



AIMIA INC.

FIRST QUARTER 2022

RESULTS CONFERENCE CALL

MAY 6, 2022

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share buybacks and/or tax-efficient 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 tax-efficient 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.

First Quarter 2022 Conference Call

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CORPORATE PARTICIPANTS

Tom Tran

Aimia Inc. — Head of Investor Relations and Communications

Phil Mittleman

Aimia Inc. — Chief Executive Officer

Michael Lehmann

Aimia Inc. — President

Steve Leonard

Aimia Inc. — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Brian Morrison

TD — Analyst

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Aimia Inc. First Quarter 2022 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, press *, 0 for the Operator.

This call is being recorded on Friday, May 6, 2022.

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

Tom Tran — Director, Investor Relations, Aimia Inc.

Thank you, Pam, 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'd 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 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. We are pleased with our first quarter results as we continue to advance our strategy of maximizing the value of our existing holdings while seeking to deploy capital towards new investment opportunities to deliver strong returns for our stakeholders.

To recap the strategic highlights for the first quarter, beginning with PLM. In February, Aimia announced it had entered into a binding LOI with Aeroméxico to divest its 48.9 percent stake in PLM, which will on closing result in PLM becoming a wholly owned subsidiary of Aeroméxico.

We continue to make progress towards closing the PLM transaction as the application for Mexican antitrust approval has been filed and we advance towards completion of the definitive agreement.

Aeroméxico has also completed its financial restructuring and emerged from Chapter 11 and the PLM contracts have been formally assumed. We expect this transaction will close within the next three months.

Upon closing of the transaction, Aimia expects to receive approximately C\$484 million in after-tax proceeds by applying the Canadian dollar exchange rate at the end of March, which will be subject to change based on the currency exchange rate at closing.

Aimia intends to deploy the majority of the proceeds towards the acquisition of majority, or significant minority stakes in one or more cash-generating businesses operating in either the US or Canada that will ideally utilize our sizable legacy net operating tax losses. Against the backdrop of ongoing dislocations in world markets, these proceeds will allow Aimia to capitalize on investment opportunities.

Moving to TRADE X. TRADE X continues to grow at a remarkable rate, with gross vehicle sales up 714 percent year over year in the first quarter, benefitting from acquisitions it closed in Q4 2021 and as it

opens new global trade corridors to facilitate cross-border automotive transactions across Europe, Latin America, Africa, the Middle East, and Asia.

Also, TRADE X is 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.

Moving to Kognitiv. We are pleased with the commercial progress made by Kognitiv. Under a new management team led by President and CEO, Shawn Pearson, Kognitiv is executing its business plan to drive engagement in its collaborative commerce platform.

In the first quarter, Kognitiv was successful in securing contract renewals and extensions with major global brands, including HSBC, Avis, and National Australian Bank amongst many others.

Kognitiv has seen a continued strengthening of its pipeline with several new global brands across different verticals that are prime candidates to benefit from its approach to empowering businesses to grow, adapt, and transform through collaborative commerce.

Having successfully completed a financing of \$48.5 million led by Silicon Valley Bank, which includes our \$10 million convertible note investment, Kognitiv is well positioned to accelerate its commercial efforts to achieve its growth plan.

Moving to our investment in Clear Media. The slowing Chinese economy and recent COVID-related shutdowns have created a challenging operating environment for advertising in China, and Clear Media is facing a situation that is similar to the first half of 2020 and has responded to the situation by implementing cost-saving initiatives.

We continue to believe that Clear Media is a high-quality business that stands to benefit from its sizable market position and enhanced digital offering. We are monitoring developments closely as they navigate their business through this headwind.

Moving to our investment in Capital A, formerly AirAsia. We are very pleased to see the airline resume its domestic travel and the reopening of Malaysian borders as the region moves away from its zero-COVID strategy.

As recently reported in Capital A's first quarter preliminary results, strong domestic travel demand and promotional campaigns during the quarter led to a significant increase of 464 percent year over year for the number of passengers carried by air AirAsia Malaysia.

We expect Capital A will emerge from the pandemic as a stronger airline and holding company uniquely positioned to capitalize on the sizeable pent-up demand for low-cost air travel across Southeast Asia while enhancing the value of its digital assets.

Finally, we recently began share repurchases under the current NCIB, buying back more than 340,000 shares year to date at an average price of \$5.19 per common share. We have a heightened interest to continue executing accretive buybacks, as we believe our shares are undervalued. As announced previously, we intend to allocate up to \$75 million of incoming PLM proceeds towards these buybacks.

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. I'll begin my remarks with PLM.

PLM continued to demonstrate a strong recovery in its operating performance, supported by a significantly strengthened airline partner, Aeroméxico, which has benefitted from the recovery in travel demand. In the quarter, we received a distribution of \$2.9 million for PLM.

Following Aimia's announcement in February to divest its stake in PLM to Aeroméxico, we reclassified our investment in PLM to held-for-sale asset on the balance sheet at the end of March, and we will no longer report our share of PLM's net income within our consolidated financial results.

Turning to TRADE X. TRADE X continues to deliver terrific business results. Including acquisitions, which were completed in the fourth quarter of 2021, TRADE X generated gross vehicle sales of \$248 million in the first quarter of 2022, which represents an annual growth rate of over 714 percent over the same quarter of last year.

Total cars sold were 7,443 in the first quarter versus 459 cars sold in Q1 2021, an increase of more than 1,500 percent over last year. Average selling price was slightly over \$33,000 in the first quarter, a decline of 50 percent year over year due to volume mix.

TRADE X's business growth has been supported by its continued expansion of its trade corridors into new countries such as Nigeria, Mexico, China, Japan, UAE, and the Netherlands.

Moving on to Kognitiv. In the first quarter, revenues from continuing operations were \$14.1 million, a sequential decline of \$800,000 over last quarter, mainly due to lower setup revenues from new client wins in the fourth quarter of 2021.

Adjusted EBITDA from continuing operations was a loss of \$10.7 million, a sequential improvement of \$2.5 million from last quarter, mainly due to reduced professional fees, offset in part by the impact of a true-up of \$1 million of operating expenses picked up this quarter that related to 2021.

We continue to be pleased with the level of receptivity of Kognitiv's subscription-based revenue model, including the addition of a new CPG client, which will begin to ramp up this quarter.

Kognitiv continues to focus on maximizing revenue growth from existing clients by expanding its current client subscription base, as well as widening the scope of their service engagement. Kognitiv is also improving its cost structure by identifying and removing inefficiencies.

Moving to Clear Media. Recently, COVID-related shutdowns have triggered full and partial shutdowns in many cities in which Clear Media has a significant market presence, such as in Shenzhen, Guangzhou, and Shanghai. This is creating a challenging operating environment for the outdoor advertisers within China.

As in the past, we anticipate these shutdowns to be temporary, and we expect demand for outdoor advertising to rebound.

And finally, turning to our investment management business. Revenue for the quarter from investment management fees was approximately \$600,000 and earnings before income taxes were breakeven.

AUM was \$181.6 million in the first quarter, down 11.8 percent sequentially, largely due to the negative performance of Mittleman's concentrated value-oriented portfolio, which was impacted by the broad-based weakness in the global equity markets, offset in part by positive asset flows during the quarter.

And with that, let me turn it over to Steve to take you through some 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.

In the first quarter, loss from investments was \$14.3 million compared to total income of \$1.7 million last year. The negative performance was mainly related to non-cash \$7.5 million equity pickup of our share of Kognitiv's net loss, as well as the \$12.1 million related to the unrealized loss on change of fair value of marketable securities, mainly due to Precog and Capital A, offset in part by the investment income and management fees.

Reported expenses were \$4.1 million, down from \$8.8 million in the same quarter of last year, driven by a decrease of \$4.4 million of share-based compensation mainly due to a significant increase in Aimia's share price in the three months ended March 31, 2021. Also, unvested DSUs previously granted to an executive of Aimia in connection with a change in role were forfeited and reversed in the first quarter of 2022.

Within total expenses, corporate operating expenses, which includes compensation, professional, and advisory fees, as well as insurance, technology, and other office expenses, were \$3.6 million in the first quarter, down from \$7.2 million in the same period last year, again, due to lower share-based compensation.

Moving on to cover major cash movements for the quarter. We ended the first quarter with total cash, excluding liquid investments, of \$19.9 million. Including liquid investments of \$45.9 million, total cash and liquid investments ended at \$65.8 million in the quarter. The main movements in the cash this quarter were a \$2.9 million distribution received from PLM; the \$10 million investment in Kognitiv's convertible notes.

We paid preferred dividends of \$3.2 million and related Part VI tax of \$1.3 million, and corporate cash operating costs were \$4.5 million.

Tax losses totalled \$742 million at the end of the first quarter comprised of \$389 million in capital losses and \$353 million in net operating losses, mostly related to US and Canada and some in the UK.

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

Phil?

Phil Mittleman

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

In the meantime, we are actively conducting diligence on new potential investments, and we look forward to providing you further updates in due course.

Tom Tran

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

Q&A

Operator

Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, 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. And if you are using a speakerphone, please lift your handset before pressing any keys.

One moment for your first question.

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

Brian Morrison — TD

Hey. Good morning, guys.

Phil Mittleman

Hey, Brian.

Michael Lehmann

Morning, Brian.

Steve Leonard

Good morning.

Brian Morrison

So just in turns of the Kognitiv financing, can you just comment on what the cash is earmarked for? And should the deployment of this cash get you to your earlier targets of breakeven EBITDA and free cash flow? Maybe just an update on that front.

Phil Mittleman

Yeah. I think we hope this funding is adequate to get them to the finish line. But I think what's important to recognize about this funding is this is the first time you're seeing kind of industry-leading outsiders come in and really scrub this business before making this investment.

I mean, you can argue, a skeptic could say, well, Aimia has a vested interest in "propping up its investment", so they're adding money because they need it. But these new parties that came in really looked at this from the bottom up with a very skeptical eye and really scrubbed the model. And what they came out with was large cheques to write towards it and a very bullish outlook on its future.

So we think it's important to recognize that that's a really big vote of confidence in the model and the future. And obviously, they see what we see. And it's nice to see it coming from a couple of people that really know this sector and the market and were very excited to write large cheques to support that model. So we're optimistic that this funding is adequate. And we continue to see really positive developments there.

We're happy with what we see.

Brian Morrison

Okay. And then—I appreciate that. Turning to Clear Media. Tremendous business here, obviously, facing some headwinds here with the shutdowns in China. But is it at the point where Clear could require a potential cash infusion here? Or is it just a hiccup that they're going to get through?

Phil Mittleman

We've seen no indication yet that they'll need cash, but this is a time where you really—it's nice to see a group of partners with very deep pockets that are very supportive of the model. And if that was needed, we're confident that they would get the funding they need from the group involved.

Brian Morrison

Absolutely. But—

Michael Lehmann

Yeah. Hey, Brian. It's Mike Lehmann. So if you look back at first half 2020 when kind of COVID reared its head initially, those financials were out. They reported semiannually.

Brian Morrison

Mm-hmm.

Michael Lehmann

You can see that they did burn cash and there was a dramatic slowdown. But there was also a very dramatic rebound; I think 75 percent or so from first half 2020 to first half 2021. So certainly the near-term outlook due to the COVID restrictions are slowing advertising demand and just weakening business climate overall, but I think it's transitory, right? This is a short-term action. We've already seen some elements of loosening of some of those guidelines. So what we're anticipating is a like-for-like rebound going forward.

The slope of that rebound, kind of who knows. But the demand and the positioning within—first, the demand, and second, the positioning within their 24, 25 cities that they have these bus panels in are great. And they continue to grow dramatically. Panels grew, as we talked about last quarter, 22 percent year over year. Digital panels increased substantially. The likelihood of digital panels to continue moving up over the next 3, 6, and 12 months is great. So we continue to be really excited about the overall investment.

Short term, we're going to have some blips. This is somewhat tip of the tail of the dog. Advertising revenues do get pulled back and then get put back in as markets rebound. So unsure about how deep and prolonged this trough might be, but we're really optimistic about midterm.

Brian Morrison

And—

Phil Mittleman

We also have seen them in the past take advantage of acquisitions of weakened competitors as well during times like this, so there is that possible benefit as well.

Brian Morrison

Okay. Thank you for that, Phil. I guess last question is, it hasn't been long since we last held the Q4 call, but last question is you got active with your buyback here.

Curious why you put a number, the \$75 million, why you put a 14 million share count there? Is that because that's the percentage of your float? Or is that the threshold that you're willing to pay.

Phil Mittleman

Yeah. The formula for an NCIB is a function of your float. And so when you do the math, it equates to approximately 7 million shares per NCIB.

Brian Morrison

All right. So it doesn't indicate that the top threshold you're willing to pay is \$5.38?

Phil Mittleman

No. It's a share-based number. Yeah.

Brian Morrison

Okay. Thanks very much, guys.

Phil Mittleman

Thank you.

Michael Lehmann

Yeah. Thanks, Brian.

Operator

Ladies and gentlemen, as a reminder if you do have any questions, please press *, 1.

Mr. Tran, there are no further questions at this time. Please proceed.

Tom Tran

Thank you, everyone, for joining today's call and webcast. As a reminder, our AGM begins this morning at 10:30 a.m. We look forward to speaking to you then. Thank you.

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.