AIMIA

AIMIA INC.

FOURTH QUARTER 2021

RESULTS CONFERENCE CALL

MARCH 30, 2022

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There are also risks inherent to the anticipated use of proceeds from the PLM transaction described in this transcript, including failure to complete the PLM transaction, reduction to the final amount of net proceeds from the PLM transaction that could ultimately be allocated to share buybacks and/or special dividend to common shareholders due to the then market conditions, investment opportunities and other relevant factors, failure to make any share buybacks (whether through purchases under the NCIB or otherwise) and/or to pay any special dividend, and failure to obtain the requisite approval to renew the NCIB. Accordingly, there can be no assurance that the anticipated use of proceeds will be completed, or that it will be completed in the manner, or at the time, contemplated in this transcript. The anticipated use of proceeds as described in this transcript could be modified or not occur at all.

Aimia Inc.

Fourth Quarter 2021 Results Conference Call

Event Date/Time: March 30, 2022 — 8:30 a.m. E.T.

Length: 46 minutes

CORPORATE PARTICIPANTS

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Phil Mittleman
Aimia Inc. — Chief Executive Officer

Michael Lehmann
Aimia Inc. — President

Steve Leonard
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CONFERENCE CALL PARTICIPANTS

Brian Morrison
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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Aimia Fourth 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 Wednesday, March 30, 2022.

I would now like to turn the conference over to Mr. Tom Tran. Please go ahead.

Tom Tran — Head of Investor Relations and Communications, 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 statement.

With me on the call today are speakers Phil Mittleman, Aimia's CEO; Michael Lehmann, our President; and Steve 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.

With that, let me hand it over to Phil.

Phil Mittleman — Chief Executive Officer, Aimia Inc.

Thanks, Tom, and good morning to everyone on the phone and webcast today.

2021 was an exciting year for Aimia as we continued to advance our strategy of maximizing the value of our portfolio holdings while deploying capital towards new investment opportunities to deliver strong returns to our stakeholders.

The key strategic achievements during the year included successfully shepherding PLM through Aeroméxico's bankruptcy, while receiving over $26 million in dividends, positioning us for the subsequently announced binding LOI to divest our stake for approximately $517 million in proceeds, or $5.58 per common share; selling our stake in AirAsia's loyalty program, BIGLIFE, for $22 million, realizing a gain of $6.9 million on the transaction as we transformed an illiquid holding into a valuable source of additional liquidity and upside; initiating new, exciting investments including TRADE X, a rapidly growing B2B cross-border automotive trading platform, as well as other opportunistic investments such as a new special-purpose vehicle established to pursue a leverage buyout; successfully navigating our investment in Clear Media through its privatization, which is now positioned to benefit from valuable partnerships with its new industry-leading shareholders and a rebound in the out-of-home advertising industry in China as they accelerate their digitization plan; generating substantial realized gains resulting in over $16 million in net positive cash flow at the holdco level from the sale of JCDecaux and Newmark; and, finally, achieving our targeted annualized cash expense of $14 million excluding transaction-related costs.

Overall, 2021 was a strong year, which positioned us very well for 2022, during which we expect to receive substantial cash proceeds from the divestiture of our PLM stake. Against the backdrop of ongoing dislocations in world markets, these proceeds will allow Aimia to capitalize on investment opportunities shielded by over $700 million in available tax losses.

Moving on to recap the strategic highlights of the fourth quarter, beginning with PLM. As we recently announced, we are very pleased to have entered into a binding LOI with Aeroméxico for the divestiture of our stake in PLM. I will cover this transaction, including our intentions with the proceeds, in greater detail later in my remarks.

PLM continued to demonstrate strong recovery in its operating performance and Aimia received an additional $5 million of distributions from PLM in the fourth quarter, bringing our total distributions received in 2021 to more than $26 million.

Moving to Kognitiv. Under a new management team led by Shawn Pearson, President and newly appointed CEO, Kognitiv has developed a strong pipeline of prospects and has secured contract renewals and extensions with long-standing clients. Our significant stake in Kognitiv provides Aimia with exposure to an exciting technology company with significant potential upside. Having successfully completed a financing of $48.5 million led by Silicon Valley Bank, Kognitiv is focused on accelerating its commercial efforts to achieve its growth plans.

Moving to our investment in Clear Media, we are pleased with the progress made at Clear Media participating together with a blue-chip consortium of operators and investors including Clear Media's previous CEO, JCDecaux, Ant Financial, and the China Wealth Growth Fund. While facing the headwinds of a slowdown in the Chinese economy and COVID-related shutdowns, Clear Media has, nonetheless, seen its business recover as we begin to see them execute their plans to digitize key bus shelter assets.

Clear Media is a high-quality business with a long-term track record of strong financial performance. In 2021, Clear Media nearly doubled its number of digital panels, accelerating their digitization strategy to drive future growth.

As the largest operator of bus shelter advertising panels in China commanding more than 70 percent market share in key cities, Clear Media stands to benefit from its sizeable market position and enhanced digital offering. With less than 1 percent of its panels currently digital, we believe there remains significant growth potential for digital penetration over the coming years.

Moving to TRADE X. In July, Aimia invested $44 million as the lead investor of TRADE X's financing round at a pre-money evaluation of US$250 million. Following Aimia's announcements of this transaction, other strategic investors have also invested in TRADE X, bringing Aimia's fully diluted stake in TRADE X to 12.2 percent.

In December, Aimia further increased its investment in TRADE X with an additional $32 million in TRADE X's convertible note offering to support their continued growth. This convertible note is expected to convert to equity at a 25 percent discount to the pre-money valuation of TRADE X's next qualified financing round.

The addressable market for exporting pre-owned vehicles is immense and is estimated to be approximately US$100 billion annually and is almost exclusively conducted offline. As the only global platform to offer an online cross-border solution to automotive trade, we believe TRADE X is well positioned to capture a meaningful share of this trading volume by automating and streamlining vehicle commerce through its highly scalable, AI-powered digital platform.

TRADE X continues to commercialize its core product with major automotive customers such as Carvana and Enterprise Holdings and is growing at a remarkable rate as it opens new global trade corridors to facilitate cross-border automotive transactions across Europe, Latin America, Africa, Middle East, and Asia.

TRADE X is also actively pursuing a robust pipeline of accretive acquisitions targeting companies in current and complementary business lines that can help TRADE X scale quickly in key growth markets and expand its market reach.

There has been significant M&A activity in the automotive space, completed at strong valuations, notably Carvana's $2.2 billion cash acquisition of ADESA's US physical auction business from KAR Global at a multiple of 22 times trailing EBITDA. We believe this transaction highlights a significant value of TRADE X, which is projected to generate approximately $1 billion in gross vehicle sales in 2022 and strong EBITDA.

Moving to our investment in Capital A. AirAsia's parent was rebranded as Capital A following its reorganization into a holding company to separate its core airline business from its portfolio of digital assets, in which we see significant upside potential in companies such as airasia Super App and BigPay.

BigPay is one of the fastest growing fintech companies in Southeast Asia and secured US$100 million in financing from South Korean conglomerate SK Group and has applied for a digital banking licence in Malaysia with a consortium of strategic partners.

airasia Super App has a highly engaged user base, more than 20 million monthly active users, and was valued at US$1 billion in July 2021 following its acquisition of Gojek's ride-hailing and payments business in Thailand via share swap.

We are very pleased to see the airline resume its domestic travel and the reopening of Malaysia's borders as the region moves away from its zero-COVID strategy. Domestic capacity in Malaysia has rebounded to approximately 80 percent since the end of December with international capacities around 40 percent. These numbers are expected to increase as neighbouring countries such as Thailand, Philippines, and Indonesia have also opened up their borders as they restart their tourism economy.

During the fourth quarter, Aimia invested an additional $9 million in Capital A's rights offering in which the founders subscribed to a significant amount of the offering.

AirAsia is an iconic brand widely recognized across Southeast Asia delivering the best value at the lowest cost. We expect Capital A will emerge from the pandemic as a stronger airline and holding company uniquely positioned from its significant market position to capitalize on the sizeable pent-up demand for low-cost air travel across Southeast Asia while enhancing the value of its digital assets.

Moving to our new investment in the second special-purpose vehicle. Following our first investment in the special-purpose vehicle in 2020, Aimia made a new investment of $12.4 million in a second special-purpose vehicle in November, which was also created to pursue a similar buyout strategy. Aimia believes that coinvesting with like-minded investment leaders can provide additional opportunities to gain a foothold in a target that can potentially materialize into a significantly larger investment for Aimia.

Finally, let’s cover the PLM transaction and Aimia’s intent for the use of proceeds. As we recently announced, Aimia entered into a binding LOI with Aeroméxico to divest our 48.9 percent stake in PLM for net proceeds of approximately $517 million or approximately $5.58 per common share.

Following the announcement of the PLM transaction, Aeroméxico announced on March 17th that it had successfully completed its financial restructuring and emerged from Chapter 11 and formally assumed the PLM contracts.

Upon closing of the transaction, Aimia expects to receive C$492 million in net proceeds at closing. An additional earn-out of up to $25 million on a net basis will be paid to Aimia should PLM’s performance achieve certain targeted annual gross billing amounts by 2024.

Aimia is progressing toward the completion of definitive agreements and Mexican antitrust approval. We expect the transaction to close within the next four months.

Upon receipt of the PLM proceeds, our primary focus is to continue to develop Aimia into a strong cash generator with significant net asset value appreciation potential, with our subsidiaries providing dividends to the holdco. To achieve these strategic goals, Aimia intends to deploy the majority of the proceeds from the PLM transaction towards the acquisition of controlling positions in businesses operating in either the US or Canada that will utilize our sizeable net operating tax losses, which, when applying modest leverage at the subsidiary level, would provide Aimia with up to $1 billion in buying power. We have a robust pipeline of exciting potential targets, and we remain patient and disciplined in identifying and capitalizing on the best investment opportunities we can find globally.

Additionally, we intend to allocate up to $75 million of the net proceeds towards a combination of opportunistic buybacks and/or a special dividend to common shareholders. Our intent is to utilize a combination of our current NCIB plus its subsequent proposed renewal upon expiration to enable total buybacks of up to 14 million common shares, which would reduce our current outstanding common share count of 92.5 million.

Should the Company be unable to utilize the current NCIB, which expires on June 20th and/or the subsequent NCIB, Aimia will consider a onetime special dividend to achieve the target $75 million return of capital to shareholders.

Over the past three years, we have repurchased more than 40 percent of our outstanding shares, and after a year of being restricted from repurchasing stock due to trading restrictions, mostly caused by PLM negotiations, we have a heightened interest in executing accretive buybacks as we believe our shares are significantly undervalued.

We also announced this morning that Chris Mittleman will be transitioning from his executive role at Aimia back to his role as CIO of Mittleman Investment Management exclusively. This transition enables Chris to fully dedicate his efforts to managing MIM's global value strategy portfolios for institutional and individual investors while continuing to provide Aimia with valuable investment ideas.

Chris will remain on Aimia's board until the end of the next annual general meeting, scheduled in May and will not stand for re-election.

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

Michael Lehmann — President, Aimia Inc.

Thanks, Phil, and good morning to everyone. We'll begin our discussion with PLM on Slide 12, where I'll be speaking to the operating performance in USD, which is PLM's functional currency.

Its member base grew by 8.6 percent over last year to 7.6 million enrolled members in the fourth quarter of 2021. PLM's operating metrics continued to trend positively as gross billings in the fourth quarter recovered to approximately 80 percent of its pre-pandemic level during the fourth quarter of 2019. Gross billings were $57.4 million in the fourth quarter, up 54 percent over last year and up 16 percent over last quarter due to an increase in accumulation volume as a result of the continued recovery of the travel industry from COVID-19.

Adjusted EBITDA was $17.6 million in the quarter, up 100 percent over last year, and up 26 percent over last quarter due to higher gross billing. Further, free cash flow was a positive $20.4 million in the fourth quarter, up 14 percent over last year.

Moving on to Kognitiv. In the fourth quarter, revenues from continuing operations were $14.9 million, an improvement of approximately $1 million over last quarter, benefitting from the gradual recovery of revenues from existing travel and hospitality clients as well as revenue from new clients.

Adjusted EBITDA for the continuing operations was a loss of $13.2 million, a sequential decline of $4.7 million from the prior quarter. The decline of adjusted EBITDA was the result of a one-time benefit of $2.6 million related to the Canada Emergency Wage and Rent subsidies recorded in Q3 2021 and an impact of $2 million from professional fees relating to financing and strategic initiatives in the fourth quarter of 2021. Excluding these items, adjusted EBITDA in the fourth quarter was broadly in line with last quarter.

In 2022, Kognitiv continues to focus on maximizing revenue growth from existing clients by expanding their subscriptions through member growth and widening the scope of their service engagements. As well, converting their pipeline to add new subscription-based clients remains a key priority for Kognitiv this year.

Turning to our investment management business. Revenue for the quarter from investment management fees was approximately $600,000. Earnings before income taxes were breakeven, which benefitted from a US government COVID-19 Employee Retention Program credit during the quarter. Assets under management were $205.9 million in the fourth quarter, up 3 percent sequentially from the third quarter.

Moving on to Clear Media. For the year ended December 31, bus shelter advertising panels increased by 22 percent year over year to 72,000, and digital panels nearly doubled from a year ago to 536 as Clear Media accelerates its digital transformation.

Total revenue for the six months ended December 31, 2021, was CNY 623 million, down 7 percent from last year and 3 percent from the first half of 2021 amid COVID-driven shutdowns in China and challenging operating environment.

In November, Clear Media paid a dividend to Ever Harmonic, which was applied to finance its contractual obligation to repay the external financing related to the privatization of Clear Media.

Aimia is entitled to its pro rata share of Clear Media's dividends, and we recorded a $600,000 investment income receivable on our balance sheet in the fourth quarter. We expect this investment income balance to grow over time as Clear Media declares further dividends to its shareholders.

We believe Clear Media's intensified efforts to broaden its client base and attract new customers will be well supported by its enhanced digital offering upon the expected recovery of outdoor advertising demand in China.

And finally, turning to TRADE X. TRADE X continues to deliver terrific results. In the fourth quarter of 2021, TRADE X generated gross vehicle sales of $117.6 million and $275.1 million for the full year, which represents an annual growth rate of 273 percent from 2020.

Full year 2021 included $105 million in gross vehicle sales from acquisitions. Total cars sold were 3,369 in the fourth quarter and 7,845 for the full year in 2021.

Based on Trade X's management expectations, year-to-date performance, and growth plans, in 2022, we expect TRADE X to generate gross vehicle sales, including acquisitions completed in 2021, of approximately $1 billion. This growth is expected to be nearly 4 times the amount in 2021 supported by continued expansion of its trade corridors including Europe, Latin America, Africa, Middle East, and Asia.

And with that, let me turn it back 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, starting with our consolidated results on Slide 20.

In the fourth quarter, loss from investments was $5.8 million compared to total income of $10.2 million from last year, mostly due to the company's equity pick-up of its noncash share of Kognitiv's net loss of $8.7 million in the fourth quarter of 2021 as well as the negative net change in fair value of investments of $5.5 million mainly related to our investment in Capital A.

Reported expenses were $7.7 million, up from $5.9 million in the same quarter of last year driven by one-time credits related to technology and facilities in the fourth quarter of 2020 totalling $1.5 million and higher compensation and benefit expenses of $0.6 million related to an increase in share-based compensation and other performance awards of $1 million due to a higher Aimia share price in the fourth quarter of 2021.

Within total expenses, corporate operating expenses, which includes compensation, professional and advisory fees, as well as insurance technology and other office expenses, were $6.6 million in the fourth quarter, up from $4.3 million in the same period last year due to the same reasons as previously mentioned.

Excluding share-based compensation and other performance awards, corporate cash operating costs were $3.8 million in the fourth quarter, which included approximately $400,000 in transaction fees.

For the full year, total expenses were $22.8 million. Excluding share-based compensation of $7.3 million, fair value loss and contingent consideration of $0.8 million, other financial income of $0.3 million, and transaction-related professional fees of $1 million, recurring cash operating expenses were $14 million, in line with our targeted annual cash expenses.

Moving on to cover the major cash movements for the quarter. We ended the fourth quarter with total cash, excluding liquid investments, of $34.5 million. Including liquid investments of $41.9 million, total cash and liquid investments ended at $83.6 million. The total cash movements in the quarter compared to last quarter were: a $31.6 million investment in TRADE X convertible note; a $12.4 million investment in a new special-purpose vehicle; a $9.3 million investment in Capital A's rights offering; net proceeds of $18.7 million from the sale of our investment in Newmark; the $5 million distribution received from PLM, we paid preferred dividends of $3.1 million and related Part VI tax of $1.2 million; and corporate cash operating costs were $3.8 million.

Subsequent to the end of the quarter, Aimia invested an additional $10 million in Kognitiv via a convertible note bringing our pro forma cash and liquid investments to $73.6 million.

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

Phil Mittleman

Thanks, Steve. This is an exciting time to be a shareholder of Aimia. We continue to execute our strategy of maximizing the value of our current portfolio holdings while redeploying our capital into new investments with significant upside.

2022 is off to a strong start as we progress towards completing the largest corporate transaction in Aimia's history while continuing to accrue our pro rata share of PLM's distributions and cash as we work towards closing this transaction.

We look forward to providing you further updates as soon as we can, and we look forward to an exciting 2022.

Tom Tran

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

Q&A

Operator

Thank you, sir. Ladies and gentlemen, we will now conduct the question-and-answer session. If you would like to ask a question, press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, press *, 2. If you are using a speakerphone, please lift the handset before pressing any keys. One moment please for your first question.

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

Brian Morrison — TD Securities

Hey. Good morning, guys.

Phil Mittleman

Hey, Brian.

Brian Morrison

A couple quick questions.

Steve Leonard

Morning, Brian.

Brian Morrison

Good morning, guys. Sorry. I joined a bit late, but I just want to go through a couple things. So in terms of the proceeds and the NCIB, I get that; up to $75 million. But if you can't complete, you're looking at a special dividend. Just curious, why would you consider that. Why wouldn't it be more accretive to potentially buy back a portion of your prefs as you've done once before? Are there onerous tax implications from that?

Phil Mittleman

Yeah. I mean that's a good question. So we first of all, any time we have a large liquidity event at Aimia, we'd like, going forward, to make sure our shareholders taste of that a little bit. And whether that's through accretive buybacks, which we love and obviously is our priority, we'd also like the people to participate in some form of dividend when that happens.

Ultimately, our goal is to be generating enough cash at the holdco to do that on a continuing basis like we did in the past, but in terms of the way we're going to allocate that cash, obviously, our first target is to continue what we've done in the past, buying back over 40 percent of our shares.

We want to do it opportunistically. The NCIB provides us with those opportunities. If for some reason the stock ran away and was trading at a much higher price or, for whatever reason, we couldn't execute the NCIB, we would consider a tax-efficient dividend for shareholders so that they can benefit from the sizeable transaction that took place.

In terms of the prefs, we view the prefs as a great, long-term source of cheap capital. We want to keep those in place. We think that we can significantly outpace the cost of them in terms of the return on investment to shareholders, and we think that that's a better use of funds is not to buy back the prefs at this time, any more prefs.

Brian Morrison

Okay.

Steve Leonard

And, Brian, we're also, in our targets, we're looking at Canadian OpCos, and if we acquire an OpCo, we can mitigate the Part VI tax. So that's on our radar.

Brian Morrison

Okay. So I get it's a permanent source of long-term capital. But wouldn't it be sort of a permanent 30 percent accretion year NAV if you were to repeat what you did last time? Or is it just the tax implications? And I understand the NCIB, et cetera.

Phil Mittleman

Yeah. I think what we're going to do is, I think, if you could put a pin in that question and kind of check back. And I'd say we need to show you performance for a couple of years, and then you can compare our returns with that capital versus the cost of the prefs.

If we're in a situation where we have a huge amount of cash, and we were paying those dividends and all the cash wasn't at work, we would consider that then. But for now, we have a really exciting pipeline, and we see the returns for stakeholders ahead to be much more significant and long-term benefit to our stakeholders to deploy those into our pipeline instead of buying back prefs.

Brian Morrison

Fair enough. I think your track record would support that.

I guess just turning to Clear Media and the EBITDA, maybe can you just—thanks for that information, but why the year-over-year decline in revenue and EBITDA in the second half of 2021? Is it COVID? Is it something onetime in nature in 2020? And are you getting closer to your target of a potential event on that investment?

Michael Lehmann

So I'll take that. It's Mike Lehmann. So the decline was primarily due to kind of onetime events. It's COVID-related. First let's say the digitalization program has been exceptional. We couldn't be more pleased with that, and we couldn't be more pleased with the increase in bus panels. It was 59,000 last year, increased 22 percent, hit 72,000. So we couldn't be more pleased with that.

The near-term slowdown had more to do with the slowdown of the overall economy. And that's evident. Advertising and marketing dollars are clearly vulnerable during these slower periods. We gain comfort by the dominant share that Clear Media has in its markets; up to 70 percent, 75 percent market share in cities. They're in the 25 largest cities across China. So we're pleased with that.

The long-term EBITDA margins do approach the 40s. So the EBITDA margins have been exceptional in the past, and we think that we'll get back to that in the future. Right now I think the slowdown is—and advertising and marketing dollars are one of the first to get pulled back during an ancillary period like we have now.

And when people are—particularly in Shanghai, we've all seen the news—when people are staying home, if advertisers can pull back a little bit on dollars spent during this interim period, they will. So that was the primary focus.

But the increase in clients overall has been very strong. So we're pleased with the position, pleased with the growth prospects. I think this could be characterized as more of a bump in the road than anything.

Phil Mittleman

Brian, to address your question on you asked about an event.

Brian Morrison

Mm-hmm.

Phil Mittleman

Us heading towards an event. I think this, the old Clear Media, was a great company with a long track record of consistent cash flow. The new Clear Media is a much more exciting prospect because there's tremendous growth prospects there and a great group of partners. So I think that, in terms of potential events, I mean you always could have a buyout event. You can always have stuff like that.

But I think this really would lend well to an IPO that they could, once they get really revving and COVID's behind them and things have started to really show some momentum, so there's a bunch of different potential events there. And I think what they're doing is tracking towards that. And, obviously, we'll let you know as soon as we know something. But we're very happy with our progress.

Brian Morrison

All right. And then I'll ask one last question, and it's probably for Mike again. Just in TRADE X, I mean that's a material increase in your revenue forecast threefold maybe. But $1 billion, what's the margin profile associated with that upon maturity or in 2022? And then maybe just if you can explain the average selling price per car sold, the decline in that, that would be helpful as well. Thanks very much.

Michael Lehmann

Sure. Absolutely. So yes. It is a material increase. But you see the increase going from $275 million for all of 2021. Right? So an average of $70 million or so just flatlining it to almost $120 million in 4Q. And that's ramping.

There was an acquisition made in the year that is substantially increasing the number of cars sold. Cars, you see little under 8,000 for the year and about 40 percent of that was in fourth quarter. So you see the ramp there.

They are doing an exceptional job expanding into other trade corridors. I don't recall if it was last quarter or the quarter before, but one of the real KPIs that we focus on is the number of cars sold into other trade corridors because remember, this is a global platform. It started as a North America, US, and Canada platform, but this is now, certainly, a global platform. So as they substantially increase number of units sold into other trade corridors, that's driving the growth.

We will see—it was more of an anomaly, the very, very high per-unit car pricing three quarters ago. There were several very large unit sales that drove the car pricing materially higher. Now, as we can continue to grow and we approach $1 billion in sales for the year, we're going to more normalize and the car pricing is going to come down to, call it, average car pricing within the global market.

We're not going to be selling 15-year-old cars as much. So the under $10,000 sale will be less likely. But if you think about a bell curve, it's going to be kind of in between that $20,000 to $25,000 range will be more the average. Not saying that that's going to be the average, but it's not going to be $75,000. It's not going to be the $10,000. Right? So it's going to more normalize.

And then it depends on where we're selling into. There are trade corridors like Africa that do take older cars, and, obviously, they'll be less expensive cars. And there are other avenues into Europe and Latin America that the pricing is actually very, very strong.

Phil Mittleman

And, Brian, just to add to it a little, people kind of point to that sector and say, well, they try to discount TRADE X's growth or just the sector in general, and say, well, there's a used-car bubble and people are desperate for cars and pricing is just through the roof.

But I would counter that and say that this whole used-car bubble has forced people to kind of look for new corridors of trade. And I think it's opened up these corridors, and I don't think that they're going to close.

People didn't realize there's dealers. Only 1 percent of dealers in the US have ever transacted cars outside of the US and don't know how to do it. They literally have no idea how to do it. And they're learning from TRADE X. Wow. I can go and buy these cars from Africa or from China or from any of the corridors that are opening up. And they're learning about it, and they can do it through their platform. And that's not going to go away.

So I think it's really been an eye-opener for people. And I think this whole bubble thing has been a big benefit for TRADE X and the corridors are opening up.

Steve Leonard

And on the margin, Brian, we haven't been giving precision on the margin yet. We're still dealing with a company that's growing, that's maturing. I think we've given some indications of what the business does in terms of on a transaction. I think it's out there around 5 percent to 6 percent on transactions. I think that's been out there in some of our commentary. So you could use that as something in mind.

Could margin increase higher than that? It all depends on certain corridors, as Mike and Phil have talked about, and certain other avenues of the complementary business. But it's in that band of mid-single-digit to close to just below 10 percent, somewhere in that band. But we haven't really stuck to cementing the margin yet because the business is still maturing.

Brian Morrison

Right. Hey, Phil, just—I'll squeeze this last one in. So your last round of financing, you have a convert that's at a discount. You can convert at a discount. I think it's 25 percent to next financing round.

Phil Mittleman

Mm-hmm.

Brian Morrison

Where do you see that in terms of the timeline for an IPO or the next funding round?

Phil Mittleman

I think we're not going to point to—for us, obviously, always sooner is better for us to monetize things and create value. Obviously, you want to do it when the time is right. You don't want to prematurely do something. But I think that as far as TRADE X's progress, I mean you couldn't ask for a better track record what they're doing now, what we see going forward. There's a lot of opportunity there. And I think that we will be announcing more in the future when we have something to announce.

But as far as I'm concerned, there's a lot of opportunity, and we're going to do what's best for stakeholders, obviously. TRADE X is going to do what's best for them, and we're going to do what's best for Aimia. And we're very excited about it, and we'll let you know when we have something to announce.

Brian Morrison

All right. Thanks for that.

Michael Lehmann

Brian, if you think about the sales forecast that the management team has at TRADE X of $1 billion and refer to Phil's comment about a $100 billion global car market, we're going to have exceptional growth and only be at 1 percent. So I think that there's a lot of growth potential with this company.

So while monetization is extremely important, we also have to marry that with how fast the company's growing; what their needs are. And if we think that sales can get to exponentially higher or we can get to another avenue that the brain, this technology platform, will allow us to trade in, those are really attractive things that we will take our time and be patient if we see terrific additional value there. Right?

That doesn't mean that we couldn't take some money off the table, or we couldn't participate in a future round. All of those things are on the table. But there is a tremendous amount of growth to be had here. So we have to be cognizant of that.

Phil Mittleman

Yeah. I think, also, Brian, I would say that just one of the—we had some incremental information come out. You heard that Enterprise and Carvana are two significant customers of theirs. When we got involved with these, we knew that, and we were really surprised to see such an early stage start-up get those type of customers. And there's a lot more like that.

And so we spoke to them, and we said why are you using TRADE X? Like what is it about them? Why aren't you using much bigger companies or other people in the space? And they said these guys just do it better. They said they are getting us better prices, better access to product, they're moving our product faster. And we were really impressed.

And that's playing out. And we're seeing more and more people gravitate to them because of that. And it feeds on itself. So that's something that was really notable and really surprising to see such an early stage company that get those type of blue-chip customers behind them ranting and raving about their technology and their ability to build and enhance their businesses.

Brian Morrison

Thank you.

Michael Lehmann

Great. Thanks, Brian.

Operator

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

Drew McReynolds — RBC

Yeah. Thanks very much and good morning. Brian kind of ticked off a little bit of my list but a couple extra. I guess first, I guess, Phil and team, thanks for the added disclosure on TRADE X. Sounds pretty positive.

On the capital returns, maybe start with you, Phil, just in terms of the proportion of the capital return piece versus the reinvestment piece, what was your thinking with that split? If you could just provide a little bit of colour there.

And on the reinvestment side of things, I'm assuming in this kind of market it opens up even more kind of reinvestment opportunities. Just how would you characterize kind of your pipeline there? And I know you don't get proceeds for maybe up to another four months, but some thoughts there would be great. Thank you.

Phil Mittleman

Yeah. There's a lot of moving parts. We're trying to explain to the market the way we're thinking at this present time. Obviously, that can change based on what the subset is of opportunities at the time when we receive the capital, where our stock price is, what is available in terms of liquidity, and stuff like that.

So in terms of the breakdown, again, there's an art to this as much as a science. But we think our stock is significantly undervalued, and it's been frustrating for us because we spent the last year restricted from doing any buybacks. So it's been very frustrating.

But we love our stock, and we think we'd like to buy it back a lot of it. So we have to weigh that versus exponential returns on that capital again from opportunities there, so. And then we also, as much as dividends don't create a compounded accretive experience for shareholders, people deserve and love dividends. And if you can do it in a tax-free basis through return of capital, that's something that we'd like people to get a taste of as well.

It's a balance. And, again, there's no formula here except to say that if our stock remains undervalued, we want to aggressively buy it back. We also want to deploy the bulk of this cash into companies that can generate a lot of cash and utilize our NOLs. Because we do have $700 million in tax losses, and we're getting no value for that. And once we start to actually burn through them, I think we will get value for that. So that's a pretty material increase to our NAV to be able to convert those to cash for stakeholders.

So it's a moving target. We could do—if you told me down the road, that if you had a crystal ball and tell me that our stock was going to be really low and we were going to have more cash, we might buy back more stock, so.

Drew McReynolds

Yeah.

Phil Mittleman

This is where we are today, a snapshot today. We think it's a good mix and a fair balance, and I think it will result in good outcomes for Aimia stakeholders.

Drew McReynolds

Super. Thank you.

Steve Leonard

And a pipeline, Phil. Did we want to talk about the pipeline? Or Michael?

Phil Mittleman

Yeah. I mean the pipeline, we're seeing a lot of exciting deals. I think for starters, even at this location, like you've seen in the markets from what happened in Russia is people start to—it just starts to generate opportunities. So we're seeing a lot of private equity funds that have holdings that they need to liquidate either because their funds have matured or for whatever reasons they want to get out of them. Or maybe the growth prospects aren't high enough.

And we're not looking for—we're not taking undue risk. We're not looking for turnarounds. We're not looking for super-high growers. We're looking for stable generators of significant cash flow, high taxpayers, things that we can shelter with our gains. Really, well-managed companies that have long track records of doing that. So we're seeing a lot of that. And, again, it's a balancing act for us because say you have the cash in your hand, you can't really move as fast as you'd like to, so, but we are seeing a lot of exciting opportunities on our plate, and we expect that should continue. And we're actively engaged with companies, and we're very excited.

Drew McReynolds

That's great.

Michael Lehmann

So just to mention, Drew. We're not going to be—just so you understand and that we set the table. We're not going to be auction buyers. We're not going to be getting in and outbidding Apollo or somebody like that for 22 times versus 20 times in 2024. That's not our game. Right? What we are looking for are stability, substantial EBITDA, and free cash flow conversion. We're looking for midsize companies. Maybe $15 million, $20 million at the low end of EBITDA and $100 million at the high end.

We've talked about a small handful of acquisitions, one, two, three acquisitions over the next period of time. And that, coupled with our three larger-position portfolio holding companies now, we'll have a nice eclectic mix of unique assets, assets that you can't go and buy anywhere else, just the likes of Clear Media. They're unique. TRADE X, very, very unique. Kognitiv we haven't talked a lot about, but they're seeing a terrific adoption and focus on their collaborative commerce model.

We're seeing brands around the world sharing and exchanging data and products and relationships with other brands. So these are the types of companies that others can't find in an ETF or anywhere else. And I think that that's why people are coming to Aimia and taking a look at our portfolio and saying, it looks like it's reasonably cheap here, extremely cheap here, and there's a lot of upside, not only in the current portfolio, but if these guys are not going to be these auction buyers, they're going to find other eclectic, attractive, free cash flow generating assets that hey, by the way, can get shielded by the NOL, that's an awfully attractive proposition.

Phil Mittleman

And I mentioned it was frustrating that we couldn't buy back stock, but there's been a lot of other frustrations over the past year. And that is we can't talk about a lot of things going on because when you're in a company like people will say something like dismiss TRADE X as a "venture capital investment" as if we're veering from the strategy a bit. As the story unfolds and you start to see bits and pieces more and more and we can disclose more and more, I think you start to realize that it does fit the profile, and it is really exciting. And it's hard for us to—we want to open the kimono as much as possible.

With Kognitiv, all you see are these big losses out of them, and it's like what's that thing? And people are very negative about it. And we see a very different picture. I could tell you that, well, we just told you about Carvana and Enterprise for TRADE X, there's Fortune 500 companies that are signing up with Kognitiv. And it's huge barrier to entry. It's a new business. It's something that you have to teach. You have to go.

I mean I would just imagine telling you to go to a Fortune 500 company and convince them to go onto a new platform and transact with a company they never heard of in their product offerings and to maximize the value of their marketing. And you're going through 50 layers of management, all kinds of education. It's a huge process to get to the point where their signing these people is huge. And it's also a testament to how hard it is to get into that business and the moat that's going to be around them when it succeeds.

So it's our goal here is to start to show as much as we can, and again, we're hamstrung by what companies will allow us to say and what certain companies will allow these companies to say and reveal the client, et cetera, et cetera. But I think that this year is going to be a very eye-opening year for investors into what we hold currently.

Drew McReynolds

Yeah. Understood. And needless to say so and, I guess, for the broader team, like that outcome on PLM through that environment and situation, we talked about looking at your capital return and reinvestment profile doesn't have proceeds, but it's certainly a good outcome in all things considered. So I think for Brian and I that are covering Aimia and PLM for a long, long time, that certainly was good to see.

Phil Mittleman

Hey. Well, thank you very much, and we're also very happy with the fact that those are net numbers, net after-tax numbers. So we're very happy about that as well.

Drew McReynolds

Yeah. Okay. Thanks.

Michael Lehmann

Great. Thanks.

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.

Operator

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