**	— *(b)*	— *(b)*	8.8	9.5	4.8	5.8

(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, if any.

(b) As a result of COVID-19 impacts, PLM temporarily halted distributions payments in the second half of 2020.

(c) Includes the impact of the gain (loss) of $(1.8) million, $(0.1) million and $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 change in fair value of investments in equity instruments of $4.1 million for the three months ended June 30, 2021, $5.4 million for the three months ended March 31, 2021, $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, and $23.8 million for the three months ended September 30, 2019.

(e) Total Income for the three months ended June 30, 2021, include a gain of $6.9 million on the disposal of the BIGLIFE equity-accounted investment.

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

LIQUIDITY AND CAPITAL RESOURCES

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	2021	2020	2021	2020
Cash and cash equivalents, beginning of period	**134.8**	**122.4**	**146.1**	**98.6**
Cash from (used in) operating activities	18.7	14.0	23.3	(11.8)
Cash from (used in) investing activities	(29.0)	(6.9)	(41.2)	44.8
Cash used in financing activities	(3.2)	(7.9)	(6.4)	(11.6)
Translation adjustment related to cash	(0.5)	(0.4)	(1.0)	1.2
Cash and cash equivalents, end of period	**120.8**	**121.2**	**120.8**	**121.2**

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 activities 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 transaction, cash from (used in) operating activities was generated from revenues and was reduced by the cash expenses required to provide loyalty services and deliver rewards when Loyalty Units are redeemed and by operating expenses.

Cash flows from (used in) operating activities amounted to $18.7 million for the three months ended June 30, 2021, compared to $14.0 million for the three months ended June 30, 2020. Cash flows from (used in) operating activities amounted to $23.3 million and $(11.8) million for the six months ended June 30, 2021 and 2020, respectively.

Cash flows from (used in) operating activities attributable to continuing operations amounted to $19.4 million for the three months ended June 30, 2021, compared to $10.6 million for the three months ended June 30, 2020. The cash flows for the three months ended June 30, 2021 include mainly proceeds from the disposition of common shares of JCDecaux in the amount of $17.4 million, distribution of $5.3 million received from PLM, offset in part by income tax paid and by operating expenses. The positive cash flows for the three months ended June 30, 2020 are primarily due to the net proceeds associated with the gain of $7.0 million realized on investments in various public company securities and the $8.8 million in distributions received from PLM, offset by operating expenses.

Cash flows from (used in) operating activities attributable to the continuing operations amounted to $22.5 million for the six months ended June 30, 2021, compared to $(8.8) million for the six months ended June 30, 2020. The positive cash flows for the six months ended June 30, 2021 were mainly due to proceeds from the disposition of common shares of JCDecaux in the amount of $17.4 million as well as distributions of $15.1 million received from PLM. This was offset in part by purchase of additional common shares of Newmark Group (NMRK) for an amount of $4.4 million and by operating expenses. The negative cash flows for the six months ended June 30, 2020 were mainly due to an amount of $18.7 million paid related to Part VI.1 tax during the three months ended March 31, 2020 as a result of preferred dividends paid in 2019, which included $26.0 million cumulative preferred dividends not previously declared, payments of $4.9 million related to restructuring expenses, as well as operating expenses. This was offset in part mainly by the net proceeds associated with the gain of $7.0 million realized on investments in various public company securities, distributions of $18.3 million received from PLM and $2.5 million of interest received.

INVESTING ACTIVITIES

Cash from (used in) investing activities for the three months ended June 30, 2021 amounted to $(29.0) million as Aimia deployed capital through several transactions. These investment activities included investments in Precog and other investment funds totaling $27.5 million as well as purchase of common shares of Cineplex for an amount of $4.4 million. Given that a portion of the cash invested in Precog has not invested yet been invested in public securities by the fund, this remaining cash balance is consolidated in Aimia's reported cash and cash equivalent balance. As such, the cash flows invested in investment funds is reported net of this cash balance and amounted to $24.6 million.

In addition to the above, cash from (used in) investing activities for the six months ended June 30, 2021 includes $16.5 million of deployed capital consisting of the participation in the second tranche of a private placement of new ordinary shares in AirAsia Berhad for an amount of $9.4 million, $3.2 million to complete the funding of the company's initial investment commitment of $6.4 million in a special purpose vehicle created to pursue a leveraged buyout of a target company, as well as investments in other equity instruments. These outflows were offset in part by $4.3 million received for the closing working capital adjustment of the Kognitiv transaction.

During the three months ended June 30, 2020, Aimia deployed capital through an investment of $76.2 million to acquire a 10.85% stake in Clear Media Limited, an investment of $34.3 million in Kognitiv (including cash disposed in the business and transaction related costs paid during the quarter) and $6.2 million for the acquisition of Mittleman Brothers (net of cash acquired). Aimia also redeemed its remaining corporate and government bonds for proceeds of $106.0 million for the three months ended June 30, 2020 ($154.6 million for the six months ended June 30, 2020) as well as the release of $3.8 million of net cash collateral ($6.9 million for the six months ended June 30, 2020).

FINANCING ACTIVITIES

Cash used in financing activities for the three and six months ended June 30, 2021 reflect the payment of $3.2 million and $6.4 million, respectively, related to preferred share dividends.

Cash used in financing activities for the three and six months ended June 30, 2020 reflect the payment of $3.1 million and $6.3 million, respectively, related to preferred share dividends as well as the principal elements of lease payments related to discontinued operations of nil and $0.7 million, respectively.

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

LIQUIDITY

The following table presents an overview of Aimia's liquidity as of June 30, 2021.

As at	June 30,
(in millions of Canadian dollars)	2021
Cash and cash equivalents, excluding cash held through Precog	117.9
Investments directly held in public company securities:	
AirAsia Berhad	32.3
Newmark Group	14.8
Cineplex	10.5
Liquidity position	**175.5**

Excluding any investing activities, Aimia anticipates to have an annualized cash expenses of $13.0 to $14.0 million going forward. In addition, Aimia has cash requirements for preferred shares dividends, if and when declared and paid, and associated Part VI.1 tax. These cash requirements will be comfortably met from the Corporation’s source of capital listed above.

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.

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

On January 10, 2019, Aimia completed the sale of Aeroplan Inc. (formerly known as Aimia Canada Inc.), the owner and operator of the Aeroplan loyalty program, to Air Canada, pursuant to the share purchase agreement entered into (the "SPA").

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 $55.0 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 antispam 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 included 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 tax payment indemnification clause described above, $100.0 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.

Since the transaction close, Aimia received notices of reassessment from the CRA and Revenu Québec for the 2012 through 2017 taxation years and notices of assessment for the 2018 and 2019 taxation years. Aimia has funded the amounts due upon receipt of the assessments from the restricted cash account. 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.

Class actions

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.

Management believes that Aeroplan Inc. has a strong defense to these class actions and believes that it is more likely than not that its position will ultimately be sustained; therefore, no amount was recorded in the Corporation's consolidated financial statements as at June 30, 2021 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 June 30, 2021, 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
Operating leases	0.2	0.1	0.1	—	—	—	—
Technology infrastructure and other	0.3	0.1	0.1	0.1	—	—	—
Total Contractual Obligations and Commitments	**0.5**	**0.2**	**0.2**	**0.1**	**—**	**—**	**—**

CAPITAL STOCK

At June 30, 2021, 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 96,349 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 June 30, 2020, Aimia repurchased 1,590,850 common shares for a total consideration of $4.6 million. Of this total, 1,555,450 common shares were paid and cancelled during the period representing $4.5 million, with the remainder being paid and cancelled during the third quarter of 2020. Share capital was reduced by a negligible amount and the remaining $4.6 million was accounted for as a reduction of contributed surplus.

From July 1, 2020 to September 30, 2020, Aimia repurchased 1,396,405 common shares for a total consideration of $4.4 million. Share capital was reduced by $0.1 million and the remaining $4.3 million was accounted for as a reduction of contributed surplus.

From October 1, 2020 to December 31, 2020, Aimia repurchased 1,435,490 common shares for a total consideration of $5.6 million. Share capital was reduced by $0.1 million and the remaining $5.5 million was accounted for as a reduction of contributed surplus.

On June 17, 2021, the Corporation announced it had received approval from the Toronto Stock Exchange to purchase up to 7,349,638 of its issued and outstanding common shares under a normal course issuer bid during the period from June 21, 2021 to no later than June 20, 2022.

The Corporation has not repurchased any common shares in the three and six months ended June 30, 2021.

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 June 30, 2021, there are 5,083,140 issued and outstanding Series 1 Preferred Shares, all of which are listed on the Toronto Stock Exchange.

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

DIVIDENDS

Quarterly dividends declared to preferred shareholders of Aimia during the three and six months ended June 30, 2021 and 2020 were as follows:

Three months ended	2021		2020	
(in millions of Canadian dollars, except per share information)	Amount	Per preferred share	Amount	Per preferred share
Series 1				
March 31,	1.5	0.300125	0.8	0.281250
June 30,	1.6	0.300125	1.5	0.300125
Total	**3.1**	**0.600250**	2.3	0.581375
Series 2				
March 31,	—	—	0.7	0.336700
June 30,	—	—	—	—
Total	**—**	**—**	0.7	0.336700
Series 3				
March 31,	1.7	0.375688	1.7	0.375688
June 30,	1.6	0.375688	1.6	0.375688
Total	**3.3**	**0.751376**	3.3	0.751376
Total preferred dividends on Series 1, Series 2 and Series 3	**6.4**		6.3	

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 three and six months ended June 30, 2021, the gross amount of Part VI.1 tax expense is $1.2 million and $2.5 million, respectively (2020: $1.2 million and $2.5 million). In prior years when Aimia paid dividends on its Preferred Shares, Aimia transferred all or part of its Part VI.1 tax liability to its related Canadian subsidiaries to offset the Part VI.1 tax by reducing the taxable income of its Canadian subsidiary and Part 1 tax liability. However, following the sale of Aeroplan and the Kognitiv transaction, Aimia and its related Canadian subsidiaries will not have sufficient Canadian taxable income to benefit entirely from the Part VI.1 tax deduction to offset the Part 1 tax. Any unused Part VI.1 tax deduction will be carried forward as non-capital losses under the rules specifically provided under the ITA.

During the six months ended June 30, 2021 and 2020 the Corporation paid $2.6 million and $19.2 million of Part VI.1 tax, respectively.

On August 12, 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 September 30, 2021 to shareholders of record on August 20, 2021.

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

EARNINGS (LOSS) PER COMMON SHARE

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars, except share and per share information)	2021	2020	2021	2020
Net earnings (loss) attributable to equity holders of the Corporation	**3.1**	14.4	**(5.3)**	4.8
Deduct: Dividends declared on preferred shares related to the period	**(3.2)**	(3.1)	**(6.4)**	(6.3)
Net earnings (loss) attributable to common shareholders	**(0.1)**	11.3	**(11.7)**	(1.5)
Weighted average number of basic and diluted common shares [(a)]	**90,922,527**	93,844,617	**90,922,527**	93,831,621
Earnings (loss) per common share – Basic and fully diluted	**$ —**	$ 0.12	**$ (0.13)**	$ (0.02)
Continuing operations - Basic and fully diluted	**$ —**	$ 0.03	**$ (0.13)**	$ (0.15)
Discontinued operations - Basic and fully diluted	**—**	0.09	**—**	0.13

(a) The weighted average number of basic common shares calculation excludes common shares issued and deposited in escrow as part of the MIM transaction as they are still subject to forfeitures as of June 30, 2021.

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 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. The fair value of Aimia's investment in Kognitiv at transaction date has been estimated at $88.7 million.

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.

Aimia and Kognitiv have agreed to provide each other transition services until August 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 June 30, 2021 is $1.2 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 [(a)]	**13.3**

(a) As of June 30, 2020 the preliminary gain on the loss of control of the Loyalty Solutions business and related assets was $15.2 million. During the three months ended September 30, 2020, the gain on the loss of control was adjusted by $0.1 million, being an increase in transaction costs related to the loss of control. During the three months ended December 31, 2020, the gain on the loss of control was adjusted by an additional $1.8 million, being a reduction of $0.8 million in final closing adjustments related to working capital, as well as reduction of net consideration by $0.8 million related to future technology decoupling funding and an increase of $0.2 million in net assets disposed of.

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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Results of the Loyalty Solutions business and related assets				
Total revenue	—	22.9	—	52.5
Compensation and benefits	—	10.8	—	23.4
Technology	—	8.9	—	16.8
Professional, advisory and service fees	—	2.1	—	4.9
Rent and office costs	—	0.7	—	1.5
Travel and employee expenses	—	0.2	—	0.9
Depreciation and amortization	—	0.8	—	1.9
Other	—	1.3	—	2.5
Total operating expenses	—	24.8	—	51.9
Operating income	—	(1.9)	—	0.6
Gain on disposal of businesses and other assets	—	15.2	—	15.2
Net financial income (expenses)	—	(0.3)	—	(0.3)
Share of net earnings of equity-accounted investments	—	0.2	—	0.6
Income tax (expense) recovery	**0.2**	(4.9)	**0.2**	(3.9)
Net earnings	**0.2**	8.3	**0.2**	12.2

Variances in operating results generated for the three and six months ended June 30, 2021 compared to the same periods in the prior year are 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net cash flows of the Loyalty Solutions business and related assets				
Cash flows from (used in):				
Operating activities [(a)]	**(0.7)**	3.4	**0.8**	(3.0)
Investing activities - Proceeds (payments) for the disposal of businesses, including cash disposed	—	(34.3)	**4.3**	(34.3)
Financing activities - Principal elements of lease payments	—	(0.3)	—	(0.7)
Total	**(0.7)**	(31.2)	**5.1**	(38.0)

(a) During the three months ended June 30, 2021, cash flows used in operating activities include cash put aside in the form of cash collateral in accordance with the Kognitiv transaction agreement, partly offset by an income tax refund related to discontinued operations. Cash flows from operating activities for the six months ended June 30, 2021, also include $1.5 million of income tax refunds resulting from loss carry-backs on discontinued operations.

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

CHANGES IN ACCOUNTING POLICIES

Adoption of revised accounting standards

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

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

The IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 representing the finalization 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 amendments did not have any 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 amendment did not have any impact on its consolidated financial statements.

Change in accounting policies

Following the Corporation's investment in Precog Capital Partners, L.P. on June 1, 2021 (refer to the *Q2 2021 Highlights* section as well as *Note 14* in the condensed interim consolidated financial statements for the three and six months ended June 30, 2021), Aimia concluded it had control over the investment fund per the definition of IFRS 10. Therefore, the "Principles of consolidation" accounting policy is updated as follows:

PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities over which the Corporation has control. The Corporation controls an entity when the Corporation is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries' financial statements are included in the consolidated financial statements from the date of commencement of control until the date that control ceases. Subsidiaries' accounting policies have been changed, when necessary, to align with the policies adopted by Aimia.

These consolidated financial statements include the accounts of the Corporation and the accounts of its subsidiaries. All inter-company balances and transactions have been eliminated.

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

The Corporation had the following significant subsidiaries at June 30, 2021:

Name	Nature of business	Country of incorporation and place of business	Proportion of ownership held directly by Aimia Inc. (%)	Proportion of ownership by the group (%)
Aimia Holdings UK Limited	Holding company	United Kingdom	100	
Aimia Holdings UK II Limited	Holding company	United Kingdom	100	
Aimia Holdings US Inc.	Holding company	United States	100	
Mittleman Investment Management	Investment Management	United States		100
Precog Capital Partners, L.P. [(a)]	Investment Fund	United States		81

(a) The 81% ownership represents Aimia's capital portion over the total limited partners capital in Precog Capital Partners L.P. as of June 30, 2021. The limited partners capital that is not owned by Aimia is reported on the statement of financial position as "Limited partners capital liability". Precog's general partner and investment manager is Mittleman Investment Management, a wholly-owned subsidiary of the Corporation.

Limited Partners Capital liability

The Limited Partners' Capital liability represents the capital in Precog Capital Partners, L.P. that is not owned by the Corporation. Following twelve months after a partner's admission to the partnership, such partner can withdraw, at the end of any calendar month, any amount equal to or less than 50% of the partner's capital account balance. Three months later, such partner can withdraw the remainder of the partner's capital account balance. A notice period of 60 days must be given before any withdrawal.

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*). For the three and six months ended June 30, 2021, significant estimates made in preparation of the interim condensed consolidated financial statements include:

- Impact of COVID-19 on the value of Aimia's investments that are not publicly traded;
- Measurement of the fair value of the investment in Clear Media;
- Measurement of the recoverable value of the investment in Kognitiv;
- Contingent liabilities;
- Income tax.

Additional details about these estimates can be found in the condensed interim consolidated financial statements of Aimia for the three and six months ended June 30, 2021 and the notes thereto.

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

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation has adopted disclosure controls and procedures, with management's assistance, that are under the responsibility of the Chief Executive Officer and Chief Financial Officer, in order to provide reasonable assurance that they are made aware of material information. The Corporation has also adopted internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

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 three months ended June 30, 2021, the Corporation has implemented the NetSuite financial system for the majority of its financial operations and its consolidation. The Corporation's previous financial systems were contributed to Kognitiv as part of the Kognitiv transaction (refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section for more details).

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 NetSuite system have been appropriately designed.

Because of inherent limitations, internal controls 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.

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

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.

For more information, and for a complete description of the risk factors that could materially affect the business, please refer to the corresponding section in the MD&A of the Corporation for the financial years ended December 31, 2020 and 2019 filed on SEDAR on March 24, 2021.

The risks described therein and in the MD&A of the Corporation for the financial years ended December 31, 2020 and 2019 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.

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.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	2021	2020	2021	2020
Earnings (loss) before net financial expense and income tax expense	**16.1**	(3.9)	**24.4**	17.7
Depreciation and amortization	0.7	0.9	1.4	1.3
Adjustments:				
Change in deferred revenue				
Gross Billings	54.7	27.8	99.6	114.0
Revenue	(59.6)	(32.5)	(96.0)	(106.0)
Change in Future Redemption Costs [(b)]	3.5	3.0	0.5	(1.5)
Subtotal of adjustments	**(1.4)**	(1.7)	**4.1**	6.5
PLM Adjusted EBITDA [(a)]	**15.4**	(4.7)	**29.9**	25.5

(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 June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	2021	2020	2021	2020
Cash flows from (used in) operating activities	**30.9**	(53.1)	**55.3**	(75.5)
Capital expenditures	(0.5)	(1.1)	(0.7)	(0.3)
Free Cash Flow [(a)]	**30.4**	(54.2)	**54.6**	(75.8)

(a) A non-GAAP measurement.

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/disposal 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/disposal related expenses assists investors by excluding expenses that are not representative of the run-rate cost structure of Kognitiv.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions of Canadian dollars)	2021	2020 [(c)]	2021	2020 [(c)]
Loss before net financial income and income tax expense [(b)]	**(13.3)**	(0.6)	**(25.8)**	(0.6)
Depreciation and amortization	0.3	0.1	0.6	0.1
Share-based compensation	0.7	—	1.5	—
Restructuring expenses	0.3	—	0.3	—
Kognitiv's Adjusted EBITDA [(a)(b)]	**(12.0)**	**(0.5)**	**(23.4)**	**(0.5)**

(a) A non-GAAP measurement.

(b) Loss before net financial income and income tax expense as well as Kognitiv's Adjusted EBITDA are presented on a continuing operations basis, excluding ISS discontinued operations.

(c) The Kognitiv transaction closed on June 18, 2020.

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.;

"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;

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

"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;

"Limited Partners Capital Liability" - means the capital in Precog Capital Partners, L.P. that is not owned by the Corporation;

"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;

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"MIM" - means Mittleman Investment Management LLC;

"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;

"Precog" - means Precog Capital Partners L.P., a Delaware limited partnership whose general partner and investment manager is MIM, that is consolidated in the Corporation's financial statements;

"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”.