AIMIA

AIMIA INC.

SECOND QUARTER 2021

RESULTS CONFERENCE CALL

AUGUST 13, 2021

DISCLAIMER

The conference call, the accompanying presentation materials and this transcript have been furnished for your information, are current only as of the date of the conference call, and may be superseded by more current information. Aimia Inc. ("Aimia" or the "Corporation") does not undertake any obligation to update the information, whether as a result of new information, future events or otherwise.

The information contained in this transcript is a textual representation of the Aimia Q2 2021 results conference call and while efforts are made to provide an accurate transcription, there may be material errors, omissions, or inaccuracies in the reporting of the substance of the conference call.

Aimia does not assume any responsibility for any investment or other decisions made based solely upon the information provided in the conference call or in this transcript, in the accompanying presentation materials or otherwise on the Corporation's website. Investors are advised to seek professional investment advice and review the Corporation's regulatory filings before making any investment or other decisions.

CAUTION REGARDING FORWARD LOOKING INFORMATION

Forward-looking statements are included in this press release. 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 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.

Aimia Inc.

Second Quarter 2021 Results Conference Call

Event Date/Time: August 13, 2021 — 8:30 a.m. E.T.

Length: 34 minutes

CORPORATE PARTICIPANTS

Tom Tran
Aimia Inc. — Director, Investor Relations

Phil Mittleman
Aimia Inc. — Chief Executive Officer

Mike Lehmann
Aimia Inc. — President

Steve Leonard
Aimia Inc. — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Brian Morrison
TD Securities — Analyst

Drew McReynolds
RBC — Analyst

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Aimia Inc. Second Quarter 2021 Results Conference Call. At this time, all lines are in a listen-only mode.

Following the presentation, we will conduct a question-and-answer session. If at any time during this call you require immediate assistance, please press *, 0 for the Operator.

This call is being recorded on Friday, August 13, 2021.

I would now like to turn the call over to Mr. Tom Tran, head of Investor Relations. Please go ahead.

Tom Tran — Director, Investor Relations, Aimia Inc.

Thank you, Anas, and welcome, everyone, to this morning's call.

Today's presentation is available on SEDAR and the Company's website.

Before we get underway, I would like to remind everyone to review our forward-looking statements and the cautions and risk factors pertaining to the statements.

With me on the call today are speakers Phil Mittleman, Aimia's CEO; Michael Lehmann, our President; and Steven Leonard, our CFO. Phil will begin with our strategic highlights, followed by Michael, who will cover the performance of our investments, before handing the call over to Steve to take you through the results of the quarter. We will have time for your questions at the end.

And with that, let me hand it over to Phil.

Phil Mittleman — Chief Executive Officer, Aimia Inc.

Thanks, Tom, and good morning, everyone, on the phone and webcast today. We'll begin with our strategic highlights for the second quarter.

We are very pleased with our second quarter and first half results and continue to focus on enhancing the value of our existing holdings while deploying excess capital towards new investment opportunities.

PLM continued to perform well, as it demonstrated ongoing recovery in its operating performance. Aimia received a distribution of $5.3 million in the second quarter, bringing the total distributions from PLM to $15.1 million in the first half of this year.

Our amended shareholder agreement with Aeroméxico continues to be honoured by the airline, and we expect the agreements to be formally assumed in due course through Aeroméxico's bankruptcy process.

Kognitiv continues to focus on the commercialization of its PaaS offering and has been successful in securing contract renewals and extensions from major clients, while developing a strong pipeline of new clients to onboard their collaborative commerce platform.

At Clear Media, we are pleased to participate in the planned privatization of the business, led by a blue-chip consortium comprised of Clear Media's current CEO, JCDecaux, Jack Ma's Ant group, and the China Wealth Growth Fund. And we're excited about Clear Media's prospects.

Members of the consortium, such as JCDecaux, the world's largest out-of-home advertising company, are leaders in digitization technology. And we expect Clear Media's management team to execute on its growth-oriented plan to digitize its 59,000 commercial panels, with a goal of attracting new higher-margin advertising revenue streams and clientele. With less than 1 percent of its panels currently digitized, we believe there remains significant runway for digital penetration over the coming years.

Since we made our investment, China's economy has continued to recover, and we continue to see these positive economic trends benefitting outdoor advertising sales in China.

At BIGLIFE, we completed the sale of our 20 percent ownership in the loyalty program to AirAsia in exchange for approximately 85.9 million shares of AirAsia and recorded a book value gain of $6.9 million on the transaction. Including our 35.6 million additional shares acquired through a private placement, Aimia now owns a total of 121.5 million shares of AirAsia, representing an approximate 3.1 percent equity stake.

AirAsia and its subsidiaries, including BigPay, which recently announced a US$100 million financing, have been making good progress in raising new capital from various sources. And we believe that AirAsia will emerge from the pandemic as a stronger airline, uniquely positioned to capitalize on the sizable pent-up demand for low-cost air travel across Southeast Asia.

Moving to our latest investment, Aimia invested $44 million as the lead investor of the most recent funding round for TRADE X, an innovative solutions provider to the global pre-owned car industry through its B2B cross-border automotive trading platform at a pre-money valuation of US$250 million. Following an additional US$10 million from other strategic investors in a subsequent closing, our equity stake in TRADE X is now 12.3 percent.

TRADE X has been growing at a remarkable rate as they expand its market reach to other countries. Gross vehicle sales for the first half of this year have already exceeded 2020's full year sales. And with recent sales volume activity demonstrating strong momentum, sales are expected to trend even higher in the second half of 2021. The Company is generating positive EBITDA as it expands its reach globally and has a robust pipeline of acquisition targets.

We realized a tax-sheltered gain of $6.9 million from the sale of our investment in JCDecaux. At the end of the quarter—at the end of the second quarter of 2021, our liquid public securities portfolio totalled $57.6 million, including unrealized gains up to the end of the quarter of $8.5 million.

We also enhanced our management team with the addition of Eric Blondeau, the Company's new Chief Legal Officer. Eric has extensive experience in legal matters, with particular specialization in M&A and securities law, among other skill sets complementary to Aimia's strategy.

Lastly, we established a new NCIB facility to repurchase up to 7.3 million shares to facilitate opportunistic common share buybacks. Over the past 2.5 years, we have repurchased more than 40 percent of our outstanding shares.

And with that, let me turn the floor over to Mike to provide you with some further updates on our holdings. Mike?

Mike Lehmann — President, Aimia Inc.

Thanks, Phil, and good morning to everyone. We'll begin our discussion with PLM, where I'll be speaking to the operating performance in USD, which is PLM's functional currency.

PLM's operating metrics continue to trend positively, as the member base grew 5.9 percent over last year to 7.2 million enrolled members in the second quarter. Gross billings were $44.4 million in the second quarter, up significantly over last year and up 25 percent over last quarter, as the travel industry continues to demonstrate signs of recovery.

During the quarter, gross billings rebounded to roughly 65 percent of the billings generated during the second quarter of 2019, which was PLM's peak billings period.

Revenues were $48.6 million in the second quarter, up significantly over last year and up 69 percent over last quarter, due to improving redemption volumes.

Adjusted EBITDA was $12.4 million in the quarter, representing a margin of 27.9 percent, due to higher unit cost as a result of the redemption mix towards greater air rewards.

Further, free cash flow was a positive $24.7 million, an increase of $63.7 million compared to the same period in the prior year. The improvement was mainly driven by the prepurchase of award tickets of 50 million that occurred in the second quarter of 2020, of which 12.7 million were used during the second quarter of this year.

Overall, PLM and the travel industry continue to demonstrate signs of recovery despite the continued challenging travel environment.

Moving on to Kognitiv. For the quarter, revenues were $13.1 million, down $1.3 million over last quarter, mainly due to a reduction in revenue from the Air Miles Middle East business due to lower redemption activity and lower yield.

Adjusted EBITDA from continuing operations was a loss of $12 million due to lower revenues, partially offset by reduced costs and operating expenses.

Kognitiv continues to make great strides on the commercialization of its business as it transitions towards a higher-margin subscription-based Platform-as-a-Service offering, which incorporates Kognitiv's collaborative commerce technology.

The Company continues to execute on its cost synergy plan in order to align with its new business following the sale of the ISS business to IRI, which represented approximately $20 million in annual sales in 2020.

While Kognitiv's profitability has been delayed due to the recently closed sale of ISS and its continued focus on investing in the development of its collaborative commerce platform to deliver against its growth plans, we are not expecting a meaningful increase in revenues during the second half of this year compared to the first half. Based on Kognitiv's business plan, revenue growth is forecasted to significantly improve in 2022 and reach adjusted EBITDA profitability by 2023.

Moving on to our investment management business. Revenue for the quarter from investment management fees was approximately $900,000, partially benefitting from a revenue item of approximately $300,000 tied to a one-time performance fee. Excluding this item, earnings were roughly breakeven.

Assets under management at MIM were $226.9 million in the second quarter, a decline of 5.9 percent quarter on quarter on a US-dollar basis, mainly due to net client asset outflows, offset partially by positive performance of its investment portfolios.

As part of the Company's continued process of investing excess capital to generate superior returns, Aimia invested $25 million in Precog Capital Partners, a private fund managed by Mittleman Investment Management using its deep value-oriented strategy.

And finally, moving on to Clear Media. The planned privatization of Clear Media continues as expected. In July, the consortium who owns 88.2 percent of Clear Media Limited made a voluntary conditional offer with Clear Media to acquire all remaining outstanding issued shares. Following our review of the composite document, we've elected to accept shares and will maintain our 10.85 percent shareholding in the privatized Clear Media. The transaction is expected to close in the third quarter.

Clear Media continues to project materially higher revenues in 2021 compared to the prior year, as indicated in its recent filing, and plans to announce their latest results on August 27th.

And with that, let me turn it over to Steve to take you through the financial results. Steve?

Steve Leonard — Chief Financial Officer, Aimia Inc.

Thanks, Michael, and good morning to everyone. Let's begin by covering the consolidated results before we move to the segment performance and cash movements in the quarter.

In the second quarter, total income was $9.7 million, which included a $6.9 million gain on the BIGLIFE transaction.

Reported expenses were $5.9 million, driven by an increase of $2.9 million related to share-based compensation and other performance awards, which included a reversal of a share-based liability in the second quarter of 2020.

Within the Holdings segment, total income was $8.8 million, down from $9.1 million in the same quarter last year.

Total expenses were $5 million in the second quarter of 2021, up from $1.5 million in the same quarter last year. Within total expenses, corporate operating expenses, which includes compensation, professional, and advisory fees, as well as technology and other office expenses, were $5 million in the quarter, up $2.8 million from the same period last year, due to an increase in share-based compensation and other performance awards, as previously mentioned.

Excluding share-based compensation and other performance awards, corporate cash operating costs were $3.8 million in the quarter, an improvement over the same period last year of $4.5 million. We remain on track to achieve our targeted annual holdco cash operating expenses of around $14 million for 2021.

Moving on to cover the major cash movements for the quarter. We ended the second quarter with total cash of $117.9 million, excluding cash held at Precog of $2.9 million, which is now consolidated in Aimia's results, down $16.9 million from the $134.8 million we reported last quarter.

The main movements in cash this quarter compared to last quarter were $5.3 million distribution received from PLM; proceeds of $17.4 million from the sale of our investment in JCDecaux, which resulted in a tax sheltered gain of $6.9 million; $27.5 million invested in Precog and other investment funds; we paid preferred dividends of $3.2 million and related Part VI tax of $1.3 million; we invested another $4.4 million in a publicly listed security; and we had the corporate cash operating costs of $3.8 million.

Subsequent to the end of the quarter, we also made a $44 million investment in TRADE X, taking our pro forma cash to $73.9 million.

Including our liquid portfolio of publicly listed equities, which had a market value of $57.6 million at the end of the second quarter, Aimia's pro forma cash plus liquid investments totalled $131.5 million.

And with that, let me turn it over now to Phil to wrap up with a few concluding remarks.

Phil Mittleman

Thanks, Steve. Aimia has been successfully transformed into a lean, opportunistic holding company with an exciting portfolio of investments. 2021 is shaping up to be an exciting year, highlighted by the positive developments in our various holdings. We remain focused on delivering long-term value for Aimia's stakeholders.

Before we turn to questions, I would like to say a few words about PLM. As we have said from the beginning of the Aeroméxico bankruptcy process, Aimia continues to actively monitor the Chapter 11 proceedings and engage with all relevant parties to ensure that Aimia's economic interests are well served. PLM is a highly successful frequent flyer loyalty program that we believe is integral to the continued success of Aeroméxico.

As the bankruptcy process continues to evolve, we will not be commenting further on those proceedings during this call. However, we look forward to providing an update at the appropriate time.

Tom Tran

Operator, that concludes today's prepared remarks. Please go ahead and prompt for questions.

Q&A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have any questions, please press *, followed by 1 on your touch-tone phone. You will hear a three-toned prompt acknowledging your request, and your questions will be polled in the order they are received. Should you wish to decline from the polling process, please press *, followed by 2. If you're using a speakerphone please lift your handset before pressing any keys. One moment for your first question.

Your first question comes from Brian Morrison with TD Securities. Please go ahead.

Brian Morrison — TD Securities

Good morning, Mike. Good morning, Phil.

Mike Lehmann

Good morning.

Phil Mittleman

Good morning.

Brian Morrison

I was going to ask a detailed question on PLM, but maybe I'll back off a bit. I do want to ask one, though, in terms of last quarter we talked about a motion being held in the bankruptcy court in May. I guess just to soften it up a bit, maybe I'll just ask, can you update us maybe on the next procedural hearings we should be looking for in terms of timing and what they might entail?

Phil Mittleman

Yeah. Brian, understand, we mentioned the shareholder agreement and the participation agreement will continue to be honoured by the airline. We expect the agreements to formally be assumed through the process. All we can really say is we received over $15 million in dividends year to date, and we're very happy with the ongoing recovery of PLM. But as we said earlier, unfortunately we aren't going to be commenting any further at this time.

Brian Morrison

Okay. I'll switch gears to Kognitiv then. There's some new disclosure, obviously. I have a couple questions on that. Maybe just update us on what's changed you to push out your forecast to achieve positive EBITDA to 2023? And then you disclosed this new round of financing this year. Maybe any colour on the amount you're looking for—I presume it'll be private—and how this might compare to your prior valuation of $525 million.

Phil Mittleman

Sure. Well, first of all we sold ISS—Kognitiv sold ISS, which moved the profitability goalpost. That company did about $20 million in annual revenues. It was profitable. Ex-ISS, Kognitiv continues to be focused on investing in its collaborative commerce platform. We're seeing renewals of existing contracts, we're seeing new client signings, and we're seeing the pipeline strengthen. So we're very happy with what we're seeing develop at Kognitiv.

In terms of the funding question, Kognitiv is engaged with its bankers to provide the funding it needs. And I can't comment any further than that or provide any other details at this time.

Brian Morrison

All right. Maybe just one question on this $25 million Precog investment. Just help me understand why this is being done under the Mittleman umbrella? And how does that long-term value-oriented strategy differ from that of Aimia's?

Phil Mittleman

Sure. Precog is an, understandably, owned Mittleman Investment Management, so Precog is a fund managed by them, so, effectively, we own Precog. It's a way for us to deploy excess capital into a fund we manage. Precog takes advantage of opportunities in the value space. By investing in that fund, it also enhances the marketability of the fund so we can attract additional capital to yield additional income for Aimia.

In terms of the strategy, it's a concentrated fund. It invests in companies with similar characteristics to what we seek at Aimia. But probably most importantly, the smaller early footholds in some of these holdings can lead to larger investment opportunities, which is exactly what happened with Clear Media and Village Roadshow for Aimia. So it's a really good use of excess capital into a fund we manage.

Brian Morrison

Okay. And then, Mike, you mentioned the August 27th results on Clear. Previous conversations you've made disclosure on the EBITDA potential. I think you said it could maybe double the five-year average. Any change to that outlook with the digital transformation? Or still that's the goalpost we're looking at?

Mike Lehmann

Yeah. Thanks for that question. So we continue to be extremely excited about Clear Media and the prospects to not only grow its market share as both China economy rebounds and they kind of refocus on digitization. So we acquired these shares at about 5 times normalized EBITDA and feel that the EBITDA and the cash flow margin can continue to expand. The digitization platform is certainly a way to do that where we can see multiples earned from a similar panel through digitization, as well as increased profitability.

One of our partners in this portfolio holding, JCDecaux, are showing that and have shown that for 20 years through their public holding. So we continue to be extremely excited about the prospects. I don't think anything has materially changed with regard to the digitization sequentially, and this is going to be a multiyear focus.

And it's not going to be in every city that they have panels in. There are some cities and some locations of bus shelters that just don't need the increased spend and customers won't pay for it. So not all the 59,000 panels are going to get digitized, we can imagine. So we continue to be really excited.

No change, no material change. We should see—I don't think this quarter they're going to speak to a material change in the plan. And it's probably going to take 6 to 12 months even just to get it going and planning to get going. And who knows, there could be a backlog and some issue just getting new panels, right? With COVID it seems like every part or electronic product is backlogged a little bit.

But again, this is a multiyear plan. We think over three to five years, generally, with all of our investments, and that's what we're focused on here.

Brian Morrison

Very good. Last question for me for Phil here. That was a fairly decent investment in TRADE X. Maybe walk us through the opportunity there. And I'm just wondering is it being positively or negatively impacted by the current chip shortage? And maybe the end game to monetization with this opportunity?

Phil Mittleman

Sure. We're very, very excited about this investment. The international auto trading market is highly fragmented. It's got a lot of issues. Buyers and sellers, it's tough for them to recognize where the inventory is. It's hard to figure out the per-unit valuation metrics. There's the logistical cost. The processes are often unknown to the parties involved. You'd be surprised that only 1 percent of dealers know how to trade cars internationally. There's currency risks. There's a need to hedge the currencies. There's inspection issues.

And TRADE X solves all these issues through its technology platform. It gives buyers and sellers the ability to transact fluidly and efficiently and their blue-chip roster of clients love the services that they provide. So we think it's a great business. It's unique. We see a lot of runway for organic growth, and there's a lot of potential growth through acquisitions and by applying that same tech platform to other verticals. So we're very excited about it.

In terms of the valuation, the company's growing extraordinarily fast, it's expanding globally, and it's already achieved EBITDA profitability. So we're very happy on that front as well.

In terms of your question on the exit strategy. I mean, like any investment, this is early obviously, but there could be an IPO, there could be sale. This could become a big dividend generator for us. It's a very attractive SPAC target. I mean, it runs the gamut of possibilities in terms of what the exit strategy would be.

In terms of the chip shortage question, the prices of these cars doesn't really matter to TRADE X. It's really about unit volume. So even if the market softens, we're gaining material market share. And we're seeing, again, a very, very high-end client base choose them over competitors, and that process is accelerating.

Brian Morrison

Appreciate the colour. Thank you, guys.

Mike Lehmann

So, Brian, if I could just add on—just if I could just add on a quick moment. So with regard to the chip shortage, because there's a lot of speculation in the market that used cars, because of the chip shortage, there's a huge price increase, which we've seen. There's also increasing demand, right? Which are all factually accurate.

But you have to remember that we are really a small—continue to be a small player, even just in North America. So even if the used car pricing reverts to the mean, we're gaining significant share, and we're also just only entering additional trade lanes globally. So we should be able to not only dramatically expand throughout North America and participate in that arbitrage between kind of the loonie and the USD, but also, as currencies fluctuate globally there's an arbitrage between North America, Canada, and US and Europe and Asia and other continents as well. So we should be able to grow exponentially, even as used car prices moderate as we expect, candidly.

Brian Morrison

Thank you.

Phil Mittleman

Thanks, Brian.

Operator

Thank you. Your next question comes from Drew McReynolds with RBC. Please go ahead.

Drew McReynolds — RBC

Yeah. Thanks. Thanks very much. Good morning, everyone. Brian addressed four of my four questions, but I'll follow up with a few things. So just first on Kognitiv, great to see a little bit of a target out there on the 2023 adjusted EBITDA. And I think I understand all the puts and takes there. Maybe, Phil, just or, Mike, comment on, I guess, the scalability of this platform. It would appear one of those kind of inflection points and profitability that scales kind of quickly, but maybe just comment on how that, I guess, inflection point in adjusted EBITDA kind of plays out in and around 2023.

Second on TRADE X, I mean, a similar question, frankly. These kind of platforms it would appear to have a similar characteristic on scalability, so just curious on the TRADE X. Good to see a positive EBITDA, but presumably it goes upwards and onwards from here.

And then lastly on the buyback, seems you're not finding it challenging to redeploy capital out there, but just updated thoughts on buyback would be great. Thank you.

Phil Mittleman

Sure. Sure. I'll start, and Mike can chime in as needed.

Mike Lehmann

Sure.

Phil Mittleman

I think with Kognitiv, these are—both Kognitiv and TRADE X both share, as you say, they kind of share that quality where it can scale very quickly without a lot of CapEx. So there's, particularly with Kognitiv, what you have is a platform operating in the cloud where people are transacting. And whether you're transacting $100 million or $100 billion, it's not like you suddenly have to go hire 50,000 people. So at this scale, they're very high margins and very scalable.

And so what you're seeing with Kognitiv, and it's masked by the losses, and I know people look at the losses and they go, oh, God. But if you look at a tech company that, at this stage of where they are—this is 8 years of heavy investment and acquisitions along the way to get to the point where they're creating a new—it's a new business. I mean, collaborative commerce is a new business. And I don't know if anyone's been following, but it has been doing what I guess we would call heating up and people are talking about it. There's a comp or two out there now trading at very high valuations.

So collaborative commerce is something that you have to go—it's not like you go out and you say, hey, I want to sell you this piece of software and install it on your computer. You have to convince people to trust you with their product offerings and transact with them, and to take somebody's hotel room and pair it with somebody's car and pair it with somebody's any other offering that enhances the saleability of that offering. And so it's a big trust issue.

So when you get to where they've gotten and where we see them getting now, it's incredibly exciting. So I think it feeds on itself. And you'll see—once you see major clients signing up, and we believe that is coming, I think that you're going to see a knock-on effect of people trusting and being more confident. And so, it should be one of those things where you see not only it scaling, but it's just feeding on itself as it grows and people get excited and more confident.

And frankly, people don't know what they do. People are learning. I mean, they're going to people, blue-chip companies, Fortune 500 companies and saying, here's what we can offer you. And the typical response is, how can you do that? That sounds amazing, but how does that work?

And convincing a Fortune 500 company how it works is not an instant process. It takes, I'd say, a year of endless meetings and back and forth and demonstrations, and then they have to trust that you can actually convert their points to the proper currency and transact, and they have to—so there's so many things that go on.

So we are seeing a very different picture than just the losses represent. And we're very excited and it is very scalable.

With regard to TRADE X, we're seeing it's the same type of thing, except TRADE X just is exploding. And at the same time, it's one of those unique things where it's already EBITDA profitable, which is very rare at the company at this stage of growth. But that really answers your question about scalability and profitability because if you're seeing it at this stage, it's only going to get better as growth continues.

So the management team at TRADE X is very dynamic, very smart guys. We see a lot of growth potential there organically, and as I said, through acquisitions and through expansion into other verticals. And they have this technology they call the Brain, which is a patent-pending technology that they have developed which creates enough data—there's a whole separate business model here where they're going to be aggregating data that is going to be very valuable to the market as well because they're actually going to be transacting in these vehicles. They are going to be inspecting them. They have partnerships with all the key logistics players.

So this is a very exciting investment, very scalable, low CapEx. And both of those companies share similar qualities in that respect.

Before I go into the buyback, Mike, do you want to add anything on—

Mike Lehmann

Yeah. Sure. Yeah. Just a few things. First on Kognitiv, the development of the peer-to-peer platform that they're working on is really focused—the way I think about it is in two different ways. First of all, they continue to build out the tech platform so it's becoming better and better for the branding customers, for each side of the peers, right?

And second, the peer-to-peer platform, this is going to enable businesses to reach a new reality. The ability to personalize, to engage, and to optimize services for their customers is nirvana for each large brand, if you think about it, right? I mean, a large hotel brand and a large credit card brand, or something like that where rather than going through the middle man and everybody earning 40 percent margin, all of a sudden you can go peer to peer and you can share these terrific customers without degrading each brand, any of the brands. So it's a terrific opportunity.

And, candidly, this is a disruptive technology that's going to take time to get fully adopted, as Phil mentioned. But the concept of the peer-to-peer collaborative network throughout the market is being extremely well received in the market. And with any software or PaaS program, the margins are software margins. So once this thing's built, we'll be able to load people and brands on it, and the margins are extremely high.

And just to the comment on TRADE X, the Brain technology, this platform that builds, that essentially enables buyers and sellers to recognize where the inventory is, and the ability to transact based on real unit values and a history of unit values, that's so material. Because if you go out there and you talk to an end-market customer and they'll say, listen, I need 100 cars now because I've got clients that want to purchase them, and I don't know where to get them right now, and I actually don't even know what the transactional price is because it's opaque, it's kind of in the shadows. So what we're going to have is we're going to have this data collection, this feed that shows what the historical pricing is for certain cars, for certain ages, for certain types of cars, for certain quality of cars. And data is king, right?

So we feel that the platform and the data are going to be kind of transitional, right? That we're going to be able to sell other things in addition to cars in a different vertical, as Phil described it.

And to your point, the margins are extraordinarily high because once we load the information on the platform, then the customers are doing a lot of the work for us. They're going in, they're searching, they're buying. We've got to execute in the middle. We get paid on the buy side, the sell side, as well as the logistics aspect, but it's very, very profitable.

So back to you, Phil.

Phil Mittleman

And in regards to the buyback, we love buying back our stock. You've seen us buy back over 40 percent our shares over the last two-and-a-half years. I would just say that we're opportunistic, but there's a lot of variables that go into our decisions: our cash needs at the time; our projected cash needs; things we're considering; whether or not we're in a blackout; et cetera, et cetera. So we will always continue to make opportunistic purchases when we can and want to.

Drew McReynolds

That's great. Great commentary, both Phil and Mike. Thanks for that. And it sounds as if both Kognitiv and TRADE X are market efficiency solutions. Last time I checked, gravity will be on their side.

Phil Mittleman

Yes. Yeah. Thank you, Drew. Appreciate it.

Mike Lehmann

Thank you.

Operator

Thank you. There are no further questions at this time. Mr. Tran, you may proceed.

Tom Tran

Thank you, everyone, for joining today's call and webcast. If you have any questions, please reach out to Investor Relations. Have a great day.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating, and ask that you please disconnect your lines.